



House of Representatives

General Assembly

File No. 287

January Session, 2001

House Bill No. 5632

House of Representatives, April 12, 2001

The Committee on Insurance and Real Estate reported through REP. JARJURA of the 74th Dist., Chairperson of the Committee on the part of the House, that the bill ought to pass.

***AN ACT TO OPEN THE STATE EMPLOYEE HEALTH PLAN TO
NONPROFIT ORGANIZATIONS AND REGIONAL EMERGENCY
MEDICAL SERVICES COUNCILS.***

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

1 Section 1. Section 5-259 of the general statutes is amended by adding
2 subsections (n) and (o) as follows:

3 (NEW) (n) The Comptroller may provide for coverage of employees
4 of nonprofit organizations under the plan or plans procured under
5 subsection (a) of this section, provided: (1) Participation by each such
6 nonprofit organization shall be on a voluntary basis; (2) where an
7 employee organization represents employees of such nonprofit
8 organization, participation in a plan or plans to be procured under
9 subsection (a) of this section shall be by mutual agreement of the
10 nonprofit organization and the employee organization only and
11 neither party may submit the issue of participation to binding
12 arbitration except by mutual agreement; (3) no group of employees

13 shall be refused entry into the plan by reason of past or future health
14 care costs or claim experience; (4) rates paid by the state for its
15 employees under subsection (a) of this section are not adversely
16 affected by this subsection; (5) administrative costs to the plan or plans
17 provided under this subsection shall be paid by the participating
18 nonprofit organization at no additional cost to the state; and (6)
19 participation in the plan or plans in an amount determined by the state
20 shall be for the duration of the period of the plan or plans, or for such
21 other period as mutually agreed upon by the nonprofit organization
22 and the Comptroller. Not later than February 1, 2002, and annually
23 thereafter, the Comptroller shall submit to the joint standing
24 committee of the General Assembly having cognizance of matters
25 relating to insurance a review of the coverage of employees of
26 nonprofit organizations under the state health plan.

27 (NEW) (o) The Comptroller may provide for coverage of employees
28 of regional emergency medical services councils established pursuant
29 to section 19a-183 under the plan or plans procured under subsection
30 (a) of this section, provided: (1) Participation by each such council shall
31 be on a voluntary basis; (2) where an employee organization represents
32 employees of such council, participation in a plan or plans to be
33 procured under subsection (a) of this section shall be by mutual
34 agreement of the council and the employee organization only and
35 neither party may submit the issue of participation to binding
36 arbitration except by mutual agreement; (3) no group of employees
37 shall be refused entry into the plan by reason of past or future health
38 care costs or claim experience; (4) rates paid by the state for its
39 employees under subsection (a) of this section are not adversely
40 affected by this subsection; (5) administrative costs to the plan or plans
41 provided under this subsection shall be paid by the participating
42 council at no additional cost to the state; and (6) participation in the
43 plan or plans in an amount determined by the state shall be for the
44 duration of the period of the plan or plans, or for such other period as
45 mutually agreed upon by the council and the Comptroller. Not later

46 than February 1, 2002, and annually thereafter, the Comptroller shall
47 submit to the joint standing committee of the General Assembly
48 having cognizance of matters relating to insurance a review of the
49 coverage of employees of regional emergency medical services
50 councils under the state health plan.

51 Sec. 2. Subdivision (4) of section 38a-564 of the general statutes is
52 repealed and the following is substituted in lieu thereof:

53 (4) "Small employer" means any person, firm, corporation, limited
54 liability company, partnership or association actively engaged in
55 business or self-employed for at least three consecutive months who,
56 on at least fifty per cent of its working days during the preceding
57 twelve months, employed no more than fifty eligible employees, the
58 majority of whom were employed within the state of Connecticut.
59 "Small employer" includes a self-employed individual. In determining
60 the number of eligible employees, companies which are affiliated
61 companies, as defined in section 33-840, or which are eligible to file a
62 combined tax return for purposes of taxation under chapter 208 shall
63 be considered one employer. Eligible employees shall not include
64 employees covered through the employer by health insurance plans or
65 insurance arrangements issued to or in accordance with a trust
66 established pursuant to collective bargaining subject to the federal
67 Labor Management Relations Act. Except as otherwise specifically
68 provided, provisions of sections 12-201, 12-211, 12-212a and 38a-564 to
69 38a-572, inclusive, which apply to a small employer shall continue to
70 apply until the plan anniversary following the date the employer no
71 longer meets the requirements of this definition. "Small employer"
72 does not include (A) a municipality procuring health insurance
73 pursuant to section 5-259, as amended by this act, (B) a nonprofit
74 organization procuring health insurance pursuant to section 5-259, as
75 amended by this act, (C) a regional emergency medical services council
76 procuring health insurance pursuant to section 5-259, as amended by
77 this act, or ~~[(B)]~~ (D) a private school in this state procuring health

78 insurance through a health insurance plan or an insurance
79 arrangement sponsored by an association of such private schools.

80 Sec. 3. This act shall take effect July 1, 2001.

INS *Joint Favorable*

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:

OFA Fiscal Note

State Impact: See Explanation Below

Affected Agencies: Various

Municipal Impact: See Explanation Below

Explanation**State Impact:**

The bill extends eligibility to nonprofit organizations and regional emergency medical service councils for health insurance procured by the State Comptroller. The administrative cost to the plan shall be paid by the participants and in no way shall the rates paid by the state for its employees be increased.

Although the bill does not define nonprofit organization, there are an estimated 11,000 nonprofits registered as 501(c)(3) of the Internal Revenue Code in Connecticut and of these, approximately 500 are nonprofits that provide day, residential or outpatient services and contract with various state agencies. In addition, there are 5 regional emergency medical services councils that employ a total of 10 staff that would be eligible for participation.

Currently, the state offers the Municipal Employees Health Insurance Program (MEHIP) in which 27 municipalities participate. MEHIP is sponsored by the Office of the State Comptroller (OSC) and

managed by a third party administrator (TPA). By design, any costs incurred by the program are passed on to the participants and therefore, the OSC does not bear any costs associated with this program.

From April of 2000 to March of 2001 the TPA incurred \$83,618 in administrative costs (1.5% of the premium) representing an estimated 1,868 lives in 27 municipalities.

Participating providers would incur both administrative and benefit costs. To the extent that this would be lower than the provider's current health related costs, a savings would result. If a provider currently does not offer this benefit and chooses to do so, then depending on the varying level of employer contribution an additional cost may result. To the extent that any impact (cost or savings) is realized by the private providers due to the participation in health plans procured by the Comptroller and is passed through to the state in future contract costs, the state may also realize this impact (cost or savings). The extent of this future impact cannot be determined at this time.

Municipal Impact:

As a result of the additional participants in the MEHIP program, municipalities may incur a savings due to a reduction in the health related costs. Such potential savings is indeterminate at this time.

OLR Bill Analysis

HB 5632

AN ACT TO OPEN THE STATE EMPLOYEE HEALTH PLAN TO NONPROFIT ORGANIZATIONS AND REGIONAL EMERGENCY MEDICAL SERVICES COUNCILS.**SUMMARY:**

This bill authorizes the comptroller, with the attorney general's and insurance commissioner's approval, to negotiate hospital, medical, and surgical health insurance for employees of nonprofit organizations and regional emergency medical service councils under the state employee health plan.

It excludes nonprofit organizations and regional emergency medical service councils that acquire such insurance by meeting the definition of "small employer" under the statutory Blue Ribbon Health Care Plan.

By February 1, 2002, and annually thereafter, the bill requires the comptroller to submit to the Insurance and Real Estate Committee a review of coverage under the state health plan for employees of nonprofit organizations and emergency medical service councils.

EFFECTIVE DATE: July 1, 2001

STATE HEALTH INSURANCE PLAN***Participation Requirements***

The bill requires nonprofit organizations and regional emergency medical service councils to satisfy the following participation requirements:

1. participation by each nonprofit organization and regional council must be voluntary;

2. if a union represents the employees, participation in the plan must be mutually agreed to between the union and the nonprofit organization or council and neither party may submit the question of participation to binding arbitration unless they mutually agreed to do so;
3. no group of employees may be denied participation in the plan because of past or future health care costs or claims experience;
4. the state's rates for its own employees may not be increased and administrative costs to the plan must be paid by participating nonprofit organizations and councils at no cost to the state; and
5. participation in the plan in an amount determined by the state must be for the duration of the plan or such other period as mutually agreed upon by the nonprofit organization or council and the comptroller.

BACKGROUND

Related Bill

The Labor and Public Employees Committee favorably reported HB 6608 which authorizes the comptroller to negotiate health insurance coverage under the state employee plan for 501(c)(3) nonprofit organizations.

COMMITTEE ACTION

Insurance and Real Estate Committee

Joint Favorable Report
Yea 18 Nay 0