



House of Representatives

General Assembly

File No. 249

January Session, 2007

Substitute House Bill No. 6660

House of Representatives, April 2, 2007

The Committee on Insurance and Real Estate reported through REP. O'CONNOR of the 35th Dist., Chairperson of the Committee on the part of the House, that the substitute bill ought to pass.

***AN ACT CONCERNING HEALTH INSURANCE PREMIUM PAYMENTS
BY EMPLOYERS FOR TERMINATED EMPLOYEES.***

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

1 Section 1. (NEW) (*Effective October 1, 2007*) In the event (1) an
2 employer, as defined in section 31-58 of the general statutes, terminates
3 an employee for any reason other than lay off, or (2) an employee
4 voluntarily terminates his or her employment with an employer, such
5 employer shall not be responsible for the payment of premium for
6 such employee under a group health insurance policy after the date of
7 such employee's termination. Any insurer, health care center, hospital
8 or medical service corporation or fraternal benefit society that issues
9 such health insurance policy shall credit such employer for the amount
10 of any premium paid by such employer with respect to such policy for
11 such employee to the date of such employee's termination. Any such
12 credit shall be applied upon the subsequent renewal of such policy.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>October 1, 2007</i>	New section

INS *Joint Favorable Subst.*

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 chamber thereof for any purpose:

OFA Fiscal Note

State Impact: None

Municipal Impact: None

Explanation

The bill is not expected to result in a fiscal impact to the General Fund because current law already permits insurance companies to deduct policy cancellations¹ from their insurance premiums tax liability.

The Out Years

State Impact: None

Municipal Impact: None

¹ Cancellations are included in the "returned charges" line of the Insurance Premiums Tax return filed by insurance companies.

OLR Bill Analysis**sHB 6660*****AN ACT CONCERNING HEALTH INSURANCE PREMIUM PAYMENTS BY EMPLOYERS FOR TERMINATED EMPLOYEES.*****SUMMARY:**

This bill specifies that an employer is not responsible for paying premiums for an employee's group health insurance coverage after the employee ends employment for any reason other than lay off. It requires an insurer, HMO, hospital or medical service corporation, or fraternal benefit society to credit an employer for any premiums it prepaid for an employee's coverage to the employee's last work day. It requires the credit to be applied annually at policy renewal. (This assumes the policy is renewed.)

EFFECTIVE DATE: October 1, 2007

EMPLOYER DEFINED

Under the bill, "employer" means any owner or any person, partnership, corporation, limited liability company, or association acting directly as, or on behalf of, or in the interest of an employer in relation to employees, including the state and any state political subdivision.

COMMITTEE ACTION

Insurance and Real Estate Committee

Joint Favorable Substitute

Yea 19 Nay 0 (03/15/2007)