



# Connecticut

# Health Care Partnership

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*AP*

## **House approves healthcare pooling bill**

Associated Press

April 23, 2008

HARTFORD, Conn. - The House of Representatives approved a bill Wednesday night that would open up the state employee health insurance program to municipalities, small businesses and nonprofit agencies.

Proponents claim the voluntary proposal would lower medical costs for cities and towns and ultimately lead to lower local property taxes.

"We're talking about stimulating the economy, finding ways to help the small businesses in our state," said Rep. Melissa Olson, D-Norwich, who was peppered with questions from Republicans about the bill for hours during the debate.

After more than 4 1/2 hours of debate, the bill passed 102-43 on a mostly party-line vote. The legislation, championed by House Majority Leader Christopher Donovan of Meriden, various unions and a group that represents municipalities, is facing criticism from legislative Republicans and Gov. M. Jodi Rell's budget director.

Robert Genuario, the secretary of the Office of Policy and Management, said the proposal will likely risk about \$54 million in savings the state recently achieved by rebidding its state employee health care plan. Two insurance companies that offer policies to state workers said they'll immediately re-rate their bids if the bill passes because of the changed risk.

A third company said it would re-rate their bid after a year.

"These additional costs to the state are not budgeted anywhere and additional resources would have to be budgeted if the bill passes," Genuario wrote.

House Minority Leader Lawrence Cafero Jr., R-Norwalk, said he fears the legislation could potentially add millions of dollars to the state's insurance costs at a time when the state's revenues are slowing.

"There is so much that is unknown in regard to this bill," Cafero said.

Olson said the insurance companies are not mandated to cover the additional people. But she believes it likely would be in their financial interest to do so. If they don't, Olson predicted that competitors would likely bid on the new enrollees.

Olson also pointed to \$54 million in savings the state recently negotiated as an example of the bargaining power the state's employee health insurance pool can wield. About 200,000 to 250,000 are currently covered.

"Think if we add more numbers to that pool," she said. "We could see cost savings."

Donovan, who traveled the state to garner support for the bill from small businesses and municipalities, said people want the same plan that lawmakers receive.

"We know we have a good plan, we know it's saving money and we know we've done it by getting a lot of people together," he said. "Let's offer it to others."

Proponents said 24 other states, including Massachusetts, have similar systems.

If the bill passes in the House, it's uncertain whether there's enough support to pass it in the Senate, also controlled by Democrats. And given the concerns of Rell's budget director, there's uncertainty about whether Rell would sign the bill into law.

Earlier this month, State Comptroller Nancy Wyman launched a similar program that pools municipal employees into one large risk group. Her plan does not open up the state employee system.

Eric George, associate counsel for the Connecticut Business and Industry Association, said his group prefers Wyman's concept. He said CBIA is concerned that small businesses would be hurt under the bill debated in the House.

While the program would be voluntary, he said they'd be locked in for three years.

"There's no guarantee the rates are going to stay the same in years two and three," he said.

Matt O'Connor, communications director for CSEA/SEIU Local 2001, lauded the bill as a long-awaited solution to the healthcare problem.

"The bill is good for workers, it's good for the towns they work for and it's good for taxpayers," he said.

*Courant*

## Connecticut House Passes Bill Opening Insurance To More People

By CHRISTOPHER KEATING | Capitol Bureau Chief

April 24, 2008

The state House of Representatives passed historic legislation Wednesday designed to cut skyrocketing health care costs by allowing more people to join the state employee health insurance pool.

The bill would permit municipalities, nonprofit groups and small businesses with fewer than 50 employees to voluntarily join the state's gigantic pool, thus driving a hard bargain on costs and saving money. Democrats have pushed the bill for years, dating at least from 1991, when the idea was broached by then-Comptroller [Bill Curry](#).

But the bill passed this time because it was pushed by one of the General Assembly's most influential members — House Majority Leader Christopher [Donovan](#) of [Meriden](#). As a key player in the 107-member House majority, Donovan was able to gather enough votes to ensure passage. Nationally, 24 states allow municipalities in their pools, and others are considering it.

"What's not to like about it?" Donovan asked. "Its time has come."

In a debate that lasted more than 4½ hours and finished shortly before 10 p.m., the House approved the overall bill by 102-43 on a largely party-line vote. The chamber had earlier approved the main provisions of the bill with only one Democrat, Rep. Linda Schofield of [Simsbury](#), voting against it. The bill now goes to the Senate, where proponents are hopeful of passage.

Despite enthusiasm by Democrats, the idea was immediately blasted by a powerful coalition that includes Republican Gov. M. [Jodi Rell](#)'s budget office and the [Connecticut Business and Industry Association](#) — the state's largest business lobby.

"While this bill has been touted as saving significant dollars for municipalities, our research indicates that is not the case," Rell's budget director, Robert Genuario, said in a letter to top legislators. "Thus, if passage of the bill will cost the state money and there is little or no savings for municipalities, the bill should not be acted upon."

Rell's office declined to comment Wednesday night on whether she intends to veto the bill.

A major problem with the bill, opponents said, is that it could place in jeopardy \$54 million in projected savings that the state expects to receive under recent contract negotiations with health insurers. For contracts that start on July 1 for the new fiscal year,

the state will save that amount because of bids made by private insurance companies. But two of the three bidders — Anthem Blue Cross and Blue Shield of [North Haven](#) and [Health Net](#) of the Northeast Inc. in Shelton — said in letters that if the bill becomes law they would need to recalculate their bids because the rules would be changing because far more people would be added to the rolls.

Eric J. George, an attorney and lobbyist for Hartford-based CBIA, said the system would operate outside the state's insurance laws, as well as place the state budget savings in jeopardy.

"This is really the first step to single-payer, and that is of great concern to us, as well," George said.

During the lengthy, detail-oriented debate, Republicans fired off numerous questions about the bill to Rep. Melissa Olson, an attorney who represents [Norwich](#) and serves as an assistant majority whip. She said the bill would provide property tax relief to cities and towns and rejected the idea that the bill would be a problem for unionized town employees.

"An arbitrator cannot order a municipality to participate in the state plan, and that is the voluntary nature of this plan," Olson said. "This amendment does not change collective bargaining or binding arbitration as it exists in statute."

Despite arguments to the contrary, opponents were still not convinced.

"It has never passed because it's bad policy," said Michael Cicchetti, Rell's deputy budget director.

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## *New Haven Register*

### **CCM backs health care bill**

By Angela Carter Register Staff

4-28-08

HARTFORD — An amendment to a state bill that would allow small businesses, nonprofits and municipalities to join the state employee health insurance plan has won the backing of the Connecticut Conference of Municipalities.

CCM joins the ranks of House Bill 5536 supporters such as House Majority Leader Christopher Donovan, D-Meriden, and Secretary of the State Susan Bysiewicz.

Gian-Carl Casa, director of public policy and advocacy for CCM, said the organization endorsed the bill once it was changed to allow cities and towns to join voluntarily, and a provision was added giving municipalities the option to pool their employees with each other instead of with the state.

Both approaches are meant to create a large pool of people and thereby increase overall bargaining power while lowering costs.

The House approved the bill Wednesday. The Senate is expected to vote next week.

“We’re supportive of the bill as it will be amended by the House,” Casa said.

“What’s most important is that municipalities be able to judge for themselves case by case, town by town.”

But Gov. M. Jodi Rell’s administration and the Connecticut Business & Industry Association have reservations about the proposal.

The state recently rebid its state employee health care plan and was able to save about \$54 million.

State Office of Policy and Management administrators say two of the three insurers that offer policies to state employees plan to immediately re-rate their bids if the bill passes.

“That’s most likely going to be going up,” said Eric George, associate counsel for CBIA, which helps procure health insurance plans for its members.

The association objects to language that exempts the state-sponsored plan from state health care laws and makes enrollment mandatory for three-year increments.

CBIA members shop around for the most affordable rates annually, George said, but under the bill, participants would be “locked in” for three years, even if rates spike in the second or third year of enrollment.

## **House votes to open health plan**

By Amanda Falcone

Record-Journal

4-24-08

HARTFORD — A bill that would allow municipalities, small businesses and nonprofit organizations to join the state's health insurance plan was passed 102-43 by the House of Representatives Wednesday after nearly five hours of debate.

Supporters of the bill say a partnership would increase bargaining power and lower costs, but opponents question whether a health care partnership would be truly beneficial, calling the projected savings highly optimistic.

"This is no small matter," said Rep. Antonietta Boucher, R-Wilton. "It's a very large matter, and that's why many of us have questions."

House Majority Leader Christopher G. Donovan, D-Meriden, has pushed the bill through the legislative process, but before a health care partnership can be formed, the bill must be passed by the Senate and signed by Gov. M. Jodi Rell. Donovan has traveled throughout the state to talk about the partnership, dubbed the health care pooling bill and said to be a first step toward universal health care in Connecticut. Municipalities such as Meriden are expected to save nearly \$2 million under the plan.

"We've found it pretty much works for everyone," Donovan said.

But there is a cost.

The state Office of Fiscal Analysis says the partnership would cost the state \$500,000 in fiscal year 2008-2009. The expense would pay for new positions in the comptroller's office that are necessary to run the program.

While House Bill 5536 is supported by many, including unions and the Connecticut Conference of Municipalities, there are those who have spoken against it.

The governor's budget director, Robert L. Genuario, has questioned the bill. Genuario has said opening the state health care plan would allow those who bid on the state employees to re-rate their bids, and additional costs are not budgeted. The bidding process locked in prices for the state plan for fiscal year 2009 and provided a cap on increases for fiscal years 2010 and 2011 — numbers used in both the governor's budget and the budget passed by the Appropriations Insurance companies, such as Anthem Blue Cross and Blue Shield, also have told state officials they have reservations about the bill.

"If you are anything like me, this stuff is confusing," said House Minority Leader Lawrence F. Cafero Jr., R-Norwalk, during Wednesday's debate.

Cafero said one of his concerns is the health care cost containment committee that would be created under the legislation. The committee would be the body that determines who can come into the plan, and it would have the right to reject certain high-risk applicants, Cafero said. Proponents of the bill are recognizing that risks might change and taking a chance during tough economic times is difficult, he said.

"We're taking the dice and rolling it," Cafero said. "This affects lives, and it has the potential to affect them in a negative manner."

Rep. Melissa M. Olson, D-Norwich, who was responsible for explaining the bill's details

during the debate, told her colleagues that they had an opportunity to make a difference. Quality, affordable health care is needed, she said.

Olson stressed during the debate that the partnership would be voluntary. She also repeatedly said the bill would not change collective bargaining and arbitration law. Initial participation would be voluntary and would happen because of mutual agreement, she said. Once an employer enters into the partnership, however, it must offer the state's plan as a health insurance option to unionized workers, which could eventually lead to binding arbitration.

Donovan characterized Wednesday's debate as wonderful, and reminded lawmakers that health care is not a partisan issue.

"I think this is a great moment to tell people we're breaking down differences," Donovan said.

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*NL Day*

## **Lawmakers fight over expanded health care**

By [Ted Mann](#)

Hartford — Democrats in the House of Representatives argued for hours Wednesday for a plan to open up the state's employee health insurance pool to thousands of new entrants — including municipal employees and small business workers.

They hope the plan will cut medical expenses and even local property taxes.

But critics of the proposal, which has the backing of House Majority Leader Chris Donovan, D-Meriden, and Secretary of the State Susan L. Bysiewicz, say it could eliminate millions of dollars in expected health care savings in next year's budget, and questioned the Democrats' claims that opening the state health care pool will really save its new participants money.

“The bottom line is this is an option, a voluntary option for folks to save money,” said Rep. Melissa Olson, D-Norwich, who introduced the bill on the House floor.

Roughly four hours later, Olson was still there, taking a string of questions from skeptical Republicans who challenged the sponsors' conclusions that it would save cities and towns money.

The so-called “pooling” proposal is intended to allow municipalities, nonprofit organizations and small businesses with 50 or fewer employees to take advantage of economies of scale in covering their employees' health insurance, advocates argued on the floor of the House Wednesday evening.

There are currently about 250,000 current and former state workers covered by state insurance, Olson said. She said supporters are not sure how many individuals might enter the state risk pool if the bill becomes law.

But the very hour of the evening suggested the difficulty they had experienced in moving the proposal forward.

While Donovan and others had expected the debate on the measure to begin when the House convened in the morning, it was held up by efforts to fine-tune it until past 5 p.m., while surrogates for Republican Gov. M. Jodi Rell and business lobbyists pushed back against the proposals in conversations with reporters and lawmakers.

Both the governor's budget and the legislative proposals assume savings of \$54 million in the next fiscal year thanks to new bids accepted for the state employee insurance program, said the governor's deputy budget director, Michael J. Cicchetti. But those rates could be adjusted upward if the three insurance vendors see that the legislature has approved the pooling bill, which could add an unknown number of new individuals to the state's risk pools.

Cicchetti provided letters from executives at two of those vendors, Anthem and Health Net, stating that they would reserve the right to recalculate their rates if the legislation passed.

Democratic aides countered that the legislation would save municipalities on their health care costs, and said it was too soon to predict that rates would be revised upward, since it

is too early to know exactly how numerous the new entrants to the state insurance pool may be.

The aides also noted that the third insurance vendor, United, had not written to suggest its rates would rise, suggesting that could be because the competing companies might be willing to absorb any municipal clients that are not desired by Anthem and Health Net.  
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*Stamford Advocate*

## **House OKs opening state health plan to cities**

By Brian Lockhart

Staff Writer

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HARTFORD - The House of Representatives last night passed a bill that would allow municipalities, small businesses and nonprofit groups to join the state's health insurance plan.

The 102-43 vote mostly fell along party lines and came after five hours of debate.

"It's basic - let's have good health care available to people at a lower price," House Majority Leader Christopher Donovan, D-Meriden, said in an interview during the debate.

The bill must now pass the Senate and be signed by Republican Gov. M. Jodi Rell to become law.

Donovan and Secretary of the State Susan Bysiewicz have been championing the proposal as a way to reduce health care costs.

They said adding enrollees to the state's crop of 200,000 insured public employees would lead to greater savings when the plan is put out to bid to major insurers.

State Rep. Christopher Perone, D-Norwalk, is also a major proponent of the bill.

A similar effort failed last year because the proposal required participation.

That is no longer the case, helping persuade some Democrats and the Connecticut Conference of Municipalities to sign on this session.

The bill also was changed so that unions cannot make joining the plan part of binding arbitration, unless a city or town agrees in writing to put it on the table.

"It was very important to us it was optional," said state Rep. William Tong, D-Stamford.

Tong and other members of Stamford's Democratic delegation said city officials are satisfied

with their current health insurance plan and did not want to be forced to give it up.

"But this could mean the world to small businesses in Stamford and the rest of Fairfield County," said state Rep. James Shapiro, D-Stamford.

In February and March, Donovan and Bysiewicz shopped the proposal to small-business owners in Stamford and Norwalk and generally received an enthusiastic response.

But the Connecticut Business & Industry Association is opposing the legislation, in part because it requires participants to make a three-year commitment with no guarantees that rates would not increase.

And the state budget office also opposes the legislation.

Budget Director Robert Genuario of Norwalk, in a letter to House leaders, said the state has already gone out to bid for health insurance and achieved significant cost savings next year.

Genuario said two of the state's insurers already have indicated they would have to reconsider their bids if the bill is passed, while a third would only honor its bid for one year.

"Furthermore, while this bill has been touted as saving significant dollars for municipalities, our research indicates that is not the case," Genuario wrote.

But state Rep. Bruce Morris, D-Norwalk, said that by enacting the bill, the state would make the health insurance industry more competitive.

Morris said that if municipalities now have the option of signing up with the state's plan, their existing health care carriers will have to provide the best, most economical bids possible to retain them as clients.

Many lower Fairfield County Republicans, including House Minority Leader Lawrence Cafero of Norwalk, Antonietta "Toni" Boucher of Wilton, and Lile Gibbons of Greenwich, spoke against the bill.

"We feel very certain this is a very costly proposition," Boucher said.

Gibbons said she was skeptical the program will work.

"The state screws up everything," Gibbons said. "We can't handle education. We can't handle the Department of Transportation. Why should we possibly be able to handle health insurance?"

*CT Post*

## **Insurance expansion discussed**

By KEN DIXON

Staff writer 4-24-08

HARTFORD — The House of Representatives Tuesday night voted 102- 43 to expand the state employee's insurance plan to municipalities, small businesses and non-profit groups.

House Majority Leader Christopher G. Donovan , the chief proponent of the legislation, which he worked on for about two years, said the idea deserves a chance.

'I think we can save a lot of money and keep people healthy,' he said shortly before the 9:45 p.m. vote.

Minority Republicans were critical of the bill, which next goes to the Senate.

House Minority Leader Lawrence F. Cafero Jr., R- Norwalk, said the bill is a step toward so-called single-payer universal health care.

'You might want that, or some might want that,' Cafero said, gesturing toward the Democratic majority, 'but I know a heckuva lot of people don't.' If the bill is enacted into law, he warned, it may result in higher costs for all participants.

Republicans amendments and complaints extended the debate.

The legislation was introduced for debate by Rep. Melissa Olson, D-Norwich, shortly after 5 p.m.

“This is a voluntary plan and voluntary language, which arose out of respect for local autonomy,” Olson said. “Arbitrators cannot order unions to participate in the state plan.”

The legislation is a priority for House Majority Leader Christopher G. Donovan , D-Meriden, who said that if the plan were adopted, it could double the number of participants and bring quality health care coverage to municipalities, businesses with fewer than 50 employees and nonprofit agencies.

Speaker of the House James A. Amann, D-Milford, said the federal government is leaving the states behind, so last year the Healthy Kids initiative was enacted and this year the health-insurance partnership is being proposed.

James Finley, executive director of the Connecticut Conference of Municipalities, speaking during the news conference with Democratic leaders, stressed the voluntary aspect of the proposal.

“ We think it provides a real opportunity for cities and towns that are hurting across our state to make their property- tax dollars go a little further and provide some relief for the residential and business-property tax payers in Connecticut,” Finley said.

It would cost about \$400,000 in administrative costs to start up. State Comptroller Nancy Wyman has offered similar coverage, but through the creation of a separate pool for municipalities.

The Rell administration Wednesday warned that expanding the program beyond the current 250,000 participants could scare off insurers and eliminate more than \$50 million in savings the state realized this year when the benefits were publicly bid.

At least one of the state's insurers, in a letter to state officials, said expanding the pool of employees and retirees would change the terms of its contract and require a recalculation of costs.

“ We believe this bill will result in higher overall costs to the State of Connecticut in funding the employee health plan and will dilute the savings that the State employee health plan is expected to generate in the upcoming plan year commencing July 1, 2008,” wrote David R. Fusco, president of Anthem Blue Cross and Blue Shield in Connecticut.

## **Pooling Bill Passes House**

by Christine Stuart | April 24, 2008 8:39 AM

After more than four hours of debate Wednesday night a bill that allows municipal employees, small businesses, and nonprofits join the state employees health insurance plan passed the House on a largely party-line vote.

The overall bill passed 102-43, but an amendment which included the main provisions of the bill passed with only one Democrat, Rep. Linda Schofield of Simsbury, voting against it. The bill now heads to the Senate.

“This makes the few hairs I have left on my head hurt,” Minority Leader Lawrence Cafero, R-Norwalk, said in the middle of the debate Wednesday. He said he’s concerned that if certain people come into the insurance pool they may drive up costs.

Cafero said the insurance companies that administer the state employee plan are telling the state this bill changes the negotiated rates and “we can’t guarantee our price because the risk may change,” if more people are allowed to join the pool.

Rep. Melissa Olson, D-Norwich, said the four companies don’t have to accept any new people if they don’t want to. She said the insurance companies will be motivated to add people to the pool because “we know they’re earning money, so it must be working for them.” The way insurance companies make money is by adding more lives to the pool, she said. She said she can’t imagine that the companies would walk away from new business.

Office of Policy and Management Secretary Robert Genuario said in a letter to legislative leaders that the four companies administering the state program would have to re-rate their bids immediately if the bill passed, leaving a potential \$54 million hole in the state budget.