



TESTIMONY SUBMITTED IN OPPOSITION
to
HB 346 "AN ACT CONCERNING PUBLIC OPTIONS FOR HEALTH CARE IN CONNECTICUT"
INSURANCE AND REAL ESTATE COMMITTEE
March 5, 2020

I write in opposition to SB 346 which would enable a public option in Connecticut. I wrote in opposition to last year's public option legislation as well. I've worked in healthcare consultancy for 35 years throughout New England and help to service over 2000 employer groups in New England. A public option would dramatically disrupt the existing small group marketplace in Connecticut and will extend the commercial cost shift for employers to other market segments. The existing state of Connecticut Health Insurance Plan is expensive and risky and its loss ratio underperforms the existing commercial marketplace.

The state of Connecticut should not be in the business of managing risk. The existing health insurance industry employs an excellent infrastructure of professional risk managers whose full-time job it is to manage risk. While the state of Connecticut has shown tremendous and talented leadership in helping to move the existing provider marketplace to value based accountable risk arrangements; it should not serve as a merchandizer or bearer of risk for employers. The citizens of the state of Connecticut should not be backstopping risk. Private insurers are paid to do that.

The state of Connecticut's HEP operates as a self-funded medical plan and enjoys a federal ERISA pre-emption. Adding disparate employers to this plan creates a potential violation of the ERISA pre-emption. Further, since the state of Connecticut operates as the largest purchaser of healthcare in the state; it is bad public policy to try to secure lower costs in a specific market segment (small group) which will be borne by employers in the middle and large group marketplace. Payers and providers will be required to charge these additional costs to employers in other market segments. This doesn't solve problems; it merely creates them elsewhere.

I am very much encouraged by other health policy initiatives that create a healthcare cost compact, that inspire the use of advanced primary care at the employer level, that negotiate warranted episodes of care and centers of excellence and that create greater cost and quality transparency for all employers via the operationalization of the state's All Payer's Claims Database.

I stand in opposition to this legislation, however, since it merely squeezes the balloon and moves the problem elsewhere without solving it. In fact, I believe that the legislation stands in direct juxtaposition to the constructive aspects of these other initiatives. State of Connecticut payers are actively adopting transparent value-based care payment models. They should be allowed to continue to adopt and implement these. The state and its citizens should not be bearing risk for employers. Thanks for considering my thoughts.

Jeffrey J. Hogan (Northeast Regional Manager, Rogers Benefit Group)