

## ISSUES & POLICIES

# About Sustinet: Government-Run Healthcare



State lawmakers are considering a bill that would establish a state-run public healthcare option (HB-6305, An Act Concerning Implementation of the Sustinet Plan). There are significant concerns about many aspects of the plan, called Sustinet, including the cost of creating an expansive new government bureaucracy at a time of severe state budget deficits and long-term debt. Sustinet ultimately would put the state in competition with the private-sector marketplace in Connecticut which provides thousands of good jobs in the state.

**Unknown cost:** The real cost of any health insurance plan depends on what exactly is being covered and provided. However, the levels of insurance benefit coverage in Sustinet are still not known, so ultimate pricing of the plan remains speculative (start-up costs have also not been estimated yet).

At the time the original legislation was passed, the state Office of Policy and Management estimated the cost of the Sustinet plan at \$1 billion per year (although other groups have doubled this estimate).

**More cost:** Sustinet would use existing, self-insured state health insurance programs as the platforms for the various health plans under its program. A self-insured system would release the state from having to pay health insurance premiums to carriers, but Connecticut would have to pay the medical claims for everyone in the Sustinet plan. This is highly risky, since no one knows just who will opt to participate in Sustinet-- if those entering Sustinet have high risks and high claims, then the cost to the state could be very expensive.

**More risk:** Sustinet's viability depends on the state getting more federal dollars. That's optimistic, given the political change in Congress and efforts by the House GOP to change, rollback or potentially defund key elements of federal healthcare reform. The reality is, if passed, Sustinet would become yet another unfunded liability for Connecticut—adding to taxpayers' burdens and further compromising the state's already stressed bond rating.

**Jobs impact:** Employers in Connecticut say uncertainty over federal reforms is one of the reasons why they're not adding jobs. A state-run plan of uncertain cost to be launched while Connecticut is in a fiscal crisis will only increase uncertainty--as will the likelihood that a state-run system would undermine the private market and its tens of thousands of jobs.

**Real aim:** The aim of Sustinet is still to shift more people onto taxpayer-funded plans rather than lowering costs. That will only increase state spending and, likely, the state debt.

Commonsense healthcare reform comes not from handing control of the system to state government, but from policymakers working to strengthen our market-based, employer-sponsored system by reducing healthcare costs, increasing access to health coverage, and improving the quality of care.