



## CONNECTICUT TEAMSTERS

LOCAL 671 - LOCAL 1150 - LOCAL 677 - LOCAL 443  
LOCAL 191 - LOCAL 1035 - LOCAL 493 - LOCAL 145

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22 BRITTON DRIVE | BLOOMFIELD, CT 06002

March 10, 2021

The Honorable Matthew L. Lesser  
Senate Chairperson  
Insurance Committee  
Legislative Office Building  
Hartford, CT 06103

The Honorable Kerry S. Wood  
House Chairperson  
Insurance Committee  
Legislative Office Building  
Hartford, CT 06103

The Honorable Tony Hwang  
Senate Ranking Member  
Insurance Committee  
Legislative Office Building  
Hartford, CT 06103

The Honorable Cara Pavalock-D'Amato  
House Ranking Member  
Insurance Committee  
Legislative Office Building  
Hartford, CT 06103

**Re: S.B. 842 AAC HEALTH INSURANCE AND HEALTH CARE IN CONNECTICUT**

Dear Chairs Lesser, Wood and Ranking Members Hwang and Pavalock-D'Amato:

We, the below signed Principal Officers of the Connecticut Teamsters Local Unions, write in opposition to Senate Bill 842 "*AN ACT CONCERNING HEALTH INSURANCE AND HEALTH CARE IN CONNECTICUT*" and strongly urge you to reject and oppose this measure.

**Background**

Our locals collectively represent over 20,000+ men and women members and their families here in the state of Connecticut. Our members work in many industries, including trucking, health care, school bus drivers, UPS workers, construction workers, manufacturing workers and at

We operate as "Taft-Hartley Trust Funds" which are specifically authorized under Section 301 of the National Labor Relations Act (NLRA), the most common, like ours, are Joint-Trustee plans, where a group of employers who have labor agreements join together and establish "multiemployer plans".

Under the Joint-Trustee plan the administration of the plan is placed in the hands of a board of trustees with equal representation from employers and unions. The trustees determine what benefits will be included in the plan such as hospital-surgical-medical coverage, accidental death and dismemberment, life insurance, dental plan, vision care, prescription drug plan, mental health benefits and retiree

benefits. The benefits that are included in our plans are based on a negotiated hourly contribution that made on behalf of the employee by his/her employer to the Trust Fund.

### **Connecticut Teamsters Health Benefit Funds**

The Tri-State Teamsters Health Services & Insurance Plan Fund and our other health benefit funds provide a coordinated approach to group purchasing and contracting with medical, pharmacy and other health networks. As advocates for our union members and their families, we cannot stand by and allow this negative preemptive policy to negatively impact our dedicated efforts over the years. More importantly, as non-profit healthcare benefit funds, we bring a unique perspective to this debate on Senate Bill 842.

We have all worked extremely hard over the years to provide our members and retirees and their families with the finest healthcare benefits and services. We are very proud that we built and maintained some of the best union health fund plans in the United States, that provide members with medical, prescription, dental, vision and important family benefit programs that our members benefit from and greatly appreciate

Tri-State Health Care Fund, as well as our other Teamsters health plans, have consistently been recognized as some of the best managed and pro-employee health benefit plans in the United States. Unfortunately, even with our non-profit, cost-effective approach, we would not be able to compete with a state-run government competitor that would then provide less benefits, less options, and less flexibility than our members currently receive.

### **Opposition to Senate Bill 842**

Senate Bill 842 is a misguided and troubling attempt to create a “one-size” fits all government run plan that would dramatically impact our operations and negatively impact our members ability to access the positive health benefit plans we have designed, maintained, and funded over the years. Through our foresight and efficient management, we are now providing significant benefits at very cost-effective programs that our members. It is also one of our most important value propositions for our members and potential members when we help them organize and collectively bargain with their employers.

Senate Bill 842 has a number of fundamental problems and flaws that will negatively impact our plans and our members. This legislation will put union members, as well our employer business and at risk. The legislation will attempt to create a one-size government run health plan that will hurt our members ability to access programs, services, and medical health care that they have come to expect and deserve.

We oppose both the premise and language of Senate Bill 842 because it attempts to place our healthy, well-funded union plans into an inflexible state government run plan in an attempt to make us subsidize the risks of the other groups. Union Plans like ours, with larger populations and long-term employees are stable,

safe, and healthy and we should not be asked to subsidize a plan that does not meet basic accounting and auditing requirements.

**Our healthy, well-funded, Teamsters Union health benefit plans with a large, stable workforce are the targets of this legislation, in a misguided attempt to stabilize and subsidize the other plan types and we vigorously oppose this approach in Senate Bill 842.**

Senate Bill 842 will create a troubling state-run government plan that will have no set reserve requirements, no audit or insurance accounting rules, allow for cross subsidies in the pool and bring in individuals with the worst underwriting experience through an artificially subsidized low “introductory” rate.

### **Troubling Plan Model**

It is very clear that Senate Bill 842 is an attempt to have Taft-Hartley plans like ours, subsidize the rest of the pool. This type of pooling does not magically decrease claims, it just combines risks in into less stable single, larger group.

Look no further than the current State of Connecticut Partnership Plan that is suffering from troubling fiscal performance and uncertain actuarial outlook. The partnership plan lost \$31.9 million in fiscal 2019—more than triple the \$10.1 million in losses recorded the previous year. The medical loss ratio (MLR) for those years was 108.5% in 2019 and 105.2% in 2018.

Senate Bill 842 will create a similar risky self-funded plan with no financial stability, no required reinsurance, and no reserves! Our plan, like all others, are subject to statutory accounting principles and do not allow borrowing from one pool to pay another. We also are absolutely required to have independent audit

Senate Bill 842 will eliminate our hands-on, member focused, local control that our local trustees provide, and our members greatly support. The legislation would require 3-year contract for Unions with no limits for renewal including significant penalties for early withdrawal! This will create uncertain pricing with additional fees, which are not specified in the law nor are the fees limited. Finally, Senate Bill 842 may not even be legal under federal law and potentially violates ERISA and the ACA/Obamacare requirements.

### **Conclusion**

Senate Bill 842 creates a risky plan with pricing that simply does not add up or make any policy sense. Combining the very expensive small group and non-profit plans will not lead to lower rates and will requires subsidies from our members, their families, and our employers.

We are opposed to putting union health benefit funds, taxpayers, and our employer members at risk with a new state-run healthcare plan with no accounting rules. We strongly urge you to oppose Senate Bill 842 and support other more cost-effective policy solutions before the Committee this year that will lower cost and not endanger union health benefit plans.

Thank you for the opportunity to present these comments to you about Senate Bill 842. We would welcome the opportunity to discuss our concerns with you in more

detail. If we can answer any questions, please feel free to contact us at the local unions listed below.

Respectfully,



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John Capobianco  
Secretary-Treasurer  
Local 677 - Waterbury



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David Lucas  
Secretary-Treasurer  
Local 671 - Bloomfield



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Robert DiGirolamo  
Secretary-Treasurer  
Local 191 - Bridgeport



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Rocco Calo  
Secretary-Treasurer  
Local 1150 - Stratford



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Salvatore Abate  
Secretary-Treasurer  
Local 443 - New Haven



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Dennis Novak  
Secretary-Treasurer  
Local 145 - Stratford



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Bevan Sweet  
Secretary-Treasurer  
Local 493 - Uncasville



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Robert Ziobrowski  
Secretary-Treasurer  
Local 1035 - South Windsor

cc: The Honorable Martin Looney, President Pro Tempore of the State Senate  
The Honorable Bob Duff, Majority Leader, State Senate  
The Honorable Kevin Kelly, Minority Leader, State Senate  
The Honorable Matthew Ritter, Speaker of the House of Representatives  
The Honorable Jason Rojas, Majority Leader, House of Representatives  
The Honorable Vincent Candelora, Minority Leader, House of Representatives  
Members of the Insurance & Real Estate Committee