



Christian L. DiPentima
President & Chief Executive Officer

Dear Representative,

As you are aware, the cost of employee healthcare is one of the top concerns for Connecticut's small employers. The small group insurance market is in crisis, and the state is in desperate need of solutions. Employers and workers cannot afford to wait another year for solutions, and it is imperative that the General Assembly act to address this crisis in the 2023 session.

This is why we are writing to request your **support** for **HOUSE BILL 6710: AN ACT CONCERNING ASSOCIATION HEALTH PLANS**.

The concept behind this legislation is simple—it allows trade associations to provide healthcare benefits for member employers. Pooled together, small employers will have the ability to purchase insurance directly from a carrier or provide self-funded health plans in much the same way that large employers and the state of Connecticut do by using the power of numbers to achieve savings that aren't otherwise possible.

This legislation is the result of months of negotiation between industry stakeholders and a diverse, bipartisan group of public officials. Participants in those negotiations included the Connecticut Insurance Department, the Office of the Governor, the Office of Health Strategy, the Office of the Healthcare Advocate, the Office of the Comptroller, as well as Republican and Democratic members of the House and Senate.

The final agreement that resulted from these negotiations is now filed as [House LCO Amendment #9466](#). This is a landmark proposal that includes innovative design concepts making high quality health plans more affordable for small businesses and their employees, along with unprecedented consumer protections that will be the strongest in the country.

In many ways, the agreement offers far greater consumer protections than existing commercial health insurance and self-funded health plans offered in the market today. The proposal has earned the public support of State Health Advocate Ted Doolittle, who played a lead role in the negotiations and has publicly called the agreement a "step in the right direction" and "a good thing."

Any healthcare legislation is bound to be complicated, and misunderstandings are a given. We urge you to reject the misinformation and falsehoods being advanced by national special interest groups opposed to any form of private health plans. When it became known that an agreement on this legislation had been reached, these groups attacked the bill before the final, negotiated amendment was even made public, and they have since been forced to retract many of their misstatements.

Here are the facts:

- Plans are required to cover all the Affordable Care Act's essential benefits (e.g. doctors' services, inpatient and outpatient hospital care, prescription drug coverage, pregnancy and childbirth, mental health services, and more);
- Plans must cover all current and future state health coverage mandates (e.g. breast and ovarian cancer screenings, telehealth services, cancer and other clinical trials, contraceptive benefits, mental health or nervous conditions, and more);
- Self-funded plans will be licensed and regulated like an insurance company. Unlike traditional level and self-funded plans, the state will have extensive oversight over self-funded plans' financials, licensure, capital, and solvency. For example, the bill requires any plan to apply and gain licensure from the Connecticut Insurance Department, have a minimum net worth of \$4 million, post and maintain a bond in an amount determined by CID, and submit to annual financial audit and market conduct reviews;
- The legislation includes first-in-the-nation caps on medical underwriting: Self-funded plans are prohibited from essentially pricing out sicker groups. This is due to two key guardrails negotiated by the Office of Health Advocate: (1) on new business rates, the plans are prohibited from deviating a group's premium above the manual rate by more than 30% up and 40% down; and (2) for renewal rates, the plans will use a sliding scale of medical underwriting caps starting at 25% and decreasing as the pool grows in size and becomes more credible;
- Minimum Actuarial Value. The bill now requires self-funded plans to offer, at a minimum, metal tier-equivalent plans (i.e. one at or above 60%, one at or above 68%, and one at or above 78%);
- Self-funded plans must implement value-based care and advanced primary care. Plans must attest to the Office of Health Strategy that implementation is occurring/has occurred;
- Self-funded plans, through a TPA, will still pay public health and vaccine assessments; and
- The fiscal note for HB 6710 is now ZERO due to the bill requiring that self-funded plans pay the Connecticut Insurance Department for the cost of regulation.

Small employers and their workers desperately need affordable, quality healthcare solutions.

HB 6710 will successfully help small employers address the healthcare needs of employees.

We hope you will support this innovative tool to help small employers provide their workers with the healthcare they need and deserve.

Regards,
Chris