

Testimony before the Wisconsin Joint Legislative Committee

On Health Care Reform Implementation

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Good afternoon Senator Erpenbach, Representative Richards, members of the Committee. Thank you for the opportunity to speak with you today.

I appear before you as a small business owner and one of many volunteer leaders of Southeastern Wisconsin Common Ground.

First let me share my experience as a small business owner based in Milwaukee. I have co-owned a business for over 26 years. Our company, The James Company, helps congregations and religious non-profits raise money. For 26 years I have been trying to figure out how to provide affordable health insurance for my family and our employees. We currently have 10 employees; four of the ten are in our company health insurance plan.

With these four employees and their families, there are a total of 9 covered lives in our health plan - 7 adults and two children. In May of this year I got our health insurance renewal notice from Anthem - owned by Well Point Financial - a large, national for-profit company which has been buying up a lot of the former non-profit Blue Cross companies including the Blue Cross/Blue Shield based in Milwaukee. Anthem proposed to increase our premiums 35.4% for 2010- from \$7200 per month (\$86,000 per year) to \$9700 per month or \$117,000 per year - costing us \$29,000 per employee per year. And that is for an HSA plan with a \$3,000 annual deductible for a family.

Our rate increase in 2009 was 19.4%; in 2008 it was 12.8%. So that is an 82.4% cumulative increase in health insurance costs over three years.

In our business we are lucky to be able to raise our prices 2% to 4% per year. In 2009 and 2010 we have had no price increases for our services. Being a small company, I know we have not had any significant claims in the past three years. As the owner, I have asked Anthem for our "medical loss ratio" or "claims information". But of course they will not give me this information. I and hundreds and thousands of small businesses, non-profits and self-employed people have no power in the small group health insurance market. There are three for-profit companies, which dominate the Milwaukee health insurance market - United, Humana and Anthem. These are the only real choices small businesses have for health insurance and they all charge the same and act the same. We really have no choice. You can jump from one company to another, which I have been doing for years. But the extreme rate increases keep coming. There is no real competition.

Two years ago I began to co-chair the Health Care Committee of Southeastern Wisconsin Common Ground. Common Ground is an alliance of congregations, non-profits, small businesses, unions, schools and neighborhood associations working to address social issues of common concern. Our Health Care Team spent a year and half talking to over 150 health care leaders to learn how the health care system works and doesn't work and how to impact significant change.

We have learned in our research that there are hundreds and thousands of small businesses, non-profits, and self-employed individuals who are struggling to purchase affordable health insurance. Please keep in mind that the largest portion of the uninsured in America works for small businesses. Small businesses also pay 18% more in health insurance premiums for the same benefits as those of the largest firms.

During just a few months in 2009, Common Ground did small group Listening Sessions with several hundred small business owners, non-profit leaders and self-employed individuals. We heard story after story of people without insurance because they could not afford it. Today Common Ground has over 150 businesses and organizations with over 1,000 covered lives and \$4 million in annual premiums signed up and ready for a new idea.

In order to give more power to these and others in the same predicament as myself, Common Ground has decided to support the formation of a new health insurance cooperative.

We now have a relationship with the Wisconsin Health Care Cooperative. WHC is lead by Randy Marking from Innovative Benefits Solutions; former Republican State Representative Curt Gielow, who is now Mayor of Mequon; Wayne Corey, formerly of Wisconsin Independent Businesses; Kristine Hage from the Cedarburg Chamber of Commerce; and Charles Stevens from the Michael Best law firm.

After months and months of preparation Common Ground will be joining with WHC this fall to begin to enroll small businesses, non-profits and self-employed individuals in this new health insurance cooperative. This will be a purchasing cooperative. We will seek to enroll 3,000 to 5,000 covered lives in a very short period of time that will join as one group to purchase insurance from an identified, carrier who does not dominate the current Wisconsin market. We believe the WHC cooperative will provide the rate stability and flexibility small business owners need now.

Our goal over the next two years is to continue to significantly increase WHC Cooperative enrollment and position it to be able to compete in Southeastern Wisconsin as a non-profit, member owned insurance company available to small groups and individuals in the new Insurance Exchanges.

Towards that end, we have begun an effort to communicate with federal officials regarding the \$6 billion in federal loans, which will be available for the capitalization of Coops to compete on the exchanges.

The current system of providing insurance for small businesses, non-profits and the self-employed is unsustainable. The need for reform in the small business and individual market is not a partisan political issue. It is a non-partisan human issue. In the long run it is an economic growth issue for businesses. \$29,000 per employee for health insurance is not sustainable. Common Ground and I are pleased to be part of an effort to reform this market place and provide people real alternatives.

Thank you for your time and attention. I would be happy to answer questions.

