

Insurance and Real Estate Committee JOINT FAVORABLE REPORT

Bill No.: HB-6710

Title: AN ACT CONCERNING ASSOCIATION HEALTH PLANS.

Vote Date: 3/14/2023

Vote Action: Joint Favorable Substitute

PH Date: 2/21/2023

File No.:

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SPONSORS OF BILL:

Insurance and Real Estate Committee

Rep. Tom Delnicki, 14th Dist.

Sen. Tony Hwang, 28th Dist.

Rep. Keith Denning, 42nd Dist.

Rep. Christopher Poulos, 81st Dist.

Rep. Rachel Khanna, 149th Dist.

Rep. Patrick S. Boyd, 50th Dist.

Rep. Henry J. Genga, 10th Dist.

REASONS FOR BILL:

This legislation would authorize small businesses to group together and form self-funded and fully insured multiple employer welfare arrangements in Connecticut. This bill was brought forward in response to rising healthcare costs for small employers, especially with certain providers leaving the small group market. This bill would allow small businesses to group together and form an umbrella for coverage. The goal of this would be to allow small groups to negotiate the same plans as large companies do now, which in turn could lower costs and provide more options for small businesses to insure their employees.

SUBSTITUTE LANGUAGE:

The substitute language for this bill adds new language to section 2 as well as adding the word “employer” before “member” in subsection f, adds new definitions in section 1 for “health enhancement program” and “value-based insurance design”, and adds entirely new language in section 5 setting up a stop-loss task force.

The new language in section 2 makes any health benefit plan available to all employer members regardless of any factor relating to the health status of such employer members,

implements value-based insurance design and value-based contracting, and requires that these plans comply with notification requirements in current statute.

RESPONSE FROM ADMINISTRATION/AGENCY:

Office of the Healthcare Advocate, Ted Doolittle: opposes this bill and states that this bill would authorize the creation of association health plans in Connecticut which are defined as “not fully insured” and may be sponsored by any trade association meeting certain requirements. It is further stated that these plans would essentially be the equivalent of “bronze” plans in the Affordable Care Act. It is further stated that this proposal deviates from two policy instruments of the ACA, modified community rating and guaranteed issue, which would allow plans to adjust employer’s premiums depending on specific claims experience. It is suggested that this bill could provide protection to small employers by adding a guaranteed issue requirement. It is further stated that this bill is missing an element that would allow a plan to control the price of its underlying healthcare benefits.

NATURE AND SOURCES OF SUPPORT:

Credit Union League of Connecticut, President and CEO, Bruce Adams: states that this bill would provide coverage to Connecticut workers, level the competitive playing field among Connecticut employers, and invest in the economic health of our local communities. It is further stated that this bill ensures coverage for Essential Health Benefits, avoid the risk of discriminatory plan design, and ensures access to quality and affordable healthcare for all consumers.

New Haven CT, Resident, Sosna Biniam: states that this bill would provide needed equitable access to healthcare for employees. It is further stated that Multiple Employer Welfare Arrangements allow businesses to provide healthcare coverage services to employees.

Motor Transportation Association of Connecticut, President, John Blair: states that this bill would allow small businesses to benefit from savings that are currently only available to large businesses. It is further stated that their organization’s priority is saving money on health plans and that association health plans can reduce the cost of coverage.

Central Connecticut Chambers of Commerce, President and CEO, Cynthia Bombard: states that this bill would level the playing field and provide relief with health plans by giving employer-members two paths to obtain more affordable and higher equality health insurance.

CBIA, Assistant Counsel, Wyatt Bosworth: states that this bill gives small employers a voice and that it will allow these employers to enjoy the same benefits as larger employers. It is further stated that large associations will be able to replicate many of the successful models that larger employers are working with today while being subject to the Connecticut Insurance Department and federal rules. Supporting documents from other states are attached as well.

Connecticut General Assembly, House Minority Leader, Rep. Vincent J. Candelora: states that this bill offers a solution to a marketplace that has lost two health carriers in the last year. It is further stated that this bill would support Connecticut’s small business

community and enable them to attract and retain quality employees by offering cost-effective and quality health insurance.

National Association of Benefits and Insurance Professionals, Board Members, Julie Chubet and John Calkins: state that association health plans would help reduce health insurance benefit costs. It is further stated that their members work with small business owners who struggle to find affordable health care for their employees and that this could be a cost saving tool. It is suggested that a provision be added to this bill is to require that all AHP's approved in CT may only be offered through an insurance broker licensed by the Connecticut Insurance Department to ensure that consumer needs are met.

Jordan Porco Foundation, Office Manager, Michael Daly: states that one of the struggles of being an employer is the rising cost of healthcare and having fewer options each year. It is further stated that association health plans should be an option for small employers and that they would provide comparable benefits to large employers.

CT Brewer's Guild, Executive Director, Rachel Diamond: states that this bill would allow businesses to have more insurance options to keep employees to stay in their jobs and not need to worry about affording health insurance. It is further stated that the Guild's plan would follow all of the ACA requirements.

CT Chapter of Associated Builders and Contractors, President, Christopher Fryxell: states that association health plans would allow similar businesses to group together and negotiate health insurance plans that could better meet their needs. It is further stated that this would lower costs and provide better benefits to employees.

CT State Medical Society: states that small employers in Connecticut struggle to provide affordable health insurance to their employees and that this bill would allow them to join together to receive pricing benefits and increased purchasing power. It is further stated that AHP's are a reasoned and well-tested solution to the problem we're facing in Connecticut regarding the high cost of insurance.

Connecticut Realtors, General Counsel, Jim Heckman: states that their independent contract members would not be able to take part in association health plans but that the organization supports this bill regardless. It is further stated that AHP's are important to Connecticut businesses and employees and that they allow small employers to access the same market that large employers do, which is good for the market, competition, employees, and the economy.

Connecticut Community Nonprofit Alliance, Senior Public Policy Advisor, Jeff Shaw: supports this bill because nonprofit employees deserve more options to purchase "high quality health care with affordable premiums and no high deductibles." He testified that these nonprofits "provide essential services on behalf of the State" but are unable to match the "competitive wages and adequate benefits" of large employers.

Connecticut Heating and Cooling Contractors Association, Executive Director, Jennifer Jennings: supports this bill because it allows small businesses a means to "[access] health insurance plans and pricing options" that would be otherwise unattainable. Employers would be able to attract more talent with a "comprehensive benefits package" and,

in addition, they would have more funding for employee pay because of the decreased cost of the new plans.

Connecticut Retail Network, President, Tim Phelan: supports this bill "wholeheartedly" because it will allow small business to "obtain cost-effective insurance with the likely result of reducing costs and increasing coverage among [the employees]."

Connecticut Society of Certified Public Accountants, Executive Director and CEO, Bonnie Stewart: supports this bill because it would allow small employers to provide "value-based insurance [programs] which are proven to improve employee well-being and lower health insurance costs."

Home Builders and Remodelers Association of Connecticut, CEO, Jim Perras: supports this bill because it would allow the association "to negotiate rates on behalf of our members and save them money." He testified that it is currently "cost prohibitive" for small businesses to offer healthcare, placing them at a "distinct disadvantage when competing for skilled labor."

Independent Electrical Contractors of New England, Government Relations Chairman, Larry Vallieres: supports this bill because the "constant" and "unpredictable" rate increases make it difficult to "maintain train and attract a workforce to [Connecticut]." Association plans will allow its membership to "be more competitive with [their] cost of doing business" and address the pervasive worker shortage.

Local Chambers of Commerce: 18 Chambers of Commerce co-signed testimony in support of this bill because it "gives trade associations and [employers] multiple paths to obtain more affordable health insurance." They see this as "a win for the small business community, their employees, and the health hand long-term success of our workforce."

National Federation of Independent Businesses, State Director, Andy Markowski: supports this bill because it will afford employers in the small group market "additional bargaining power" to gain "access to quality health insurance plan designs and pricing options that are not available currently on the open market." He also noted the 43% increase in small business insurance costs in just the previous 10 years.

New England Stair Company, Owner, Jennifer Sylvia: supports this bill because smalls business owners like her "need every option possible to manage the cost of health care, especially [premiums]." She testified that her business "couldn't come close" to qualify for the CBIA's affordable plans and that "just one very sick member" would push her employee pool "back into the completely unaffordable market."

Students, Sosna Biniam, Nicole Chen, Auston Collings, Jasmine Garcia, Jordan Hershman, Jonas Howard, Yana Jayampathy, Casey Lewis, Alexa Richards, Griffin Richie, Maia Roothanan, Michael Santos Paulino, and Yurii Stasiuk: state that this bill would provide needed equitable access to healthcare for employees. It is further stated that Multiple Employer Welfare Arrangements allow businesses to provide healthcare coverage services to employees.

Upstate Health Advisors, President, Jeffrey Hogan: supports this bill because it will "help small employers be active participants in an open health services marketplace" and give

them the leverage and flexibility they deserve and need." He testified that "the fully insured small group employer marketplace has been decimated" and this legislation would give this group access to cheaper, higher-quality insurance.

Waterbury Regional Chamber of Commerce, President and CEO, Lynn Ward: supports this bill and testified that "lowering costs and expanding coverage options" will make Connecticut a "[cheaper] and [more competitive] place to run a business." It will help small businesses recruit and retain workers, thereby revitalizing the community.

NATURE AND SOURCES OF OPPOSITION:

American Lung Association, Director of Advocacy, Ruth Canovi: states concern for the provisions of this bill that notes that these plans are not health insurance and do not need to comply with certain state laws for health insurance. It is further stated that these plans can discriminate against sicker patients and create a more segmented marketplace for healthcare.

Leukemia and Lymphoma Society, Director of State Government Affairs, Ernie Davis: states that the provisions in this bill would allow association health plans to increase premiums for every employee in a company if someone in that company is sick or has a pre-existing condition. It is further stated that these plans will have high deductibles, would destabilize the small and individual market, and would lose every employee that works with an employer that uses AHP's out of the marketplace.

Universal Health Care Foundation of Connecticut, Program Lead for Policy Advocacy, Rosana Ferraro: states that this bill will not help everyone and that they will not address the underlying prices of healthcare and would hurt people who rely on private health insurance. It is further stated that this bill would weaken Access Health CT.

Connecticut Legal Rights Project, Executive Director, Kathy Flaherty: states that the Connecticut Legal Rights Project would be hurt by association trade plans due to the provision where group rates would be adjusted under "each employer member's risk profile". This would hurt employers who have employees that have been with the organization for many years or have employees who have disabilities or develop serious health conditions.

National Multiple Sclerosis Society, Senior Manager of Advocacy, Laura Hoch: states concern for the impact this bill will have on those living with multiple sclerosis due to the sometimes limited coverage and protections. It is further stated that this legislation could undermine the key principles of access, adequacy, and affordability that exist in current law.

Connecticut Hospital Association, Government Relations Team: states that without appropriate regulation, association health plans can be vulnerable to fraud and insolvency. Additional protections are suggested and it is further stated that the committee should further consider the impact that these plans might have on the marketplace, specifically the impact of younger, healthier individuals leaving the marketplace which can damage risk pools.

American Cancer Society Cancer Action Network, Connecticut Government Relations Director, Bryte Johnson: opposes this bill because it will "increase availability of types of

coverage that will destabilize Connecticut's health insurance market by syphoning healthier consumers away from the larger marketplace risk pool, which could trigger significant premium hikes."

Connecticut Citizen Action Group, Executive Director, Tom Swan: opposes this bill because association plans "weaken consumer protections, have the potential to destabilize existing marketplaces, and fail to address the real driver of health care costs- corporate greed."

Health Equity Solutions, Director of Policy, Karen Siegel, MPH: opposes this legislation and finds it would effectively "fragment the market" and "destabilize [Connecticut's] growing health care exchange." She believes that association plans "would amplify rather than address affordability challenges" because they don't cover "health care costs we expect insurers to address" and are exempt "from many state and federal regulatory protections."

Connecticut General Assembly, President Pro Tempore, Sen. Martin Looney: states concern that while this bill may require AHP's to follow the patient protections in the ACA that he is still concerned that these plans would create an adverse selection for the plans that are not AHP's in the state. A report from the American Academy of Actuaries is cited which explains some of the concern with these plans.

Reported by: Justin Kaiser and Sean Chilson

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