

REPORT ON BILLS FAVORABLY REPORTED BY COMMITTEE

**COMMITTEE: Labor and Public Employees
Committee**

File No.:

Bill No.: SB-1147

PH Date: 3/17/2005

Action/Date: JFS
3/29/2005

**Reference Finance
Change:**

TITLE OF BILL:

AN ACT CONCERNING EMPLOYEE HEALTH
SECURITY.

SPONSORS OF BILL:

Labor and Public
Employees Committee

REASONS FOR BILL:

There have been many reports about the number of employees of very large companies that are on state assistance for healthcare because their salaries are low enough for them to qualify and also because if healthcare is offered at all, it may be unaffordable.

This bill creates a new state-run health insurance program for employees of employers with workforces of more than 100 that do not provide their own employee health insurance. It finances the program, called HUSKY W, through employer fees and employee contributions established under the bill.

The Department of Social Services (DSS) calculates the fees involved and establishes the HUSKY W program to provide health coverage for all the program's enrollees. DSS notifies employers of the amount due, collects the employer fees and the employee contributions (which cannot be more than 15% of the fee), and administers the new program. The bill also creates (1) a penalty and added interest for employers failing to pay the fee and (2) a penalty for failing to collect or transmit the enrollee contribution.

First, the bill creates a surcharge on all employers (with more than 100 employees) and creates a credit on this surcharge if the employer provides health insurance. This is effective Jan. 1, 2006. Then the bill creates the HUSKY W program and establishes a fee that all employers with more than 100 employees must pay. This is effective Jan. 1, 2007. The fee is based on what it costs the state to provide insurance through the state employee health plan plus 2% for administrative costs. When an employer pays the fee related to HUSKY B, which allows its employees to gain health coverage, the employer becomes exempt from the surcharge, with some exceptions.

RESPONSE FROM ADMINISTRATION/AGENCY:

Leslie Gebel-Brett, Executive Director, Permanent Commission on the Status of Woman, **supports** this bill. She strongly supports expanding access to MEHIP or HUSKY through employer plans to help provide healthcare to the last remaining uninsured. She notes that 10% of the people in Connecticut are uninsured, despite the fact that two-thirds of these people are employed. Women make up the majority of the working people who rely on HUSKY for healthcare that are employees of the large retail and foodservice companies, and women are also less likely to have any coverage at all. People who are uninsured or underinsured put a huge financial burden on the state due to their increased reliance on emergency room and hospital care.

Comptroller Nancy Wyman **supports** this bill's innovative approach to ensuring that employers of all sizes provide healthcare, which would also reduce the fiscal burden on the state to provide coverage through HUSKY.

NATURE AND SOURCES OF SUPPORT:

Sen. Martin Looney, 11th District, **supports** this bill, as most CT residents get healthcare through their employer but an increasing number of large and profitable companies are not offering healthcare. He notes an OHCA study found that last year that while there was a slight decrease in the rate of employer-sponsored healthcare, there was an increase in HUSKY enrollment, so the rate of workers with healthcare was unchanged. He sees this move as a form of corporate welfare that the bill would help to prevent.

Sonya Schwartz, Health Policy Analyst, Families USA, **supports** this bill. She believes that the bill would reverse the trend against providing employer-sponsored health plans, the source of healthcare for 61% of Americans, and also deal with the problem of rising premiums and co-pays that are part of employer sponsored plans. Lower-wage workers are even less likely than the general

population to have healthcare coverage, but the poorest do have coverage through HUSKY, leaving a large segment of the working poor uninsured. The bill would benefit the latter group by mandating coverage regardless of wages and deal with the problem of being underinsured by mandating a level of coverage. Finally, this bill would help level the playing field for employees that already do offer healthcare coverage.

Ellen Andrews, Executive Director, Connecticut Health Policy Project, **supports** this bill. She notes that the top 5 employers whose employees use HUSKY alone cost the state over \$20 million for their HUSKY coverage, and that if these 5 companies paid their fair share, it would help restore the solvency of HUSKY. She supports the bill because instead of punishing the workers, who are forced into such situations, by eliminating access to healthcare or merely providing premium assistance, the bill would expand access by making companies provide coverage while keeping costs down. Last year the average premium paid by employers for employee plans was \$5,052 while HUSKY premiums were just \$2,090, so allowing adults to buy into HUSKY would be a bargain.

Beverly Brakeman, Director, Citizens for Economic Opportunity, **supports** this bill, as it would help level the playing field for companies by forcing all large companies to provide coverage, expand access to affordable healthcare, and ensure that large corporations pay their fair share for the healthcare of their employees.

Amy Briggs, an employee of Wal-Mart, **supports** this bill. She states that to cover only herself on the Wal-Mart health plan, she must pay \$88.63 every two weeks, which is 15% of her gross pay. If she were to add her son to the coverage, her contribution would be \$146.47, or 25% of her gross pay.

Robert Slate, Executive Director, Connecticut Oral Health Initiative **supports** this bill. He notes that 300,00 children,

or roughly two out of three children, have no dental care at all.

Bill Shortell, Legislative Chair, Local 700 Machinist Union, representing United Technology workers in Middletown, **supports** this bill as he hopes it would reverse the gradual reductions in the healthcare that UTC provides by mandating minimum standards of coverage.

Stacey Malitz, Organizing Director, SEIU Local 760, **supports** this bill. There are about 5,000 school bus drivers in the state but almost none have healthcare. Over 700 employees of just two school bus companies, Laidlaw and First Student, are on state assistance for healthcare.

Paul Filson, Director, SEIU, **supports** this bill as a way to expand access to healthcare and to make employers responsible for coverage.

Lori Pelletier, Secretary-Treasurer, CT AFL-CIO, **supports** this bill, as it will provide healthcare security and level the playing field for all employers.

Janice Williams, Hartford, and an employee of Stop and Shop, **supports** this bill, as she believes that it would provide healthcare security to low- and moderate-income people.

Paul Hongo, President, Communications Workers of America Local 1298, **supports** this bill.

Tom Swan, Executive Director, CCAG, **supports** this bill, as it would expand access to healthcare by holding companies like Wal-Mart responsible for providing coverage.

Dennis O'Neil, AFSCME, **supports** this bill.

Jon Green, Connecticut Working Families Party, **supports** this bill.

NATURE AND SOURCES OF OPPOSITION:

Wal-Mart Stores, Inc. **opposes** this bill. It feels that it makes an important economic contribution to the state. In Connecticut, Wal-Mart has 9,000 employees and its average associate makes \$10.89 an hour, 74% are fulltime, and over 80% are eligible for employer healthcare. It notes that it is one of the few retail companies to provide healthcare to part-time employees nationwide. Roughly 50% of eligible Wal-Mart employees (which means that overall 40% of employees) are actually enrolled in company health plans that it feels are affordable and provide many different coverage options while paying roughly two-thirds of the premiums for employees. Given the health benefits that Wal-Mart provides, it feels that it is being unfairly targeted and questions the studies that DSS and OLR have conducted regarding Wal-Mart and its employees' use of state-funded healthcare.

Eric George, Associate Counsel, Connecticut Business and Industry Association, **opposes** this bill. He believes that Connecticut employers are national leaders in providing healthcare, but that according to CBIA surveys, healthcare costs are the biggest concern for its members, and this bill would not change this situation. He believes that instead of placing new, expensive mandates on businesses, the legislature should instead seek ways to control the rising costs of healthcare, for example by expanding the availability of health savings accounts or by reforming medical malpractice.

E. Hugh Pemberton, President, Tempo Staffing, **opposes** this bill as he feels that the mandatory healthcare coverage it calls for would raise the cost of the services that his staffing agency provides to a level that would eliminate demand for his company's services. Temp agencies, he claims, create jobs as many of the people who start with his company are unskilled labor and then move on to permanent employment. He feels that instead

of doing this bill, the legislature should be trying to find ways to make voluntary healthcare benefits programs cheaper.

Matthew Welle, District Manager, Labor Ready, a staffing agency, **opposes** this bill. He believes that the costs of providing the healthcare mandated by the bill would reduce the demand of his company's services and therefore limit the ability of his employees to find even temporary work. Moreover, the average length of employment of his employees is 154 working hours.

William D. Moore, Executive Director, Connecticut School Bus Transportation Association, **opposes** this bill and the unprecedented mandate that it would be for employers to have to provide healthcare coverage. He is especially concerned that the bill may not exempt seasonal or part-time workers.

Marshall Collins, representing various chambers of commerce and associations, **opposes** this bill and other efforts to increase the cost of doing business in Connecticut.

Catherine Flaherty, Connecticut Chapter of the New England Convenience Store Association, **opposes** this bill. She states that 83% of convenience store companies provide the option of health care insurance to fulltime workers.

Connecticut Catholic Conference **opposes** this bill. While it does support universal healthcare, it opposes the way the bill puts the full responsibility for coverage on employers.

Simon Flynn, Connecticut Restaurant Association, **opposes** this bill, as he feels it does not attempt to control healthcare costs.

Tim Phelan, Connecticut Retail Merchants Association,

opposes this bill.

Dean Massey

4/5/2005

Reported by

Date