



## State of Connecticut

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**Testimony of Speaker of the House Christopher G. Donovan  
To the Insurance and Real Estate Committee in support of  
House Bill 5295, AAC Municipalities and Prescription Drug Plans**

February 26, 2010

Good afternoon Representative Fontana, Senator Crisco, and members of the Insurance and Real Estate Committee.

I appreciate the opportunity to express my strong support for **House Bill 5295, AAC Municipalities and Prescription Drug Plans**. As you know, for several years, the legislature has talked about the advantages of bulk purchasing of healthcare and other services. For the past two sessions, we have passed the Connecticut Healthcare Partnership, which would pool together different employee groups under the state employees' health plan, resulting in savings for municipalities, small businesses and nonprofits. Unfortunately, this bill, which promises to slow the tide of ever-rising health care costs for employers, has been twice vetoed by the Governor.

Last year, the legislature also passed a bill commissioning the development of a plan enabling Connecticut to join an existing multistate Medicaid pharmaceutical purchasing pool and to consolidate drug purchasing across state agencies. Because bulk purchasing of prescription drugs holds the potential of saving significant state dollars, this measure passed with bipartisan support.

I am pleased to note that discussions related to increasing the bargaining power of health care purchasers have continued this session, both within the Commission on Municipal Opportunities and Regional Efficiencies (MORE) and within the Governor's March deficit mitigation plan, which provides relief to municipalities by allowing them to join together to purchase employee health coverage. Like buying in bulk at a wholesale store, permitting employers to band together to purchase services allows them to take advantage of increased bargaining power and reduced administrative costs.

Recently, the Comptroller's office added 16,000 members of the Teachers Retirement Board to the state's prescription plan, resulting in significant savings for both retired teachers and the state.

House Bill 5295 would permit municipalities to join with the 200,000-member state employee health plan for the purchase of prescription drug coverage. The state health plan provides good benefits to state employees and public officials, while keeping cost increases to a minimum—single digits in recent years. In fact, in 2009, the prescription drug plan actually experienced no premium rate increases. The prescription plan has lower premiums than those obtained by many municipalities and offers a better level of benefits and better access to routine and preventive drugs that save employers and employees money in the long term. In addition, increasing the size of the state's group would allow the Comptroller's office to negotiate for even lower prices, benefitting both the state and participating cities and towns.

As our struggling towns and cities are seeing double-digit premium spikes in their health insurance quotes for the next fiscal year, I cannot think of a better time to provide local governments with this option for controlling health care costs. For this same reason, I hope you will consider expanding this bill to nonprofits and small businesses.

I urge your support for this important proposal.