



General Assembly

January Session, 2011

Raised Bill No. 6308

LCO No. 3034

03034_____INS

Referred to Committee on Insurance and Real Estate

Introduced by:
(INS)

AN ACT ESTABLISHING THE CONNECTICUT HEALTHCARE PARTNERSHIP.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. (NEW) (*Effective July 1, 2011*) As used in this section and
2 sections 2 to 6, inclusive, of this act:

3 (1) "Health Care Cost Containment Committee" means the
4 committee established in accordance with the ratified agreement
5 between the state and state employees' Bargaining Agent Coalition
6 pursuant to subsection (f) of section 5-278 of the general statutes.

7 (2) "Municipal-related employee" means any employee of a
8 municipal-related employer.

9 (3) "Municipal-related employer" means any property management
10 business, food service business or school transportation business that
11 is a party to a contract with a nonstate public employer.

12 (4) "Nonprofit employee" means any employee of a nonprofit
13 employer.

14 (5) "Nonprofit employer" means a nonprofit corporation, as defined
15 in subparagraph (B) of subdivision (7) of subsection (i) of section 5-259
16 of the general statutes.

17 (6) "Nonstate public employee" means any employee or elected
18 officer of a nonstate public employer.

19 (7) "Nonstate public employer" means a municipality or other
20 political subdivision of the state, including a board of education, quasi-
21 public agency or public library.

22 (8) "Small employer employee" means any employee of a small
23 employer.

24 (9) "Small employer" means any person, firm, corporation, limited
25 liability company, partnership or association actively engaged in
26 business or self-employed for at least three consecutive months that,
27 on at least fifty per cent of its working days during the preceding
28 twelve months, employed no more than fifty employees, the majority
29 of whom were employed within this state. "Small employer" does not
30 include a nonstate public employer. In determining the number of
31 eligible employees, companies that are affiliates, as defined in section
32 33-840 of the general statutes, or that are eligible to file a combined tax
33 return under chapter 208 of the general statutes shall be considered
34 one employer.

35 (10) "State employee plan" or "state plan" means a self-insured
36 group health care benefits plan established under subsection (m) of
37 section 5-259 of the general statutes.

38 Sec. 2. (NEW) (*Effective July 1, 2011*) (a) (1) Notwithstanding the
39 provisions of title 38a of the general statutes, the Comptroller shall
40 offer coverage under the state employee plan to nonstate public
41 employers, municipal-related employers, small employers and
42 nonprofit employers and their respective retirees, if applicable, in
43 accordance with subdivision (2) of this subsection, provided the

44 Comptroller receives an application from any such employer and the
45 application is approved in accordance with sections 3 and 4 of this act.

46 (2) The Comptroller shall offer coverage under the state employee
47 plan to: (A) Nonstate public employers beginning July 1, 2011; (B)
48 municipal-related employers and nonprofit employers beginning July
49 1, 2012; and (C) small employers beginning July 1, 2012.

50 (b) (1) The Comptroller shall offer participation in such plan to
51 nonstate public employers, municipal-related employers, small
52 employers and nonprofit employers for not less than two-year
53 intervals. An employer may apply for renewal prior to the expiration
54 of each interval.

55 (2) The Comptroller shall develop procedures by which:

56 (A) Such employers may apply to participate in the state plan,
57 including procedures for nonstate public employers that are currently
58 self-insured and procedures for nonstate public employers that are
59 currently fully-insured; and

60 (B) Employers receiving coverage for their employees pursuant to
61 the state plan may (i) apply for renewal, or (ii) withdraw from such
62 coverage, including, but not limited to, the terms and conditions under
63 which such employers may withdraw prior to the expiration of the
64 interval and the procedure by which any premium payments such
65 employers may be entitled to shall be refunded. Any such procedures
66 shall provide that nonstate public employees covered by collective
67 bargaining shall withdraw from such coverage in accordance with
68 chapters 113 and 166 of the general statutes.

69 (c) (1) The initial open enrollment for nonstate public employers
70 shall be for coverage beginning July 1, 2011. Thereafter, open
71 enrollment for nonstate public employers shall be for coverage periods
72 beginning July first.

73 (2) Open enrollment for municipal-related employers, small

74 employers and nonprofit employers shall be for coverage periods
75 beginning January first and July first.

76 (d) Nothing in this section and sections 3 to 5, inclusive, of this act
77 shall require the Comptroller to offer coverage to every employer
78 seeking coverage under sections 3 and 4 of this act from every plan
79 offered under the state employee plan.

80 (e) The Comptroller shall create applications for coverage for the
81 purposes of this section and sections 3 and 4 of this act. Such
82 applications shall require an employer to disclose whether the
83 employer will offer any other health plan to the employees who are
84 offered the state plan.

85 (f) No employee shall be enrolled in the state plan if such employee
86 is covered through such employee's employer by health insurance
87 plans or insurance arrangements issued to or in accordance with a
88 trust established pursuant to collective bargaining subject to the
89 federal Labor Management Relations Act.

90 (g) If the Comptroller determines that granting coverage to an
91 employer under the state employee plan will affect such plan's status
92 as a governmental plan under the Employee Retirement Income
93 Security Act of 1974, as amended from time to time, the Comptroller
94 shall not grant coverage to such employer and shall stop accepting
95 applications for coverage from municipal-related employers, nonprofit
96 employers and small employers. The Comptroller shall resume
97 accepting applications for coverage under the state employee plan
98 from such employers if the Comptroller determines that granting
99 coverage to such employers will not affect such plan's status as a
100 governmental plan under the Employee Retirement Income Security
101 Act of 1974, as amended from time to time. The Comptroller shall
102 make a public announcement of the Comptroller's decision to stop or
103 resume accepting applications for coverage under the state employee
104 plan.

105 Sec. 3. (NEW) (*Effective July 1, 2011*) (a) Nonstate public employers
106 may join the state employee plan in accordance with this subsection.

107 (1) Notwithstanding any provision of the general statutes, initial
108 participation in the state employee plan by a nonstate public employer
109 shall be a permissive subject of collective bargaining and shall be
110 subject to binding interest arbitration only if the collective bargaining
111 agent and the employer mutually agree to bargain over such initial
112 participation. Such mutual agreement shall be in writing and signed by
113 authorized representatives of the collective bargaining agent and the
114 employer. Continuation in the state employee plan, after initial
115 participation, shall be a mandatory subject of bargaining and shall be
116 subject to binding interest arbitration in accordance with the same
117 procedures and standards that apply to any other mandatory subject
118 of bargaining pursuant to chapters 68, 113 and 166 of the general
119 statutes. For purposes of this section, a board of education and a
120 municipality shall be considered separate employers and shall submit
121 separate applications.

122 (2) (A) If a nonstate public employer submits an application in
123 accordance with this subsection for all of its employees, the
124 Comptroller shall accept such application for the next open enrollment.
125 The Comptroller shall provide written notification to such employer of
126 such acceptance and the date on which such coverage shall begin.

127 (B) If a nonstate public employer submits an application for less
128 than all of its employees, or indicates in the application the employer
129 will offer other health plans to employees who are offered the state
130 health plan, the Comptroller shall forward such application to a health
131 care actuary not later than five business days after receiving such
132 application. Such actuary may, not later than sixty days after receiving
133 such application, certify to the Comptroller that the application will
134 shift a significantly disproportional part of such employer's employees'
135 medical risks to the state employee plan, and shall provide in writing
136 the specific reasons for its finding, including a summary of all

137 information relied upon in making such a finding. If the Comptroller
138 receives such certification, the Comptroller shall not provide coverage
139 to such employer and shall provide written notification and the
140 specific reasons for such denial to such employer and the Health Care
141 Cost Containment Committee. If the Comptroller does not receive such
142 certification, the Comptroller shall accept such application for the next
143 open enrollment. The Comptroller shall provide written notification to
144 such employer of such acceptance and the date on which such
145 coverage shall begin.

146 (C) The Comptroller shall consult with a health care actuary who
147 shall develop actuarial standards to be used to assess the shift in
148 medical risks of an employer's employees to the state employee plan.
149 The Comptroller shall present such standards to the Health Care Cost
150 Containment Committee for its review and evaluation prior to the use
151 of such standards.

152 (b) Municipal-related employers, small employers and nonprofit
153 employers may join the state employee plan in accordance with this
154 subsection.

155 (1) If a municipal-related employer, small employer or nonprofit
156 employer submits an application for all of its employees, the
157 Comptroller shall accept such application for the next open enrollment.
158 The Comptroller shall provide written notification to such employer of
159 such acceptance and the date on which such coverage shall begin.

160 (2) If a municipal-related employer, small employer or nonprofit
161 employer submits an application for less than all of its employees, or
162 indicates in the application the employer will offer other health plans
163 to employees who are offered the state health plan, the Comptroller
164 shall forward such application to a health care actuary not later than
165 five business days after receiving such application. Such actuary may,
166 not later than sixty days after receiving such application, certify to the
167 Comptroller that the application will shift a significantly
168 disproportional part of such employer's employees' medical risks to

169 the state employee plan, and shall provide in writing the specific
170 reasons for its finding, including a summary of all information relied
171 upon in making such a finding. If the Comptroller receives such
172 certification, the Comptroller shall not provide coverage to such
173 employer and shall provide written notification and the specific
174 reasons for such denial to such employer and the Health Care Cost
175 Containment Committee. If the Comptroller receives such certification,
176 the Comptroller shall not provide coverage to such employer. If the
177 Comptroller does not receive such certification, the Comptroller shall
178 accept such application for the next open enrollment. The Comptroller
179 shall provide written notification to such employer of such acceptance
180 and the date on which such coverage shall begin.

181 (3) The Comptroller shall consult with a health care actuary who
182 shall develop actuarial standards to be used to assess the shift in
183 medical risks of an employer's employees to the state employee plan.
184 The Comptroller shall present such standards to the Health Care Cost
185 Containment Committee for its review and evaluation prior to the use
186 of such standards.

187 (c) If an employer included less than all of its employees in its
188 application for coverage because of (1) the decision by individual
189 employees to decline coverage from their employer for themselves or
190 their dependents, or (2) the employer's decision not to offer coverage
191 to temporary, part-time or durational employees, the Comptroller shall
192 not forward such employer's application to a health care actuary.

193 (d) The Comptroller may adopt regulations, in accordance with
194 chapter 54 of the general statutes, to establish the procedures and
195 criteria for any reviews or evaluations performed by the Health Care
196 Cost Containment Committee pursuant to subparagraph (C) of
197 subdivision (2) of subsection (a) of this section, subdivision (3) of
198 subsection (b) of this section and subdivision (3) of subsection (b) of
199 section 4 of this act.

200 (e) Notwithstanding any provision of the general statutes, the state

201 employee plan shall not be deemed (1) an unauthorized insurer, or (2)
202 a multiple employer welfare arrangement.

203 Sec. 4. (NEW) (*Effective July 1, 2011*) (a) Employers eligible to seek
204 coverage for their employees under the state employee plan, pursuant
205 to sections 2 and 3 of this act, may seek such coverage for their retirees
206 in accordance with this section. Premium payments for such coverage
207 shall be remitted by the employer to the Comptroller in accordance
208 with section 5 of this act.

209 (b) (1) If an employer seeks coverage for all of such employer's
210 retirees in accordance with this section and all of such employer's
211 employees in accordance with section 2 of this act, the Comptroller
212 shall accept such application for the next open enrollment. The
213 Comptroller shall provide written notification to such employer of
214 such acceptance and the date on which such coverage shall begin.

215 (2) If an employer seeks coverage for less than all of such employer's
216 retirees, regardless of whether the employer is seeking coverage for all
217 of such employer's active employees, the Comptroller shall forward
218 such application to a health care actuary not later than five business
219 days after receiving such application. Such actuary may, not later than
220 sixty days after receiving such application, certify to the Comptroller
221 that, with respect to such retirees, the application will shift a
222 significantly disproportional part of an employer's retirees' medical
223 risks to the state employee plan, and shall provide in writing the
224 specific reasons for its finding, including a summary of all information
225 relied upon in making such a finding. If the Comptroller receives such
226 certification, the Comptroller shall not provide coverage to such
227 employer for such employer's retirees and shall provide written
228 notification and the specific reasons for such denial to such employer
229 and the Health Care Cost Containment Committee. If the Comptroller
230 does not receive such certification, the Comptroller shall accept such
231 application for the next open enrollment. The Comptroller shall
232 provide written notification to such employer of such acceptance and

233 the date on which such coverage shall begin.

234 (3) The Comptroller shall consult with a health care actuary who
235 shall develop actuarial standards to be used to assess the shift in
236 medical risks of an employer's retirees to the state employee plan. The
237 Comptroller shall present such standards to the Health Care Cost
238 Containment Committee for its review and evaluation prior to the use
239 of such standards.

240 (4) If an employer included less than all of its retirees in its
241 application for coverage because of (A) the decision by individual
242 retirees to decline health benefits or health insurance coverage from
243 their employer for themselves or their dependents, or (B) the retiree's
244 enrollment in Medicare, the Comptroller shall not forward such
245 employer's application to a health care actuary.

246 (c) Nothing in sections 1 to 6, inclusive, of this act shall diminish any
247 right to retiree health insurance pursuant to a collective bargaining
248 agreement or any other provision of the general statutes.

249 Sec. 5. (NEW) (*Effective July 1, 2011*) (a) There is established an
250 account to be known as the "state plan premium account", which shall
251 be a separate, nonlapsing account within the grants and restricted
252 accounts fund. All premiums paid by employers, employees and
253 retirees pursuant to this section shall be deposited into said account.
254 The account shall be administered by the Comptroller for payment of
255 claims.

256 (b) Premium payments shall be remitted by the employer to the
257 Comptroller and shall be the same as those paid by the state, inclusive
258 of any premiums paid by state employees and retired state employees,
259 if applicable, except as otherwise provided in this section. The
260 Comptroller may charge each employer participating in the state plan
261 an administrative fee calculated on a per member per month basis. In
262 addition, the Comptroller may charge a fluctuating reserves fee the
263 Comptroller deems necessary to ensure adequate claims reserves.

264 (c) The Comptroller may adjust premium rates for small employers
265 to reflect one or more of the characteristics set forth in subparagraph
266 (A) of subdivision (5) of section 38a-567 of the general statutes.

267 (d) Each employer shall pay monthly the amount determined by the
268 Comptroller, pursuant to this section, for coverage of its employees or
269 its employees and retirees, as appropriate, under the state employee
270 plan. An employer may require each covered employee to contribute a
271 portion of the cost of such employee's coverage under the plan, subject
272 to any collective bargaining obligation applicable to such employer.

273 (e) If any payment due by an employer under this section is not
274 submitted to the Comptroller by the tenth day after the date such
275 payment is due, interest to be paid by such employer shall be added,
276 retroactive to the date such payment was due, at the prevailing rate of
277 interest as determined by the Comptroller.

278 (1) The Comptroller may terminate participation in the state
279 employee plan by a municipal-related employer, small employer or
280 nonprofit employer on the basis of nonpayment of premium, provided
281 at least ten days' advance notice is given to such employer, which may
282 continue the coverage and avoid the effect of the termination by
283 remitting payment in full at any time prior to the effective date of
284 termination.

285 (2) (A) If a nonstate public employer fails to make premium
286 payments as required by this section, the Comptroller may direct the
287 State Treasurer, or any other officer of the state who is the custodian of
288 any moneys made available by grant, allocation or appropriation
289 payable to such nonstate public employer, to withhold the payment of
290 such moneys until the amount of the premium or interest due has been
291 paid to the Comptroller, or until the State Treasurer or such custodial
292 officer determines that arrangements have been made, to the
293 satisfaction of the State Treasurer, for the payment of such premium
294 and interest. Such moneys shall not be withheld if such withholding
295 will adversely affect the receipt of any federal grant or aid in

296 connection with such moneys.

297 (B) If no grant, allocation or appropriation is payable to such
298 nonstate public employer or is not withheld, pursuant to
299 subparagraph (A) of this subdivision, the Comptroller may terminate
300 participation in the state employee plan by a nonstate public employer
301 on the basis of nonpayment of premium, provided at least ten days'
302 advance notice is given to such employer, which may continue the
303 coverage and avoid the effect of the termination by remitting payment
304 in full at any time prior to the effective date of termination.

305 (3) The Comptroller may request the Attorney General to bring an
306 action in the superior court for the judicial district of Hartford to
307 recover any premium and interest costs or equitable relief from a
308 terminated employer.

309 Sec. 6. (NEW) (*Effective July 1, 2011*) (a) There is established a
310 Nonstate Public Health Care Advisory Committee. The committee
311 shall make advisory recommendations to the Health Care Cost
312 Containment Committee concerning health care coverage for nonstate
313 public employees. The advisory committee shall consist of nonstate
314 public employers and employees participating in the state plan and
315 shall include the following members appointed by the Comptroller: (1)
316 Three municipal employer representatives, one of whom represents
317 towns with populations of one hundred thousand or more, one of
318 whom represents towns with populations of at least twenty thousand
319 but under one hundred thousand, and one of whom represents towns
320 with populations under twenty thousand; (2) three municipal
321 employee representatives, one of whom represents employees in
322 towns with populations of one hundred thousand or more, one of
323 whom represents employees in towns with populations of at least
324 twenty thousand but under one hundred thousand, and one of whom
325 represents employees in towns with populations under twenty
326 thousand; (3) three board of education employers, one of whom
327 represents towns with populations of one hundred thousand or more,

328 one of whom represents towns with populations of at least twenty
329 thousand but under one hundred thousand, and one of whom
330 represents towns with populations under twenty thousand; and (4)
331 three board of education employee representatives, one of whom
332 represents towns with populations of one hundred thousand or more,
333 one of whom represents towns with populations of at least twenty
334 thousand but under one hundred thousand, and one of whom
335 represents towns with populations under twenty thousand.

336 (b) There is established a Private Sector Health Care Advisory
337 Committee. The committee shall make advisory recommendations to
338 the Health Care Cost Containment Committee concerning health care
339 coverage for private sector employees. The advisory committee shall
340 consist of municipal-related employers, small employers and nonprofit
341 employers and their respective employees participating in the state
342 plan and shall include the following members appointed by the
343 Comptroller: (1) Two municipal-related employer representatives; (2)
344 two municipal-related employee representatives; (3) two small
345 employer representatives; (4) two small employee representatives; (5)
346 two nonprofit employer representatives; and (6) two nonprofit
347 employee representatives.

348 Sec. 7. (NEW) (*Effective July 1, 2011*) The Comptroller may adopt
349 regulations, in accordance with chapter 54 of the general statutes, to
350 implement and administer the state employee plan and the provisions
351 of sections 1 to 6, inclusive, of this act.

352 Sec. 8. (NEW) (*Effective from passage*) The Comptroller shall not offer
353 coverage under the state employee plan pursuant to sections 2 to 5,
354 inclusive, of this act until the State Employees' Bargaining Agent
355 Coalition has provided its written consent to the clerks of both houses
356 of the General Assembly to incorporate the terms of sections 1 to 6,
357 inclusive, of this act into its collective bargaining agreement.

358 Sec. 9. Subparagraph (B) of subdivision (4) of section 38a-564 of the
359 general statutes is repealed and the following is substituted in lieu

360 thereof (*Effective July 1, 2011*):

361 (B) "Small employer" does not include (i) a municipality procuring
 362 health insurance pursuant to section 5-259, (ii) a private school in this
 363 state procuring health insurance through a health insurance plan or an
 364 insurance arrangement sponsored by an association of such private
 365 schools, (iii) a nonprofit organization procuring health insurance
 366 pursuant to subsection (i) of section 5-259, unless the Secretary of the
 367 Office of Policy and Management and the State Comptroller make a
 368 request in writing to the Insurance Commissioner that such nonprofit
 369 organization be deemed a small employer for the purposes of this
 370 chapter, (iv) an association for personal care assistants procuring
 371 health insurance pursuant to section 5-259, or (v) a community action
 372 agency procuring health insurance pursuant to section 5-259.

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|---|---------------------|---------------|
| This act shall take effect as follows and shall amend the following sections: | | |
| Section 1 | <i>July 1, 2011</i> | New section |
| Sec. 2 | <i>July 1, 2011</i> | New section |
| Sec. 3 | <i>July 1, 2011</i> | New section |
| Sec. 4 | <i>July 1, 2011</i> | New section |
| Sec. 5 | <i>July 1, 2011</i> | New section |
| Sec. 6 | <i>July 1, 2011</i> | New section |
| Sec. 7 | <i>July 1, 2011</i> | New section |
| Sec. 8 | <i>from passage</i> | New section |
| Sec. 9 | <i>July 1, 2011</i> | 38a-564(4)(B) |

Statement of Purpose:

To allow nonstate public employers, municipal-related employers, small employers and nonprofit employers to join the state employee health plan.

[Proposed deletions are enclosed in brackets. Proposed additions are indicated by underline, except that when the entire text of a bill or resolution or a section of a bill or resolution is new, it is not underlined.]