



Senate

General Assembly

File No. 625

January Session, 2007

Substitute Senate Bill No. 1451

Senate, April 30, 2007

The Committee on Finance, Revenue and Bonding reported through SEN. DAILY of the 33rd Dist., Chairperson of the Committee on the part of the Senate, that the substitute bill ought to pass.

AN ACT ESTABLISHING THE CONNECTICUT HOMECARE OPTION PROGRAM FOR THE ELDERLY.

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

1 Section 1. (NEW) (*Effective October 1, 2007*) (a) For purposes of
2 sections 1 to 6, inclusive, of this act:

3 (1) "Depositor" means any person making a deposit, payment,
4 contribution, gift or other deposit to the trust pursuant to a
5 participation agreement.

6 (2) "Designated beneficiary" means any individual who enters into a
7 participation agreement or is subsequently designated as a spouse or
8 the partner to a civil union of the designated beneficiary.

9 (3) "Eligible home care provider" means (A) a provider licensed in
10 Connecticut to perform home care services for the integral activities of
11 daily living, or (B) licensed transportation services.

12 (4) "Participation agreement" means the agreement between the
13 trust and depositors for participation in a savings plan for a designated
14 beneficiary.

15 (5) "Qualified home care expenses" means the cost of services
16 performed by an eligible home care provider, and the cost of any other
17 service recommended by a physician and provided by a licensed
18 provider.

19 (6) "Trust" means the Connecticut Home Care Trust Fund.

20 (b) There is established the Connecticut Homecare Option Program
21 for the Elderly, to allow individuals to plan for the cost of services that
22 will allow them to remain in their homes as they age. The Treasurer
23 shall establish the Connecticut Home Care Trust Fund, which shall be
24 comprised of individual savings accounts for those expenses not
25 covered by a long-term care insurance policy. Withdrawals from the
26 fund may be used for qualified home care expenses, upon receipt by
27 the fund of a physician's certification that the designated beneficiary is
28 in need of services for the integral activities of daily living.

29 (c) There is established an advisory committee to the Connecticut
30 Homecare Option Program for the Elderly, which shall consist of the
31 State Treasurer, the Comptroller, the Commissioner of Social Services,
32 a representative of the Commission on Aging, the director of the long-
33 term care partnership policy program within the Office of Policy and
34 Management, and the cochairpersons and ranking members of the
35 joint standing committees of the General Assembly having cognizance
36 of matters relating to human services and finance, revenue and
37 bonding and the cochairpersons and ranking members of the select
38 committed having cognizance of matters relating to aging, or their
39 designees. The Governor shall appoint one provider of home care
40 services for the elderly and a physician specializing in geriatric care.
41 The advisory committee shall meet at least annually. The State
42 Comptroller shall convene the meetings of the committee.

43 Sec. 2. (NEW) (*Effective October 1, 2007*) The Treasurer, on behalf of

44 the trust and for purposes of the trust, may:

45 (1) Receive and invest moneys in the trust in any instruments,
46 obligations, securities or property in accordance with section 3 of this
47 act;

48 (2) Procure insurance in connection with the trust's property, assets,
49 activities, or deposits or contributions to the trust;

50 (3) Establish one or more funds within the trust and maintain
51 separate accounts for each designated beneficiary; and

52 (4) Take any other actions necessary to carry out the purposes of
53 sections 1 to 6, inclusive, of this act, and incidental to the duties
54 imposed on the Treasurer pursuant to said sections.

55 Sec. 3. (NEW) (*Effective October 1, 2007*) Notwithstanding sections 3-
56 13 to 3-13h, inclusive, of the general statutes, the Treasurer shall invest
57 the amounts on deposit in the trust in a manner reasonable and
58 appropriate to achieve the objectives of the trust, exercising the
59 discretion and care of a prudent person in similar circumstances with
60 similar objectives. The Treasurer shall give due consideration to rate of
61 return, risk, term or maturity, diversification of the total portfolio
62 within the trust, liquidity, the projected disbursements and
63 expenditures, and the expected payments, deposits, contributions and
64 gifts to be received. The Treasurer shall not require the trust to invest
65 directly in obligations of the state or any political subdivision of the
66 state or in any investment or other fund administered by the Treasurer.
67 The assets of the trust shall be continuously invested and reinvested in
68 a manner consistent with the objectives of the trust until disbursed for
69 qualified home care expenses, expended on expenses incurred by the
70 operations of the trust, or refunded to the depositor or designated
71 beneficiary on the conditions provided in the participation agreement.

72 Sec. 4. (NEW) (*Effective October 1, 2007*) The Comptroller, on behalf
73 of the trust and for purposes of the trust, may:

74 (1) Establish consistent terms for each participation agreement, bulk

75 deposit, coupon or installment payments, including, but not limited to,
76 (A) the method of payment into the trust by payroll deduction, transfer
77 from bank accounts or otherwise, (B) the termination, withdrawal or
78 transfer of payments under the trust, including transfers to a licensed
79 home care or transportation provider, (C) penalties for distributions
80 not used or made in accordance with this section, (D) changing the
81 identity of the designated beneficiary, and (E) any charges or fees in
82 connection with the administration of the trust;

83 (2) Enter into one or more contractual agreements, including
84 contracts for legal, actuarial, accounting, custodial, advisory,
85 management, administrative, advertising, marketing and consulting
86 services for the trust and pay for such services from the gains and
87 earnings of the trust;

88 (3) Apply for, accept and expend gifts, grants or donations from
89 public or private sources to enable the trust to carry out its objectives;

90 (4) Adopt regulations, in accordance with chapter 54 of the general
91 statutes, to implement the purposes of sections 1 to 6, inclusive, of this
92 act;

93 (5) Sue and be sued; and

94 (6) Take any other action necessary to carry out the purposes of
95 sections 1 to 6, inclusive, of this act, and incidental to the duties
96 imposed on the Treasurer pursuant to said sections.

97 Sec. 5. (NEW) (*Effective October 1, 2007*) Participation in the trust and
98 the offering and solicitation of the trust are exempt from sections 36b-
99 16 and 36b-22 of the general statutes. The Treasurer shall obtain
100 written advice of counsel or written advice from the Securities
101 Exchange Commission, or both, that the trust and the offering of
102 participation in the trust are not subject to federal securities laws.

103 Sec. 6. (NEW) (*Effective October 1, 2007*) The state pledges to
104 depositors, designated beneficiaries and with any party who enters
105 into contracts with the trust, pursuant to the provisions of sections 1 to

106 6, inclusive, of this act, that the state will not limit or alter the rights
107 under said sections vested in the trust or contract with the trust until
108 such obligations are fully met and discharged and such contracts are
109 fully performed on the part of the trust, provided nothing contained in
110 this section shall preclude such limitation or alteration if adequate
111 provision is made by law for the protection of such depositors and
112 designated beneficiaries pursuant to the obligations of the trust or
113 parties who entered into such contracts with the trust. The trust, on
114 behalf of the state, may include this pledge and undertaking for the
115 state in participation agreements and such other obligations or
116 contracts.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>October 1, 2007</i>	New section
Sec. 2	<i>October 1, 2007</i>	New section
Sec. 3	<i>October 1, 2007</i>	New section
Sec. 4	<i>October 1, 2007</i>	New section
Sec. 5	<i>October 1, 2007</i>	New section
Sec. 6	<i>October 1, 2007</i>	New section

FIN *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:

Agency Affected	Fund-Effect	FY 08 \$	FY 09 \$
Treasurer	GF - Cost	See Below	See Below
Social Services, Dept.	GF - Savings	Potential	Potential

Note: GF=General Fund

Municipal Impact: None

Explanation

Maintaining individual accounts will result in a General Fund cost to the Office of the State Treasurer (OST). Assuming that there are 500 such accounts established for FY 08 and FY 09, OST estimates that the cost will be approximately \$100,000. The cost to secure an opinion from the Federal Securities and Exchange Commission is estimated to be about \$50,000.

It is anticipated that the Office of the State Comptroller will coordinate the services designated in the bill at no additional cost to the state. The bill specifies that the cost of such services shall be paid from the gains and earnings of the trust fund.

To the extent that the program is successful in maintaining individuals in their private residences when they otherwise might have moved into a nursing home, there would be a savings to the Department of Social services for the state's contribution to the Medicaid Program.

The Out Years

The annualized ongoing fiscal impact identified above would continue into the future subject to inflation.

OLR Bill Analysis**sSB 1451*****AN ACT ESTABLISHING THE CONNECTICUT HOMECARE OPTION PROGRAM FOR THE ELDERLY.*****SUMMARY:**

The bill establishes a Connecticut Home Care Option Program and a Connecticut Home Care Trust Fund, administered by the state comptroller and the state treasurer. The program and the fund must help people plan and save for the costs of elderly services that are not covered by a long-term health insurance policy and that will allow them to remain in their homes as they age. The bill allows participants to establish individual savings accounts within the fund and allows a designated beneficiary to withdraw funds from an account to pay for qualified home care expenses.

The bill specifies the comptroller's and treasurer's duties and authority over the program and the trust fund. It establishes standards for investing the fund's assets and for offering the fund to investors.

Finally, it creates a 19-member advisory committee for the program made up of executive branch officials and legislators, or their designees, plus a homecare services provider and a specialist in geriatrics. The committee must meet at least once per year. The state comptroller is responsible for convening the meetings.

EFFECTIVE DATE: October 1, 2007

QUALIFIED HOME CARE EXPENSES

The bill allows home care program account beneficiaries to withdraw funds from an account to pay for qualified home care expenses. "Qualified home care expenses" are expenses for (1)

services performed by a Connecticut-licensed home care services provider or (2) licensed transportation services and (3) other services recommended by a physician and performed by a licensed provider. (It is not clear what kind of other services this provision includes.) Before a withdrawal can occur, a physician must certify to the fund that the beneficiary needs the qualified services for the integral activities of daily living.

TREASURER'S AUTHORITY AND DUTIES

On behalf of and for the purposes of the fund, the bill allows the treasurer to:

1. receive and invest its money,
2. procure insurance for its assets and activities,
3. establish funds within the larger trust and maintain a separate account for each beneficiary, and
4. take other actions to carry out the bill's purposes.

COMPTROLLER'S AUTHORITY AND DUTIES

On behalf of the trust and to carry out its purposes, the bill authorizes the comptroller to:

1. establish consistent terms for the operation of the trust, such as (a) method of payment, (b) withdrawal, termination, and transfer of payments (including to a licensed home care or transportation services provider), (c) penalties for improper use of funds, (d) changing beneficiaries, and (e) administration charges or fees;
2. enter contractual agreements for services for the trust and pay for them with the trust's earnings;
3. apply for and receive public or private donations to enable the trust to achieve its objectives;

4. adopt regulations;
5. sue and be sued; and
6. take other necessary actions to carry out the bill's purposes and that are incidental to the treasurer's duties under the bill.

TRUST FUND INVESTMENTS

In investing trust assets, the treasurer does not have to follow the investment policy and statutory restrictions applicable to other state trust funds. Instead, the bill requires the treasurer to invest the fund in a reasonable way to achieve its objectives; exercise a prudent person's care and discretion; and consider such things as rate of return, risk, maturity, portfolio diversification, liquidity, projected disbursements and expenditures, and expected deposits and other gifts. She need not require the fund to invest in government bonds or other funds she administers.

The treasurer must keep trust assets continuously invested according to its objectives until they are (1) used by beneficiaries for qualified home care expenses, (2) used to pay its operating expenses, or (3) returned to depositors and beneficiaries according to the participation agreement between the trust and its depositors.

FUND OFFERING AND SOLICITATION

Under the bill, trust material intended for distribution to prospective investors does not have to be filed with the banking commissioner and investments do not have to be registered with the commissioner. But the treasurer must get written advice from counsel, the Securities and Exchange Commission, or both, that the trust and participation in it are not subject to federal securities laws.

The bill promises that the state will not alter participants' rights until all the trust's obligations are discharged and contracts performed, unless the law makes adequate provision for their protection. It allows the trust to include this promise in its participation agreements and other contracts.

ADVISORY COMMITTEE

The bill establishes a 19-member advisory committee for the program consisting of a provider of home care services for the elderly and a physician specializing in geriatrics, both appointed by the governor, and the following officials or their designees:

1. the state treasurer, state comptroller, and social services commissioner;
2. a Commission on Aging representative;
3. the director of the long-term care partnership policy program within the Office of Policy and Management; and
4. the chairpersons and ranking members of the Human Services, Aging, and Finance committees.

COMMITTEE ACTION

Finance, Revenue and Bonding Committee

Joint Favorable Substitute

Yea 52 Nay 0 (04/16/2007)