

## Testimony Regarding H.B. 7267: An Act Concerning Public Options for Health Care in Connecticut

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Insurance and Real Estate Committee  
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Senator Lesser, Representative Scanlon, Senator Hartley, Representative Dathan, and esteemed members of the Insurance and Real Estate Committee,

I am testifying today on behalf of Connecticut Voices for Children, a research-based child advocacy organization working to ensure that all Connecticut children have an equitable opportunity to achieve their full potential.

Our interest in H.B. 7267 stems from our *concern about rising rates of uninsurance in Connecticut* and our struggle as a small employer trying to provide affordable health insurance to our staff. *We urge the legislature to consider the needs of the state's lower income families when designing public health insurance options.* Data from the 2017 American Community Survey indicated the first increase in uninsured residents of Connecticut since implementation of the Affordable Care Act began.<sup>1</sup> While this increase was small, we are particularly concerned about access to health insurance for low-income families. In addition, the gaps in rates of insurance coverage between White and Black and White and Latino residents of the state held steady in 2017 after shrinking for several years.<sup>2</sup> Structural racism and related income inequality mean that our state's Black and Brown residents are more likely than White residents to work in low-wage jobs that do not offer health insurance or that offer coverage that is too costly to afford.

As a result of cuts made in 2015, over 11,000 parents and caregivers lost their HUSKY Health (Connecticut's Medicaid and CHIP programs) coverage in 2016.<sup>3</sup> As of November 2017, when tracking ended, 78% of these parents had no known insurance coverage. Health insurance, even with subsidized rates available through the state's health insurance exchange can be unaffordable for families in this income bracket. In 2019, a family of 4 with a household income of \$40,000/year (159% FPL) could spend up to 26% (\$10,457) of the total family income on out-of-pocket costs to cover two adults on the health insurance exchange (the children would remain eligible for HUSKY coverage).<sup>4</sup> With Connecticut's high cost of living, this means that parents must choose between basic necessities like utilities, food, and gas and health insurance coverage.

According to 2017 American Community Survey data, those in households earning over \$100,000/year had the lowest rate of uninsurance. This is the income bracket least likely to be eligible for cost-sharing reductions in the state health insurance exchange. Yet, the number of uninsured Connecticut residents in this income bracket remains high and is exceeded only by the number of uninsured Connecticut residents in households earning \$25,000-\$49,999/year (see chart below). This latter group is most likely to exceed Medicaid income eligibility limits and to be unable to afford the out-of-pocket costs of the health insurance exchange even with subsidies.

### Uninsured in Connecticut by Household Income<sup>5</sup>

Household Income	Number Uninsured	% Uninsured
Under \$25K	29,513	7.9%
\$25-\$49.99K	<b>47,892</b>	<b>8.8%</b>
\$50-\$74.9K	37,093	7.2%
\$75-99.9K	28,454	6.1%
\$100K or more	<b>46,834</b>	3.0%
Total	189,786	5.5%

Health insurance has numerous, cross-sector benefits, which include reduced state spending on uncompensated care, improved health outcomes and a more productive workforce, and reduced medical debt. People who lack health insurance are more likely to skip preventive care and postpone or forego medication and treatment for chronic or unexpected illnesses.<sup>6</sup> Gaining access to health insurance is associated with improved self-reported health, improved access to health care, and lower rates of stress and depression.<sup>7</sup>

Section 2.2e of H.B.7267 notes that the option must include an affordability scale based on household income. Any such scale should include adjustments for all out-of-pocket costs, not simply premiums. Otherwise, families may pay premiums and be unable to afford to use their insurance coverage. Further, the mechanisms through which the individual plan will be designed and made available are broadly defined in H.B.7267. We respectfully recommend studying the various public option designs to ensure feasibility, accessibility, and long-term success of the ConnectHealth Plan for individuals prior to implementation. In order to address inequities in insurance coverage in our state, the design process should include consumer input, particularly from the state's underserved Black and Latino residents.

***We respectfully recommend that the public option plan for individuals be designed in collaboration with national experts and that this design, including provider network and detailed assessments of costs, be shared publicly and subject to change based on consumer input*** to ensure accessibility to lower income families of color. We also recommend that the Connect Advisory Council include additional consumers and particularly include representatives of communities of color with high rates of uninsurance.

Finally, as a small employer, Connecticut Voices for Children has limited choices when seeking coverage for our staff of twelve. High-deductible plans are the norm and mid-level staff now experience family deductibles of roughly 15% of annual salary, not accounting for premiums, co-insurance, and other out-of-pocket costs. An affordable, robust public option could directly benefit our organization, reducing both out-of-pocket spending for our staff and fringe benefit costs that make up a large share of our small organization's overhead.

Thank you for the opportunity to testify regarding H.B.7267. I can be reached with any questions at [ksiegel@ctvoices.org](mailto:ksiegel@ctvoices.org) or at 203-498-4240, ext. 120.

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<sup>1</sup> Connecticut Voices for Children. (2018) "Declining Health Insurance Coverage and Stagnant Incomes in Connecticut: Latest Data from the American Community Survey." Retrieved from: <http://www.ctvoices.org/publications/declining-health-insurance-coverage-and-stagnant-incomes-connecticut-latest-data-america>

<sup>2</sup> Ibid

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<sup>3</sup> Connecticut Voices for Children. (2018). “HUSKY A for Parents and Caregivers: Restoring Health Coverage for Families.” Retrieved from:

<http://www.ctvoices.org/sites/default/files/Husky%20coverage%20fact%20sheet%20v2.pdf>

<sup>4</sup> Kaiser Family Foundation. (2019) “Health Insurance Marketplace Calculator.” Available at: <https://www.kff.org/interactive/subsidy-calculator/>

<sup>5</sup> Connecticut Voices for Children Analysis of 2017 American Community Survey 1-year Estimates. “Health Insurance Coverage Status and Type by Household Income in the Past 12 Months (In 2017 Inflation-Adjusted Dollars).”

<sup>6</sup> Kaiser Family Foundation. (2019). Key Facts about Health Insurance and the Uninsured amidst Changes to the Affordable Care Act” Retrieved from: <https://www.kff.org/uninsured/report/the-uninsured-and-the-aca-a-primer-key-facts-about-health-insurance-and-the-uninsured-amidst-changes-to-the-affordable-care-act/>

<sup>7</sup> Ibid