



General Assembly

**Substitute Bill No. 6308**

January Session, 2011

\* \_\_\_\_\_HB06308APP\_\_051111\_\_\_\_\_\*

**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  
49 January 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 does not receive such

176 certification, the Comptroller shall accept such application for the next  
177 open enrollment. The Comptroller shall provide written notification to  
178 such employer of such acceptance and the date on which such  
179 coverage shall begin.

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

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

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

199 (e) Notwithstanding any provision of the general statutes, the state  
200 employee plan shall not be deemed (1) an unauthorized insurer, or (2)  
201 a multiple employer welfare arrangement.

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

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

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

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

239 (4) If an employer included less than all of its retirees in its  
240 application for coverage because of (A) the decision by individual



241 retirees to decline health benefits or health insurance coverage from  
242 their employer for themselves or their dependents, or (B) the retiree's  
243 enrollment in Medicare, the Comptroller shall not forward such  
244 employer's application to a health care actuary.

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

248 Sec. 5. (NEW) (*Effective July 1, 2011*) (a) There is established an  
249 account to be known as the "state plan premium account", which shall  
250 be a separate, nonlapsing account within the grants and restricted  
251 accounts fund. All premiums paid by nonstate public employers,  
252 municipal-related employers, small employers and nonprofit  
253 employers and their respective employees and retirees for coverage  
254 under the state employee plan pursuant to sections 2 to 4, inclusive, of  
255 this act shall be deposited into said account. The account shall be  
256 administered by the Comptroller for payment of claims.

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

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

269 (d) Each employer shall pay monthly the amount determined by the  
270 Comptroller, pursuant to this section, for coverage of its employees or  
271 its employees and retirees, as appropriate, under the state employee  
272 plan. An employer may require each covered employee to contribute a

273 portion of the cost of such employee's coverage under the plan, subject  
274 to any collective bargaining obligation applicable to such employer.

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

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

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

299 (B) If no grant, allocation or appropriation is payable to such  
300 nonstate public employer or is not withheld, pursuant to  
301 subparagraph (A) of this subdivision, the Comptroller may terminate  
302 participation in the state employee plan by a nonstate public employer  
303 on the basis of nonpayment of premium, provided at least ten days'  
304 advance notice is given to such employer, which may continue the

305 coverage and avoid the effect of the termination by remitting payment  
306 in full at any time prior to the effective date of termination.

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

311 Sec. 6. (NEW) (*Effective July 1, 2011*) (a) There is established a  
312 Nonstate Public Health Care Advisory Committee. The committee  
313 shall make advisory recommendations to the Health Care Cost  
314 Containment Committee concerning health care coverage for nonstate  
315 public employees. The advisory committee shall consist of nonstate  
316 public employers and employees participating in the state plan and  
317 shall include the following members appointed by the Comptroller: (1)  
318 Three municipal employer representatives, one of whom represents  
319 towns with populations of one hundred thousand or more, one of  
320 whom represents towns with populations of at least twenty thousand  
321 but under one hundred thousand, and one of whom represents towns  
322 with populations under twenty thousand; (2) three municipal  
323 employee representatives, one of whom represents employees in  
324 towns with populations of one hundred thousand or more, one of  
325 whom represents employees in towns with populations of at least  
326 twenty thousand but under one hundred thousand, and one of whom  
327 represents employees in towns with populations under twenty  
328 thousand; (3) three board of education employers, one of whom  
329 represents towns with populations of one hundred thousand or more,  
330 one of whom represents towns with populations of at least twenty  
331 thousand but under one hundred thousand, and one of whom  
332 represents towns with populations under twenty thousand; and (4)  
333 three board of education employee representatives, one of whom  
334 represents towns with populations of one hundred thousand or more,  
335 one of whom represents towns with populations of at least twenty  
336 thousand but under one hundred thousand, and one of whom  
337 represents towns with populations under twenty thousand.

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

350 Sec. 7. (NEW) (*Effective July 1, 2011*) The Comptroller may adopt  
351 regulations, in accordance with chapter 54 of the general statutes, to  
352 implement and administer the state employee plan and the provisions  
353 of sections 1 to 6, inclusive, of this act. The Comptroller may  
354 implement policies and procedures necessary to administer the  
355 provisions of sections 1 to 6, inclusive, of this act while in the process  
356 of adopting such policies and procedures as regulation, provided the  
357 Comptroller prints notice of intent to adopt regulations in the  
358 Connecticut Law Journal not later than twenty days after the date of  
359 implementation. Policies and procedures implemented pursuant to  
360 this section shall be valid until the time final regulations are adopted.

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

367 Sec. 9. Subparagraph (B) of subdivision (4) of section 38a-564 of the  
368 general statutes is repealed and the following is substituted in lieu  
369 thereof (*Effective July 1, 2011*):

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

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

**INS**      *Joint Favorable Subst. C/R*      LAB  
**LAB**      *Joint Favorable C/R*      PD  
**PD**      *Joint Favorable Subst.-LCO*  
**APP**      *Joint Favorable*