

SENATOR TONY HWANG
TWENTY-EIGHTH SENATE DISTRICT

300 CAPITOL AVENUE, SUITE 3400
HARTFORD, CONNECTICUT 06106-1591

Telephone: 860-240-8871
E-Mail: Tony.Hwang@cga.ct.gov
Facebook: [Facebook.com/SenatorHwang](https://www.facebook.com/SenatorHwang)
Twitter: @SenatorHwang
Instagram: @SenatorHwang
Website: SenatorHwang.com



State of Connecticut
Senate

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MEMBER – FINANCE, REVENUE & BONDING COMMITTEE

To: Connecticut state insurance regulators
From: Sen. Tony Hwang
Re: Testimony in opposition to health insurance rate hikes
Date: August 20, 2024

Commissioner Mais, thank you for convening this hearing today, giving legislators, advocates, and members of the public the opportunity to weigh in on the most recent, staggering rate increase requests for individual and group health plans.

I am publicly requesting CID, the insurance regulator of this state, to closely scrutinize and reject these unaffordable hikes. As residents struggle with rapidly increasing costs for housing, groceries, energy, and now healthcare, among other things, families are beginning to be crushed by this state's affordability crisis. They cannot afford further, in some cases, double-digit percentage increases in their health insurance when federally driven inflation has shortened the reach of their dollar.

These requested rates would continue the recent trend of significant cost increases for families and businesses, pricing thousands of Connecticut residents out of the healthcare market and limiting accessibility to care. The resulting reduction in coverage could result in an increased burden on our emergency rooms and state social services as residents who lost their health insurance become more desperate in addressing their healthcare needs. As residents lose coverage, they miss out on regular check-ups, diagnostic care, and primary care for minor injuries and illnesses. This could cause underlying illnesses and injuries to become more acute as care is delayed, eventually resulting in a costly emergency room trip borne by the taxpayer and potential permanent damage to the patient's health.

Furthermore, the most shocking rate increases come in the long-term care insurance realm, with some insurers requesting between 100% and 300% increases in group long-term plans. Elderly residents who have been paying for this insurance for decades would ultimately be kicked off a plan they have contributed a significant amount of money towards, increasing the likelihood that they will rely on state Medicaid to cover their long-term care, diminishing their assets, and reducing their ability to age in the setting of their choice. This is unacceptable, and these abominable requests should be outright rejected.

I have supported and co-sponsored multiple issues throughout the years to address ever-rising health insurance costs here in Connecticut. However, year after year, the majority continues to ignore these common-sense policies that would save families thousands, allow businesses to get better group insurance rates, and more. While I urge regulators to reject these rate increases due to ratepayer affordability concerns, I want to point out measures the state can take to make health insurance more affordable and accessible in this state.

1. Association Health Plans

This common-sense proposal would allow individuals, solo practitioners, nonprofits, and employers of under 50 employees to pool together and purchase health insurance, getting a more competitive price at a lower cost. This legislation would allow them to create Multiple Employer Welfare Arrangements (MEWAs), which would be subject to the same coverage requirements, regulations, and oversight as

traditional health insurance companies. Therefore, discrimination under these agreements would be prohibited by the same insurance laws on the books today.

This measure saw bipartisan support in the Insurance & Real Estate Committee, however it was stymied due to Democratic leadership's worries that it would preempt their coveted "Public Option" state-run healthcare proposal. [HB 5247](#) saw support from multiple community stakeholders, including:

- The Credit Union League
- Motor Transport Association of Connecticut
- Central CT Chambers of Commerce
- CT Restaurant Association
- Associated Builders & Contractors, CT
- CT River Valley Chamber of Commerce
- CT Nonprofit Alliance
- CT Energy Marketers Association
- AARP Connecticut
- Connecticut Realtors

This policy has had the support of many community organizations for multiple years, offering real solutions to healthcare affordability issues in CT. This policy will continue to be introduced and negotiated to provide small businesses, nonprofits, and individuals the opportunity to pool their resources and purchase healthcare at more competitive rates.

2. Long-Term Care (LTC) Insurance

Ratepayers for LTC insurance plans may pay thousands upon thousands of dollars over multiple decades in premiums to ensure they have sufficient resources to pay for long-term care when it is necessary. This insurance typically allows policy holders to better age in the setting of their choice, without having to liquidate their assets to qualify for Medicaid. However, ratepayers can see massive spikes in their premiums multiple decades into their plans. A sharp increase in premiums can force a policyholder to forego their plan, sometimes just years before those plans would have kicked in, resulting in a loss of coverage.

This session, I proposed a bill which would have (1) Evaluated an alternative pool for long-term care policy holders in excess of twenty years; (2) required that the Insurance Department hold a public hearing for long-term care premium rate increase requests that exceed ten per cent; and (3) require that long-term care insurers provide potential policyholders with explicit notice, prior to the purchase of long-term care insurance policies, of the high risk of future premium rate increases.

This issue was not taken up last session, and will be reintroduced this coming session to promote affordability and better business practices in the LTC insurance market.

3. Reinsurance

For multiple sessions, Senate Republicans have proposed a reinsurance program in Connecticut which would reduce premiums by up to 30%, or \$6,000 per year. Reinsurance works as follows; the state of Connecticut would fund a reinsurance program with a small investment which would take on some of the risk from Connecticut's insurance companies. This would allow insurance companies to lower premiums as their risks would be lower. If, in a given year, insurers saw a spike in claims that they needed to pay out, a portion of their increased costs would be covered by the reinsurance plan, reducing

the share paid by ratepayers. Year after year, our efforts to create this program, which has been successfully implemented in several other states, is rebuffed.

4. Prescription Drug Affordability

While Connecticut has a robust biotech industry, there are middle-men in the pharmaceutical sales process that add costs, to the detriment of ratepayers. Pharmaceutical Benefit Managers, aka PBMs, negotiate prices for pharmaceuticals between insurance companies and drug manufacturers, securing a fee for their services from these contracts. They offer coupons and rebates to insurance companies and drug manufacturers for the money they allegedly save on these agreements. These savings are supposed to be passed onto ratepayers, but that isn't always the case. Also, certain PBMs are vertically integrated, and may steer patients to their affiliated pharmacies, which can disadvantage smaller, independent pharmacies. They may also steer insurance plans toward higher-cost drugs to secure larger rebates from manufacturers. We need to study and investigate PBM practices, find out where their alleged cost savings are going, and take any actions necessary to ensure savings on prescription drugs.