



# Senate

General Assembly

**File No. 541**

February Session, 2000

Substitute Senate Bill No. 120

*Senate, April 12, 2000*

The Committee on Appropriations reported through SEN. CRISCO of the 17<sup>th</sup> Dist., Chairperson of the Committee on the part of the Senate, that the substitute bill ought to pass.

## ***An Act Concerning Health Insurance Plans Maintained By The Teachers' Retirement Board.***

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

1 Section 1. Section 10-183t of the general statutes is repealed and the  
2 following is substituted in lieu thereof:

3 (a) The board shall offer one or more health benefit plans to any  
4 member receiving retirement benefits or a disability allowance from  
5 the system, [and] to the spouse or surviving spouse of such member,  
6 and to a disabled dependent of such member if there is no spouse or  
7 surviving spouse, provided such member, spouse or surviving spouse,  
8 or disabled dependent is eligible for Medicare Part A hospital  
9 insurance. The board may offer one or more basic plans, [at no cost,]  
10 the cost of which to any such member, [and] to the spouse or surviving  
11 spouse of such member and to a disabled dependent of such member if  
12 there is no spouse or surviving spouse, shall be twenty-five per cent of  
13 the basic plan's premium equivalent, and one or more optional plans,

14 provided such member, spouse, [or] surviving spouse or disabled  
15 dependent shall pay twenty-five per cent of the basic plan's premium  
16 equivalent plus the difference in cost between any such basic plans and  
17 any such optional plans. The board shall designate those plans which  
18 are basic and those plans which are optional for the purpose of  
19 determining such cost and the amount to be charged or withheld from  
20 benefit payments for such [optional plan coverage] plans. The  
21 surviving spouse of a member, or a disabled dependent of a member if  
22 there is no surviving spouse, shall not be ineligible for participation in  
23 any such plan solely because such surviving spouse or such disabled  
24 dependent is not receiving benefits from the system. [On and after July  
25 1, 1998, the board shall pay the full cost of health insurance for any  
26 member, spouse or surviving spouse participating in a basic health  
27 insurance plan offered pursuant to this subsection.] With respect to  
28 any person participating in any such plan, the state shall appropriate  
29 to the board twenty-five per cent of the cost of such basic plan or plans,  
30 or twenty-five per cent of the cost of the rate in effect during the fiscal  
31 year ending June 30, 1998, whichever is greater.

32 (b) Any member who is receiving retirement benefits or a disability  
33 allowance from the system, [or] the spouse or surviving spouse of such  
34 member, or a disabled dependent of such member if there is no spouse  
35 or surviving spouse, and who is not participating in Medicare Part A  
36 hospital insurance, may fully participate in any or all group health  
37 insurance plans maintained for active teachers by such member's last  
38 employing board of education, or by the state in the case of a member  
39 who was employed by the state, upon payment to such board of  
40 education or to the state, as applicable, by such member, spouse or  
41 surviving spouse, or disabled dependent, of the premium charged for  
42 his form of coverage. Such premium shall be no greater than that  
43 charged for the same form of coverage for active teachers. The  
44 surviving spouse or disabled dependent shall not be ineligible for  
45 participation in any such plan solely because such surviving spouse or  
46 disabled dependent is not receiving benefits from the system. No

47 person shall be ineligible for participation in such plans for failure to  
48 enroll in such plans at the time the member's retirement benefit or  
49 disability allowance became effective. Nothing in this subsection shall  
50 be construed to impair or alter the provisions of any collective  
51 bargaining agreement relating to the payment by a board of education  
52 of group health insurance premiums on behalf of any member  
53 receiving benefits from the system. Prior to the cancellation of  
54 coverage for any member, spouse or surviving spouse for failure to  
55 pay the required premiums or cost due, the board of education or the  
56 state, if applicable, shall notify the Teachers' Retirement Board of its  
57 intention to cancel such coverage at least thirty days prior to the date  
58 of cancellation. [absent] Absent any contractual provisions to the  
59 contrary, the payments made pursuant to subsection (c) of this section  
60 shall be first applied to any cost borne by the member, spouse or  
61 surviving spouse participating in any such plan. As used in this  
62 subsection, "last employing board of education" means the board of  
63 education with which such member filed his initial application for  
64 retirement, and "health insurance plans" means hospital, medical,  
65 major medical, dental, prescription drug or auditory benefit plans that  
66 are available to active teachers.

67 (c) On and after July 1, [1998] 2000, the board shall pay [an amount  
68 equal to the cost of a basic health insurance plan] a subsidy equal to  
69 the subsidy paid in the fiscal year ending June 30, 2000, to the board of  
70 education or to the state, if applicable, on behalf of any member who is  
71 receiving retirement benefits or a disability allowance from the system,  
72 or the spouse [or] surviving spouse of such member, or a disabled  
73 dependent of such member if there is no spouse or surviving spouse,  
74 who is participating in a health insurance plan maintained by a board  
75 of education or by the state, if applicable. Such payment shall not [be  
76 less than the rate which was in effect during the fiscal year ending June  
77 30, 1998, and shall not] exceed the actual cost of such insurance. With  
78 respect to any person participating in any such plan pursuant to  
79 subsection (b) of this section, the state shall appropriate to the board

80 twenty-five per cent of the cost of [such basic plan or plans, or twenty-  
81 five per cent of the cost of the rate in effect during the fiscal year  
82 ending June 30, 1998, whichever is greater] the subsidy. No payment to  
83 a board of education pursuant to this subsection may be used to  
84 reduce the amount of any premium payment on behalf of any such  
85 member, spouse or surviving spouse, or disabled dependent, made by  
86 such board pursuant to any agreement in effect on July 1, 1990.

87 (d) The Treasurer shall establish a separate retired teachers' health  
88 insurance premium account within the Teachers' Retirement Fund.  
89 Commencing July 1, 1989, and annually thereafter all one per cent  
90 contributions withheld under this chapter in excess of five hundred  
91 thousand dollars shall, upon deposit in the Teachers' Retirement Fund,  
92 be credited to such account. Interest derived from the investment of  
93 funds in the account shall be credited to the account. Funds in the  
94 account shall be used for payments to boards of education pursuant to  
95 subsection (c) of this section and for payment of premiums on behalf of  
96 members or surviving spouses of members participating in one or  
97 more health insurance plans pursuant to subsection (a) of this section  
98 in an amount equal to the difference between the amount paid  
99 pursuant to said subsection (a) and the amount paid pursuant to  
100 subsection (c) of this section. If, during any fiscal year, there are  
101 insufficient funds in the account for the purposes of all such payments,  
102 the General Assembly shall appropriate sufficient funds to the account  
103 for such purpose.

104 Sec. 2. This act shall take effect July 1, 2000.

**APP Committee Vote:** Yea 50 Nay 0 JFS

The following fiscal impact statement and bill analysis are prepared for the benefit of members of the General Assembly, solely for the purpose of information, summarization, and explanation, and do not represent the intent of the General Assembly or either House thereof for any purpose:

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**OFA Fiscal Note**

**State Impact:** Implements a Provision in the Budget

**Affected Agencies:** Teachers' Retirement Board

**Municipal Impact:** None

**Explanation**

**State Impact:**

The bill implements provisions in sHBH 5217 and sHBS 5217, the Appropriations Acts, as passed by the Appropriations Committee. The bill establishes a 25% premium co-share for Medicare eligible members receiving health benefits under the Teachers' Retirement Board (the Board) plan. It also eliminates the link between the cost of the Board plan premium and the subsidy sent to the local board of education.

Based upon the cost controlling measures in the bill, the House and Senate budget versions contain \$1,366,885 in the Retirees Health Service Cost account and \$231,000 in the Municipal Retiree Health Insurance account for the net increased requirements in these accounts. The changes also result in a positive balance in the Retired Teachers' Health Insurance Fund.

In addition to the changes under the bill, the Board has adopted changes in pharmacy coverage in order to manage the premium costs

of its plan. However, without the cost controlling measures in the bill, which are supported by the Board, the Board accounts would require an additional \$3.3 million appropriation and the Retired Teachers' Health Insurance Fund would be facing a deficit of \$5.9 million in FY 01. The state is responsible for any deficit in the Fund.

**OFA Bill Analysis**

sSB 120

**AN ACT CONCERNING HEALTH INSURANCE PLANS  
MAINTAINED BY THE TEACHERS' RETIREMENT BOARD.****SUMMARY:**

The bill establishes a 25% premium co-share for members receiving health benefits under the Teachers' Retirement Board (the Board) plan. The bill also eliminates the relationship between the subsidy for municipal plan coverage and the Board plan premium.

EFFECTIVE DATE: July 1, 2000

***Retired Teachers' Health Insurance******Board Plans***

By law, retired teachers and their spouses are eligible for health insurance coverage provided by the Board, if they are eligible for Medicare Part A hospital insurance. Historically, the Board offered only one plan for which retirees paid nothing. PA 98-155 allowed the Board to offer a basic plan at no cost and optional health insurance plans for which retirees must pay an additional premium. Currently, the Board offers a basic plan without prescription coverage at no cost to members. The majority of retirees have chosen to maintain their prescription coverage at a cost of \$80 per month. Under the bill, retirees are required to pay 25% of the basic plan's premium cost. As of July 1, 2000, the Board will offer one basic plan that includes prescription coverage. The 25% premium co-share cost for retirees is anticipated to be approximately \$37 per month.

***Local Board Plans***

Retired teachers and their spouses who are under 65 and not eligible for Medicare Part A may participate in the health insurance plan their last employing board of education maintains for its active teachers. The Board sends a subsidy to the local boards to offset the cost of the premiums for retirees participating in local board plans. Historically, the Board sent an amount equal to the cost of its' plan. PA98-155 required the Board to pay an amount equal to the cost of the basic health insurance plan that could not be lower than the FY 98 subsidy of \$110 per month. Under the bill, the Board will be responsible for paying a subsidy of \$110 per month regardless of the Board plan premium.

**COMMITTEE ACTION**

Appropriations Committee

Joint Favorable Substitute

Yea 50    Nay 0