



General Assembly

Substitute Bill No. 6712

January Session, 2023



AN ACT CONCERNING THE REMOVAL OF ASSESSMENTS ON THE CONNECTICUT HEALTH INSURANCE EXCHANGE.

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

1 Section 1. Section 38a-1083 of the general statutes is repealed and
2 the following is substituted in lieu thereof (*Effective October 1, 2023*):

3 (a) For purposes of sections 38a-1080 to 38a-1093, inclusive, as
4 amended by this act, "purposes of the exchange" means the purposes
5 of and the pursuit of the goals of the exchange expressed in and
6 pursuant to this section and the performance of the duties and
7 responsibilities of the exchange set forth in sections 38a-1084 to 38a-
8 1087, inclusive, which are hereby determined to be public purposes for
9 which public funds may be expended. The powers enumerated in this
10 section shall be interpreted broadly to effectuate the purposes of the
11 exchange and shall not be construed as a limitation of powers.

12 (b) The goals of the exchange shall be to reduce the number of
13 individuals without health insurance in this state and assist
14 individuals and small employers in the procurement of health
15 insurance by, among other services, offering easily comparable and
16 understandable information about health insurance options.

17 (c) The exchange is authorized and empowered to:

18 (1) Have perpetual succession as a body politic and corporate and to
19 adopt bylaws for the regulation of its affairs and the conduct of its
20 business;

21 (2) Adopt an official seal and alter the same at pleasure;

22 (3) Maintain an office in the state at such place or places as it may
23 designate;

24 (4) Employ such assistants, agents, managers and other employees
25 as may be necessary or desirable;

26 (5) Acquire, lease, purchase, own, manage, hold and dispose of real
27 and personal property, and lease, convey or deal in or enter into
28 agreements with respect to such property on any terms necessary or
29 incidental to the carrying out of these purposes, provided all such
30 acquisitions of real property for the exchange's own use with amounts
31 appropriated by this state to the exchange or with the proceeds of
32 bonds supported by the full faith and credit of this state shall be
33 subject to the approval of the Secretary of the Office of Policy and
34 Management and the provisions of section 4b-23;

35 (6) Receive and accept, from any source, aid or contributions,
36 including money, property, labor and other things of value;

37 [(7) Charge assessments or user fees to health carriers that are
38 capable of offering a qualified health plan through the exchange or
39 otherwise generate funding necessary to support the operations of the
40 exchange and the all-payer claims database program established under
41 section 19a-755a and impose interest and penalties on such health
42 carriers for delinquent payments of such assessments or fees;]

43 [(8)] (7) Procure insurance against loss in connection with its
44 property and other assets in such amounts and from such insurers as it
45 deems desirable;

46 [(9)] (8) Invest any funds not needed for immediate use or

47 disbursement in obligations issued or guaranteed by the United States
48 of America or the state and in obligations that are legal investments for
49 savings banks in the state;

50 [(10)] (9) Issue bonds, bond anticipation notes and other obligations
51 of the exchange for any of its corporate purposes, and to fund or
52 refund the same and provide for the rights of the holders thereof, and
53 to secure the same by pledge of revenues, notes and mortgages of
54 others;

55 [(11)] (10) Borrow money for the purpose of obtaining working
56 capital;

57 [(12)] (11) Account for and audit funds of the exchange and any
58 recipients of funds from the exchange;

59 [(13)] (12) Make and enter into any contract or agreement necessary
60 or incidental to the performance of its duties and execution of its
61 powers, including, but not limited to, an agreement with the Office of
62 Health Strategy to use funds collected under this section for the
63 operation of the all-payer claims database established under section
64 19a-755a and to receive data from such database. The contracts entered
65 into by the exchange shall not be subject to the approval of any other
66 state department, office or agency, provided copies of all contracts of
67 the exchange shall be maintained by the exchange as public records,
68 subject to the proprietary rights of any party to the contract, except any
69 agreement with the Office of Health Strategy shall be subject to
70 approval by said office and the Office of Policy and Management and
71 no portion of such agreement shall be considered proprietary;

72 [(14)] (13) To the extent permitted under its contract with other
73 persons, consent to any termination, modification, forgiveness or other
74 change of any term of any contractual right, payment, royalty, contract
75 or agreement of any kind to which the exchange is a party;

76 [(15)] (14) Award grants to trained and certified individuals and
77 institutions that will assist individuals, families and small employers

78 and their employees in enrolling in appropriate coverage through the
79 exchange. Applications for grants from the exchange shall be made on
80 a form prescribed by the board;

81 [(16)] (15) Limit the number of plans offered, and use selective
82 criteria in determining which plans to offer, through the exchange,
83 provided individuals and employers have an adequate number and
84 selection of choices;

85 [(17)] (16) Evaluate jointly with the Health Care Cabinet established
86 pursuant to section 19a-725 the feasibility of implementing a basic
87 health program option as set forth in Section 1331 of the Affordable
88 Care Act;

89 [(18)] (17) Establish one or more subsidiaries, in accordance with
90 section 38a-1093, as amended by this act, to further the purposes of the
91 exchange;

92 [(19)] (18) Make loans to each subsidiary established pursuant to
93 section 38a-1093, as amended by this act, from the assets of the
94 exchange and the proceeds of bonds, bond anticipation notes and other
95 obligations issued by the exchange or assign or transfer to such
96 subsidiary any of the rights, moneys or other assets of the exchange,
97 provided such assignment or transfer is not in violation of state or
98 federal law;

99 [(20)] (19) Sue and be sued, plead and be impleaded;

100 [(21)] (20) Adopt regular procedures that are not in conflict with
101 other provisions of the general statutes, for exercising the power of the
102 exchange; and

103 [(22)] (21) Do all acts and things necessary and convenient to carry
104 out the purposes of the exchange, provided such acts or things shall
105 not conflict with the provisions of the Affordable Care Act, regulations
106 adopted thereunder or federal guidance issued pursuant to the
107 Affordable Care Act.

108 [(d) (1) The chief executive officer of the exchange shall provide to
109 the commissioner the name of any health carrier that fails to pay any
110 assessment or user fee under subdivision (7) of subsection (c) of this
111 section to the exchange. The commissioner shall see that all laws
112 respecting the authority of the exchange pursuant to said subdivision
113 (7) are faithfully executed. The commissioner has all the powers
114 specifically granted under this title and all further powers that are
115 reasonable and necessary to enable the commissioner to enforce the
116 provisions of said subdivision (7).

117 (2) Any health carrier aggrieved by an administrative action taken
118 by the commissioner under subdivision (1) of this subsection may
119 appeal therefrom in accordance with the provisions of section 4-183,
120 except venue for such appeal shall be in the judicial district of New
121 Britain.]

122 Sec. 2. Subsection (b) of section 38a-1093 of the general statutes is
123 repealed and the following is substituted in lieu thereof (*Effective*
124 *October 1, 2023*):

125 (b) Each subsidiary shall have and may exercise the powers of the
126 exchange and such additional powers as are set forth in such
127 resolution, except the powers of the exchange set forth in subdivisions
128 [(7), (12), (15), (16), (17) and (21)] (11), (14), (15), (16) and (20) of
129 subsection (c) of section 38a-1083, as amended by this act, shall be
130 reserved to the exchange and shall not be exercisable by any subsidiary
131 of the exchange.

132 Sec. 3. (NEW) (*Effective October 1, 2023*) The Insurance Department
133 shall conduct a study concerning the reduction of premiums for
134 qualified health plans offered through the Connecticut Health
135 Insurance Exchange. Not later than February 1, 2024, the department
136 shall submit a report, in accordance with the provisions of section 11-
137 4a of the general statutes, to the joint standing committee of the
138 General Assembly having cognizance of matters relating to insurance.
139 Such report shall include, but need not be limited to, an assessment of

140 the rate filings for health carriers that offer qualified health plans
141 through the exchange for the calendar year 2023.

142 Sec. 4. Subsection (a) of section 12-202 of the general statutes is
143 repealed and the following is substituted in lieu thereof (*Effective*
144 *October 1, 2023*):

145 (a) Each domestic insurance company shall, annually, pay a tax on
146 the total net direct premiums received by such company during the
147 calendar year next preceding from policies written on property or risks
148 located or resident in this state. The rate of tax on all net direct
149 insurance premiums received (1) [on or after January 1, 1995, and prior
150 to January 1, 2018, shall be one and three-quarters per cent, and (2)] on
151 [and] or after January 1, 2018, and prior to January 1, 2024, shall be one
152 and one-half per cent, and (2) on and after January 1, 2024, shall be one
153 per cent. The franchise tax imposed under this section on premium
154 income for the privilege of doing business in the state is in addition to
155 the tax imposed under chapter 208. In the case of any local domestic
156 insurance company the admitted assets of which as of the end of an
157 income year do not exceed ninety-five million dollars, eighty per cent
158 of the tax paid by such company under chapter 208 during such
159 income year reduced by any refunds of taxes paid by such company
160 and granted under said chapter within such income year and eighty
161 per cent of the assessment paid by such company under section 38a-48
162 during such income year shall be allowed as a credit in the
163 determination of the tax under this chapter payable with respect to
164 total net direct premiums received during such income year, provided
165 that these two credits shall not reduce the tax under this chapter to less
166 than zero, and provided further in the case of a local domestic
167 insurance company that is a member of an insurance holding company
168 system, as defined in section 38a-129, these credits shall apply if the
169 total admitted assets of the local domestic insurance company and its
170 affiliates, as defined in said section, do not exceed two hundred fifty
171 million dollars or, in the alternative, in the case of a local domestic
172 insurance company that is a member of an insurance holding company

173 system, these credits shall apply only if total direct written premiums
174 are derived from policies issued or delivered in Connecticut, on risk
175 located in Connecticut and, as of the end of the income year the
176 company and its affiliates have admitted assets minus unpaid losses
177 and loss adjustment expenses that are also discounted for federal and
178 state tax purposes and that for such local domestic insurance company
179 and its affiliates, as defined in section 38a-129, do not exceed two
180 hundred fifty million dollars.

181 Sec. 5. Subsection (a) of section 12-202a of the general statutes is
182 repealed and the following is substituted in lieu thereof (*Effective*
183 *October 1, 2023*):

184 (a) Each health care center, as defined in section 38a-175, that is
185 governed by sections 38a-175 to 38a-194, inclusive, shall pay a tax to
186 the Commissioner of Revenue Services for the calendar year
187 commencing January 1, 1995, and annually thereafter on the total net
188 direct subscriber charges received by such health care center during
189 each such calendar year on any new or renewal contract or policy
190 approved by the Insurance Commissioner under section 38a-183. The
191 rate of tax on the total net direct subscriber charges received (1) [prior
192 to January 1, 2018, shall be one and three-quarters per cent, and (2)] on
193 or after January 1, 2018, and prior to January 1, 2024, shall be one and
194 one-half per cent, and (2) on and after January 1, 2024, shall be one per
195 cent. Such payment shall be in addition to any other payment required
196 under section 38a-48.

197 Sec. 6. Subsection (b) of section 12-210 of the general statutes is
198 repealed and the following is substituted in lieu thereof (*Effective*
199 *October 1, 2023*):

200 (b) Each insurance company incorporated by or organized under
201 the laws of any other state or foreign government and doing business
202 in this state shall, annually, on and after January 1, 1995, pay to said
203 commissioner, in addition to any other taxes imposed on such
204 company or its agents, a tax on all net direct premiums received by

205 such company in the calendar year next preceding from policies
206 written on property or risks located or resident in this state, excluding
207 premiums for ocean marine insurance, and, upon ceasing to transact
208 new business in this state, shall continue to pay a tax upon the renewal
209 premiums derived from its business remaining in force in this state at
210 the rate that was applicable when such company ceased to transact
211 new business in this state. The rate of tax on all net direct premiums
212 received (1) [prior to January 1, 2018, shall be one and three-quarters
213 per cent, and (2)] on or after January 1, 2018, and prior to January 1,
214 2024, shall be one and one-half per cent, and (2) on and after January 1,
215 2024, shall be one per cent.

216 Sec. 7. (*Effective July 1, 2023*) The sum of thirty million dollars is
217 appropriated to the Insurance Department from the General Fund, for
218 the fiscal year ending June 30, 2024, to fund the Connecticut Health
219 Insurance Exchange, established pursuant to section 38a-1081 of the
220 general statutes.

221 Sec. 8. (*Effective July 1, 2023*) The sum of thirty million dollars is
222 appropriated to the Insurance Department from the General Fund, for
223 the fiscal year ending June 30, 2025, to fund the Connecticut Health
224 Insurance Exchange, established pursuant to section 38a-1081 of the
225 general statutes.

226 Sec. 9. (*Effective July 1, 2023*) The sum of four hundred sixty-one
227 thousand dollars is appropriated to the Insurance Department from
228 the General Fund, for the fiscal year ending June 30, 2024, to fund the
229 all-payer claims database, established pursuant to section 19a-755a of
230 the general statutes, to support the operations of the exchange.

231 Sec. 10. (*Effective July 1, 2023*) The sum of four hundred sixty-one
232 thousand dollars is appropriated to the Insurance Department from
233 the General Fund, for the fiscal year ending June 30, 2025, to fund the
234 all-payer claims database, established pursuant to section 19a-755a of
235 the general statutes, to support the operations of the exchange.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>October 1, 2023</i>	38a-1083
Sec. 2	<i>October 1, 2023</i>	38a-1093(b)
Sec. 3	<i>October 1, 2023</i>	New section
Sec. 4	<i>October 1, 2023</i>	12-202(a)
Sec. 5	<i>October 1, 2023</i>	12-202a(a)
Sec. 6	<i>October 1, 2023</i>	12-210(b)
Sec. 7	<i>July 1, 2023</i>	New section
Sec. 8	<i>July 1, 2023</i>	New section
Sec. 9	<i>July 1, 2023</i>	New section
Sec. 10	<i>July 1, 2023</i>	New section

INS

Joint Favorable Subst. C/R

APP