



Waterbury Regional Chamber  
*driving business to business*

Finance, Revenue and Bonding Committee

In Support of HB 5378: An Act Concerning Self-Funded Multiple Employer Welfare Arrangements and Requiring a Study of the Feasibility of Establishing the Connecticut Option Program and Multiple Employer Welfare Arrangements.

Lynn Ward

President and CEO

Waterbury Regional Chamber of Commerce

Co-Chairs Cabrera and Woods, Ranking Members Hwang and Pavalock-Damato, and distinguished members of the Finance, Revenue and Bonding Committee:

On behalf of the Waterbury Regional Chamber of Commerce and the nearly one thousand businesses we represent across our region, thank you for the opportunity to submit written testimony in support of HB 5378: An Act Concerning Self-Funded Multiple Employer Welfare Arrangements and Requiring a Study of the Feasibility of Establishing the Connecticut Option Program and Multiple Employer Welfare Arrangements.

For many small and mid-sized employers in our region, the cost of providing health insurance remains one of the most significant barriers to growth, hiring, and long-term stability. HB 5378 offers a responsible and well-regulated framework that would allow Connecticut-based business organizations and trade associations to sponsor self-funded multiple employer welfare arrangement trusts under robust state oversight.

As stated in the bill's purpose, HB 5378 is intended to authorize self-funded multiple employer welfare arrangements in Connecticut. The proposal does so through a comprehensive licensing, solvency, and consumer protection structure that mirrors many of the requirements imposed on traditional insurance carriers.

### **A Strong Regulatory Framework**

HB 5378 requires that any self-funded multiple employer welfare arrangement trust apply for and obtain a license from the Insurance Commissioner and satisfy all licensing requirements

applicable to a health insurance company. Upon licensure, the trust must comply with all requirements applicable to health insurance companies under Title 38a.

The bill further outlines that these arrangements must be licensed as an insurance company and comply with Chapter 698 and all applicable insurance statutes. This is not a deregulated product. It is a carefully structured model that combines flexibility for small employers with strong regulatory guardrails.

Importantly, the legislation includes explicit consumer protection. Plans must offer actuarial values of at least 60 percent, 68 percent, and 78 percent, equivalent to Bronze, Silver, and Gold coverage levels. The bill prohibits preexisting condition discrimination and discriminatory rules based on health status. These are critical safeguards that ensure employees receive meaningful coverage and aligns it with standards held on both the federal and state level.

The trust must also establish and maintain reserves in accordance with financial and solvency requirements applicable to health insurance companies and must purchase both individual stop-loss and aggregate stop-loss coverage, with a 125 percent attachment point. These provisions significantly mitigate insolvency risk.

### **Leveling the Playing Field for Small Businesses**

Association Health Plans allow small businesses to pool their risk and purchase coverage collectively through a business organization such as our chamber, or a trade association. Today, a small employer with five employees often faces dramatically higher premiums than a large employer with hundreds or thousands of employees. By pooling the risk together, small businesses can access affordable, high-quality healthcare coverage traditionally reserved for large corporations and unions.

This bill allows Connecticut-based sponsoring associations that meet strict membership and longevity standards to form a trust, ensuring that only established business organizations can sponsor a self-funded multiple employer welfare arrangement.

For chambers of commerce like ours, and for industry associations across Connecticut, this presents an opportunity to help our members secure more competitive coverage while maintaining accountability and governance through a board of trustees operating under fiduciary standards.

### **Lower and More Predictable Costs**

By spreading risk across many employers and employees, Association Health Plans can help reduce premiums compared to standalone small-group plans. They may also provide greater rate stability, allowing small businesses to budget with a more predictable cost.

The bill requires actuarially sound, modified community rating methodologies that consider the pooling of all participating employees' claims. This structured underwriting approach, combined with pooling and reinsurance requirements, supports financial sustainability while promoting fairness.

Additionally, any surplus in excess of an amount determined by the Commissioner must be used to reduce plan contribution amounts for employers and employees. This fiduciary requirement ensures that excess funds are returned to participants rather than distributed as profits.

### **Increased Choice, Reduced Administrative Burden, and Workforce Competitiveness**

Small businesses frequently have limited options in the traditional small-group market. Association Health Plans allow associations to customize offerings to better fit the needs of their industries or regions.

These arrangements also reduce administrative burdens by utilizing third-party administrators to handle claims processing and compliance. For small employers with limited human resources capacity, this is an extremely meaningful benefit.

Perhaps most importantly, access to high-quality, affordable health benefits improves employee recruitment and retention. In a competitive labor market, small businesses must be able to offer benefit packages that rival those of larger employers. Association Health Plans help close that gap and maintain the valuable services that our member small businesses provide to their communities, and the entire state.

### **Conclusion**

HB 5378 establishes a comprehensive, highly regulated framework for self-funded multiple employer welfare arrangements. It combines strong consumer protections, financial safeguards, fiduciary standards, federal oversight, and state examination authority. At the same time, it gives Connecticut's small businesses a practical tool to manage one of their most pressing cost drivers.

For the Waterbury Regional Chamber of Commerce and the businesses we represent, this legislation represents a meaningful step toward affordability, competitiveness, and economic growth.

On behalf of the Waterbury Regional Chamber of Commerce and our member businesses, we respectfully urge the Committee to pass HB 5378 and advocate for the beneficial policy of multiple-employer welfare arrangements. If any committee members have questions regarding

this testimony, you can reach me at [LWard@WaterburyChamber.com](mailto:LWard@WaterburyChamber.com). I also urge the members to review the testimony of chamber member Carmen Romeo on this issue.

Thank you for your consideration of our testimony.

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