

Public Option Health Plans: A Bad Option for Connecticut

State lawmakers are pursuing an aggressive and very costly healthcare agenda in the form of various bills targeted at creating some form of a public insurance option. These are health insurance or health benefit programs the government administers. In this case, the comptroller—who proposed these bills—would be the chief government authority.

While high quality, affordable health insurance is a priority for all businesses, public option plans are a costly alternative for employers.

Public Option Plans Increase Costs by:

- ▶ **Destabilizing** health insurance market risk pools
- ▶ **Allowing** the state to subsidize programs with taxes, assessments, and fees to undercut private market premiums, or, if they become insolvent, by shifting those costs to taxpayers

A public option plan will ultimately become a single-payer system because the private insurance market cannot compete with subsidized premiums. A single-payer system will kill Connecticut’s insurance industry, one of the state’s key economic sectors.

Public Option Bills:

HB 7267, SB 134: Allows small businesses to access the state employee health insurance plan. The bill creates the ConnectHealth Program, which would be unregulated

by the Insurance Department. The comptroller’s power is broadly extended to include overseeing plans for private sector employees.

SB 1004: Also allows small employers access to the state employee plan, but does not make the administrative and operational changes in HB 7267 and SB 134.

HB 7174: Establishes the Connecticut Prescription Drug Program, allowing the state to purchase prescription drugs on behalf of private sector employers. Small businesses

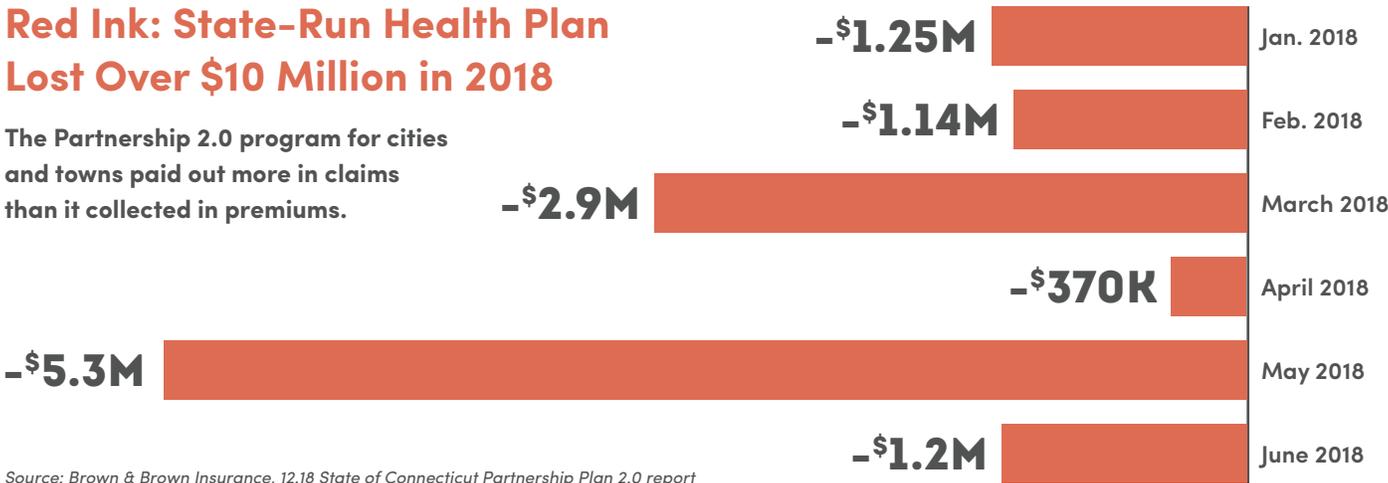
participating in this program will be charged a user fee.

No other state has established a public option because of the many cost implications. These programs are unsustainable and fiscally irresponsible, especially considering Connecticut’s current multi-billion dollar budget deficit.

“ **Claims in the Partnership 2.0 account did exceed premiums in calendar year 2018, by \$10.3 million, resulting in a medical loss ratio of 107%.** ”
Comptroller Kevin Lembo

Red Ink: State-Run Health Plan Lost Over \$10 Million in 2018

The Partnership 2.0 program for cities and towns paid out more in claims than it collected in premiums.



Source: Brown & Brown Insurance, 12.18 State of Connecticut Partnership Plan 2.0 report