

Talks to open Conn. muni plan to small employers continue

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HARTFORD — After years of legislative hurdles and months of negotiations State Comptroller Nancy V. Wyman is hoping to begin marketing state-run health insurance to small businesses as soon as this November.

The state, which already provides health insurance for state and municipal employees as well as nonprofits through its Municipal Employees Health Insurance Plan (MEHIP), will open up health plans to businesses with 50 or fewer workers. According to the state Department of Labor this translates into about 90,000 businesses, totaling just over half a million workers who will be eligible for the plans.

Longer Than Anticipated

Steven Weinberger, director of retirement and benefit services for the state said bringing MEHIP to small businesses and self-employed workers has taken a little bit longer than anticipated, but he insists that negotiations with carriers Anthem Blue Cross and Blue Shield, Health Net and ConnectiCare have remained civil. A previous report referred to battle-like disagreements between parties.

"These are serious discussions at which a lot is at stake and all parties have very clear positions that they have articulated and positions they are looking to further," he said, "but all of our conversations have been professional and conducted in good faith."

Carol Pompano, manager of public relations for Anthem Blue Cross and Blue Shield in Connecticut, said her group did not support the original proposed legislation to expand MEHIP because as originally written the bill would have allowed employers buying into MEHIP to be exempt from the Small Group Reform Act, which covers all small group plans. Anthem wanted the rates be based on factors like age, sex and country rather than claims history.

Medical Underwriting

"Among other things this act requires the use of medical experience of their covered members rather than community rating factors," she said.

Pompano said the amended version, which was adopted by the State Senate in June, meets Anthem's approval.

Another group objecting to previous versions of the expanded MEHIP plan was the Connecticut Business and Industry Association (CBIA). Vice President and General Counsel Jan Spegele said the CBIA did not agree with the state being exempt from the Small Group Reform Act or the HMO tax.

"They were asking to be exempt from premium taxation laws and that would give the state an advantage over other competitors," she said. "We raised concern that taxpayers subsidizing an advantage for the state during a tight budget year didn't seem like good public policy."

The legislators agreed and took out the tax exemption.

This still seems to be a sore subject for Weinberger.

"If we had that advantage we would have been able to offer greater price differentiation to a price-sensitive audience," he said. "Clearly we would have been a more attractive product, but even without it we're going to try to shape it up so we can offer something in terms of additional choice."

State Objective

Steve Jensen, spokesman for the Comptroller, said the state's objective is not to put other providers out of business, but to provide insurance for workers who have difficulty obtaining it for a reasonable price.

"The government always talks about small businesses as the engine of the economy, but rarely do they back it up," he said. "I know it sounds 'pie in the sky,' but that's where it started, from a very obvious need."

CBIA's Spegele remains skeptical.

"Health insurance and healthcare costs are rising by double-digit rates and that's a particular burden for small businesses," she said. "I don't see how selling insurance through the state is going to settle that issue. Whether you sell it on the street, through the state, through a broker, or by computer, it's still subject to the same regulations and it's still going to cost a lot of money."

Weinberger said MEHIP will be available through standard distribution channels. □