



*Quality is Our Bottom Line*

**Insurance and Real Estate Committee**

**PUBLIC HEARING**

**Thursday, March 5, 2020**

**Connecticut Association of Health Plans  
Testimony in Opposition**

**S.B. No. 346 (RAISED) AN ACT CONCERNING PUBLIC OPTIONS FOR HEALTH CARE IN CONNECTICUT.**

On behalf of the Connecticut Association of Health Plans and our member plans including Aetna, Anthem, Cigna, ConnectiCare, Harvard Pilgrim, and United (who collectively employ over 25,000 people in the State of Connecticut) we respectfully urge your opposition to S.B. 346.

While we share the goal of reducing health insurance costs, we believe it should be done by building upon the progress already made in Connecticut, not by starting over. Everyone in the state deserves access to quality, affordable, health care coverage. But this proposal, like others in the past, forges a path to single-payer health care that will likely limit people's choice while increasing taxes and ballooning the state budget - not to mention impact it will likely have on health insurance jobs and the Connecticut economy at-large.

When we refer to a "public option," we include proposals to open up the State Employee or State Partnership Plan, as well as proposals to create a HUSKY Medicaid Buy-In, and/or any other state government-run proposal that seeks to compete with the private market. While we appreciate the growing frustration with health insurance costs, it's important to note that premiums are just a reflection of the underlying cost of care and that is where Connecticut's policy directives should focus. The negative consequences associated with the state government-controlled option envisioned under S.B. 346 far outweigh any benefit.

It's important to understand that the vast majority of today's premium dollar goes directly to supporting reimbursement of physician, hospital, and other treatment providers. Without changing the underlying cost structure of reimbursement, which will require reducing provider



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payments, subsidizing those costs, or both, the cost of health care coverage will continue to rise. Unless such reductions are done strategically, downward pressure on provider rates for one sector of insured will simply increase costs for another sector going forward. This dynamic is known as a cost shift and it is a well-documented phenomenon within market pricing. It is crucial to have a complete understanding and deliberative evaluation of the underlying healthcare cost drivers and unintended cost implications associated with drastic market disruption prior to moving forward with any state government run program.

For example, subsidized programs can result in adverse selection (when higher risk groups with higher health costs enter a particular program and lower risk groups with lower costs exit) continually driving a need to increase the subsidy; a cost ultimately borne by taxpayers both citizens and businesses. A significant cost shift, combined with a continually shrinking commercial risk pool, will destabilize the current commercial market, potentially leading to its collapse eliminating choice in the market that is important to business and individuals alike. We urge state policymakers to work with all the stakeholders - carriers, providers, businesses, advocates, regulators and the Exchange, to address today's cost drivers while promoting policies that support value-based health care. Hundreds of thousands of people in Connecticut rely on their employer-sponsored health insurance and are satisfied with their coverage. Likewise, 80% of the individual population on the Exchange receives subsidized coverage and are satisfied as well.

We need to exercise sincere caution in deliberating various reform proposals so that what's working isn't undermined and we don't do more harm than good. We believe S.B.346 falls into both of those categories and we urge your rejection.

Thank you for your consideration.