

Testimony before Connecticut General Assembly Insurance and Real Estate Committee

March 5, 2020

In support of Senate Bill 346

AN ACT CONCERNING PUBLIC OPTIONS FOR HEALTH CARE IN CONNECTICUT

By William P. Morico

To Co-Chairs Lesser and Scanlon, and Members of the Committee

I am here in support of Senate Bill 346 which lays the foundation for offering a publicly run health plan to small businesses and non-profit organizations in Connecticut. As background, I am a retired Connecticut state employee, and worked in the Office of the State Comptroller, Healthcare Policy & Benefits Services Division, the unit that manages and administers all aspects of the state employee/retiree health insurance plans. Prior to that I was the Executive Director of a Taft -Hartley Health and Pension Fund.

I personally support a national single payer universal health plan as the most efficient and equitable method to implement the right to healthcare for everyone. However, until that becomes a reality, which will be a few years even under the most optimistic scenario, we must provide health coverage which is affordable and that guarantees access to high quality comprehensive health services to as many people as possible.

SB346 creates a mechanism that builds on the largest single health insurance risk group in CT, the state employee health plan, to provide such comprehensive quality coverage, and allows non-profits and small businesses to be participants in a self-insured plan, as most large business have done for many years.

I'm an active member of the Alliance of Retired Americans which recently started an inter-generational project to work with those not yet of retirement age. One of the key concerns of the youth is access to affordable health insurance. If they are still on their parents plan, they worry what will happen when they age-out. If they are employed in a small business, the employer may not offer any coverage; if their small business or non-profit employer does offer coverage, it likely offer only a high-deductible plan with an un-affordable employee premium share.

As written, this bill will not cause the loss of rank and file insurance worker positions. It does not change the current fee-for-service model by which most health services are billed and paid; claims will still need to be adjudicated by people and systems as is the case now. And that work will be performed by workers employed by one or more third-party administrators, not by the State. There may be some job loss by brokers, consultants, and executives who may not actually contribute value to the health care system.

Last year a study sponsored by Connecticut's health insurance plans was widely disseminated and used by groups opposed to the 2019 bill. However, in at least two areas, while the published facts may be correct the conclusions drawn are faulty or misleading.

- They compared the “average” premium cost for an Anthem ACA on the Connecticut exchange with the average cost of the State Partnership II Plan, finding that the state plan were from 14% to 19% more expensive. However, they did not factor in the dollar value of these plans, comparing the high co-pay, high-deductible plans offered by Anthem with the state plan which

- have low out-of-pocket costs.
- Because the public option plan would not pay premium taxes, or state income tax, the study bemoaned the loss of tax revenue to the State under such a plan. It did not factor in the fact many small non-profits are supported by State grants to provide services for the State, and by Medicaid. If these groups were to choose the public option plan, they may require lower State fund, or be able to pay their low-paid workers more with the savings in health care dollars.

For many years, the private health insurance industry has refused to innovate in any meaningful way that would actually lower health care costs. Their main method to attract and keep customers is by shifting the cost of care onto their members. I also want to reassure those who prematurely mourn the death of the Connecticut financial services industry. Prior to WWII, the insurance industry in Connecticut was concentrated in property/liability, automobile, and life insurance lines of coverage. Health insurance became popular during WWII because labor unions were unable to bargain for higher wages. They instead bargained for and won pensions and health insurance for their members, and the insurance industry responded. Probably the best example of the ability of these companies to anticipate and respond to the market is probably CIGNA, which in its 220+ year history has been reborn and transitioned its products and services numerous times as required by market forces.

It is ironic that those who profess to worship market forces and competition, and the ability of modern business to innovate, lack the faith that our Connecticut businesses will be able to adapt to new conditions which will be brought about if this bill is enacted. And those same entities also pan any government attempts to innovate to provide actual solutions, unless they can also profit.

Thank you