Testimony Regarding H.B. 5247: An Act Concerning Employee Health Benefit Consortiums, and **H.B. 5054: An Act Addressing Health Care Affordability**

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Insurance and Real Estate Committee
February 27, 2024

Dear Senator Cabrera, Representative Wood, Senator Anwar, Representative Barry, and esteemed members of the Insurance and Real Estate Committee,

H.B. 5247: An Act Concerning Employee Health Benefit Consortiums

Thank you for accepting this written testimony in opposition to H.B. 5247: An Act Concerning Employee Health Benefit Consortiums. My name is Kally Moquete, and I am submitting this testimony on behalf of Health Equity Solutions (HES), where I serve as the Senior Manager of Policy. HES is 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.

Every year, Health Equity Solutions engages in community conversations with Connecticut residents to inform our policy agenda. Since 2020, we have engaged over 570 participants across 47 towns and cities. The ability to afford and access health care has consistently been among the top three health equity priorities for Connecticut residents and noted by participants to be a significant barrier to their families' ability to seek health care. Unfortunately, H.B. 5247 is not the solution Connecticut families need to lower costs. As a result, we respectfully urge the Committee to oppose H.B. 5247.

As written, H.B. 5247 seeks to implement a Multiple Employer Welfare Arrangement (MEWA), here in Connecticut, which would include the establishment of Association Health Plans (AHP) and create further reliance on level-funded plans. While we acknowledge that there are additional protections in a MEWA as opposed to a standard AHP, its implications closely parallel many of the concerns had with AHPs. While H.B. 5247, includes provisions requiring protections for those with pre-existing conditions, including mandating essential health benefits and group state coverage requirements, as written it appears to do nothing to regulate its cost implications on the small group market.

Furthermore, MEWAs carry with them the potential for financial risk, specifically because it involves pooling resources among multiple employers. If one employer within the arrangement has a significantly higher number of claims or experiences financial difficulties, it could affect

premiums for all participants. This risk-sharing aspect means that participating employers may have less control over their own health insurance costs. If the MEWA experiences financial difficulties or mismanagement, it could jeopardize the availability of health insurance coverage and services. As a result, MEWAs have been known to lead many employers and employees to insolvency due vast amounts of unpaid medical claims.

Connecticut cannot afford to destabilize its health care exchange in favor of lower-quality health coverage. Level-funded plans are meant to keep costs down, but in reality, are risky "junk plans" that can leave people underinsured, defrauded, and at risk of medical debt.

Given Connecticut's wealth gap and the disparities in health insurance literacy particularly experienced by Black and Latino 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. HES has repeatedly testified on the affordability gap for enrollees in high deductible plans. ***Given the far more limited benefits offered by MEWAs, AHPs, and their exemption from many state and federal regulatory protections***, health care would be less affordable for these enrollees.

We must not push additional burdens onto Connecticut's residents, who are already accountable for understanding the complexities of networks, deductibles, co-pays, co-insurance, shifting benefit structures, and the price negotiations between healthcare providers and payers. MEWAs and AHPs amplify this burden by creating a lower-cost option that appears similar to health insurance but has a limited provider network, is not truly health insurance, and does not cover the health care costs we have come to expect insurers to address.

HES is also concerned by H.B. 5247 deviation from two policy instruments of the Affordable Care Act (ACA). The proposed MEWA Plans intend to establish base rates through what they term "an actuarially sound, modified community rating," a term that introduces ambiguity and potential deviation from the ACA's established modified community rating standards. Moreover, these plans permit adjustments to individual employer premiums based on their specific claims experience, effectively creating a glaring loophole that undermines the very essence of community rating principles. This means that events or conditions such as an employee undergoing multiple rounds of fertility treatment or an employer with a higher-than-average number of employees with disabilities could unfairly trigger upward adjustments in premiums for that employer. This provision not only contradicts the fundamental principles of fairness and equity but also threatens to exacerbate disparities in healthcare costs, directly contradicting the ACA's core objectives.

We firmly believe that increasing the reliance of level-funded plans in Connecticut could have detrimental consequences, undermining the principles of comprehensive and regulated healthcare that we strive to uphold for the well-being of all residents.

HEALTH EQUITY SOLUTIONS

Alternative Affordability Proposals

HES recognizes that coverage options are limited for the small-group market, and we believe that access and affordability for small employers and employees is of the utmost importance to ensure a healthier state and workforce. **HES respectfully urges the committee to consider alternative proposals aimed specifically at providing Connecticut residents the security they deserve.**

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. Premiums on Connecticut's exchange were **higher than those in 42 other states** in 2022.[1] The state's Consumer Health Affordability Index found that 18% of Connecticut households with working adults had health insurance costs that exceed 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.

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, which has seen dramatic provider consolidation, which, in turn, is known to lead to increased prices. One of the tools Colorado is using 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**. Additional alternatives include restricting or regulating the use of stop loss/level-funded insurance products that hurt consumers. We respectfully urge this committee to review the evidence and refrain from advancing policies that establish a MEWA, which would cost the state millions and provide sub-par health coverage to those least able to afford care when they need it most.

H.B. 5054: An Act Addressing Health Care Affordability

HES supports, H.B. 5054, An Act Addressing Health Care Affordability, as an alternative to H.B. 5247. High prescription drug prices contribute to health care inaccessibility and access. In fact,

in the United States, prescription drug prices are more than double what they are in other countries [1], and for older adults and others on fixed incomes, increasing costs can lead to difficult decisions and fatal outcomes.

Specifically, nearly 30% of individuals taking prescription medications struggle to afford the cost, with the burden most severely impacting those who make less than $40,000 a year and have medication costs over $100. These factors disproportionately impact Black Americans, who are more likely to require medications for chronic health conditions, while also earning household median incomes nearly $30,000 less than white counterparts, resulting in reduced ability to pay at the pharmacy counter.

Without regulation or innovative solutions, many Connecticut residents with diagnoses that require long-term medication management, including chronic diseases, will risk worsening their health conditions due to being unable to afford the necessary medication. [2] H.B. 5054 sets the framework for addressing high costs for prescription drug prices with the input of directly impacted individuals. HES supports the development of a review board and supports H.B. 5054 with the following adjustments and recommendations:

- Removing the section on exemptions that begins on line 182: "provided the drug product is not an FDA breakthrough drug, an orphan drug, a drug with a new and unique mechanism of action for treating a medical condition or any other drug that represents a significant innovation or advance in therapy." While some drugs may ultimately warrant special considerations, we do not believe that any should be exempted from the possibility of a board review.
- Establish guidelines for the review process of prescription drugs to address the accessibility of any given prescription drug across populations by race, ethnicity, and language. [3]

Each of the aforementioned adjustments and recommendations made in H.B. 5054 are fully supported by decades of research and are in line with The Commission on Racial Equity in Public Health's task of reporting best practices that Connecticut state agencies can implement to reduce racial inequities and dismantle structural racism within state government.[4] Which

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[1] https://aspe.hhs.gov/reports/international-prescription-drug-price-comparisons

[2] Protect Our Care. (2021, July). How High Drug Prices Hurt Black Americans [PDF file]. Retrieved from https://www.protectourcare.org/wp-content/uploads/2021/07/POC-Report-How-High-Drug-Prices-Hurt-Black-Americans-.pdf

[3] Delavar, A., Saseendrakumar, B.R., Weinreb, R.N. *et al.* Medication Affordability and Self-Advocacy Among Racial/Ethnic Minorities in a Nationwide Cohort. *J GEN INTERN MED* **38**, 249–251 (2023). https://doi.org/10.1007/s11606-022-07685-0

[4] Connecticut Commission on Racial Equity in Public Health (CREPH). (2023, December). Dismantling Structural Racism in Connecticut State Government [PDF file]. Retrieved from https://wp.cga.ct.gov/creph/wp-

includes ensuring that Connecticut's commitment to racial equity extends to its contracting and procurement practices.[5] The passage of H.B. 5054 would undoubtedly move Connecticut forward on its path to achieving equity.

Thank you for the opportunity to submit this testimony in opposition to **H.B. 5247, An Act Concerning Employee Health Benefit Consortiums**, and **to submit comments for H.B. 5054, An Act Addressing Health Care Affordability.** I can be reached with any questions at kmoquete@hesct.org or 860.241.5425.

content/uploads/2023/12/Dismantling-Structural-Racism-in-Connecticut-State-Government-CREPH-December-2023.pdf

[5] *Id*. At p.28