



General Assembly

January Session, 2005

Raised Bill No. 1034

LCO No. 3431

03431_____INS

Referred to Committee on Insurance and Real Estate

Introduced by:
(INS)

**AN ACT ESTABLISHING THE NUTMEG HEALTH PARTNERSHIP
INSURANCE 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2 repealed and the following is substituted in lieu thereof (*Effective*
3 *October 1, 2005*):

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

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

51 chapter 103a, or the Children's Center established by number 571 of
52 the public acts of 1969; (B) "nonprofit corporation" means a nonprofit
53 corporation organized under 26 USC 501(c)(3) that has a contract with
54 the state; (C) "community action agency" means a community action
55 agency, as defined in section 17b-885; (D) "small employer" means a
56 small employer, as defined in subparagraph (A) of subdivision (4) of
57 section 38a-564, as amended by this act; (E) "eligible individuals" or
58 "individuals eligible for a health coverage tax credit" means persons
59 who are eligible for the credit for health insurance costs under Section
60 35 of the Internal Revenue Code of 1986, or any subsequent
61 corresponding internal revenue code of the United States, as from time
62 to time amended, in accordance with the Pension Benefit Guaranty
63 Corporation and Trade Adjustment Assistance programs of the Trade
64 Act of 2002 (P.L. 107-210); [and] (F) "association for personal care
65 assistants" means an organization composed of personal care
66 attendants who are employed by recipients of service (i) under the
67 home-care program for the elderly under section 17b-342, (ii) under the
68 personal care assistance program under section 17b-605a, (iii) in an
69 independent living center pursuant to sections 17b-613 to 17b-615,
70 inclusive, or (iv) under the program for individuals with acquired
71 brain injury as described in section 17b-260a; and (G) "uninsured
72 individual" means an individual who has no access to employer-
73 sponsored or government-sponsored health insurance and whose
74 adjusted gross income does not exceed _____.

75 Sec. 2. Subsection (k) of section 5-259 of the general statutes is
76 repealed and the following is substituted in lieu thereof (*Effective*
77 *October 1, 2005*):

78 (k) The Comptroller shall submit annually to the General Assembly
79 a review of the coverage of employees of municipalities, nonprofit
80 corporations, community action agencies, small employers under
81 subsection (i) of this section and eligible individuals under subsection
82 (i) of this section beginning February 1, 2004, and uninsured
83 individuals beginning February 1, 2007.

84 Sec. 3. Subdivision (4) of section 38a-564 of the general statutes is
85 repealed and the following is substituted in lieu thereof (*Effective*
86 *October 1, 2005*):

87 (4) (A) "Small employer" means any person, firm, corporation,
88 limited liability company, partnership or association actively engaged
89 in business or self-employed for at least three consecutive months
90 who, on at least fifty per cent of its working days during the preceding
91 twelve months, employed no more than fifty eligible employees, the
92 majority of whom were employed within the state of Connecticut.
93 "Small employer" includes a self-employed individual. In determining
94 the number of eligible employees, companies which are affiliated
95 companies, as defined in section 33-840, or which are eligible to file a
96 combined tax return for purposes of taxation under chapter 208 shall
97 be considered one employer. Eligible employees shall not include
98 employees covered through the employer by health insurance plans or
99 insurance arrangements issued to or in accordance with a trust
100 established pursuant to collective bargaining subject to the federal
101 Labor Management Relations Act. Except as otherwise specifically
102 provided, provisions of sections 12-201, 12-211, 12-212a and 38a-564 to
103 38a-572, inclusive, which apply to a small employer shall continue to
104 apply until the plan anniversary following the date the employer no
105 longer meets the requirements of this definition.

106 (B) "Small employer" does not include ~~[(A)]~~ (i) a municipality
107 procuring health insurance pursuant to section 5-259, as amended by
108 this act, ~~[(B)]~~ (ii) a private school in this state procuring health
109 insurance through a health insurance plan or an insurance
110 arrangement sponsored by an association of such private schools, ~~[(C)]~~
111 (iii) a nonprofit organization procuring health insurance pursuant to
112 section 5-259, as amended by this act, unless the Secretary of the Office
113 of Policy and Management and the State Comptroller make a request
114 in writing to the Insurance Commissioner that such nonprofit
115 organization be deemed a small employer for the purposes of this
116 chapter, ~~[or (D)]~~ (iv) an association for personal care assistants

117 procuring health insurance pursuant to section 5-259, as amended by
118 this act, and (v) a community action agency procuring health insurance
119 pursuant to section 5-259, as amended by this act.

120 Sec. 4. (NEW) (*Effective October 1, 2005*) Any licensed health insurer
121 or health care center may design and issue health insurance policies or
122 plans that offer flexible benefits designed to reduce health insurance
123 premiums or fees provided such policies or plans meet the
124 requirements of title 38a of the general statutes. Such policies and
125 plans may include, but need not be limited to, policies and plans that:
126 (1) Offer choices among provider networks of different size; (2) offer
127 different deductibles depending on the health care facility used; (3) use
128 both deductibles and coinsurance; or (4) offer prescription drug
129 benefits that use any combination of deductibles, coinsurance and
130 copayments, including, but not limited to, policies and plans that use
131 different combinations at different benefit levels.

132 Sec. 5. Section 12-202a of the general statutes is repealed and the
133 following is substituted in lieu thereof (*Effective July 1, 2005*):

134 (a) Each health care center, as defined in section 38a-175, that is
135 governed by sections 38a-175 to 38a-192, inclusive, shall pay a tax to
136 the Commissioner of Revenue Services for the calendar year
137 commencing on January 1, 1995, and annually thereafter, at the rate of
138 one and three-quarters per cent of the total net direct subscriber
139 charges received by such health care center during each such calendar
140 year on any new or renewal contract or policy approved by the
141 Insurance Commissioner under section 38a-183. Such payment shall be
142 in addition to any other payment required under section 38a-48.

143 (b) Notwithstanding the provisions of subsection (a) of this section,
144 the tax shall not apply to: (1) Any new or renewal contract or policy
145 entered into with the state on or after July 1, 1997, to provide health
146 care coverage to state employees, retirees and their dependents; (2) any
147 subscriber charges received from the federal government to provide
148 coverage for Medicare patients; (3) any subscriber charges received

149 under a contract or policy entered into with the state to provide health
150 care coverage to Medicaid recipients under the Medicaid managed
151 care program established pursuant to section 17b-28, which charges
152 are attributable to a period on or after January 1, 1998; (4) any new or
153 renewal contract or policy entered into with the state on or after April
154 1, 1998, to provide health care coverage to eligible beneficiaries under
155 the HUSKY Medicaid Plan Part A, HUSKY Part B, or the HUSKY Plus
156 programs, each as defined in section 17b-290; (5) any new or renewal
157 contract or policy entered into with the state on or after April 1, 1998,
158 to provide health care coverage to recipients of state-administered
159 general assistance pursuant to section 17b-192; (6) any new or renewal
160 contract or policy entered into with the state on or after February 1,
161 2000, to provide health care coverage to retired teachers, spouses or
162 surviving spouses covered by plans offered by the state teachers'
163 retirement system; (7) any new or renewal contract or policy entered
164 into on or after July 1, 2001, to provide health care coverage to
165 employees of a municipality under a plan procured pursuant to section
166 5-259; (8) any new or renewal contract or policy entered into on or after
167 July 1, 2001, to provide health care coverage to employees of nonprofit
168 organizations and their dependents under a plan procured pursuant to
169 section 5-259; [or] (9) any new or renewal contract or policy entered
170 into on or after July 1, 2003, to provide health care coverage to
171 individuals eligible for a health coverage tax credit and their
172 dependents under a plan procured pursuant to section 5-259; or (10)
173 any new or renewal contract or policy entered into on or after July 1,
174 2005, to provide health care coverage to a small employer, as defined
175 in section 38a-564, pursuant to section 5-259, as amended by this act, or
176 part V of chapter 700c.

177 (c) The provisions of this chapter pertaining to the filing of returns,
178 declarations, installment payments, assessments and collection of
179 taxes, penalties, administrative hearings and appeals imposed on
180 domestic insurance companies shall apply with respect to the charge
181 imposed under this section.

182 Sec. 6. (NEW) (*Effective July 1, 2005, and applicable to taxable years*
183 *commencing on or after January 1, 2005*) (a) Any resident of this state, as
184 defined in subdivision (1) of subsection (a) of section 12-701 of the
185 general statutes, as amended, who is subject to the tax imposed under
186 chapter 229 of the general statutes for any taxable year shall be entitled
187 to a credit in determining the amount of tax liability under said
188 chapter equal to the amount that the resident spends for health
189 insurance for the resident and any of the resident's dependents who
190 are also residents of this state.

191 (b) The credit may only be used to reduce such qualifying taxpayer's
192 tax liability for the year for which such credit is applicable. The credit
193 may be used to reduce such tax liability to less than zero in which case
194 the Commissioner of Revenue Services shall remit to the taxpayer the
195 amount that is less than zero.

196 (c) The amount of tax due pursuant to sections 12-705 and 12-722 of
197 the general statutes shall be calculated without regard to this credit.

198 Sec. 7. (NEW) (*Effective July 1, 2005, and applicable to income years*
199 *commencing on or after January 1, 2005*) There shall be allowed a credit
200 against the tax imposed pursuant to chapter 208 of the general statutes
201 on a small employer, as defined in section 38a-564 of the general
202 statutes. Such credit shall be equal to the amount paid by such small
203 employer for health insurance for its employers, provided such credit
204 shall not exceed ____ per cent of the amount of such tax. Such credit
205 shall be allowed for the purchase of any special health care plan, as
206 defined in section 38a-564 of the general statutes, small employer
207 health care health plan, as defined in section 38a-564 of the general
208 statutes, high deductible health plan, as that term is used in subsection
209 (f) of section 38a-520 of the general statutes, or any health insurance
210 procured pursuant to section 5-259 of the general statutes, as amended
211 by this act.

212 Sec. 8. (NEW) (*Effective July 1, 2005*) There is established a Nutmeg
213 Health Partnership Insurance Plan. The plan shall consist of the

214 measures set forth in sections 1 to 7, inclusive, of this act, for the
 215 purpose of making health insurance accessible and affordable. The
 216 plan shall also include a reinsurance component which shall ____.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>October 1, 2005</i>	5-259(i)
Sec. 2	<i>October 1, 2005</i>	5-259(k)
Sec. 3	<i>October 1, 2005</i>	38a-564(4)
Sec. 4	<i>October 1, 2005</i>	New section
Sec. 5	<i>July 1, 2005</i>	12-202a
Sec. 6	<i>July 1, 2005, and applicable to taxable years commencing on or after January 1, 2005</i>	New section
Sec. 7	<i>July 1, 2005, and applicable to income years commencing on or after January 1, 2005</i>	New section
Sec. 8	<i>July 1, 2005</i>	New section

Statement of Purpose:

To (1) allow certain uninsured individuals to purchase health insurance from the Comptroller through the state employee health plan and make conforming changes and updates to the small employer health plan laws; (2) allow health insurers and health care centers to offer plans with flexible designs; (3) exempt health plans sold to small employers from the state premium tax; (4) create an earned income tax credit under the state income tax for the amount a resident spends to purchase health insurance; and (5) establish a corporate tax credit for the amount spent by small employers to purchase health insurance or purchase a high deductible health plan pursuant to a health savings account or other federally qualified high deductible 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.]