



General Assembly

February Session, 2006

Raised Bill No. 482

LCO No. 2162

* SB00482HS_APP031706 *

Referred to Committee on Human Services

Introduced by:
(HS)

AN ACT CONCERNING HEALTH CARE SECURITY.

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

1 Section 1. (NEW) (*Effective July 1, 2008*) Sections 1 to 15, inclusive, of
2 this act shall be known and may be cited as the "Connecticut Health
3 Care Insurance Act".

4 Sec. 2. (NEW) (*Effective July 1, 2008*) There shall be a Connecticut
5 Health Care Trust, referred to in sections 1 to 15, inclusive, of this act
6 as "the trust", in the Department of Social Services. The trust shall not
7 be subject to the supervision or control of said department or of any
8 board, bureau, department or other agency of this state, except as
9 specifically provided by sections 1 to 15, inclusive, of this act.

10 Sec. 3. (NEW) (*Effective July 1, 2008*) The Connecticut Health Care
11 Trust shall have the following powers:

12 (1) To make, amend and repeal by-laws, rules for the management
13 of its affairs;

14 (2) To adopt an official seal;

15 (3) To sue and be sued in its own name;

16 (4) To make contracts and execute all instruments necessary or
17 convenient to carry out the purposes of said trust;

18 (5) To acquire, own, hold, dispose of and encumber personal, real or
19 intellectual property of any nature or any interest therein;

20 (6) To enter into agreements or transactions with any federal, state
21 or municipal agency or other public institution or with any private
22 individual, partnership, firm, corporation, association or other entity;

23 (7) To appear on its own behalf before boards, commissions,
24 departments or other agencies of federal, state or municipal
25 government;

26 (8) To appoint officers and to engage and hire employees, including
27 legal counsel, consultants, agents and advisors and prescribe their
28 duties and fix their compensation;

29 (9) To establish advisory boards;

30 (10) To procure insurance against any losses in connection with
31 property of the trust in such amounts and from such insurers, as may
32 be necessary or desirable;

33 (11) To invest any funds held in reserves or sinking funds, or any
34 funds not required for immediate disbursement, in such investments
35 as may be lawful for fiduciaries in the state of Connecticut;

36 (12) To accept, hold, use, apply and dispose of any and all
37 donations, grants, bequests and devises, conditional or otherwise, of
38 money, property, services or other things of value which may be
39 received from the United States, any agency of the United States or any
40 other governmental agency, institution, person, firm or corporation,
41 whether public or private. Such donations, grants, bequests and
42 devises shall be held, used, applied or disposed of for any or all of the
43 purposes specified in sections 1 to 15, inclusive, of this act and in

44 accordance with the terms and conditions of any such donation, grant,
45 request or devise. The trust shall detail receipt of each such donation,
46 grant, request or devise in the annual report of the trust, which shall
47 include the identity of the donor and the lender, the nature of the
48 transaction and any conditions attached to the donation or grant;

49 (13) To set or establish methods for setting rates, fees and prices for
50 the Connecticut health care system and reviewing the sufficiency of
51 such rates, fees and prices;

52 (14) To establish timely and simplified reimbursement systems for
53 the Connecticut health care system;

54 (15) To establish standards of care and staffing for the Connecticut
55 health care system;

56 (16) To establish health care guidelines for the treatment and
57 prevention of specific illnesses under the Connecticut health care
58 system;

59 (17) To review health care providers based on the guidelines
60 established in subdivision (16) of this section;

61 (18) To ensure that all existing laws regarding patient confidentiality
62 are enforced;

63 (19) To approve or reject any health care capital expenditure by the
64 Connecticut health care system in excess of five hundred thousand
65 dollars;

66 (20) To arbitrate grievances arising under the Connecticut health
67 care system;

68 (21) To establish an enrollment system for all persons eligible to
69 participate in the Connecticut health care system;

70 (22) To establish a formula for and develop global health care
71 budgets and other system budgets for the Connecticut health care

72 system;

73 (23) To use bulk purchasing power to lower costs of the Connecticut
74 health care system;

75 (24) To adopt a medical benefits package for the Connecticut health
76 care system;

77 (25) To establish and fund the trust's administrative structure;

78 (26) To administer Connecticut Health Care Trust revenues;

79 (27) To recommend, in conjunction with the Department of Revenue
80 Services and subject to the approval of the General Assembly, the
81 imposition of taxes to fund the trust;

82 (28) To negotiate the transfer of funds from this state and the federal
83 government for health care and administrative duties previously
84 performed by these governments and transferred to the trust;

85 (29) To administer funds to support the trust;

86 (30) To institute global budgets for health care institutions; and

87 (31) To do any and all other things necessary and convenient to
88 carry out the purposes of sections 1 to 15, inclusive, of this act.

89 Sec. 4. (NEW) (*Effective July 1, 2008*) (a) The Connecticut Health Care
90 Trust shall be governed by a seventeen-member board of trustees as
91 follows: The Commissioners of Social Services, Revenue Services and
92 Public Health; the chairpersons of the joint standing committee of the
93 General Assembly having cognizance of matters relating to public
94 health and twelve members appointed by the Governor, one of whom
95 shall represent state-wide organizations whose primary purpose is to
96 advocate universal health care, one of whom shall represent an
97 organization of Connecticut senior citizens, one of whom shall
98 represent a state-wide organization that defends the rights of children,
99 one of whom shall represent organizations that provide services to low

100 income clients, one of whom shall represent state-wide labor
101 organizations, one of whom shall be a health care economist, one of
102 whom shall represent state-wide organizations of physicians licensed
103 to practice in Connecticut, one of whom shall represent state-wide
104 organizations of Connecticut nurses, one of whom shall represent
105 state-wide organizations of health care providers, one of whom shall
106 represent state-wide organizations of Connecticut hospitals and health
107 care facilities, one of whom shall represent the business community
108 and one of whom shall represent the self-employed. The Governor
109 shall make such appointments from nominations submitted by
110 relevant state organizations. Qualifying organizations shall submit
111 nominations to the Governor not later than August 1, 2008, or not later
112 than one month after a vacancy on the board due to resignation,
113 removal or completion of term. There shall be at least three
114 nominations for each appointment. The Governor shall make
115 appointments from the list of nominations not later than two months
116 after receiving such list.

117 (b) The twelve members appointed by the Governor shall serve a
118 term of five years, except that for the initial appointments, four
119 members shall serve three-year terms, four members shall serve four-
120 year terms and four members shall serve five-year terms. Any person
121 appointed to fill a vacancy on the board shall serve the unexpired
122 portion of the vacated term. Any trustee shall be eligible for
123 reappointment. The Governor may remove any trustee for cause.

124 (c) Nine trustees shall constitute a quorum and the affirmative vote
125 of a majority of the trustees present and eligible to vote at a meeting
126 shall be necessary for any action to be taken by the board. The board of
127 trustees shall meet at least ten times each year and have final authority
128 over the activities of the trust. The Commissioner of Social Services
129 shall serve as chairperson. The gubernatorial appointees shall annually
130 elect a vice-chairperson from among the appointed members of the
131 board of trustees. The trustees shall serve without compensation, but
132 shall be reimbursed for actual and necessary expenses incurred in the
133 performance of their duties.

134 Sec. 5. (NEW) (*Effective July 1, 2008*) (a) The board of trustees shall
135 hire a health care provider to serve as the executive director of the
136 trust. The executive director shall be the executive and administrative
137 head of the Connecticut Health Care Trust and shall be responsible for
138 administering and enforcing all provisions of law relating to the trust.

139 (b) The executive director may, as said director deems necessary for
140 the effective administration and proper performance of the duties of
141 the trust and subject to the approval of the board of trustees:

142 (1) Adopt such regulations, in accordance with the provisions of
143 chapter 54 of the general statutes, as may be necessary to carry out the
144 provisions of sections 1 to 15, inclusive, of this act; and

145 (2) Appoint and remove employees and consultants, provided at
146 least one employee shall be hired to serve as director of each of the
147 divisions of the trust created by sections 1 to 15, inclusive, of this act,
148 subject to the availability of funds in the trust.

149 (c) The executive director, in consultation with the directors of each
150 division of the trust, shall:

151 (1) Negotiate or establish terms and conditions for the provision of
152 health care services and rates of reimbursement for such services on
153 behalf of Connecticut residents, which terms shall include provisions
154 to assure that Connecticut residents are entitled to use their health
155 insurance benefits in other states and countries for acute care while
156 visiting such other states and countries;

157 (2) Negotiate or establish manufacturer discounts and rebates for
158 covered prescription drugs and other health care products;

159 (3) Develop prospective and retrospective reimbursement systems
160 for covered services to provide prompt and fair payment to eligible
161 providers;

162 (4) Oversee preparation of annual operating and capital budgets for
163 the state-wide delivery of health care services in accordance with the

164 budgetary constraints provided in section 14 of this act;

165 (5) Oversee preparation of annual benefits reviews to determine the
166 adequacy of covered services; and

167 (6) In collaboration with the Department of Revenue Services and
168 subject to the approval of the General Assembly, establish alterations
169 in the methods of payment for the Connecticut Health Care Trust
170 provided such changes are consistent with the guidelines established
171 by sections 1 to 15, inclusive, of this act.

172 Sec. 6. (NEW) (*Effective July 1, 2008*) (a) There is established a
173 planning, development and research division of the Connecticut
174 Health Care Trust which shall be under the supervision of a director.
175 The director of the division of planning, development and research
176 shall be appointed by the executive director with the approval of the
177 board of trustees, and may be removed by the executive director with
178 the approval of said board.

179 (b) Subject to the direction, control and supervision of the executive
180 director, the director of planning, development and research shall be
181 responsible for:

182 (1) Recommending to the executive director, in conjunction with the
183 consumer, professional and health care organization advisory councils,
184 a standard benefits package which shall include (A) diagnostic tests,
185 treatments, including, but not limited to, mental health services,
186 general medical services, emergency medical care, hemodialysis,
187 midwifery and pediatric services, medicinals and durable medical
188 equipment prescribed by licensed health care providers, (B) preventive
189 and rehabilitative services, (C) inpatient, partial hospitalization and
190 residential treatment services for medical and mental health disorders,
191 (D) hospice care, (E) home-based and office-based services by
192 individual providers, (F) long-term care and treatment, (G) prenatal,
193 and perinatal care, family planning, fertility and reproductive health
194 care, and (H) dental care. The director of planning, development and
195 research shall review and update the benefits package on an annual

196 basis;

197 (2) Recommending to the executive director, after consultation and
198 negotiation with the professional, health care and consumer advisory
199 councils, fees for providers covering all billable procedures. Such fees
200 shall not be less than standard federal Medicare fees for providers in
201 the state of Connecticut and shall be renegotiated on an annual basis;

202 (3) Recommending to the executive director, in consultation with
203 the professional advisory council, guidelines for the treatment and
204 prevention of medical and mental illnesses;

205 (4) Following negotiations with the health care organizations and
206 consumer advisory councils, recommending to the executive director
207 fees for health care facilities. In recommending such fees, the director
208 shall give consideration to establishing capitated global operating
209 budgets and prospective payment mechanisms for all free-standing
210 health care facilities that provide nonoutpatient services for
211 Connecticut residents. If prospective payment schedules are
212 developed, the trust shall provide for retrospective adjustment of
213 payments to eligible health care facilities. Such payments shall be
214 adjusted yearly;

215 (5) In consultation with the consumer, health care organizations and
216 professional advisory councils, recommending an annual operating
217 budget, with the understanding that any increases in the budget shall
218 not exceed any increase in national expenditures for health care for the
219 preceding year and within the budgetary constraints provided in
220 section 14 of this act;

221 (6) Making recommendations as to how the annual global operating
222 budget shall be funded from the following sources: (A) Money
223 transferred to the trust equivalent to the funds the state would have
224 paid to provide health care to indigent residents under Title XIX of the
225 Social Security Act, (B) money transferred to the trust from the federal
226 government that would have been used to pay Medicare, Title XIX or
227 other health care costs for Connecticut residents, (C) gifts, grants and

228 donations, (D) copayments from outpatient provider visits, (E) taxes
229 on items which have been shown to contribute to illness such as
230 tobacco products, alcohol, gasoline and air and water polluting
231 businesses, (F) a health care payroll tax, (G) a graduated health care
232 insurance income tax, (H) investments, (I) unutilized money from the
233 Tobacco Settlement Fund, (J) money transferred to the trust that would
234 have been utilized by the state to administer health care administrative
235 functions that are transferred to the trust, and (K) general
236 appropriations transferred to the trust by the General Assembly in
237 response to requests from the executive director of the trust;

238 (7) In consultation with the consumer, professional and health care
239 organizations advisory councils, making recommendations concerning
240 current and future health needs by studying under-utilization and
241 over-utilization of the state health system in various parts of the state,
242 unnecessary duplication of services, outcome measurements of
243 treatment, innovations in training, the need for, or overabundance of,
244 particular types of health care workers in particular areas of the state,
245 needed capital expenses and ongoing research into the best means to
246 prevent and treat disease in consultation with the consumer,
247 professional and health care organizations advisory councils;

248 (8) Recommending research-based changes in the Connecticut
249 health care system to the executive director and delineating the cost of
250 such recommended changes; and

251 (9) Assisting and coordinating research efforts with the division of
252 quality assurance in efforts to evaluate the efficacy of health care
253 providers or health care institutions, as well as their overall
254 compliance with the treatment guidelines developed by the division of
255 planning, development and research.

256 Sec. 7. (NEW) (*Effective July 1, 2008*) (a) There is established a
257 benefits division of the Connecticut Health Care Trust which shall be
258 under the supervision of a director. The executive director, with the
259 approval of the board of trustees, shall appoint the director of the

260 benefits division of the trust. The executive director may, with like
261 approval, remove said director.

262 (b) The director of the benefits division shall be responsible for:

263 (1) In consultation with the consumer, professional and health care
264 organizations advisory councils, making prompt payments to
265 providers for covered services;

266 (2) In conjunction with the director of the division of quality
267 assurance and the director of the division of planning, development
268 and research and in consultation with the consumer, professional and
269 health care organizations advisory councils, developing information
270 management systems necessary for provider payment and utilization
271 review; and

272 (3) In consultation with the consumer advisory council, investing
273 trust fund assets consistent with state law.

274 Sec. 8. (NEW) (*Effective July 1, 2008*) (a) There is established a quality
275 assurance division within the Connecticut Health Care Trust which
276 shall be under the supervision and control of a director. The executive
277 director, with the approval of the board of trustees, shall appoint the
278 director of the quality assurance division. The executive director may,
279 with like approval, remove said director.

280 (b) The quality assurance director, subject to the direction, control
281 and supervision of the executive director, shall be responsible for:

282 (1) In consultation with the consumer, professional and health care
283 organizations advisory councils, studying the utilization patterns of all
284 health care providers and health care organizations and the quality of
285 the services they provide. In fulfilling this responsibility, the quality
286 assurance division shall investigate all situations of possible billing
287 fraud by individuals or institutions and investigate providers whose
288 patterns of billing are inconsistent with the guidelines developed by
289 the trust for the treatment of specific diseases;

290 (2) In consultation with the consumer advisory council,
291 investigating consumer fraud that results from accessing the
292 Connecticut health care system illegally;

293 (3) Certifying and licensing of all health care providers in this state;

294 (4) In consultation with the consumer, professional and health care
295 organizations advisory councils, responding to complaints on the part
296 of consumers, health care providers and health care organizations
297 concerning inadequate, unprofessional, impaired or prejudicial
298 treatment on the part of a health care provider or health care
299 organization;

300 (5) In consultation with the consumer, professional and health care
301 organizations advisory councils, instituting continuing education,
302 treatment and supervision requirements and restricting or terminating
303 the licensure of health care providers or institutions that are found to
304 be deficient in their quality or manner of providing health care;

305 (6) In consultation with the consumer and professional advisory
306 councils, establishing and enforcing continuing education
307 requirements for specified health care workers in this state;

308 (7) In consultation with the consumer advisory council, responding
309 to and arbitrating disagreements between providers and consumers or
310 providers and the state concerning eligibility for treatment, eligibility
311 for reimbursement under the Connecticut health care system or any
312 other disagreement the director deems worthy of arbitration.; and

313 (8) In consultation with the consumer and health care organizations
314 advisory councils, establishing procedures for enforcing standards of
315 care and staffing.

316 Sec. 9. (NEW) (*Effective July 1, 2008*) (a) There is established a
317 consumer division within the Connecticut Health Care Trust which
318 shall be under the supervision and control of a director. The executive
319 director, with the approval of the board of trustees, shall appoint the

320 director of the consumer division. The executive director may, with
321 like approval, remove said director.

322 (b) The consumer division director, subject to the direction, control
323 and supervision of the executive director, shall be responsible for:

324 (1) Establishing a reasonable number of regional offices located
325 throughout the state. Each office shall be staffed to respond to
326 questions and complaints from consumers and providers, to perform
327 local outreach and informational functions and to hold hearings to
328 determine unmet health care needs in consultation with the consumer
329 advisory council; and

330 (2) Promoting preventative and ameliorative public health strategies
331 among the residents of the state through education and the
332 establishment of consumer groups to promote healthy behavior in
333 consultation with the consumer advisory council.

334 Sec. 10. (NEW) (*Effective July 1, 2008*) (a) There is established a state-
335 wide consumer advisory council for the trust, which shall consist of
336 twenty-one members. The Governor shall make appointments to the
337 advisory council from nominations provided by organizations that
338 have been supporting or advocating a universal health care system.
339 Eligible organizations shall submit nominees to the Governor not later
340 than August 1, 2008, or within one month of a vacancy on the council
341 due to resignation, removal or completion of term. There shall be at
342 least three nominations for each appointment. The Governor shall
343 make appointments from the list of recommendations not later than
344 two months after receiving such nominations. In making
345 appointments, the Governor shall consider geographic and
346 demographic diversity.

347 (b) Each member shall serve a term of five years, except that for
348 initial appointments, seven members shall serve three-year terms,
349 seven members shall serve four-year terms and seven members shall
350 serve five-year terms. Any person appointed to fill a vacancy on the
351 advisory council shall serve for only the unexpired term of the member

352 such person replaces. Any member shall be eligible for reappointment.
353 Any member may be removed by the Governor for cause. Eleven
354 members shall constitute a quorum and the affirmative vote of a
355 majority of council members present and eligible to vote at a meeting
356 shall be necessary for any action to be taken by the advisory council.
357 The members shall annually elect a chairperson.

358 (c) The state-wide consumer advisory council shall serve as an
359 independent oversight body, which shall:

360 (1) Work with the director of the planning, development and
361 research division to make recommendations to the executive director
362 concerning benefits packages and payment schedules for provider and
363 health care organizations and capital expenditures;

364 (2) Work with the director of the consumer division to promote
365 consumer education and healthy behavior among consumers;

366 (3) Work with the director of the quality assurance division to: (A)
367 Develop procedures and investigate professional providers and health
368 care organizations that are not in compliance with the guidelines for
369 the prevention and treatment of disease in the state of Connecticut or
370 the staffing and quality of care standards established by the
371 Connecticut health care system, (B) develop procedures and
372 investigate consumer fraud that results from accessing the Connecticut
373 health care system illegally; (C) develop and enforce continuing
374 education requirements for health care providers in this state; and (D)
375 assure that grievances by consumers, health care providers and health
376 care organizations concerning the Connecticut health care system are
377 appropriately investigated and resolved with recommended changes;
378 and

379 (4) Work with the director of the benefits division to assure that
380 trust money is appropriately invested and that timely and efficient
381 payment mechanisms are utilized to pay health care providers and
382 health care organizations.

383 (d) The advisory council may expend its budget in whatever
384 manner it determines best serves the interests of health care consumers
385 and the Connecticut health care system. The advisory council shall
386 submit a budget proposal to the executive director each year and may
387 alter said proposal from time to time throughout the year. The
388 executive director shall, from time to time, requisition from the trust
389 such amounts as the executive director deems necessary to meet the
390 current obligations of the advisory council, provided such amounts
391 shall not exceed, in the aggregate, five hundred thousand dollars per
392 year.

393 (e) Each advisory council member shall serve without compensation
394 but shall be reimbursed for actual and necessary expenses incurred in
395 the performance of the member's duties.

396 Sec. 11. (NEW) (*Effective July 1, 2008*) (a) There is established a state-
397 wide professional advisory council for the trust. The professional
398 advisory council shall consist of one member from each licensed
399 category of health care professionals, to be elected or appointed by
400 their state-wide professional organizations for two to five-year terms at
401 the discretion of the state-wide professional organizations and seven
402 physicians licensed to practice in this state, one of whom shall
403 represent primary care physicians, one of whom shall represent
404 pediatricians, one of whom shall represent internal medicine
405 specialists, one of whom shall represent obstetricians and
406 gynecologists, one of whom shall represent surgeons, one of whom
407 shall represent psychiatrists and one of whom shall represent other
408 physician specialists.

409 (b) The professional advisory council shall work with the director of
410 planning, development and research of the Connecticut Health Care
411 Trust to:

412 (1) Recommend to the executive director consensus guidelines to be
413 used by health care providers for the treatment and prevention of
414 disease in the state;

415 (2) Recommend to the executive director a benefits package for
416 residents of the state, which shall be administered by the trust; and

417 (3) Recommend to the executive director fee schedules for
418 procedures covered under the benefits package.

419 (c) The professional advisory council shall work with the director of
420 the quality assurance division of the trust to:

421 (1) Recommend to the executive director a method for evaluating
422 the compliance of health care professionals with the consensus
423 guidelines for the treatment and prevention of disease in the state; and

424 (2) Recommend to the executive director appropriate consequences
425 for health care professionals who fail to comply with the consensus
426 guidelines for the treatment and prevention of disease in the state.

427 (d) The professional advisory council shall work with the director of
428 the benefits division to develop information management systems and
429 insure timely payment to health care providers.

430 (e) Each council member shall serve without compensation from the
431 trust, but shall be reimbursed for actual and necessary expenses
432 incurred in the performance of the member's duties. Professional
433 advisory council members may be compensated for their work by their
434 respective professional organizations at the discretion of that
435 organization.

436 Sec. 12. (NEW) (*Effective July 1, 2008*) (a) There is hereby created a
437 state-wide health care organizations advisory council. The health care
438 organizations advisory council shall be composed of one member of
439 each category of health care organizations recognized by the Joint
440 Commission on Accreditation of Healthcare Organizations. These
441 members shall be selected by their respective professional
442 organizations. Members of the state-wide health care organizations
443 advisory council shall be elected or appointed for two to five-year
444 terms at the discretion of their respective professional organizations.

445 (b) The health care organizations advisory council shall work with
446 the director of the planning, development and research division to:

447 (1) Make recommendations to the executive director concerning
448 services and procedures offered by health care organizations which
449 should be covered by the trust;

450 (2) Make recommendations to the executive director of the trust
451 concerning payments to health care organizations for covered services;
452 and

453 (3) Make recommendations to the executive director concerning
454 new capital expenditures in the state and the coordination or
455 consolidation of health care services among health care organizations.

456 (c) The health care organizations advisory council shall work with
457 the director of the quality assurance division of the trust to:

458 (1) Make recommendations to the executive director of the trust
459 concerning methods for evaluating the compliance of health care
460 organizations with the guidelines for the treatment and prevention of
461 disease adopted by the trust;

462 (2) Make recommendations to the executive director concerning
463 appropriate consequences to those health care organizations that are
464 not in compliance with the guidelines for the treatment and prevention
465 of disease adopted by the trust; and

466 (3) Make recommendations to the executive director of the trust
467 concerning standards of care and staffing requirements.

468 (d) Each member of health care organizations advisory council shall
469 serve without compensation from the trust, but shall be reimbursed for
470 actual and necessary expenses incurred in the performance of the
471 member's duties. Members of the council may be reimbursed by their
472 respective professional organizations for their services on the council
473 at the discretion of their respective professional organizations.

474 Sec. 13. (NEW) (*Effective July 1, 2008*) Any Connecticut resident who
475 meets the following requirements shall be eligible for covered services
476 under the Connecticut health care system:

477 (1) Any person (A) who has been a legal resident of this state for at
478 least one year, (B) whose employer has paid all health care trust fund
479 premium payroll taxes for such person for at least six months, (C) who
480 has paid all self-employment health care trust fund premium taxes for
481 a period of at least six months, or (D) who is the dependent of a person
482 who meets the requirements of subparagraphs (A), (B) or (C) of this
483 subdivision.

484 (2) A Connecticut resident eligible for benefits under this section is
485 further eligible for long-term care upon showing any of the following:
486 (A) That such resident is and has been employed full-time for two
487 years, or a correspondingly greater number of months of part-time
488 employment, by an employer who has for the entire time made all
489 required payments to the trust; (B) resided in Connecticut and made
490 all required payments of personal and payroll health taxes to the trust
491 for a period of two years; (C) is entitled under federal laws to such
492 benefits; or (D) has for two years been a dependent of an eligible
493 Connecticut resident.

494 (3) Any individual who is not eligible for long-term care under the
495 provisions of subdivision (2) of this section shall be eligible for long-
496 term care to the same extent and under the same condition as such
497 individual would have been under any program existing prior to the
498 effective date of this section.

499 Sec. 14. (NEW) (*Effective July 1, 2008*) Initial funding for the
500 Connecticut Health Care Trust shall be provided from funds received
501 by the state from the Master Settlement Agreement executed
502 November 23, 1998. Such funds shall be used by the trust to:

503 (1) Establish and carry out the functions of the trust as provided in
504 sections 1 to 15, inclusive, of this act until such time that the benefits
505 provided for by sections 1 to 15, inclusive, of this act can be initiated,

506 not to exceed two years. This provision shall specifically include the
507 development of information systems to facilitate billing and payment,
508 outcome studies and utilization review, as well as the development of
509 guidelines for the treatment and prevention of specific disorders, the
510 establishment of a benefits package and a payment schedule for
511 providers and institutions with regard to procedures which will be
512 covered by the benefits package.

513 (2) Educate providers and consumers about the Connecticut health
514 care system.

515 (3) Establish enrollment in the Connecticut health care system.

516 (4) Accomplish base line studies on the current Connecticut health
517 care system in terms of its cost and effectiveness.

518 (5) Make recommendations to the General Assembly concerning an
519 initial budget and appropriate sources of funding.

520 (6) Invest unutilized funds in a manner consistent with state policy.

521 (7) Apply for grants from the federal government and other funding
522 sources to help establish the Connecticut Health Care Trust and study
523 its cost and effectiveness.

524 (8) Seek all necessary waivers, exemptions, agreements or
525 legislation, so all current federal and state payments for health care
526 shall be paid directly to the trust at the starting date of the trust, which
527 shall then assume responsibility for all benefits and services previously
528 paid for by such federal and state payments for health care.

529 (9) Establish provisions for the retraining and assistance in finding
530 suitable employment for those insurance and health care workers who
531 are displaced by the enactment of the benefits package of the trust.
532 Provisions for such retraining and assistance shall be made in the
533 initial budget, not to exceed one per cent of such initial budget, and
534 shall be considered in subsequent budgets up to three years after the
535 beginning of the trust.

536 Sec. 15. (NEW) (*Effective July 1, 2008*) (a) There is hereby established
537 the Connecticut Health Care Trust Fund. Funding for the Connecticut
538 Health Care Trust Fund shall be obtained from the following sources:

539 (1) The Connecticut Health Care Trust shall seek to maximize all
540 sources of federal financial support for health care services in this state.
541 The executive director of the trust shall obtain waivers, exemptions or
542 legislation, if needed, so that all current federal payments for health
543 care, including Medicare, shall be paid directly to the fund.

544 (2) The state shall pay into the fund the moneys it currently pays for
545 health care services and all administrative functions to be assumed by
546 the trust currently carried out by the state. The total appropriation for
547 these health and administrative services shall be altered yearly
548 through negotiations between the executive director of the trust, the
549 director of the budget and the General Assembly.

550 (3) Taxes shall be imposed on items that contribute to increased
551 health care costs. Surtaxes, to be determined by the General Assembly,
552 in conjunction with the executive director of the trust, are imposed on
553 tobacco products, alcohol, gasoline and facilities operating in the state
554 of Connecticut that generate air or water pollution. These products and
555 facilities may be taxed to the extent that they can be reasonably
556 determined to contribute to the health care costs of the residents of the
557 state of Connecticut.

558 (4) All employers shall pay a trust fund premium, based on their
559 payroll, starting with the enactment of the benefit plan of the trust, as
560 determined by the trust and the Department of Revenue Services. The
561 amount of this premium shall be in line with, or less than, the average
562 contributions that employers make toward employee health benefits as
563 of the effective date of this section, adjusted to a rate less than national
564 health care inflation or deflation.

565 (5) Families or individuals receiving covered benefits under the
566 Connecticut health care system shall contribute premiums on a sliding
567 scale as determined by the trust in consultation with the Department of

568 Revenue Services. The premium shall be collected through the current
569 state income tax system. There shall be no premiums for families of
570 individuals with income below one hundred eighty-five per cent of
571 federal poverty level guidelines. The premium for employed workers
572 shall be negotiated to be less than the amount such an individual or
573 family would pay through an employer or private insurance plan for a
574 comparable benefits package. Premiums for Medicare-eligible
575 individuals shall be limited to less than the cost of private insurance to
576 cover those services which are benefits of the trust but not of the
577 federal Medicare program.

578 (6) The trust shall seek grants from all appropriate and available
579 sources to fund research and administration relevant to the
580 Connecticut health care system.

581 (7) The trust shall retain: (A) Any charitable donations, gifts, grants
582 or bequests made to it from whatever source consistent with state and
583 federal laws; (B) any rebates negotiated or established; and (C) income
584 from the investment of trust assets, including any remainder from the
585 Tobacco Settlement Fund, consistent with state law.

586 (8) Any additional funds the state shall distribute to the trust
587 through a general appropriation enacted by the General Assembly in
588 response to a funding request by the executive director of the trust.

589 (b) Amounts credited to the fund shall be used for the following
590 purposes:

591 (1) To reimburse eligible health care providers and health care
592 facilities for covered services rendered to eligible patients;

593 (2) To pay for preventative educational and outreach programs, as
594 well as related health care activities, not to exceed three per cent of the
595 trust income in any fiscal year;

596 (3) To supplement other sources of financing for approved capital
597 investments in excess of five hundred million dollars for eligible health

598 care providers and facilities, not to exceed three per cent of trust
599 income in any fiscal year;

600 (4) To supplement other sources of financing for medical education
601 and research, not to exceed three per cent of trust income in any fiscal
602 year;

603 (5) To fund training and retraining programs for workers in the
604 health care sector displaced as a result of administrative streamlining
605 gained by moving from a multipayer to a single payer health care
606 system, not to exceed one per cent of trust income in any fiscal year
607 provided, such funding shall terminate June thirtieth of the third year
608 following full implementation of sections 1 to 15, inclusive, of this act;

609 (6) To fund a reserve account to finance potential budgetary
610 shortfalls, epidemics and other extraordinary events, not to exceed
611 more than one per cent of the trust income in any fiscal year;

612 (7) To pay for the benefits division of the trust, not to exceed three
613 per cent of trust income in any fiscal year;

614 (8) To pay for the general administration of the trust, including the
615 office of the executive director and the divisions of planning,
616 development and research and quality assurance, not to exceed three
617 per cent of trust income in any fiscal year, not including moneys
618 transferred to the trust from the state to fund those quality assurance
619 activities that will be taken over by the trust which were previously
620 carried out by the Department of Public Health;

621 (9) To pay the administrative costs of the state-wide consumer
622 advisory council, not to exceed five hundred thousand dollars in any
623 fiscal year, adjusted for inflation or deflation;

624 (10) To pay the administrative costs of the state-wide health care
625 organizations advisory council, not to exceed one hundred thousand
626 dollars in any fiscal year, adjusted for inflation or deflation; and

627 (11) To pay the administrative costs of the state-wide health care

628 organizations advisory council, not to exceed one hundred thousand
 629 dollars in any fiscal year, adjusted for inflation or deflation.

630 (c) Unexpended trust assets shall not be deemed to be surplus
 631 funds, but shall be retained in the fund for investment purposes. These
 632 funds shall be addressed and accounted for in determining
 633 appropriate funding for the trust.

634 Sec. 16. (*Effective July 1, 2006*) There is established a committee to
 635 study the Connecticut Health Care Trust established pursuant to
 636 section 2 of this act. The committee shall study the provisions of this
 637 act and shall make recommendations on revisions to the general
 638 statutes and other changes necessary or advisable to implement the
 639 transfer of duties and collection of revenues necessitated by the
 640 provisions of this act. The committee shall consist of the following
 641 members: The Secretary of the Office of Policy and Management, or
 642 the secretary's designee; the Commissioners of Social Services, Public
 643 Health, Revenue Services, Mental Retardation, Mental Health and
 644 Addiction Services, Consumer Protection, the Office of Health Care
 645 Access and the Insurance Commissioner, or their designees. The
 646 Secretary of the Office of Policy and Management, or the secretary's
 647 designee, shall serve as the chairperson of the committee. The
 648 committee shall meet at such times and places as designated by the
 649 chairperson. Not later than January 1, 2008, the committee shall submit
 650 a report on its findings and recommendations to the General Assembly
 651 in accordance with the provisions of section 11-4a of the general
 652 statutes. The committee shall terminate on the date that it submits such
 653 report or July 1, 2008, whichever is earlier.

This act shall take effect as follows and shall amend the following sections:		
ghSection	<i>July 1, 2008</i>	New section
Sec. 2	<i>July 1, 2008</i>	New section
Sec. 3	<i>July 1, 2008</i>	New section
Sec. 4	<i>July 1, 2008</i>	New section
Sec. 5	<i>July 1, 2008</i>	New section

Sec. 6	<i>July 1, 2008</i>	New section
Sec. 7	<i>July 1, 2008</i>	New section
Sec. 8	<i>July 1, 2008</i>	New section
Sec. 9	<i>July 1, 2008</i>	New section
Sec. 10	<i>July 1, 2008</i>	New section
Sec. 11	<i>July 1, 2008</i>	New section
Sec. 12	<i>July 1, 2008</i>	New section
Sec. 13	<i>July 1, 2008</i>	New section
Sec. 14	<i>July 1, 2008</i>	New section
Sec. 15	<i>July 1, 2008</i>	New section
Sec. 16	<i>July 1, 2006</i>	New section

HS

Joint Favorable C/R

APP