



General Assembly

**Substitute Bill No. 15**

February Session, 2014



**AN ACT CONCERNING THE CONNECTICUT HEALTH INSURANCE EXCHANGE BOARD OF DIRECTORS.**

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

1 Section 1. Subsections (a) to (c), inclusive, of section 38a-1081 of the  
2 2014 supplement to the general statutes are repealed and the following  
3 is substituted in lieu thereof (*Effective from passage*):

4 (a) There is hereby created as a body politic and corporate,  
5 constituting a public instrumentality and political subdivision of the  
6 state created for the performance of an essential public and  
7 governmental function, to be known as the Connecticut Health  
8 Insurance Exchange. The Connecticut Health Insurance Exchange shall  
9 not be construed to be a department, institution or agency of the state.  
10 The exchange shall serve both qualified individuals and qualified  
11 employers.

12 (b) (1) (A) The powers of the exchange shall be vested in and  
13 exercised by a board of directors, which, until June 19, 2013, shall  
14 consist of twelve voting members. The appointment of the initial board  
15 members shall be as follows:

16 (i) The Governor shall appoint two board members, one of whom  
17 shall have expertise in the area of individual health insurance coverage  
18 and shall serve for a term of three years and one of whom shall have

19 expertise in issues relating to small employer health insurance  
20 coverage and shall serve for a term of two years;

21 (ii) The president pro tempore of the Senate shall appoint one board  
22 member who shall have expertise in the area of health care finance and  
23 shall serve for a term of four years;

24 (iii) The speaker of the House of Representatives shall appoint one  
25 board member who shall have expertise in the area of health care  
26 benefits plan administration and shall serve for a term of four years;

27 (iv) The majority leader of the Senate shall appoint one board  
28 member who shall have expertise in the health care delivery systems  
29 and shall serve for a term of two years;

30 (v) The majority leader of the House of Representatives shall  
31 appoint one board member who shall have expertise in the area of  
32 health care economics and shall serve for a term of two years;

33 (vi) The minority leader of the Senate shall appoint one board  
34 member who shall have expertise in health care access issues faced by  
35 self-employed individuals and shall serve for a term of three years;

36 (vii) The minority leader of the House of Representatives shall  
37 appoint one board member who shall have expertise concerning  
38 barriers to individual health care coverage and shall serve for a term of  
39 two years;

40 (viii) The Commissioner of Social Services, the Special Advisor to  
41 the Governor on Healthcare Reform, the Secretary of the Office of  
42 Policy and Management and the Healthcare Advocate, or their  
43 designees, who shall serve as ex-officio, voting board members; and

44 (ix) The Insurance Commissioner and the Commissioner of Public  
45 Health, or their designees, who shall serve as ex-officio, nonvoting  
46 board members.

47 (B) On and after June 19, 2013, and prior to October 1, 2014, the  
48 board of directors shall consist of eleven voting members and three  
49 nonvoting members as follows: (i) The board members appointed  
50 pursuant to subparagraphs (A)(i) to (A)(vii), inclusive, of this  
51 subdivision; (ii) the Commissioner of Social Services, the Secretary of  
52 the Office of Policy and Management and the Healthcare Advocate, or  
53 their designees, who shall serve as ex-officio, voting board members;  
54 and (iii) the Insurance Commissioner and the Commissioners of Public  
55 Health and Mental Health and Addiction Services, or their designees,  
56 who shall serve as ex-officio, nonvoting board members. The  
57 provisions of this subparagraph shall not affect the terms of the board  
58 members set forth in subparagraphs (A)(i) to (A)(vii), inclusive, of this  
59 subdivision.

60 (C) On and after October 1, 2014, the board of directors shall consist  
61 of twelve voting members and three nonvoting members as follows: (i)  
62 The board members set forth in subparagraph (B) of this subdivision;  
63 and (ii) an active insurance producer, who shall be a voting member  
64 appointed by the Governor and shall serve a term of two years. The  
65 provisions of this subparagraph shall not affect the terms of the board  
66 members set forth in subparagraphs (A)(i) to (A)(vii), inclusive, of this  
67 subdivision.

68 (2) (A) [No] Except for the board member specified in subparagraph  
69 (C)(ii) of subdivision (1) of this subsection, no board member shall be  
70 employed by, a consultant to, a member of the board of directors of,  
71 affiliated with or otherwise a representative of (i) an insurer, (ii) an  
72 insurance producer or broker, (iii) a health care provider, or (iv) a  
73 health care facility or health or medical clinic while serving on the  
74 board of the exchange. For purposes of this subdivision, "health care  
75 provider" means any person that is licensed in this state, or operates or  
76 owns a facility or institution in this state, to provide health care or  
77 health care professional services in this state, or an officer, employee or  
78 agent thereof acting in the course and scope of such officer's,  
79 employee's or agent's employment.

80 (B) [No] Except for the board member specified in subparagraph  
81 (C)(ii) of subdivision (1) of this subsection, no board member shall be a  
82 member of, a member of the board of, a consultant to or an employee  
83 of a trade association of (i) insurers, (ii) insurance producers or  
84 brokers, (iii) health care providers, or (iv) health care facilities or health  
85 or medical clinics while serving on the board of the exchange.

86 (C) No board member shall be a health care provider unless such  
87 member receives no compensation for rendering services as a health  
88 care provider and does not have an ownership interest in a  
89 professional health care practice.

90 (c) (1) All initial appointments shall be made not later than July 1,  
91 2011, except the initial appointment of the board member specified in  
92 subparagraph (C)(ii) of subdivision (1) of subsection (b) of this section  
93 shall be made not later than October 1, 2014. Following the expiration  
94 of such initial terms, subsequent board member terms shall be for four  
95 years. Any vacancy shall be filled by the appointing authority for the  
96 balance of the unexpired term. If an appointing authority fails to make  
97 an initial appointment, or an appointment to fill a vacancy within  
98 ninety days of the date of such vacancy, the appointed board members  
99 may make such appointment by a majority vote. Any board member  
100 previously appointed to the board or appointed to fill a vacancy may  
101 be reappointed in accordance with this section. Any board member  
102 may be removed for misfeasance, malfeasance or wilful neglect of duty  
103 at the sole direction of the appointing authority.

104 (2) As a condition of qualifying as a member of the board of  
105 directors, each appointee shall, before entering upon such member's  
106 duties, take and subscribe the oath or affirmation required under  
107 section 1 of article eleventh of the Constitution of the state. A record of  
108 each such oath shall be filed in the office of the Secretary of the State.

109 (3) Appointed board members may not designate a representative to  
110 perform in their absence their respective duties under sections 38a-  
111 1080 to 38a-1091, inclusive. The Governor shall select a chairperson

112 from among the board members and the board members shall  
113 annually elect a vice-chairperson. Meetings of the board of directors  
114 shall be held at such times as shall be specified in the bylaws adopted  
115 by the board and at such other time or times as the chairperson deems  
116 necessary. Any board member who fails to attend more than fifty per  
117 cent of all meetings held during any calendar year shall be deemed to  
118 have resigned from the board.

119 (4) ~~[Six]~~ Prior to October 1, 2014, six board members shall constitute  
120 a quorum for the transaction of any business or the exercise of any  
121 power of the exchange. On and after October 1, 2014, seven board  
122 members shall constitute a quorum for the transaction of any business  
123 or the exercise of any power of the exchange. For the transaction of any  
124 business or the exercise of any power of the exchange, the exchange  
125 may act by a majority of the board members present at any meeting at  
126 which a quorum is in attendance. No vacancy in the membership of  
127 the board of directors shall impair the right of such board members to  
128 exercise all the rights and perform all the duties of the board. Except as  
129 otherwise provided, any action taken by the board under the  
130 provisions of sections 38a-1080 to 38a-1091, inclusive, may be  
131 authorized by resolution approved by a majority of the board  
132 members present at any regular or special meeting, which resolution  
133 shall take effect immediately unless otherwise provided in the  
134 resolution.

135 (5) Board members shall receive no compensation for their services  
136 but shall receive actual and necessary expenses incurred in the  
137 performance of their official duties.

138 (6) Subject to the provisions of subdivision (2) of subsection (b) of  
139 this section, board members may engage in private employment or in a  
140 profession or business, subject to any applicable laws, rules and  
141 regulations of the state or federal government regarding official ethics  
142 or conflicts of interest.

143 (7) Notwithstanding any provision of the general statutes, it shall

144 not constitute a conflict of interest for a trustee, director, partner or  
145 officer of any person, firm or corporation, or any individual having a  
146 financial interest in a person, firm or corporation, to serve as a board  
147 member of the exchange, provided such trustee, director, partner,  
148 officer or individual shall abstain from deliberation, action or vote by  
149 the exchange in specific request to such person, firm or corporation.

150 (8) Each board member shall execute a surety bond in the penal sum  
151 of fifty thousand dollars, or, in lieu thereof, the chairperson of the  
152 board shall execute a blanket position bond covering each board  
153 member, the chief executive officer and the employees of the exchange,  
154 each surety bond to be conditioned upon the faithful performance of  
155 the duties of the office or offices covered, to be executed by a surety  
156 company authorized to transact business in this state as surety and to  
157 be approved by the Attorney General and filed in the office of the  
158 Secretary of the State. The cost of each such bond shall be paid by the  
159 exchange.

160 (9) No board member of the exchange shall, for one year after the  
161 end of such member's service on the board, accept employment with  
162 any health carrier that offers a qualified health benefit plan through  
163 the exchange.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>from passage</i>	38a-1081(a) to (c)

**Statement of Legislative Commissioners:**

In section 1, (b)(1)(A) and (b)(1)(B) were redrafted and (b)(1)(C) was added, for accuracy and clarity.

**INS**      *Joint Favorable Subst. -LCO*