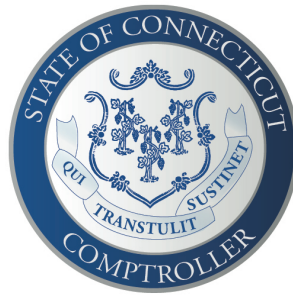


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**Written Testimony
Comptroller Kevin Lembo
March 8, 2018**

**Concerning
House Bill 5039: *AN ACT Protecting Health Care Fairness and Affordability; and*
House Bill 5379: *AN ACT Establishing a State Individual Health Care Responsibility Fee
and the Connecticut Health Care Savings Program.***

Good afternoon Senator Larson, Representative Scanlon, Senator Kelly, Representative Sampson and Members of the Insurance and Real Estate and Insurance Committee:

Thank you for the opportunity to testify on House Bill 5039: *AN ACT Protecting Health Care Fairness and Affordability* and House Bill 5379: *An Act Establishing a State Individual Health Care Responsibility Fee and the Connecticut Health Care Savings Program*. The majority party in Congress spent the better part of the past year trying to pass legislation that would repeal the Affordable Care Act (ACA), along with the protections and health care coverage the law provides to millions of Americans and hundreds of thousands in this state. In the end, broad efforts at repeal were unsuccessful, but Congress did eliminate the individual federal tax penalty for not having insurance coverage.

The federal repeal efforts reminded us that we cannot depend on federal protections to ensure Connecticut residents have access to quality and affordable insurance coverage. We must take action at the state level. HB 5039 and 5379 seeks to codify in state statute the essential health benefit requirements now required under federal law. Codifying the requirement that all health insurance plans sold in the State of Connecticut maintain the essential health benefits, as required under the ACA, will give state residents comfort in knowing that, regardless of what happens at the federal level, health care plans in the State of Connecticut will continue to provide this coverage.

In addition, HB 5039 and 5379 seek to create a state-level individual mandate to replace the recently repealed federal mandate. The individual mandate was created to expand the pool of uninsured individuals who would purchase individual insurance plans through the ACA exchanges. The goal was to make sure that younger and healthier individuals would sign up and thereby reduce premiums for everyone, ensuring that everyone – regardless of health status – could access affordable insurance. Unfortunately, it hasn't worked out that way. Today the average premium on the Connecticut exchange is nearly double that of Massachusetts, our neighbor, and last year, while Connecticut saw double-digit increases in premiums, costs in Massachusetts actually decreased. The individuals and families who qualify for federal premium assistance are shielded from the rising premiums as their subsidies rise in lockstep, but those who do not qualify for assistance (individuals making as little as \$50,000 annually or a family of four with a household income of about \$100,000) face great challenges in managing the rising costs. For example, the lowest cost silver plan for a family of four making \$105,000 with parents age 42 would cost almost \$1,600 per month and would come with a \$7,400

deductible or almost \$20,000 annually in premium and \$27,000 before full coverage kicks in after the deductible.

As we consider adding a state-level individual mandate, we must think about these families. Are the options available to them really affordable? Is it reasonable to penalize them for not paying an exorbitant premium for what amounts to a high-deductible plan?

If we are going to ask families to purchase insurance or face a state-level penalty, we must first do something to address the out-of-control premiums on the individual market in our state. HB 5039 attempts to address this issue by requiring new "low option" insurance designs at each metal tier of insurance products on the exchange, however this provision does not go far enough. We need broader systemic change to lower premiums across the board. Other states are taking action. At least three states have implemented state-level reinsurance pools to bring down premiums, funded in part by the drawdown of additional federal dollars, and some have considered instituting a state-level public option or Medicaid buy-in plans. We can do better.

As the committee considers these bills I hope it will expand the conversation to incorporate real and meaningful policies that will bring premium relief for the residents of Connecticut who do not have access to employer-based health care coverage.

Thank you for giving me the opportunity to provide my testimony on this important issue.