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**Written Testimony
Comptroller Kevin Lembo
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SB 328 AN ACT CONCERNING HEALTH CARE COST GROWTH BENCHMARKS, CANADIAN DRUG REIMPORTATION, STOP-LOSS INSURANCE, AND REINSURANCE.

and

SB 347 AN ACT CONCERNING THE PATIENT PROTECTION AND AFFORDABLE CARE ACT.

and

SB 322 AN ACT REQUIREING THE INSURANCE COMMISSIONER TO CONSIDER AFFORDABILITY IN REVIEWING INDIVIDUAL AND GROUP HEALTH INSURANCE POLICY PREMIUM RATE FILINGS.

Senator Lesser, Representative Scanlon, Senator Kelly, and Representative Pavalock-D'Amato and members of the Insurance and Real Estate Committee. Thank you for the opportunity to express my support for SB 328 An Act Concerning Health Care Cost Growth Benchmarks, Canadian Drug Reimportation, Stop-Loss Insurance, and Reinsurance, SB 347 An Act Concerning the Patient Protection and Affordable Care Act, and SB 322 An Act Requiring the Insurance Commissioner to Consider Affordability in Reviewing Individual and Group Health Insurance Policy Premium Rate Filings.

In addition to my testimony for SB 346 to establish The Connecticut Plan, I want to extend my support for these three other bills being heard today that I believe approach that challenge of affordability from multiple angles.

SB 328 An Act Concerning Health Care Cost Growth Benchmarks, Canadian Drug Reimportation, Stop-Loss Insurance, and Reinsurance

Establishes a cost growth benchmark that will aim to slow the rise in the cost of care. In 2018, the US spent 17.7% of its GDP on health care while the average in other high-income nations is 11.5% of GDP. We just pay more. Further, the year over year growth in spending from 2018 to 2019 increased by five percent. We must tackle the underlying cost of care in order to make health care more affordable and I believe a growth cap is a good way to start approaching this issue

Establishes quality of care benchmarks. While the US spends more on health care, we do not see better outcomes than other high-income nations. This is why the quality benchmark component of this legislation is so important. We need to identify what we as a state are doing well and where we can improve. With better care quality, we will see improved outcomes and ultimately lower spend.

Outlines procedures for the state to implement a Canadian drug Reimportation program, where the state will purchase drugs at wholesale prices from our Canadian neighbors. I believe that this legislation

has established safe guidelines for this process that will ensure continued access to safe and high-quality drugs, but at a lower cost.

Puts in statute regulation on the Stop-Loss Insurance industry. Currently, the stop loss market in Connecticut operates outside of the purview of the regulations applied to the commercial insurance market. This means that many of the practices, including medical underwriting, that were banned in the Patient Protection and Affordable Care Act do not apply to Stop-Loss insurance. The Connecticut Insurance Department has done significant work to make sure that only plans that meet specific requirements are allowed on the market, but have done so without a legislative backstop. Putting the guidelines that they currently use into statute will ensure that the few guidelines Connecticut does apply to Stop-Loss plans will continue with future administrations. We do believe, however, that there is a lot more that can be done with regard to Connecticut regulating Stop-Loss plans and protecting consumer interests, including eliminating the practice of lasering, where Stop-Loss plans can charge employers up to 300 percent more for employees with pre-existing conditions. Without a doubt, this practice has the potential to hurt individuals, families, and employers and has the ability to negatively influence hiring decisions. We also hope that the Connecticut Insurance Department will continue to issue Bulletins on Stop-Loss plans as a way of keeping their requirements for plans up to date regarding consumer protection issues. We must consider this statute a floor, not a ceiling.

While this policy package will do a lot of the work necessary to control cost, there is still more work to be done.

SB 347 An Act Concerning the Patient Protection and Affordable Care Act

Establishes state-level Medical Loss Ratios. When the ACA (Affordable Care Act) was passed, it set Medical Loss Ratio (MLR) regulations, limiting the amount of profit an insurance plan could retain from collected premiums. It said that small group and individual plan MLRs had to be, at a minimum, 85 and 80% respectively. SB 347 puts these MLR floors into statute as a backstop protection, in case the ACA is ever overturned, which would eliminate this provision. We took a great step forward in effort to control premiums in 2010, let’s not go backwards.

SB 322 An Act Requiring the Insurance Commissioner to Consider Affordability

Requires the Insurance Commissioner to consider affordability of premiums when approving health plan rates each year. Each year, health plans submit new rates to the Insurance Commissioner for approval. Below is a chart comparing the 2019 rate requests to what was approved by the Commissioner.

	Rate Increase Requested	Rate Increase Approved
Individual Carrier #1	9.1%	-2.7%
Individual Carrier #2	13.0%	4%
Small Group Carrier #1	9.9%	2.9%
Small Group Carrier #2	5.7%	0%

We can see that carriers are requesting enormous rate increases each year that the Commissioner has found to be unsubstantiated based on their current guidelines. These guidelines do not include a standard or metric for affordability. However, with 77 % of those purchasing an individual plan on the marketplace receiving a premium subsidy, we know that even the approved premiums are not affordable to most. I believe that affordability is extremely important when approving health plans – if a plan is not affordable and thus not accessible, what value does it add to a person’s health? Defining what affordable health care is, is something that my office, along with our colleagues at the Office of Health Strategy, is working on. And we look forward to working with the Insurance Commissioner and

others to develop a Connecticut definition of affordable health care coverage that can be used in the future to ensure all of our residents have access to quality affordable health care coverage.

Again thank you for raising these important measures and for the opportunity to testify on them today.