



General Assembly

February Session, 2002

**Raised Bill No. 5642**

LCO No. 1986

Referred to Committee on Insurance and Real Estate

Introduced by:  
(INS)

**AN ACT CONCERNING COVERAGE FOR SMALL EMPLOYERS  
UNDER THE STATE EMPLOYEE HEALTH PLAN.**

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

1 Section 1. Subsection (i) of section 5-259 of the general statutes, as  
2 amended by section 1 of public act 01-30, is repealed and the following  
3 is substituted in lieu thereof (*Effective July 1, 2002*):

4 (i) The Comptroller may provide for coverage of municipal  
5 employees, [or] employees of nonprofit corporations or employees of  
6 small employers under the plan or plans procured under subsection (a)  
7 of this section, provided: (1) Participation by each municipal employer,  
8 [or] nonprofit corporation or small employer shall be on a voluntary  
9 basis; (2) where an employee organization represents employees in a  
10 municipality or nonprofit corporation, participation in a plan or plans  
11 to be procured under subsection (a) of this section shall be by mutual  
12 agreement of the municipal employer and the employee organization  
13 only and neither party may submit the issue of participation to binding  
14 arbitration except by mutual agreement; (3) no group of employees  
15 shall be refused entry into the plan by reason of past or future health  
16 care costs or claim experience; (4) rates paid by the state for its

17 employees under subsection (a) of this section are not adversely  
18 affected by this subsection; (5) administrative costs to the plan or plans  
19 provided under this subsection shall be paid by the participating  
20 municipality, [or] nonprofit corporation or small employer at no  
21 additional cost to the state; and (6) participation in the plan or plans in  
22 an amount determined by the state shall be for the duration of the  
23 period of the plan or plans, or for such other period as mutually  
24 agreed by the municipality, [or] nonprofit corporation or small  
25 employer and the Comptroller. The Comptroller, with the approval of  
26 the Secretary of the Office of Policy and Management, may arrange  
27 and procure for the employees under this subsection health benefit  
28 plans that vary from the plan or plans procured under subsection (a) of  
29 this section. Such alternate plans may be offered to municipal  
30 employees on a fully underwritten basis only. Notwithstanding any  
31 provision of law, such alternate plan may be offered to employees of  
32 nonprofit corporations or employees of small employers on either a  
33 fully underwritten or risk-pooled basis at the discretion of the  
34 Comptroller. For the purposes of this subsection, (A) "municipality"  
35 means any town, city, borough, school district, taxing district, fire  
36 district, district department of health, probate district, housing  
37 authority, regional work force development board established under  
38 section 31-3k, as amended, flood commission or authority established  
39 by special act, regional planning agency, transit district formed under  
40 chapter 103a, or the Children's Center established by number 571 of  
41 the public acts of 1969; [and] (B) "nonprofit corporation" means a  
42 nonprofit corporation organized under 26 USC 501(c)(3) that has a  
43 contract with the state; and (C) "small employer" means a small  
44 employer, as defined in subparagraph (A) of subdivision (4) of section  
45 38a-564, as amended by this act.

46 Sec. 2. Subdivision (4) of section 38a-564 of the general statutes, as  
47 amended by section 2 of public act 01-30, is repealed and the following  
48 is substituted in lieu thereof (*Effective July 1, 2002*):

49 (4) (A) "Small employer" means any person, firm, corporation,

50 limited liability company, partnership or association actively engaged  
51 in business or self-employed for at least three consecutive months  
52 who, on at least fifty per cent of its working days during the preceding  
53 twelve months, employed no more than fifty eligible employees, the  
54 majority of whom were employed within the state of Connecticut.  
55 "Small employer" includes a self-employed individual. In determining  
56 the number of eligible employees, companies which are affiliated  
57 companies, as defined in section 33-840, or which are eligible to file a  
58 combined tax return for purposes of taxation under chapter 208 shall  
59 be considered one employer. Eligible employees shall not include  
60 employees covered through the employer by health insurance plans or  
61 insurance arrangements issued to or in accordance with a trust  
62 established pursuant to collective bargaining subject to the federal  
63 Labor Management Relations Act. Except as otherwise specifically  
64 provided, provisions of sections 12-201, 12-211, 12-212a and 38a-564 to  
65 38a-572, inclusive, as amended, which apply to a small employer shall  
66 continue to apply until the plan anniversary following the date the  
67 employer no longer meets the requirements of this definition.

68 ~~(B)~~ "Small employer" does not include ~~[(A)]~~ (i) a municipality  
69 procuring health insurance pursuant to section 5-259, as amended by  
70 this act, ~~[(B)]~~ (ii) a private school in this state procuring health  
71 insurance through a health insurance plan or an insurance  
72 arrangement sponsored by an association of such private schools, ~~[or~~  
73 ~~(C)]~~ (iii) a nonprofit organization procuring health insurance pursuant  
74 to section 5-259, as amended by this act, unless the Secretary of the  
75 Office of Policy and Management and the State Comptroller make a  
76 request in writing to the Insurance Commissioner that such nonprofit  
77 organization be deemed a small employer for the purposes of this  
78 chapter, or (iv) a small employer procuring health insurance pursuant  
79 to section 5-259, as amended by this act, unless the Secretary of the  
80 Office of Policy and Management and the State Comptroller make a  
81 request in writing to the Insurance Commissioner that such small  
82 employer be deemed a small employer for the purposes of this chapter.

83 Sec. 3. Subsection (b) of section 12-202a of the general statutes, as  
84 amended by section 3 of public act 01-30, is repealed and the following  
85 is substituted in lieu thereof (*Effective July 1, 2002*):

86 (b) Notwithstanding the provisions of subsection (a) of this section,  
87 the tax shall not apply to: (1) Any new or renewal contract or policy  
88 entered into with the state on or after July 1, 1997, to provide health  
89 care coverage to state employees, retirees and their dependents; (2) any  
90 subscriber charges received from the federal government to provide  
91 coverage for Medicare patients; (3) any subscriber charges received  
92 under a contract or policy entered into with the state to provide health  
93 care coverage to Medicaid recipients under the Medicaid managed  
94 care program established pursuant to section 17b-28, which charges  
95 are attributable to a period on or after January 1, 1998; (4) any new or  
96 renewal contract or policy entered into with the state on or after April  
97 1, 1998, to provide health care coverage to eligible beneficiaries under  
98 the HUSKY Medicaid Plan Part A, HUSKY Part B, or the HUSKY Plus  
99 programs, each, as defined in section 17b-290, as amended; (5) any new  
100 or renewal contract or policy entered into with the state on or after  
101 April 1, 1998, to provide health care coverage to recipients of state-  
102 administered general assistance pursuant to section 17b-257, as  
103 amended; (6) any new or renewal contract or policy entered into with  
104 the state on or after February 1, 2000, to provide health care coverage  
105 to retired teachers, spouses or surviving spouses covered by plans  
106 offered by the state teachers' retirement system; (7) any new or renewal  
107 contract or policy entered into on or after July 1, 2001, to provide  
108 health care coverage to employees of a municipality under a plan  
109 procured pursuant to section 5-259, as amended by this act; [or] (8) any  
110 new or renewal contract or policy entered into on or after July 1, 2001,  
111 to provide health care coverage to employees of nonprofit  
112 organizations and their dependents under a plan procured pursuant to  
113 section 5-259, as amended by this act; or (9) any new or renewal  
114 contract or policy entered into on or after July 1, 2002, to provide  
115 health care coverage to employees of small employers and their  
116 dependents under a plan procured pursuant to section 5-259, as

117 amended by this act.

This act shall take effect as follows:	
Section 1	<i>July 1, 2002</i>
Sec. 2	<i>July 1, 2002</i>
Sec. 3	<i>July 1, 2002</i>

**Statement of Purpose:**

To permit certain small employers to obtain health insurance through the state employee health plan.

*[Proposed deletions are enclosed in brackets. Proposed additions are indicated by underline, except that when the entire text of a bill or resolution or a section of a bill or resolution is new, it is not underlined.]*