

**Testimony of Victoria Veltri
Office of Health Strategy, Executive Director
Before the Insurance and Real Estate Committee
Concerning SB 134, SB 984 and HB 7267
March 7, 2019**

Good afternoon, Representative Scanlon, Senator Lesser, Senator Kelly, Representative Pavalock-D'Amato and members of the Insurance and Real Estate Committee. For the record, I am Vicki Veltri, Executive Director of the Office of Health Strategy ("OHS"). OHS brings together current state efforts and staff to provide integrated leadership to implement comprehensive, data-driven strategies that promote equal access to high-quality health care, control costs and ensure better health for the people of Connecticut.

I appreciate the opportunity to submit comments and testimony about these proposed bills. It is critical to Connecticut's efforts to transform our healthcare system that we discuss all options to promote effective, affordable and reliable access for all of Connecticut's citizens. SB 134, An Act Opening the State Employee Plan to Small Business Employees, SB 984 AAC Minimum Essential Health Coverage, Taxation of Health Carriers and Residents of This State and the Connecticut Health Insurance Exchange, and HB 7267 AAC Public Options for Health Care in Connecticut all seek to provide affordable healthcare coverage to Connecticut residents and small employers by leveraging the Comptroller's authority and experience in operating the state employee plan.

Healthcare costs represent nearly one-fifth of our national GDP, and the high prices of health services continue to compromise consumers' ability to afford healthcare. As these costs have

continued to rise, more of this burden has shifted to consumers in the form of premiums, deductibles, co-pays and co-insurance. However, this is not a sustainable path. To bring and keep the cost of healthcare coverage down, our policies must incentivize healthy people to enroll in health coverage to broaden health plan risk pools, reform health delivery to incentivize quality over quantity through value-based payment models, and reduce the costs of pharmaceutical drugs.

Meaningful healthcare coverage is essential to our ability to effectively address the social determinants of health and their associated costs. However, inadequately addressed social determinants of health, including inequities in access to and the delivery of services, drives the cost of those healthcare coverage options, and perpetuates the formidable financial barriers to quality healthcare. Health plan options that provide realistic access to high-quality, early intervention and preventive services are fundamental to mitigating these overall costs.

Each of the bills before you today represent multiple options to offer coverage either through our exchange by leveraging the state employee plan to create qualified health plans to be sold on the Connecticut Health Insurance Exchange d/b/a Access Health CT¹ or to allow direct offerings through the state employee plan. While SB 134 is an extension of coverage to small employers who voluntarily choose to participate, HB 7267 and SB 984 provide coverage options for both individuals and small employers. HB 7267 includes consultation with OHS and the creation of a council to evaluate the best options for extending coverage. SB 984 requires certain entities that are also authorized as health insurers in the state and contracted with the Comptroller to offer at least one qualified health plan through Access Health CT.

Increasing affordable access for individuals and small businesses and stabilizing the risk pools of each market are critical to influencing future healthcare outcome and cost trends.

¹ OHS will refer to the Connecticut Health Insurance Exchange as Access Health CT.

As a member of the Access Health CT Board of Directors, I am aware of the challenges of designing health care coverage options that are affordable for residents and small employers regardless of income. Here are some issues to consider as you evaluate these specific proposals:

It will be important in efforts that address additional coverage options to consider the design of such options with deliberate care so that we do not destabilize one market for health coverage in favor of another. Ensuring that consumers have meaningful, affordable choices for coverage should be a primary goal. Federal rules that govern plan designs, such as the actuarial value calculator, the calculation of advanced premium tax credits, and risk adjustment formulas, should be considered as we continue to discuss options for coverage offered through Access Health CT. It is also important to note that plans sold through Access Health CT for coverage beginning January 1, 2020 will have to be submitted for approval by May. Therefore, any coverage options considered under these bills would have to begin no earlier than January 2021.

SB 984 would require the Commissioner of Revenue Services, in consultation with the Executive Director of OHS, the Insurance Commissioner and Access Health CT, to evaluate the possibility of an individual responsibility fee and a refundable tax credit to ensure residents maintain existing minimum essential coverage. OHS appreciates the committee's recognition that such an evaluation requires thoughtful deliberation, and we would be pleased to provide our expertise.

The bill also would require Access Health CT to establish a fund from revenue collected from the creation of a health carrier tax similar to the federal health insurer tax created under the Affordable Care Act (currently under a moratorium). We believe OHS and the Legislature should partner with the Insurance Department to ensure any reforms do not have an undue or

unintended economic impact on insurers domiciled in Connecticut.

SB 984 further requires the Executive Director of OHS, in consultation with the Insurance Commissioner, the Healthcare Advocate and Access Health CT to issue a report in October 2019 on OHS' recommendations concerning the implementation of state-financed health insurance premium and cost-sharing subsidies and a reinsurance program for the purpose of decreasing the cost of health insurance in this state. OHS appreciates the committee's recognition of our role in establishing healthcare cost containment strategies through convening and partnerships with state agencies and stakeholders. Even as these bills are proposed, OHS, the Insurance Department, the Comptroller's office and Access Health CT have been discussing options to promote affordable coverage. OHS looks forward to continuing discussions with the Governor's Office, the members of this committee, Access Health CT, our Insurance Department, the Comptroller's office and other stakeholders on these bills.

OHS is also beginning a collaboration with the Connecticut State Comptroller, the Connecticut Health Foundation and the Universal Health Care Foundation of Connecticut and provider, carrier and community stakeholders to work on developing an affordability standard for healthcare so health care policies can be tested against a valid measure of affordability for residents that factors in income levels, geography, race, ethnicity and language among other factors.

OHS supports Governor Lamont's strong determination to address the challenges of affordability, access, cost, and quality in Connecticut's healthcare system, and we look forward to working together with legislators, healthcare providers and facilities, insurers and others to identify reasonable, sustainable and effective solutions.

Thank you for providing me the opportunity to deliver OHS's testimony today. If you have any



questions concerning my testimony, please feel free to contact me at victoria.veltri@ct.gov.