

From: [Sen. Kelly, Kevin](#)
To: [Ratefilings_cid](#)
Subject: Sen. Kelly Testimony
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Attachments: [INS rates hearing testimony 2022.pdf](#)

Hello,

Attached is a copy of Senator Kelly's testimony from Monday's meeting. Thank you for your attention to the matter.

Best regards.



State of Connecticut

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Testimony
Health Insurance Rate Increase Hearing
Senate Republican Leader Kevin Kelly
August 15, 2022

Commissioner Mais,

Thank you for the opportunity to testify against the proposed double digit health insurance rate hike requests averaging over 20% submitted to the Insurance Department for individual and small business health insurance plans that start in 2023.

These proposed rate increases are staggering and infuriating. They show not only the growing damage of inflation, but also the damage of CT Democrats' repeated refusal to address rising health care costs. Under the leadership of CT's Senate and House Democratic majority, CT is now one of the most overtaxed and unaffordable states for everything from health care to housing. As other states are grappling with proposed health insurance rate increases [averaging 10%](#), Connecticut residents are facing increases averaging over 20%; twice the national average.

Connecticut residents cannot afford more expensive health care costs. Inflation is driving up the prices of everything and insurance premiums are often the size of a monthly mortgage payment. We urge state officials and regulators to consider the impact of these rate increases on families who are struggling with historic 40 year high inflation under the Biden administration, and living in a state that grows more unaffordable by the day.

I also urge lawmakers, state officials, advocates, and the public to recognize the need for action and collaboration to drive down the costs of health care and make quality care accessible and affordable for all residents. Democrats passed the Affordable Care Act promising affordable, accessible, quality health care. After a decade of Democrat control leadership in Hartford that promise has never been delivered. While some progress was finally made this year involving health care cost growth benchmarking; an idea of Massachusetts Republican Governor Charlie Baker, many more policies to drive down the costs of care were rejected by majority Democrats who refused to even hold a vote on these proposals. Year after year Connecticut Republicans offer comprehensive plans to reduce the costs of health care and provide real health insurance premium relief. And year after year CT Democrats refuse to act. We appreciate today's public hearings on these rate increases and the opportunity to testify against rising costs, but more than that, Connecticut families need legislative action at the state level.

The drastic rate filings clearly show that the cost drivers are the high inflation under President Biden and CT Democrats continued expansion of government run Medicaid which makes health care prices for every family buying private health insurance more expensive. The rate filings also show the irresponsible approach of CT Democrats to place the affordability of healthcare for CT families on their faith in the dysfunction of our national government to deliver.

The [filing summary](#) for *ConnectiCare Benefits plans bears out the risk:*

“The expanded subsidies under the American Rescue Plan Act put in place in 2021 are expected to go away in 2023. Less individual consumers will be qualified for Federal Advance Premium Tax Credits (APTC). We expect members to leave the individual ACA market who were previously insured, and those members are likely to be healthier than the population who will stay in the individual ACA market. As a result, we expect the average morbidity of the single risk pool to go up and therefore lead to an unfavorable impact on 2023 rates.”

Although Congress did act to pass the "Inflation Reduction Act" and extend federal subsidies for healthcare for three years, what happens after that? Is the answer from CT Democrats to wait and see like they did this year and again gamble with the affordability of healthcare for CT residents? Is that a leadership strategy? Do nothing and hope Washington bails you out? Or will they finally take up common sense, realistic, bipartisan solutions that are guaranteed to protect CT families now and for years to come?

The rate filings also show the damaging impact of Democrats in Connecticut continuously focusing on expanding Medicaid as their solution to health care affordability. They prioritize expanding Medicaid, a lesser quality government-run system, instead of expanding access and increasing affordability of high-quality care for all people. And their actions expanding government Medicaid drive up the costs of health care even further for everyone else who has private health insurance. Democrats are literally underwriting the cost of Medicaid by increasing the cost of private insurance.

The Oxford Health Insurance [filing summary](#) attributes rising costs in part to:

“Cost shifting from the public sector to the private sector – Reimbursements from the Center for Medicare and Medicaid Services (CMS) to hospitals do not generally cover all the cost of care. The cost difference is being shifted to private health plans. Hospitals typically make up this reimbursement shortfall by charging private health plans more.”

Connecticut Democratic legislative leaders favor scrapping the current free-market system and replacing it with a government run public option program. Those in power have refused to even consider other proven alternatives and some Democrats have even proudly taken credit for blocking our plans to reduce costs. Democrats’ partisan politics have repeatedly killed cost-saving health care affordability reforms, allowing out-of-control health insurance premium costs to go unchecked, resulting in the Affordable Care Act's protections going unfunded and unused.

The solution to CT’s unaffordability is not more government. A government run health care system would mean lesser quality care, more taxes on working- and middle-class residents, and would jeopardize over 50,000 good paying jobs in CT. Government run health care programs, such as Medicare, Medicaid or the VA system, are not the gold standard. They involve uncertainty and a one size fits all solution that picks winners and losers. Most people on Medicare need a private insurance supplement to obtain their needed level of care – supplements which would go away under a public option. A "public option" violates the protections of the Affordable Care Act by allowing discrimination against persons with preexisting conditions and there’s no guarantee that you can keep your doctor. Also in a government-run health system, state taxpayers are the backstop if premiums don’t cover claims. We've already seen this happen in Connecticut. When our state's government run “Partnership Plan” had years of multi-million-dollar deficits it was taxpayers who had to bail out the program, multiple times.

A Better Way

Connecticut Senate Republicans have a better way to affordable health care and a [comprehensive plan](#) to reduce health care costs. In recent years, we've proposed the following:

- Reduce health insurance premiums by 30% for the average family using a reinsurance framework established by the Affordable Care Act and supported by Gov. Lamont but never funded by Democrats.

- Access Health CT's 2020 Wakely Report and Reinsurance Analysis estimated that a state based reinsurance program will reduce health insurance premium costs from 6% - 29.5%, depending on the level of state investment.
 - The program as proposed in the Senate Republican plan will save families on average \$6,475 per year, or \$540 per month.
 - It would be funded through existing resources within the state budget, not a new tax or assessment on insurance premiums. If health care affordability is our priority, then it should be a priority in our \$46.3 billion state budget too. Any new tax on premiums or insurers only gets passed on to consumers and increases the cost of insurance instead of reducing it. The Wakely report confirms that a reinsurance plan that does not rely on any assessment on premiums yields the greatest premium reduction. The report shows that a \$80.8 million state investment with no assessment on premiums will garner the greatest percentage of federal funds (62.4%-64.9%) and lead to a 25.1% – 29.5% reduction in premiums for all plans.
 - The Wakely report also shows that assessments placed on insurance premiums yield a lower percentage of federal funding and did not reduce premiums as much as when no assessment was levied. This means proposals to pay for a reinsurance program with a tax on insurance will not yield the greatest savings for CT residents.
- Reduce prescription drug costs by setting up Connecticut for Canadian drug importation, something President Biden encouraged states to do. This will possibly act to control drug costs based on a sliding formula and regulatory price controls.
 - Address prescription drug affordability by tackling practices that drive up the costs of prescription drugs by examining pharmacy benefit managers (PBMs) and practices such as spread pricing.
 - Maximize pool purchasing with other states for prescription drugs and health care supplies.
 - Utilize transparency and data sharing to drive down costs.

I am here today both to urge state regulators to consider the true impact of rate increases on families who are already struggling, and to demand that the majority party in the state of Connecticut stop blocking the reforms we need to make health care more affordable and accessible.

Thank you again for this opportunity to speak out on behalf of every working- and middle-class family in Connecticut. All families deserve access to quality health care they can afford. The rising costs of health care in our state have gone ignored for far too long. CT is not affordable, and rising health care costs are yet another burden our families cannot take.