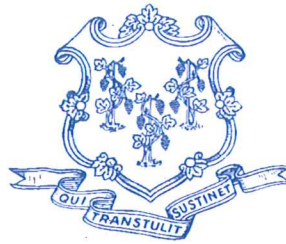


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State of Connecticut

SENATE

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Select Committee on Children
Planning & Development Committee

Dear Senator Lesser, Representative Scanlon, Senator Kelly, Representative Pavalock-D'Amato and Members of the Insurance and Real Estate Committee:

I am proud to write IN SUPPORT of SB 346 An Act Concerning Public Options for Health Care in Connecticut. Last year I provided testimony in support of SB 134, An Act Opening the State Employee Health Plan to Small Business Employees. I am respectfully re-submitting my testimony because it is just as applicable, if not more so, to the discussion before the Insurance Committee today. Healthcare has become increasingly unaffordable to so many people. I fear that without action, people will continue to struggle to retain adequate health care needed to live. I am confident that the Connecticut Plan, which will afford small businesses and non-profits the ability to provide their employees high-quality health care plans that are affordable, will help to avert further crisis.

As a small business owner, I have been all too familiar with the exponential rate hikes and lack of coverage that became the rule, rather than the exception, somewhere along the way. There was a time when I provided 100% health insurance coverage for my full-time employees. In 2015, with a substantial cost increase, we were forced to push a portion of the expense onto our employees. By 2016, the rates became too prohibitive for both ourselves and our employees (despite paying a share of the cost) and we discovered that individual plans, via the State exchange, were more cost effective. What we've come to recognize over the past few years is that these increases are simply unsustainable. As we paid more and more for coverage, our benefits realized diminished. It became less likely that we would meet our deductible and the out of pocket expenses were cumbersome. To give you a sense of what figures I am referring to, please see my monthly premiums and that year's corresponding deductible (the amount paid out of pocket prior to benefit coverage) for my family.

2016 \$1053.24 deductible \$8000
2017 \$1,522.86 deductible \$12,000
2018 \$1,583.59 deductible \$15,700
2019* \$1,720 deductible \$15,800

*based on the renewal rates provided at the end of 2018

As you'll notice, our rates increased by over 50% in two years and our deductible nearly doubled. Last year, we would have needed to pay close to \$35,000 before physician services were to be covered.

Sadly, this story is not an unusual one and we're beginning to see a negative correlation between the costs of health insurance and visits to the doctor. This middle-income population, for which no subsidies exist, are paying skyrocketing prices and often ignoring health concerns for fear of the out-of-pocket expense caused by the high deductible. Conversely, they are foregoing health insurance coverage all together and opting to take the risk that uninsured expenses will still be lower than the cost of coverage and medical expenses combined. Either way, the people of Connecticut are losing.

While it became impossible for me to continue to provide coverage for my employees (I compensated with other benefits), many businesses continue to do so. With price fluctuations, this encumbrance to the bottom line has not only become difficult to predict and manage, it's a terrific financial burden.

We have a tremendous opportunity to allow businesses to purchase health insurance in collaboration with the state employee plan. By doing so, we not only positively impact profit and loss statements, but we prevent a health crisis. **SB 346 will:**

- **Help small companies lower operating costs (less expensive fringe benefits).**
- **Improve the quality of health care small businesses in Connecticut can offer their employees.**
- **Create incentive for businesses to operate in Connecticut.**
- **Make Connecticut small businesses more attractive and competitive to workers.**
- **Decrease the state's healthcare costs for its own employees by increasing the buying power of its health plan.**

I respectfully request that the Committee consider changing the language in the bill as it pertains to the definition of small business. Currently, the bill outlines "small employers" as defined in section 38a-564. This section encompasses businesses that range in size from 1 to 100 employees, yet excludes sole proprietorships. This language is inconsistent as it excludes on the basis of how the business is formed rather than its size. Instead, might I suggest the following language. "'Small employer' means an employer, other than a nonstate public employer, that employed an average of at least one but not more than *[one hundred]* employees on business days during the preceding calendar year, and employs at least one employee on the first day that such employer receives coverage under a group hospitalization, medical, pharmacy and surgical insurance plan offered by the Comptroller pursuant to this part." However, rather than fifty employees, the language should reflect the statute defining small employers as "*not more than 100 employees*".

I want to thank the Committee for taking the time to give this bill thoughtful consideration. I believe we share a desire to see Connecticut thrive and its residents and businesses healthy and successful. We can realize this goal by moving legislation forward to enable businesses the opportunity to purchase the same health insurance afforded to state and municipal employees. I hope you will join me in full support of SB 346.