



General Assembly

January Session, 2005

Raised Bill No. 6656

LCO No. 3456

03456_____INS

Referred to Committee on Insurance and Real Estate

Introduced by:
(INS)

**AN ACT CONCERNING GROUPS COVERED 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 is
2 repealed and the following is substituted in lieu thereof (*Effective from*
3 *passage*):

4 (i) The Comptroller may provide for coverage of employees of
5 municipalities, nonprofit corporations, community action agencies and
6 small employers and individuals eligible for a health coverage tax
7 credit or members of an association for personal care assistants under
8 the plan or plans procured under subsection (a) of this section,
9 provided: (1) Participation by each municipality, nonprofit
10 corporation, community action agency or small employer or eligible
11 individual or association for personal care assistants shall be on a
12 voluntary basis; (2) where an employee organization represents
13 employees of a municipality, nonprofit corporation, community action
14 agency or small employer, participation in a plan or plans to be
15 procured under subsection (a) of this section shall be by mutual
16 agreement of the municipality, nonprofit corporation, community

17 action agency or small employer and the employee organization only
18 and neither party may submit the issue of participation to binding
19 arbitration except by mutual agreement if such binding arbitration is
20 available; (3) no group of employees shall be refused entry into the
21 plan by reason of past or future health care costs or claim experience;
22 (4) rates paid by the state for its employees under subsection (a) of this
23 section are not adversely affected by this subsection; (5) administrative
24 costs to the plan or plans provided under this subsection shall not be
25 paid by the state; (6) participation in the plan or plans in an amount
26 determined by the state shall be for the duration of the period of the
27 plan or plans, or for such other period as mutually agreed by the
28 municipality, nonprofit corporation, community action agency, small
29 employer or association for personal care assistants and the
30 Comptroller; and (7) nothing in [public act 03-6 of the June 30 special
31 session*] this section, section 12-202a, as amended by this act, 38a-551,
32 38a-553 or 38a-556 shall be construed as requiring a participating
33 insurer or health care center to issue individual policies to individuals
34 eligible for a health coverage tax credit. The Comptroller may arrange
35 and procure for the employees and eligible individuals under this
36 subsection health benefit plans that vary from the plan or plans
37 procured under subsection (a) of this section. Notwithstanding any
38 provision of [law] part V of chapter 700c, the coverage provided under
39 this subsection may be offered to employees and uninsured small
40 employers on either a fully underwritten or risk-pooled basis at the
41 discretion of the Comptroller, except that coverage offered to other
42 small employers shall be fully underwritten in accordance with part V
43 of chapter 700c. For the purposes of this subsection, (A) "municipality"
44 means any town, city, borough, school district, taxing district, fire
45 district, district department of health, probate district, housing
46 authority, regional work force development board established under
47 section 31-3k, regional emergency telecommunications center, tourism
48 district established under section 32-302, flood commission or
49 authority established by special act, regional planning agency, transit
50 district formed under chapter 103a, or the Children's Center

51 established by number 571 of the public acts of 1969; (B) "nonprofit
52 corporation" means (i) a nonprofit corporation organized under 26
53 USC [501(c)(3)] 501 that has a contract with the state or receives a
54 portion of its funding from a municipality, the state or the federal
55 government, or (ii) an organization that is tax exempt pursuant to 26
56 USC 501(c)(5); (C) "community action agency" means a community
57 action agency, as defined in section 17b-885; (D) "small employer"
58 means a small employer, as defined in section 38a-564; (E) "eligible
59 individuals" or "individuals eligible for a health coverage tax credit"
60 means persons who are eligible for the credit for health insurance costs
61 under Section 35 of the Internal Revenue Code of 1986, or any
62 subsequent corresponding internal revenue code of the United States,
63 as from time to time amended, in accordance with the Pension Benefit
64 Guaranty Corporation and Trade Adjustment Assistance programs of
65 the Trade Act of 2002 (P.L. 107-210); [and] (F) "association for personal
66 care assistants" means an organization composed of personal care
67 attendants who are employed by recipients of service (i) under the
68 home-care program for the elderly under section 17b-342, (ii) under the
69 personal care assistance program under section 17b-605a, (iii) in an
70 independent living center pursuant to sections 17b-613 to 17b-615,
71 inclusive, or (iv) under the program for individuals with acquired
72 brain injury as described in section 17b-260a, and (G) "uninsured small
73 employer" means a small employer that (i) has a contract with the state
74 and does not offer group health insurance to its employees on or after
75 January 1, 2005, or (ii) employs ten or fewer employees and either does
76 not offer group health insurance to its employees on or after January 1,
77 2005, or previously provided health insurance to its employees
78 pursuant to this section.

79 Sec. 2. Section 12-202a of the general statutes is repealed and the
80 following is substituted in lieu thereof (*Effective July 1, 2005, and*
81 *applicable to income years commencing on or after January 1, 2005*):

82 (a) Each health care center, as defined in section 38a-175, that is
83 governed by sections 38a-175 to 38a-192, inclusive, shall pay a tax to

84 the Commissioner of Revenue Services for the calendar year
85 commencing on January 1, 1995, and annually thereafter, at the rate of
86 one and three-quarters per cent of the total net direct subscriber
87 charges received by such health care center during each such calendar
88 year on any new or renewal contract or policy approved by the
89 Insurance Commissioner under section 38a-183. Such payment shall be
90 in addition to any other payment required under section 38a-48.

91 (b) Notwithstanding the provisions of subsection (a) of this section,
92 the tax shall not apply to:

93 (1) Any new or renewal contract or policy entered into with the state
94 on or after July 1, 1997, to provide health care coverage to state
95 employees, retirees and their dependents;

96 (2) [any] Any subscriber charges received from the federal
97 government to provide coverage for Medicare patients;

98 (3) [any] Any subscriber charges received under a contract or policy
99 entered into with the state to provide health care coverage to Medicaid
100 recipients under the Medicaid managed care program established
101 pursuant to section 17b-28, which charges are attributable to a period
102 on or after January 1, 1998;

103 (4) [any] Any new or renewal contract or policy entered into with
104 the state on or after April 1, 1998, to provide health care coverage to
105 eligible beneficiaries under the HUSKY Medicaid Plan Part A, HUSKY
106 Part B, or the HUSKY Plus programs, each as defined in section 17b-
107 290;

108 (5) [any] Any new or renewal contract or policy entered into with
109 the state on or after April 1, 1998, to provide health care coverage to
110 recipients of state-administered general assistance pursuant to section
111 17b-192;

112 (6) [any] Any new or renewal contract or policy entered into with
113 the state on or after February 1, 2000, to provide health care coverage

114 to retired teachers, spouses or surviving spouses covered by plans
115 offered by the state teachers' retirement system;

116 (7) [any] Any new or renewal contract or policy entered into on or
117 after July 1, 2001, to provide health care coverage to employees of a
118 municipality and their dependents under a plan procured pursuant to
119 section 5-259, as amended by this act;

120 (8) [any] Any new or renewal contract or policy entered into on or
121 after July 1, 2001, to provide health care coverage to employees of
122 nonprofit organizations and their dependents under a plan procured
123 pursuant to section 5-259, as amended by this act; [or]

124 (9) [any] Any new or renewal contract or policy entered into on or
125 after July 1, 2003, to provide health care coverage to individuals
126 eligible for a health coverage tax credit and their dependents under a
127 plan procured pursuant to section 5-259, as amended by this act; or

128 (10) Any new or renewal contract or policy entered into on or after
129 July 1, 2005, to provide health care coverage under a plan procured
130 pursuant to section 5-259, as amended by this act, to (A) employees of
131 community action agencies and their dependents; (B) employees of
132 small businesses with fewer than ten employees and their dependents;
133 (C) employees of organizations exempt from taxation pursuant to 26
134 USC 501(c)(5) and their dependents; and (D) employees of small
135 businesses and their dependents when the small business has a
136 contract with the state.

137 (c) The provisions of this chapter pertaining to the filing of returns,
138 declarations, installment payments, assessments and collection of
139 taxes, penalties, administrative hearings and appeals imposed on
140 domestic insurance companies shall apply with respect to the charge
141 imposed under this section.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>from passage</i>	5-259(i)
Sec. 2	<i>July 1, 2005, and applicable to income years commencing on or after January 1, 2005</i>	12-202a

Statement of Purpose:

To revise the provisions of the state employee health plan offered to municipal employees and other small groups to redefine the groups eligible for coverage and to extend the premium tax exemption to such groups.

[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.]