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HB 7360 AN ACT CONCERNING NONSTATE PUBLIC EMPLOYER HEALTH CARE PLANS

Senator Cassano, Representative McCarthy Vahey, Senator Champagne, Representative Zawistowski and all the members of the Planning and Development Committee. Thank you for the opportunity to offer testimony on HB 7360 AN ACT CONCERNING NONSTATE PUBLIC EMPLOYER HEALTH CARE PLANS.

The Partnership Plan 2.0 was launched on October 1, 2015 and currently provides affordable quality health care to more than 100 municipal employer groups. These towns, cities and other public employers cover approximately 44,780 members – including teachers, police, firefighters and their families. Towns and cities from every corner of the state have collectively saved several million dollars by joining Partnership 2.0, savings that has helped to alleviate pressure on property taxes in many regions.

Partnership 2.0 premiums and claims are paid out of a designated account. Since its inception this account has never gone negative, nor have any state resources been transferred to this fund. The projected end-of-month balance in the Partnership 2.0 account for March 2019 is \$18.01 million. While the Partnership 2.0 account has remained solvent, claims in Calendar Year 2018 did exceed premiums by \$10.3 million.

The implementing legislation of the Partnership 2.0 plan, PA 15-93, requires the Office of the State Comptroller to pool the experience of the Partnership 2.0 plan with the State Employee Health Care plan, meaning that premium increases across both plans are set relative to the experience of the combined state and partnership population.

My office is continuously analyzing factors that drive health care cost trends in the Partnership 2.0 plan and has confirmed that the primary driver of 2018 claims overrun is related to the differences in the cost of health care across various regions of the state. The state employee plan, upon which the Partnership premiums were built, has a significant concentration of participants in the Hartford area, an area with relatively low health care prices, while the Partnership plan has a significant concentration of plan participants in Fairfield County, an area with relatively high health care prices. The price differential between Fairfield County and the Hartford area health care prices, coupled with the fact that several Fairfield municipal groups have joined the plan in recent years, has resulted in a premium rate too low to cover the health care prices of the growing Fairfield County population.

HB 7360 AN ACT CONCERNING NONSTATE PUBLIC EMPLOYER HEALTH CARE PLANS would address this issue by allowing my office to adjust Partnership rates by geographic area; much like is currently done for private health insurance. If we can set premiums geographically, we can account for high-cost areas and set premiums that are more reflective of underlying costs – while at the same time continuing to deliver a high-quality and low-cost health plan.

In addition the bill would allow my office to offer additional plan designs beyond the state employee plan. Such plans would offer high quality comprehensive coverage, but would cover slightly less total medical costs. Offering such plans would make the Partnership 2.0 plan a viable option for more municipalities, providing potential savings for them, while providing more geographic diversity across Partnership participants.

I thank you again for raising this bill and I ask for your support.