



Testimony Re: Raised S.B. No. 842 'An Act Concerning Health Insurance and Health Care in Connecticut'

Gerard Luczak, Board Member, Connecticut Benefit Brokers, A Chapter of NAHU

Co-Chairs Lesser and Wood, Ranking Members Hwang and Pavalock-D'Amato and members of the committee, I submit the following testimony on behalf of my colleagues and members the Connecticut Benefit Brokers, A Chapter of NAHU (CTAHU).

My wife and I own a small insurance agency in Rocky Hill. We work with small businesses and individuals to help them navigate through the complexity of choosing health insurance for themselves, their employees, and their families. I have been a credited broker with Access Health CT since it began. I have been helping my clients for over 25 years in CT. I started in the working in the insurance industry in 1974.

I agree that everyone deserves to have affordable quality coverage. However, I do not agree that offering a new public option is the solution to achieving that affordability.

This legislation raises several key concerns and questions for me. Based on those concerns I cannot support a public option in Connecticut.

I fear the disruption a public option will potentially cause in the current marketplace with private carriers exiting the state but as it relates to jobs. The insurance industry is a significant source of employment in Connecticut. Not just for those who work in the carrier space but also for the thousands of jobs in smaller independent agencies like ours. Right now, our state is already experiencing record unemployment. I do not want to see this sector start to suffer even more due to government entering the market.

I would like to suggest that the language that states that if enacted, administrative fees "**may include brokers' fees**" be changed to "**shall include brokers' fees**". Insurance and state employer regulations are increasingly complicated and require unique licensed expertise that agents and brokers provide. I am glad to serve in my role advising customers and being a resource and guide for them. However, like any other business I only ask that my efforts are recognized and compensated accordingly and that we are not shut out of our profession.

This bill will give the state an overwhelming advantage over private insurance companies and could directly cause certain carriers to leave the state. For example, the legislation allows the state to setup a Multiemployer participation program. However, the state prohibits the private sector from establishing Association plans even though they are allowed under federal law. In our view, this creates an unfair advantage.

I specifically have concerns about the consequences of adding a state health insurance tax (HIT tax). For the past 5 years I have gone to Washington to lobby for the removal of this unfair tax. Just last year the Federal government recognized the negative impact these taxes had on rates and **repealed the tax on a bipartisan basis**. This tax hike is in addition to the myriad of other taxes on health insurance which is directly contributing to why health insurance costs more in Connecticut.

If this Act is passed with the HIT part of it, it will cause rates to be increased on every medical, dental, vision, and possible life and disability policy written in Connecticut. This does not achieve the relief that so many of our residents need.

In addition, this legislation raises questions as to the management and service of the public option. To date, the State has not demonstrated the ability to manage the current Partnership Plan that has historically lost \$10s of million per plan year. A number of other states that have already attempted to establish similar programs and were forced to abandon them due to financial losses. Can the taxpayers of Connecticut afford to be the backstop for this financial risk? When a “consumer” that is insured through Access Health CT has questions or needs service they have found that they receive easy to understand answers and/or better service from a broker. CT residents do not want to go through another state agency for their solutions.

I do support the filing of an innovation waiver and the creation of a high-risk reinsurance pool that has shown to **reduce premiums by 12-15%**. This is a proven cost reduction measure that should be implemented. The current language of SB 842, only those under 200% of Federal Poverty Level (FPL). Those not otherwise eligible for a Qualified Health Plan would benefit from the reinsurance pool also.

I support a reinsurance pool that benefits a broad percentage of the individual health insurance population including those residents between 200% and 400% of FPL and those unsubsidized residents over 400% of FPL. In my experience these are my clients that have the greatest difficulty in affording the coverage.

Any approach to improve health insurance options for Connecticut’s residents and small businesses should be aimed directly at lowering the overall cost of healthcare. It should not be adding to the financial burden of taxpayers to support new government expenditures causing further financial disadvantages to living and working in the state.

Thank you for the opportunity to submit these comments. As a significant stakeholder particularly in the small group and individual market I would be glad to provide any further information or act as a resource while you consider this legislation.