



# Senate

General Assembly

**File No. 193**

February Session, 2004

Senate Bill No. 405

*Senate, March 23, 2004*

The Committee on Planning and Development reported through SEN. FONFARA of the 1st Dist., Chairperson of the Committee on the part of the Senate, that the bill ought to pass.

**AN ACT PROTECTING HEALTH INSURANCE BENEFITS OF RETIRED MUNICIPAL EMPLOYEES.**

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

1 Section 1. (NEW) (*Effective from passage*) Notwithstanding any  
2 provision of the general statutes or special act 01-1, no municipality or  
3 subdivision of a municipality that provides group health insurance  
4 benefits to a retiree of the municipality or subdivision as of the  
5 effective date of this section shall diminish or eliminate such retiree's  
6 benefits. Nothing in this section shall be construed to prohibit such  
7 municipality or subdivision from selecting an alternative insurance  
8 carrier to provide such retiree's benefits as long as the benefits  
9 provided by the alternative insurance carrier are at least equivalent to  
10 the benefits previously provided by such municipality or subdivision  
11 to such retiree.

This act shall take effect as follows:

Section 1	<i>from passage</i>
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**PD**      *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:

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**OFA Fiscal Note**

**State Impact:** None

**Municipal Impact:**

<b>Municipalities</b>	<b>Effect</b>	<b>FY 05 \$</b>	<b>FY 06 \$</b>
All Municipalities	STATE MANDATE - Potential	See Below	See Below

**Explanation**

The bill prohibits a municipality that currently provides group health insurance benefits to its retirees from diminishing or eliminating these benefits. The bill may prevent a municipality from achieving indeterminate savings in retiree health insurance costs by reducing benefit levels. It should be noted that retiree benefits are often the subject of municipal collective bargaining.

**OLR Bill Analysis**

SB 405

***AN ACT PROTECTING HEALTH INSURANCE BENEFITS OF RETIRED MUNICIPAL EMPLOYEES*****SUMMARY:**

This bill bars a municipality or municipal subdivision that currently provides group health insurance benefits to its retirees from diminishing or eliminating such benefits. The bill specifies that it does not prevent the municipality or subdivision from selecting another insurance carrier to provide such benefits if the benefits provided by that carrier at least equal those previously provided.

The bill's provisions control over the statutes and SA 01-1, which created the Waterbury Financial Planning and Assistance Board to oversee the city's finances.

EFFECTIVE DATE: Upon passage

**BACKGROUND*****Related Court Cases***

In 2002, a Superior Court found that SA 01-1 did not give the oversight board the unilateral power to change the health coverage for a group of retired firefighters. The city and the oversight board had proposed switching the retired firefighters from a traditional indemnity health insurance plan to a managed care plan, and the retirees went to court to stop the move. The court issued an injunction ordering the city and the board to stop any action to involuntarily terminate any retired firefighters from the health insurance plan they chose at the time of their retirement.

Subsequently, in [\*Poole v. Waterbury\*](#), 266 Conn. 68 (2003), the Supreme Court (1) held that while the plaintiffs had a vested right to medical benefits generally, they did not have a vested right to the specific benefits prescribed in the collective bargaining agreement in effect at the time of the retirees' retirement and (2) reversed the judgment of the

trial court. It did not address the issue of SA 01-1.

**COMMITTEE ACTION**

Planning and Development Committee

Joint Favorable Report

Yea 16    Nay 3