



**Testimony Opposing H.B. 6710, An Act Concerning Association Health Plans &
H.B. 6712, An Act Concerning the Removal of Assessments on the Connecticut Health Insurance
Exchange**

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Insurance and Real Estate Committee
February 21, 2023

Dear Senator Cabrera, Representative Wood, Senator Hwang, Representative Pavalock-DAmato, and esteemed members of the Insurance and Real Estate Committee,

Thank you for accepting this testimony in **opposition to H.B. 6710 and H.B. 6712** on behalf of Health Equity Solutions (HES), a nonprofit organization with a statewide focus on advancing health equity through anti-racist policies and practices. Our vision is for every Connecticut resident to attain optimal health regardless of race, ethnicity, or socioeconomic status.

Health Equity Solutions frequently comments and testifies on disparities in access to health insurance in Connecticut. The systemic and pervasive nature of racism in employment and education, among other aspects of systemic racism, mean that Black, Indigenous, Latino/a, and other people of color in Connecticut are disproportionately likely to be uninsured or enrolled in insurance policies with out-of-pocket costs they cannot afford. Enrollees in Access Health, which is considered [unaffordable to over 40%](#) of enrollees, are disproportionately people of color. Each year, Health Equity Solutions conducts outreach to learn which issues related to health equity are priorities for Connecticut residents. Access, including affordability, is consistently noted by participants to be a significant barrier to health equity and to their families' ability to seek health care.

Unfortunately, in the unlikely event these proposals make health care more affordable, they would only do so at a very high cost to the state and individuals and erode the quality of health insurance. ***We urge you not to pass these proposals*** out of the committee.

H.B. 6710, An Act Concerning Association Health Plans

Association health plans were outlawed in Connecticut and many other states for very good reasons. They are confusing, do not provide comprehensive health insurance despite seeming like insurance plans, and undermine the regulated insurance market. As outlined in this bill, association health plans would have a low actuarial value, leaving enrollees responsible for 40% of their health care costs. The plans would not be subject to many federal and state health insurance regulations, including state requirements for essential health benefits and capping the costs of insulin.

Given Connecticut's wealth gap and the disparities in [health insurance literacy](#) experienced by Black and Latino/a people in Connecticut, these plans would offer the allure of a lower premium to the very people who cannot afford the out-of-pocket costs they would incur when seeking care while enrolled in these plans. In other words, ***association health plans would amplify, rather than address, affordability challenges*** faced by enrollees in high deductible plans. ***Given the far more limited benefits offered by association health plans and their exemption from many state and federal regulatory protections,***

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health care would be less affordable for these enrollees. Further, some association health plans have [defrauded](#) enrollees and ended up [insolvent](#) in part because of the lower level of oversight.

Finally, the [American Academy of Actuaries](#) noted, in response to similar proposals, that creating separate rules for association health plans would also fragment the market and could undermine the stability of exchanges, like Access Health. Connecticut cannot afford to destabilize its growing health care exchange in favor of low-quality health coverage.

We must not push additional burdens onto Connecticut's residents, who are already accountable for understanding the complexities of networks, deductibles, copays, coinsurance, shifting benefit structures, and the price negotiations between health care providers and payers. Association health plans intensify this burden by creating a lower cost option that appears similar to health insurance but is not truly health insurance and does not cover the health care costs we expect insurers to address.

H.B. 6712: An Act Concerning the Removal of Assessments on the Connecticut Health Insurance Exchange

The state health insurance exchange manages marketing and enrollment efforts from which carriers' profit. For the state to fund these efforts for the profit of insurance companies is a poor use of taxpayer funds. Further, there is no evidence that enrollees in Access Health CT would see any meaningful decrease in premiums related to this change. Despite far lower spending on health care in recent years, all carriers requested large premium increases in 2023, indicating that costs and savings are not passed on to enrollees.

Alternative Affordability Proposals

While Connecticut has a relatively low rate of uninsurance and has made significant strides in expanding no-cost health insurance programs, over 165,000 households have health insurance plans they cannot afford. The state's [Consumer Health Affordability Index](#) found that 18% of Connecticut households with working adults had health insurance costs that exceeded an affordability benchmark. A shocking 42% of families purchasing insurance on Access Health CT faced costs that exceeded the affordability benchmark in 2021. [The racial wealth gap](#) in Connecticut is vast and Black, Indigenous, Latino/a, and other people of color in our state are already at [greater risk](#) of avoiding care, medical debt, and going uninsured.

Premiums on Connecticut's exchange were [higher than those in 42 other states](#) in 2022.¹ Further, recent documentation verified [dramatic differences in pricing](#) between hospitals for common services, meaning there is no correlation between the cost of providing care and the bill. Together, these findings offer evidence that ***rates do not have to be this high for comprehensive health insurance plans to be solvent and insurance companies profitable.***

An unfortunate, [unintended consequence](#) of medical loss ratio requirements established by the Affordable Care Act is that insurers profit when hospital and provider rates increase because the net profit they can keep grows as the total cost of care grows. This is a particular concern in a state like ours,

¹ Kaiser Family Foundation's analysis of the average lowest-cost Silver plan. CT also ranked 8th most-expensive for average lowest-cost bronze and benchmark premiums and 13th for gold plans premiums.

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which has seen dramatic provider consolidation, which, in turn, is [known to lead to increased prices](#) and limit payers' negotiating power.

One of the tools [Colorado](#) uses to safeguard required decreases in premiums is to hold hearings assessing the impact of hospital and provider pricing on rate setting. Medicare rates are used as a benchmark to ensure fairness to providers, with a floor of 165% of the Medicare rate. [Rhode Island](#) embeds cost containment in its rate review process and [limits price increases](#) for hospitals. Connecticut's cost-growth benchmark offers an opportunity to pursue a similar approach here.

There are *alternative policies much more likely to improve coverage and affordability*. In addition to the ideas noted above, other bills under consideration in 2023 would: 1) expand access to Covered CT and HUSKY Health programs; 2) control hospital and pharmaceutical costs; and 3) strengthen hospital financial assistance policies. We respectfully urge this committee to review the evidence and refrain from advancing these policies, which would cost the state millions and provide sub-par health coverage to those least able to afford care when they need it.

Thank you for the opportunity to submit this testimony in opposition to **H.B. 6710, An Act Concerning Association Health Plans**, and **H.B. 6712: An Act Concerning the Removal of Assessments on the Connecticut Health Insurance Exchange**. I can be reached with any questions at ksiegel@hesct.org or 860.937.6432.