Wakely
An HMA Company

The Connecticut Health Insurance Exchange

dba Access Health CT

Early Childhood Education Workers

Healthcare Affordability Study (Phase One)

December 30, 2025

Prepared by:

Wakely Consulting Group, LLC

Ren Zhong, ASA, MAAA
Consulting Actuary

Table of Contents

Introduction

The Connecticut Health Insurance Exchange, dba Access Health CT ("AHCT"), retained Wakely Consulting Group, LLC ("Wakely") to complete a needs assessment study exploring a sustainable assistance program for Early Childhood Education (ECE) workers pursuant to Public Act 25-93, signed into law on June 23, 2025. The purpose of the program is to support ECE workers by improving access to affordable, high-quality health insurance coverage.

This report represents Phase One of the study which include, but are not limited to, gathering data from the Office of Early Childhood (OEC) and other relevant sources to assess: (1) the size and demographic characteristics of the ECE workforce; (2) the number of ECE workers who lack coverage under a health benefit plan; and (3) other information necessary to effectively model and estimate the cost of the program.

This document has been prepared for the use of AHCT and the Work Group to support discussions regarding the level of need for coverage among ECE workers. Wakely does not intend to benefit third parties and assumes no duty or liability to them. Any third party reviewing this report should consult with its own experts when interpreting the results. This document must be distributed in its entirety and include all caveats. It contains the data, assumptions, methods, and results used in our analyses and satisfies the reporting requirements of Actuarial Standard of Practice (ASOP) No. 41. Use of the information in this report for purposes other than those stated may not be appropriate.

Executive Summary

ECE workers are a critical yet economically vulnerable segment of Connecticut's workforce, encompassing individuals employed in licensed child care centers as well as home-based child care settings. Compared with other education professionals, ECE workers experience significantly higher rates of uninsurance, largely due to low wages, a high prevalence of part-time employment, and limited access to employer-sponsored health benefits. These structural factors substantially constrain their ability to obtain and maintain affordable health care coverage.

Key Findings:

Current Insurance Status: Preliminary findings from the survey conducted by OEC suggest that roughly three-quarters of ECE workers have some form of health insurance, leaving approximately one-quarter uninsured. Because the survey sample is relatively small and may not fully represent the broader workforce, Wakely supplemented these results with national publications and additional research. Based on the combined evidence, the uninsured rate among Connecticut's ECE workforce is estimated to fall between 15% and 23%. In Phase Two, Wakely

will evaluate best-case, conservative, and aggressive scenarios to support sustainability modeling for the state subsidy program.

Sources of Coverage: Coverage is primarily obtained through a spouse or partner's plan (29%), employer-sponsored insurance plans (25%), AHCT Individual Marketplace plans (21%), and Medicaid/HUSKY (18%).

Coverage Barriers: Key obstacles to obtaining health coverage include high premium costs, ineligibility for employer-sponsored plans due to work hours or position, limited understanding of how to navigate the enrollment process, high deductibles and other out-of-pocket expenses, and limited availability of employer-sponsored plans.

Disparities: Lower-income and minority ethnic ECE workers face disproportionately higher uninsurance rates. Those in lower wage tiers encounter the greatest financial barriers to obtaining coverage, even when subsidized options exist, indicating persistent gaps in awareness, affordability, and access.

Data Sources and Methodology

According to OEC, there are approximately 31,000 licensed early child care workers in Connecticut. Wakely received 2,151 responses to the statewide survey conducted by OEC. Not all respondents answered every question. Contradictory responses were reconciled when supported by additional information; otherwise, conflicting data points were excluded.

Wakely supplemented survey data with publicly available research to develop a comprehensive understanding of healthcare coverage and the overall level of need within the ECE workforce. The analysis included:

- Assessing demographic characteristics of both insured and uninsured ECE workers.
- Reviewing the current health coverage landscape and identifying key coverage patterns.
- Evaluating affordability challenges and barriers faced by uninsured workers.
- Analyzing premium contributions and cost-sharing elements among insured workers.

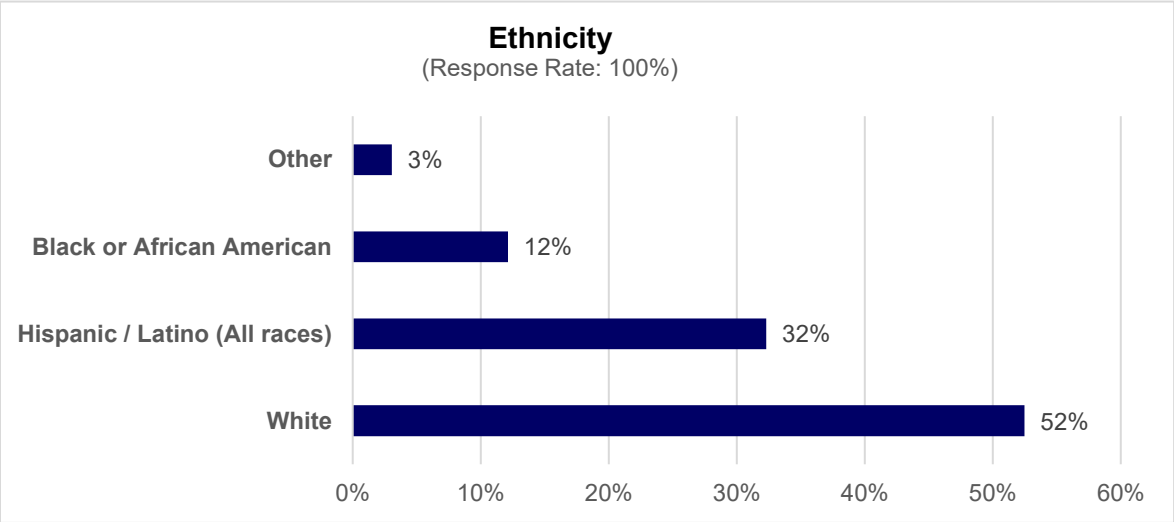
The following sections provide detailed insights into the healthcare coverage landscape of Connecticut's ECE workforce.

Demographics

1. Ethnicity

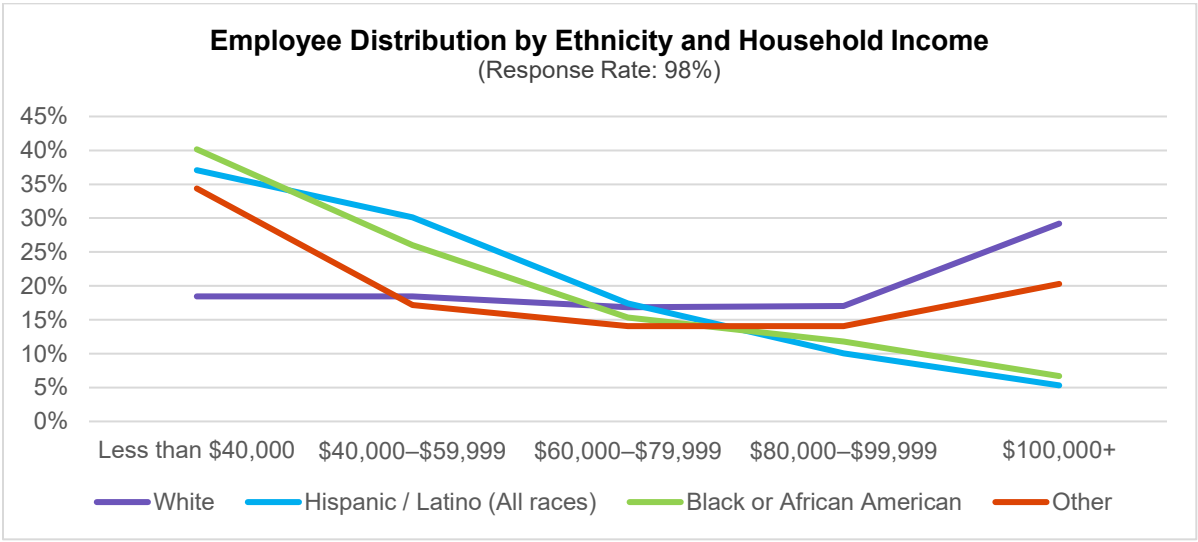
Early childhood educators represent the most racially and ethnically diverse segment of the teaching workforce. Based on a 100% response rate, the chart below summarizes respondents'

self-reported ethnicity. A majority identify as non-Hispanic White (52%), followed by Hispanic/Latino individuals of any race (32%) and non-Hispanic Black or African American respondents (12%). The "Other" category encompasses Asian, Native Hawaiian or Other Pacific Islander, American Indian or Alaska Native, and multiracial individuals.



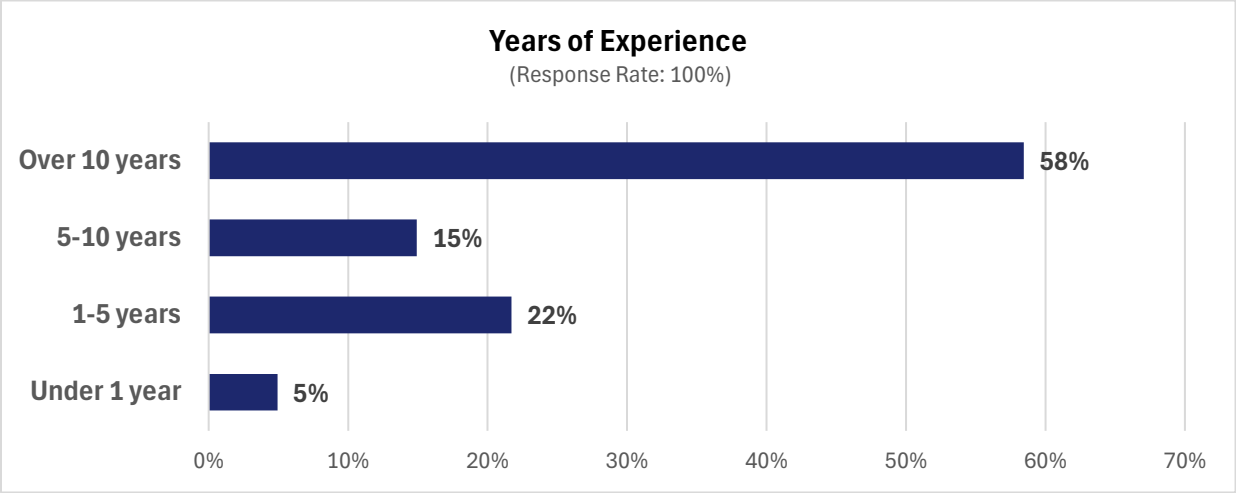
2. Household Income by Ethnicity

Household income varies significantly across ethnic groups, with minority respondents more concentrated in lower-income brackets. In contrast, White respondents are more evenly distributed across income levels and are the most represented in the highest income category. These differences highlight the income disparities within the ECE workforce and underscore the greater financial vulnerability experienced by minority workers.



3. Tenure in the ECE Workforce

The survey responses indicate that Connecticut's ECE workforce is highly experienced, with 58% of respondents reporting more than 10 years in the field, reflecting a long-tenured and seasoned workforce. However, survey participation may have been higher among more experienced workers; therefore, the overall ECE workforce may have a lower proportion of individuals with more than 10 years of experience than is reflected in the survey results.



Healthcare Coverage Status

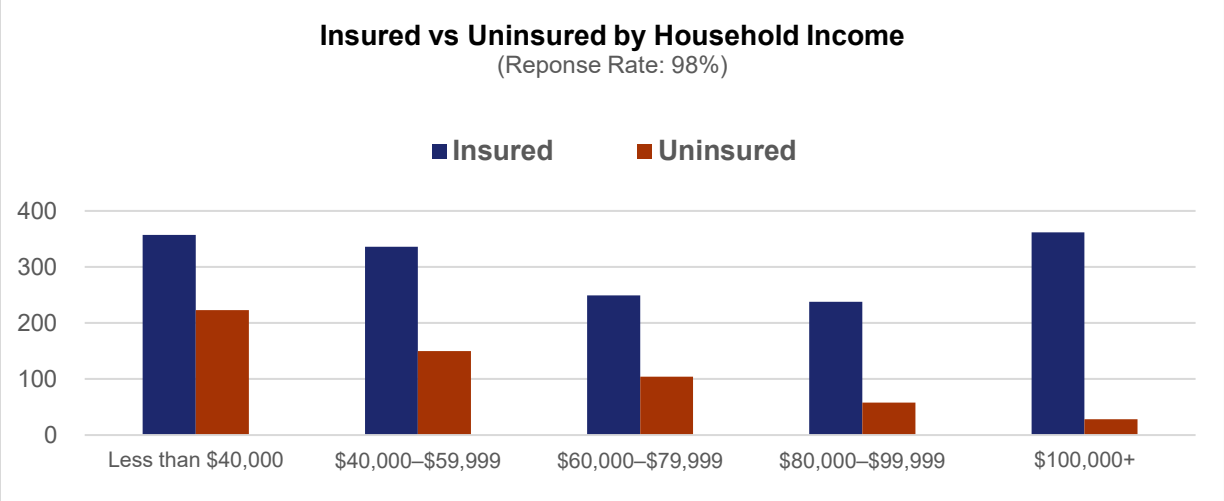
1. Overview

The table below presents the distribution of ECE workers across child care centers and family child care homes, along with the uninsured rate for each setting. Among the 2,151 respondents, 27% reported that they do not have healthcare coverage. The results indicate that workers in family child care homes have a significantly higher uninsured rate compared with those employed in child care centers, highlighting notable variation in coverage access by facility type.

Facility	Employee Distribution	% of Insured	% of Uninsured
Child Care Center	68%	80%	20%
Family Child Care Home	32%	59%	41%
Total	100%	73%	27%
Response Rate	100%		

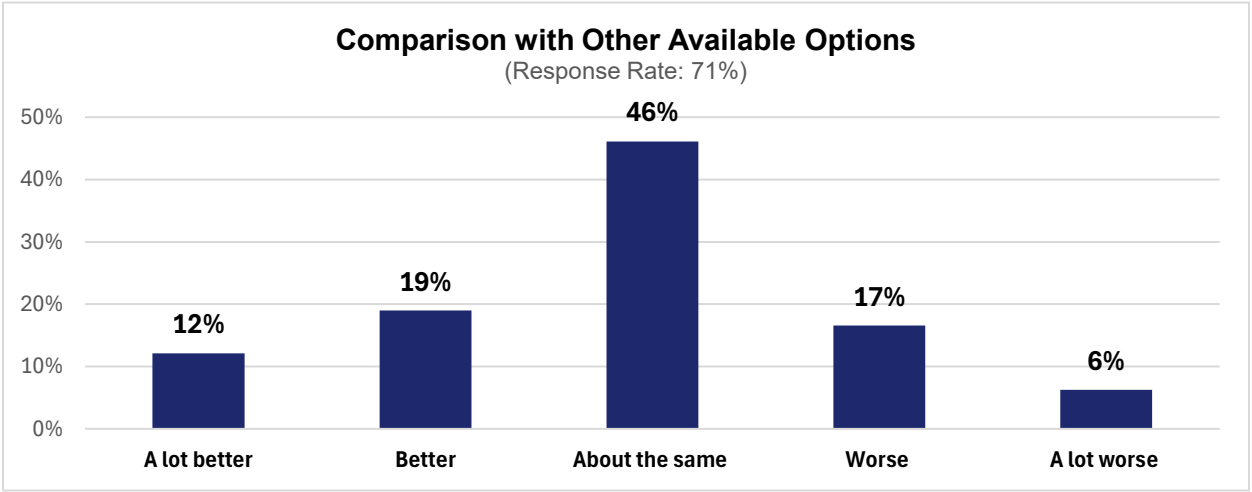
2. Household Income by Coverage Status

The chart below displays household income levels by coverage status - insured versus uninsured. The results show a clear and consistent pattern: workers in the lowest income categories make up the largest share of the uninsured population. This highlights the substantial affordability barriers faced by lower-income ECE workers and the strong link between income and access to health coverage.



3. Comparison with Other Available Options

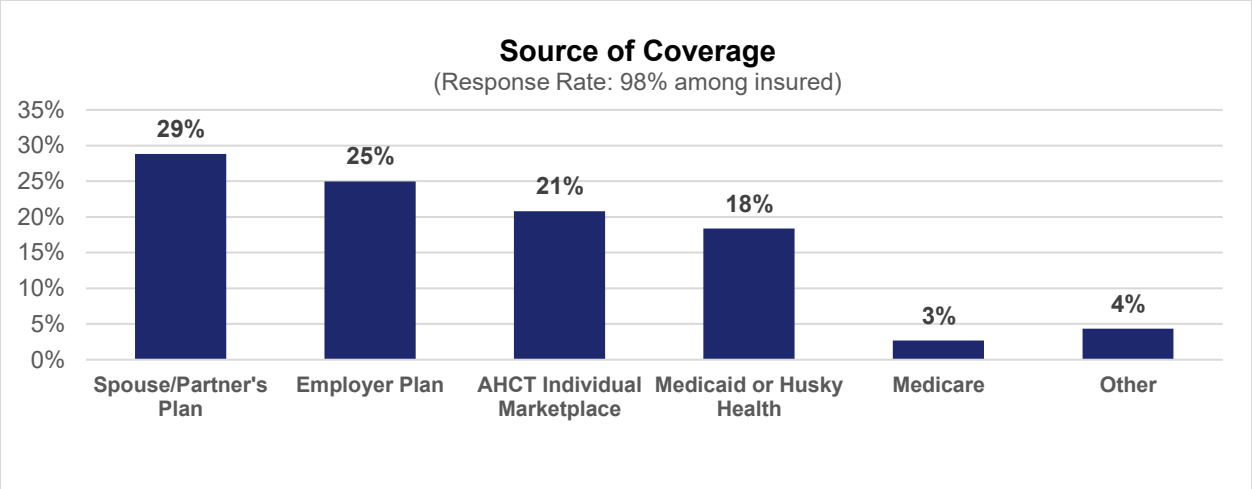
When asked to compare their plans with other available options, 71% of ECE workers responded. Among these respondents, 46% indicated that their plans are roughly comparable to most other options, 31% reported that their plans are better, and 23% viewed their plans as worse than other options.



Insured Population

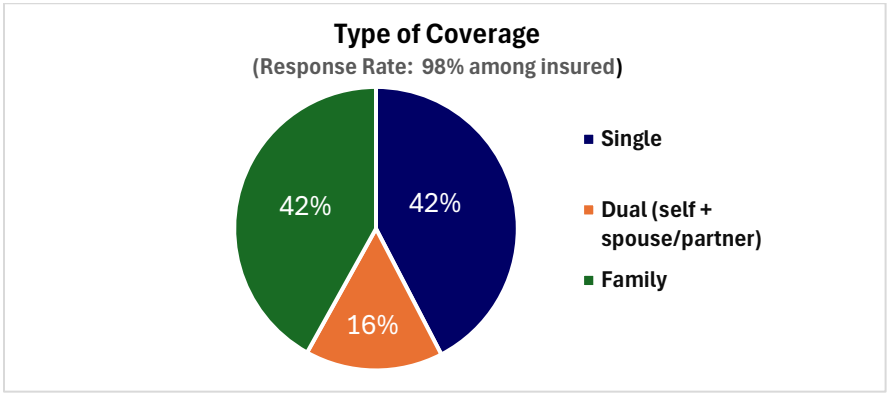
1. Sources of Healthcare Coverage

Among the insured population, the primary sources of coverage are a spouse or partner's plan (29%), employer-sponsored coverage (25%), AHCT Individual Marketplace plans (21%), and Medicaid or Husky Health (18%). The "Other" category includes coverage through another job, a parent's plan, COBRA, a retirement plan, or unspecified sources. A small number of respondents reported being insured through their own business; for summarization purposes, these responses are categorized as AHCT Individual Marketplace coverage.



2. Type of Coverage

The chart below presents the distribution of coverage types among insured respondents. Single and family coverage each account for 42% of respondents, while 16% are enrolled in dual coverage (self plus spouse or partner).



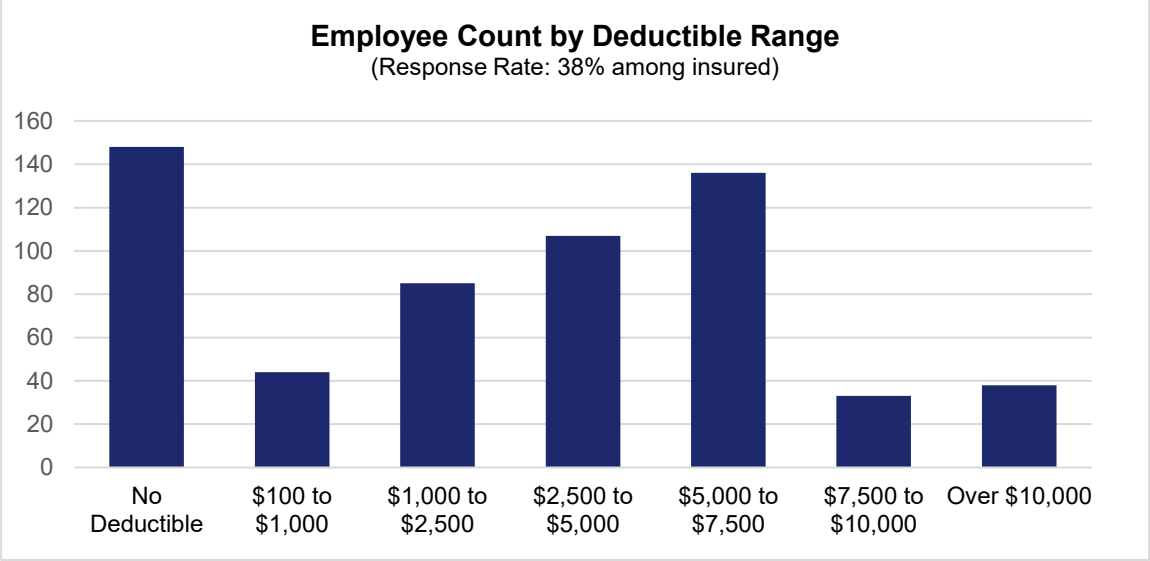
3. Cost Sharing Elements

Response rates for cost-sharing elements - deductibles, copayments, maximum out-of-pocket amounts, and employee portion of the premiums, were relatively low and included some inaccurate responses. This may reflect limited familiarity with these terms among survey participants. When inconsistencies were identified, responses were corrected based on information from related questions; data points were excluded when no plausible interpretation could be determined.

3.1. Deductible

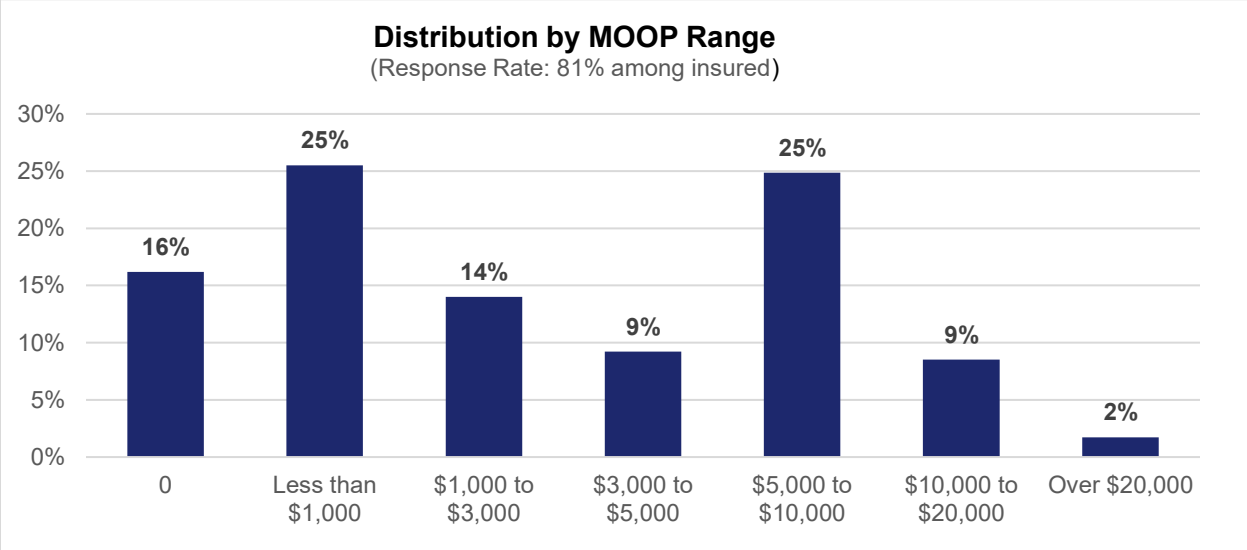
The chart below summarizes the number of employees by deductible ranges. Response rate is only 38% among insured workers. The results from 591 respondents were included in the deductible summary below.

- Among the respondents included in the deductible analysis, the largest group are enrolled in plans with no deductible, partly reflecting coverage through Medicaid/HUSKY. Overall, while a substantial portion of employees have low or no deductibles, there is also notable representation across higher deductible tiers, reflecting a wide variation in plan structures within the population. The most common deductible range is around $5,000, indicating that many employees are enrolled in mid-to-high-deductible plans. However, the survey does not provide sufficient data to credibly determine the percentage of plans in the higher deductible ranges are HSA-qualified.



3.2. Maximum Out-Of-Pocket (MOOP) Amount

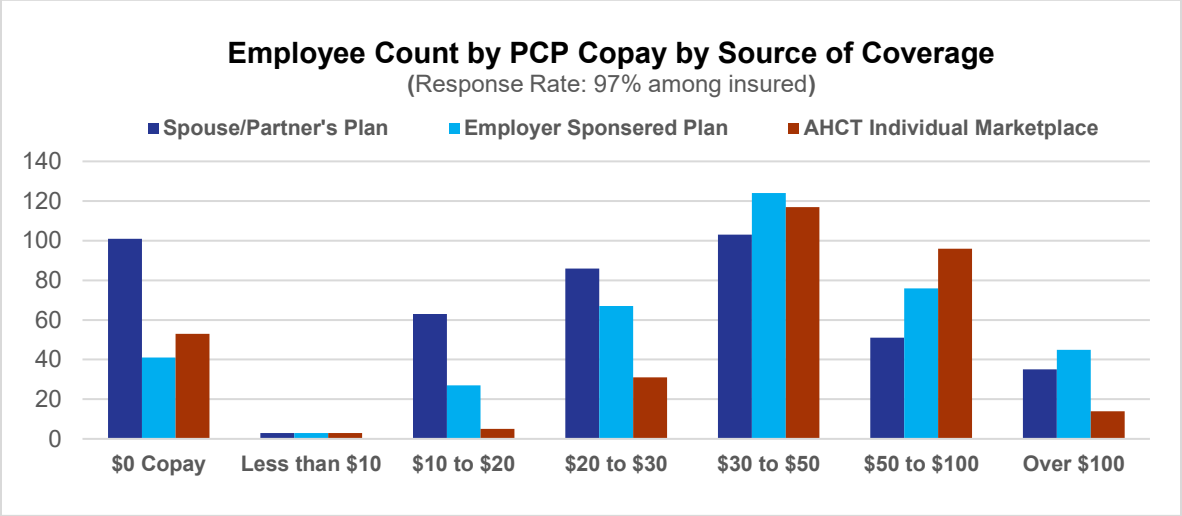
Analysis of 1,279 respondents reveals a varied distribution of MOOP across plan designs. 16% of insured respondents have zero MOOP, primarily representing the Medicaid/Husky population. About 25% are enrolled in low-MOOP plans under $1,000, roughly 23% fall in the $1,000 to $5,000 range, and the remaining 36% have plans with MOOP above $5,000. This mix reflects a combination of highly protective coverage and options that shift more costs to employees, which is important when assessing plan design alignment and contribution strategies.



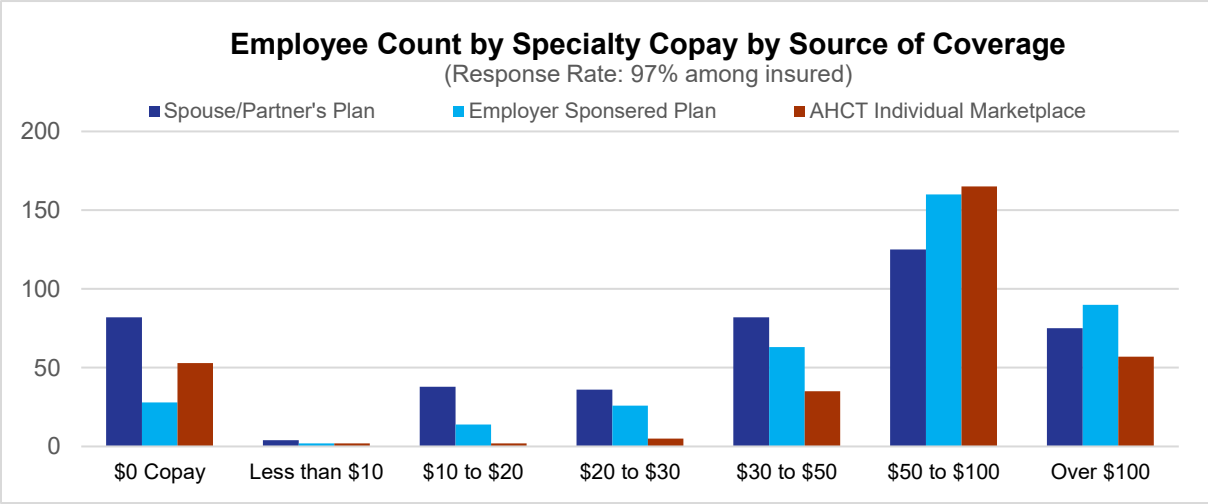
3.3. Copays

The charts below display the range of primary care physician (PCP) and specialty visit copays by coverage source for respondents enrolled in a spouse or partner's plan, an employer plan, or a AHCT Individual Marketplace plan. Coverage through Medicaid/HUSKY, Medicare, and other unspecified sources is excluded from this comparison.

- PCP Copay: Across coverage sources, most members report PCP copays in the $30–$50 range. Spouse or partner plans tend to offer more generous first-dollar coverage, with a higher share of members reporting zero copays; however, some of these responses may reflect enrollment in plans where copays are not applicable, as the survey does not clearly distinguish between a zero copay and a copay that is not applicable when the field is left blank. Overall, the distribution highlights meaningful variation in primary care affordability across coverage sources. It is important to note that all standard plans in AHCT Individual Marketplace have PCP copays below $50, and the survey responses may be subject to misinterpretation of copay and deductible concepts, limiting the credibility of these results.

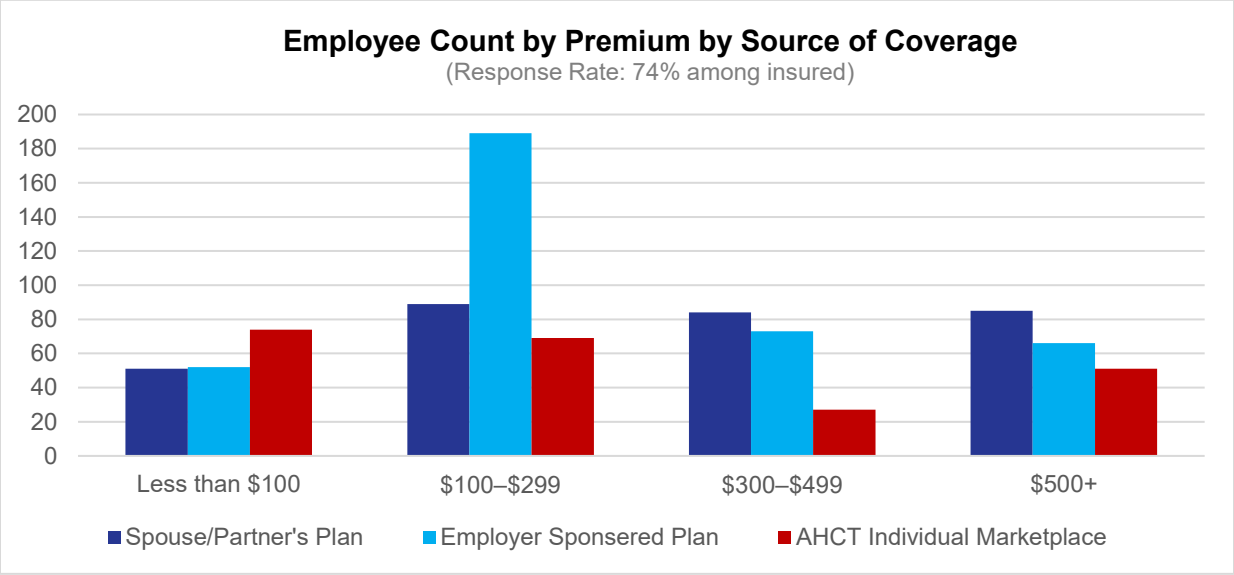


- Specialty Copay: The specialty copay profile shows a clear shift toward higher cost-sharing across all coverage sources, with the majority of members concentrated in the $50 to $100 range.



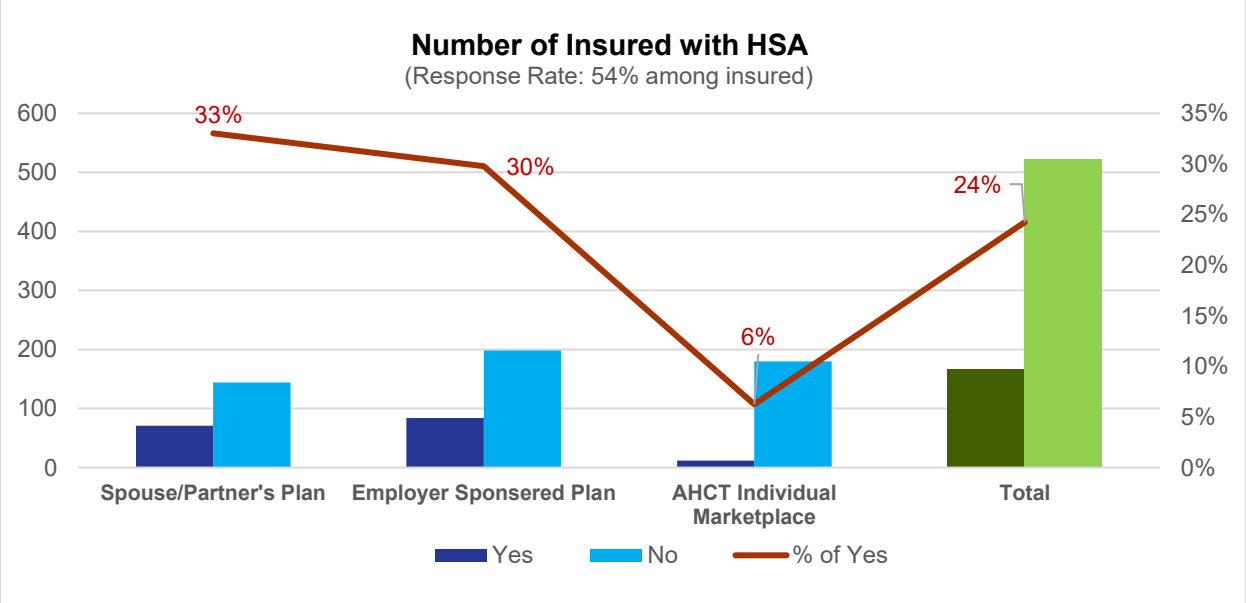
3.4. Employee Premium Cost

The chart below presents employee premium costs by source of coverage, based on responses from 910 individuals. Premiums under spouse or partner plans and AHCT Individual Marketplace plans span a wider range, including both lower- and higher employee contributions, whereas employer-sponsored plans are more tightly concentrated in the $100–$299 range.



4. Health Savings Account (HSA)

The chart below illustrates HSA participation among individuals enrolled in a spouse or partner's plan, an employer sponsored plan, or an AHCT Individual Marketplace plan, based on responses from 689 participants. Overall, 24% report having HSA. HSA ownership is most common among those covered through a spouse or partner's plan (33%) and employer-sponsored coverage (30%), and least common among AHCT Individual Marketplace enrollees (6%).



5. Employer Healthcare Coverage

A total of 1,161 respondents, representing 54% of all survey participants, provided information on employer-sponsored healthcare benefits. Among them, 59% reported that their employer offers health coverage, and 57% of those eligible elected to enroll.

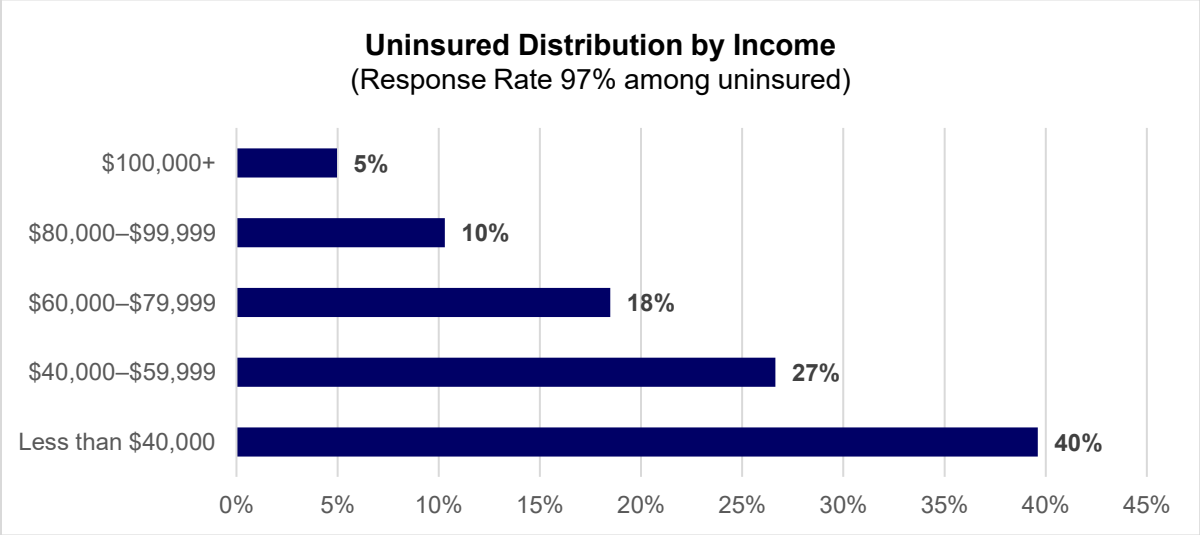
Data on employer HSA contributions were limited, with only 86 respondents providing details, which is insufficient to support credible conclusions.

Uninsured Population

The preliminary survey results indicate that 27% of respondents are uninsured. Uninsurance is disproportionately higher among certain groups, including lower-income workers, minority ethnic workers, and those employed in family child care homes, highlighting populations that may benefit most from targeted support and outreach. The following sections provide a detailed analysis of these disparities.

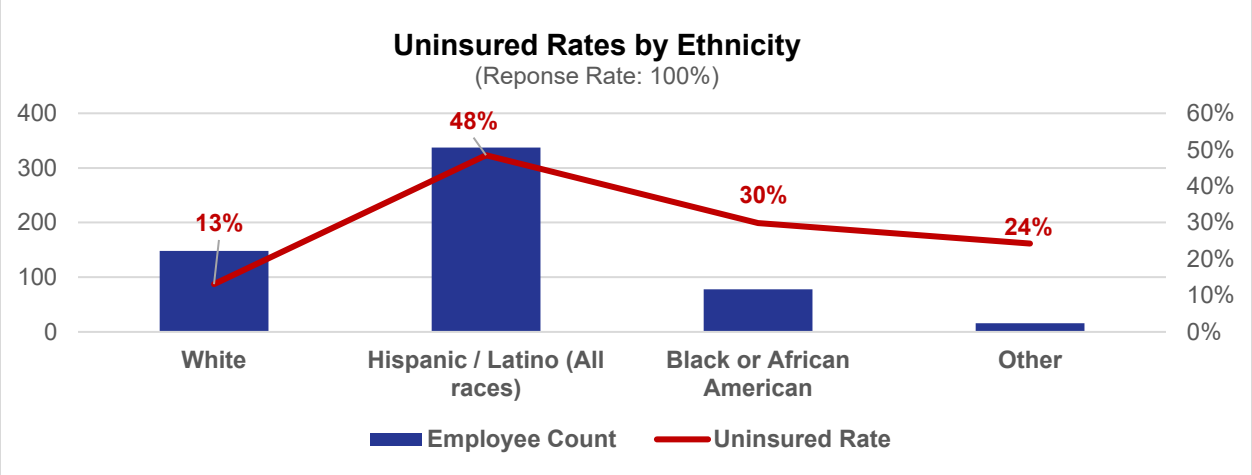
1. Distribution of Uninsured by Household Income

The table below shows the distribution of uninsured individuals by household income. The majority of uninsured respondents are from lower-income households, with 40% earning less than $40,000 and 27% earning $40,000 to $59,999, underscoring the higher prevalence of uninsurance among lower-income workers.



2. Distribution of Uninsured by Ethnicity

Uninsurance rates vary notably across ethnic groups. Respondents identifying as Hispanic/Latino, including all races, have the highest uninsurance rate at 48%. The "Other" category includes non-Latino Asians, Pacific Islanders, Native Americans, and multiracial individuals; however, the uninsurance rate for the 'Other" category is not considered reliable due to the very low employee count. These disparities suggest that minority ethnic ECE workers face greater barriers to obtaining coverage, likely stemming from lower awareness of available health insurance options and challenges navigating policies or subsidy programs. Targeted education and support could help address these gaps and improve coverage rates among these populations.



3. Challenges to Obtaining Health Insurance

The primary reason for not having health coverage among uninsured respondents is cost, cited by 85% of uninsured individuals, highlighting affordability as the most significant barrier. Other factors include lack of knowledge about the application process (5%) and ineligibility due to work hours or position (10%). These findings suggest that solutions to increase coverage could focus on reducing out-of-pocket costs through subsidies or employer contributions and providing clear guidance or assistance with enrollment to help workers navigate available health insurance options.

Reasons for Not Having Coverage	Number of Respondents	
Too expensive	417	85%
Not eligible due to hours or position	48	10%
I don't know how to apply	27	5%
Total Respondents	492	100%
Response Rate among Uninsured	85%	

Public Data and Resources

While OEC survey provides useful directional insight, the survey sample includes only 2,151 respondents out of an estimated 31,000 ECE workers statewide, raising credibility and representativeness concerns, particularly for sub-population analyses. To supplement the survey data and strengthen the assessment of uninsured ECE workers, Wakely conducted supplementary research using publicly available publications, workforce studies, and sector-specific resources. These external data sources provide context for the survey findings and support a more comprehensive understanding of the ECE workforce. Key references and resources are described in detail below.

1. Assistant Secretary for Planning and Evaluation (ASPE)
Publication: Assessing Uninsured Rates in Early Care and Education Workers
Link: Assessing Uninsured Rates in Early Care and Education Workers

The most recent publication from ASPE, *Assessing Uninsured Rates in Early Care and Education Workers (November 2021)*, provides important national context for interpreting Connecticut's survey findings. The report indicates that in 2019, 15.7% of workers in ECE centers were uninsured. Uninsurance rates among home-based providers varied significantly by provider type: 8.1% of listed home-based providers lacked coverage, compared with 16.5% of unlisted paid home-based providers.

The ASPE report also highlights the economic challenges facing this workforce. In 2019, the national average annual wage for child care workers was $24,230, contributing to substantially higher poverty rates among early educators relative to other education professions. Low wages directly influence workers' ability to afford health coverage and contribute to the elevated uninsurance rates observed across ECE settings.

While these national estimates are based on pre-pandemic data and may not fully reflect current conditions, they remain a valuable benchmark. They illustrate the longstanding affordability challenges and income constraints within the ECE workforce and provide meaningful context for interpreting Connecticut's more recent survey results.

2. Center for the Study of Child Care Employment (CSCCE)
Publication: Early Childhood Workforce Index 2024
Link: Early Childhood Workforce Index 2024

The *Early Childhood Workforce Index 2024*, published by the Center for the Study of Child Care Employment (CSCCE), provides detailed and up-to-date insights into the economic conditions of early educators nationwide. The report highlights the persistent financial insecurity facing the ECE workforce and underscores the structural challenges that contribute to low access to employer-sponsored benefits, including health insurance.

Nationally, early educators earned a median wage of $13.07 per hour in 2022. Wages vary substantially across states, ranging from $10.60 to $18.23 per hour, reflecting differences in cost of living, state investments, and labor market conditions. Connecticut ranks somewhat above the national average, with an estimated median hourly wage of $15.01 in 2022. Despite being higher

than the national figure, this wage level still positions many Connecticut ECE workers near or below key affordability thresholds for health insurance and other essential expenses.

3. The U.S. Census Bureau
Publication: Income, Poverty and Health Insurance: 2023
Link: Income, Poverty and Health Insurance: 2023

According to the U.S. Census Bureau's *Income, Poverty, and Health Insurance: 2023* publication, health insurance coverage remains closely correlated with household income. Nationally, the uninsurance rate in 2023 was 23.4% among individuals living below the federal poverty level and 16.1% among individuals with incomes between 100% and 399% of the federal poverty level. These figures serve as important reference points, although actual uninsurance rates vary substantially by state.

While these national estimates offer a useful benchmark, they also reinforce the importance of evaluating the reliability of the OEC survey results, particularly because the survey sample is relatively small and may not fully represent the statewide ECE workforce. Drawing on the survey findings and the broader research landscape, Wakely estimates that the uninsured rate for Connecticut ECE workers likely ranges between 15% and 23%. This range reflects both national context and state-specific considerations.

To support the analysis, the study will further develop a best-case, conservative, and aggressive scenario to assess potential enrollment, cost trajectories, and the long-term sustainability of a state-funded subsidy program for ECE workers. These scenarios will help illustrate how varying assumptions regarding take-up rates, income distribution, and benefit design could influence program budgetary needs and overall impact.

Conclusions

This assessment demonstrates that a substantial portion of Connecticut's ECE workforce continues to experience significant barriers to accessing affordable, comprehensive health insurance coverage. The combination of low wages, limited access to employer-sponsored benefits, and a disproportionately high concentration of uninsured workers at lower income levels underscores the structural challenges faced across the sector. These findings highlight not only the current gaps in coverage but also the broader financial vulnerabilities that constrain ECE workers' ability to secure stable and adequate health care.

This assessment establishes a critical analytical foundation for Phase Two of the study. The subsequent phase will evaluate a range of policy and solutions aimed at improving health coverage affordability for Connecticut's ECE workforce. Building on the insights developed in this assessment, Phase Two will incorporate scenario modeling, cost and funding sustainability analyses, and evaluation of subsidy program designs.

Collectively, these efforts will equip the State with a rigorous, evidence-based framework to identify feasible options and to develop a sustainable strategy that enhances healthcare

affordability for early educators. Strengthening access to affordable coverage will not only improve the well-being of individual workers but also support the stability and resilience of the early childhood system as a whole.

Disclosures and Limitations

Responsible Actuaries. Ren Zhong is the actuary responsible for this communication. She is a Member of the American Academy of Actuaries and Associate of the Society of Actuaries. She meets the Qualification Standards of the American Academy of Actuaries to issue this report.

Intended Users. This information has been prepared for the sole use of AHCT and the Early Child Care Educator Healthcare Work Group. Distribution to parties should be made in its entirety and should be evaluated only by qualified users. The parties receiving this report should retain their own actuarial experts in interpreting results.

Risks and Uncertainties. The assumptions and resulting estimates included in this report and produced by the modeling are inherently uncertain. Users of the results should be qualified to use it and understand the results and the inherent uncertainty. Actual results may vary, potentially materially, from our estimates. Wakely does not warrant or guarantee that Connecticut will attain the estimated values included in the report. It is the responsibility of those receiving this output to review the assumptions carefully and notify Wakely of any potential concerns.

Conflict of Interest. Wakely provides actuarial services to a variety of clients throughout the health industry. Our clients include commercial, Medicare, and Medicaid health plans, the federal government and state governments, medical providers, and other entities that operate in the domestic and international health insurance markets. Wakely has implemented various internal practices to reduce or eliminate conflict of interest risk in serving our various clients. Except as noted here, I am financially independent and free from conflict concerning all matters related to performing the actuarial services underlying this analysis. In addition, Wakely is organizationally and financially independent to the AHCT.

Data and Reliance. We have relied on others for data and assumptions used in the assignment. We have reviewed the data for reasonableness, but have not performed any independent audit or otherwise verified the accuracy of the data/information. If the underlying information is incomplete or inaccurate, our estimates may be impacted, potentially significantly.

Subsequent Events. These analyses are based on the implicit assumption that the ACA will continue to be in effect in future years with no material change. Material changes in state or federal laws and regulations regarding health benefit plans may have a material impact on the results. There are no other known relevant events subsequent to the date of information received that would impact the results of this report.

Contents of Actuarial Report. This document (the report, including appendices) constitutes the entirety of actuarial report and supersedes any previous communications on the project.

Deviations from ASOPs. Wakely completed the analyses using sound actuarial practice. To the best of our knowledge, the report and methods used in the analyses are in compliance with the appropriate ASOPs with no known deviations. A summary of ASOP compliance is listed below:

ASOP No. 23, Data Quality

ASOP No. 41, Actuarial Communication

ASOP No. 56, Modeling

Sincerely,

Ren Zhong, ASA, MAAA
Consulting Actuary
Ren.Zhong@wakely.com

Cc: James Michel, AHCT Chief Executive Officer
Susan Rich-Bye, AHCT Director of Legal and Governmental Affairs