



General Assembly

January Session, 2007

**Raised Bill No. 7284**

LCO No. 4262

\*04262\_\_\_\_\_INS\*

Referred to Committee on Insurance and Real Estate

Introduced by:  
(INS)

**AN ACT ESTABLISHING THE STATE HEALTH INSURANCE  
PURCHASING POOL PROGRAM.**

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

1 Section 1. (NEW) (*Effective July 1, 2008*) As used in sections 1 to 16,  
2 inclusive, of this act:

3 (1) "Benchmark policy" means a health insurance policy as described  
4 in section 3 of this act.

5 (2) "Commissioner" means the Insurance Commissioner.

6 (3) "Eligible individual" means an individual who is (A) a resident  
7 of the state, (B) under sixty-five years of age, and (C) not covered by  
8 employer-sponsored insurance, except that "eligible individual" does  
9 not include an individual who has been a resident of the state for less  
10 than six months and lives in a family and household without at least  
11 one person who is employed full time in the state.

12 (4) "Program" means the State Health Insurance Purchasing Pool  
13 program.

14       Sec. 2. (NEW) (*Effective July 1, 2008*) (a) There is established, within  
15 the Insurance Department, the State Health Insurance Purchasing Pool  
16 program to provide health insurance policies, as defined in section  
17 38a-469 of the general statutes, to ensure affordable health care for  
18 eligible individuals.

19       (b) The commissioner shall arrange and procure health insurance  
20 policies for enrollees in the program. The commissioner shall negotiate  
21 and contract with insurance companies and health care centers  
22 authorized to do insurance business in the state, in accordance with the  
23 provisions of section 38a-41 of the general statutes, to provide health  
24 insurance policies to the program. Such health insurance policies shall  
25 be approved by the commissioner in accordance with the provisions of  
26 title 38a of the general statutes.

27       (c) The commissioner shall educate state residents about the health  
28 insurance policies available under the program, by means including,  
29 but not limited to, preparation of educational materials; conducting  
30 informational sessions or workshops; contracting with nonprofit  
31 organizations and community-based organizations for outreach to  
32 hard-to-reach populations and training, consulting with and  
33 reimbursing licensed health insurance brokers for assistance in  
34 educating residents.

35       (d) The commissioner shall promote the use of information  
36 technology by insurance companies and health care centers providing  
37 health insurance policies to the program, individuals applying to,  
38 enrolled in or seeking information about the program and persons  
39 providing information to the program and shall arrange for the  
40 provision of technical support, training and assistance to assure the  
41 effective use of such information technology. The commissioner shall  
42 require each insurance company and health care center providing  
43 health insurance policies to the program to operate an electronic health  
44 record system not later than October 1, 2008, certified by the  
45 commissioner, that meets interoperability standards established by the

46 commissioner, by regulations adopted in accordance with section 16 of  
47 this act, for such electronic health record systems.

48 Sec. 3. (NEW) (*Effective July 1, 2008*) (a) The commissioner shall  
49 make available to each eligible individual seeking enrollment in the  
50 program a choice of health insurance policies, affordable to most state  
51 residents, offering a wide range of benefit options, including at least  
52 one benchmark policy, as described in subsection (b) of this section.  
53 The commissioner shall survey employer-based health insurance  
54 coverage in New England to determine the actuarial value of  
55 benchmark policy coverage. The actuarial value shall be adjusted  
56 annually to reflect necessary increases in health care.

57 (b) The benchmark policy shall:

58 (1) Have an actuarial value that is not less than the sum of (A) the  
59 actuarial value of all coverage, excluding dental coverage, for average  
60 New England enrollees in employer-based insurance during the  
61 previous year; and (B) the actuarial value of dental coverage for  
62 average New England enrollees in employer-based insurance during  
63 the previous year; and

64 (2) Offer benefits including, but not limited to, office visits, inpatient  
65 and outpatient hospital care, mental and behavioral health care,  
66 including substance abuse treatment, prescription drugs, including  
67 brand name and generic drugs, maternity care, including prenatal and  
68 postpartum care, oral contraceptives, durable medical equipment,  
69 speech, physical and occupational therapy, home health care, hospice  
70 services and extended care as alternatives to institutionalization;  
71 preventive and restorative dental care, basic vision care and, as  
72 prescribed by a physician, personalized nutrition and exercise plans  
73 and smoking cessation services; and

74 (3) Be in compliance with the provisions of section 4 of this act.

75 Sec. 4. (NEW) (*Effective July 1, 2008*) (a) As used in this subsection:

76 (1) "Class of coverage" means single adult coverage, two adult  
77 coverage and variations of coverage with children as approved by the  
78 commissioner; and

79 (2) "Designated provider" means (A) a federally qualified health  
80 center, (B) a health center determined by the Insurance Commissioner,  
81 in conjunction with the Commissioner of Public Health, to be  
82 substantially similar to a federally qualified health center, (C) a school-  
83 based health clinic, or (D) a primary care clinic or other primary care  
84 provider designated by the Department of Public Health as comprising  
85 such an essential part of a local community's primary care  
86 infrastructure that, if members of the community could not obtain  
87 health care through such provider, such community members would  
88 lack sufficient access to primary care.

89 (b) Each health insurance policy under the program shall be in  
90 compliance with the provisions of chapter 700c of the general statutes,  
91 and any other applicable state or federal law, and shall:

92 (1) Require payment of the same premium for each class of  
93 coverage;

94 (2) Cover preexisting conditions;

95 (3) Guarantee issue;

96 (4) Cover, without cost-sharing, complete examinations for every  
97 adult and child, including all screenings and immunizations that are  
98 appropriate to the individual's age, gender, culture, race and ethnicity;  
99 and

100 (5) Treat each designated provider as a preferred provider to which  
101 the health insurance policy's lowest schedule of primary care  
102 copayments or coinsurance applies, except that a health insurance  
103 policy need not extend such status to a designated provider if the  
104 Department of Public Health certifies that such health insurance policy  
105 provides alternate arrangements for primary care that do not reduce

106 access to primary care for the policy's enrollees that live in the  
107 community served by the designated provider.

108 Sec. 5. (NEW) (*Effective July 1, 2008*) (a) Any state resident may  
109 purchase health insurance coverage under the program at the full cost  
110 for such coverage, as determined by the commissioner, if such  
111 resident:

112 (1) Has not been a state resident for six months or more and lives in  
113 a family and household without at least one person who is employed  
114 full time in the state; or

115 (2) Is sixty-five years of age or older and is employed by, or whose  
116 spouse is employed by, an employer that: (A) Offered employer-  
117 sponsored insurance on or before October 1, 2006, but no longer offers  
118 such insurance, and (B) would have qualified to participate in such  
119 employer-sponsored insurance in effect on October 1, 2006.

120 (b) Any employer may purchase either full or partial coverage  
121 under the program for a retired employee who is a state resident at the  
122 full cost for such coverage, as determined by the commissioner.

123 Sec. 6. (NEW) (*Effective July 1, 2008*) (a) On and after July 1, 2008, any  
124 eligible individual, or individual purchasing coverage in the program  
125 in accordance with the provisions of section 5 of this act, may apply to  
126 the program through the Insurance Department or the Department of  
127 Social Services.

128 (b) The commissioner shall establish a health consumer assistance  
129 program which shall be available to counsel eligible individuals and  
130 individuals purchasing coverage in the program in accordance with  
131 the provisions of section 5 of this act concerning the health insurance  
132 policies offered under the program and to enroll such individuals in  
133 the program. The health consumer assistance program may be  
134 established within the Insurance Department, or the commissioner  
135 may contract with a nonprofit organization to operate such health

136 consumer assistance program, provided such nonprofit organization is  
137 financially independent from all insurance companies and health care  
138 centers providing health insurance policies to the program and does  
139 not receive any financial benefit, direct or indirect, from an enrollee's  
140 choice of any health insurance policy under the program.

141 (c) Enrollees may change health insurance policies:

142 (1) During any open enrollment period established by the  
143 commissioner, which shall occur at least once per calendar year; and

144 (2) At any other time, for good cause, consistent with regulations  
145 established by the commissioner, in accordance with section 16 of this  
146 act.

147 Sec. 7. (NEW) (*Effective July 1, 2008*) (a) On and after July 1, 2008, an  
148 eligible individual not yet enrolled in the program shall be enrolled by  
149 default when any of the following occurs:

150 (1) Such individual's income is reported to the Department of  
151 Revenue Services or the Labor Department;

152 (2) A state income tax form is filed on which such individual is  
153 listed as a member of the household; or

154 (3) Such individual seeks health care.

155 (b) When an eligible individual is enrolled in the program under  
156 subsection (a) of this section, a fee-for-service health insurance policy  
157 shall be issued to the individual until the individual chooses a health  
158 insurance policy under the program. The individual shall have a  
159 reasonable period of time, not to exceed thirty days, after being  
160 enrolled in the program to choose a health insurance policy. If the  
161 individual does not choose a policy within such time, the  
162 commissioner shall select the benchmark policy for the individual.  
163 Such selection shall take into account, but not be limited to, the  
164 following:

- 165 (1) Maximizing continuity of care for the individual;
- 166 (2) Keeping all family members within a single plan; and
- 167 (3) Supporting benchmark plans with the best performance as to  
168 low premiums and high-quality care or positive outcomes for  
169 individuals previously enrolled under subsection (a) of this section.

170 Sec. 8. (NEW) (*Effective July 1, 2008*) (a) The Department of Social  
171 Services shall screen each eligible individual, or individual purchasing  
172 coverage in the program in accordance with the provisions of section 5  
173 of this act, at the time such individual applies for the program for  
174 eligibility under Title XIX or Title XXI of the Social Security Act. Such  
175 screening shall also determine income for purposes of establishing the  
176 amount of premium payments under the program for each such  
177 individual. Individuals shall be enrolled in the appropriate state  
178 Medicaid program or the HUSKY Plan, unless the individual objects to  
179 such enrollment. To the maximum extent feasible, relevant information  
180 shall be obtained through state-maintained or state-accessible data and  
181 through the self-attestation of individuals.

182 (b) Notwithstanding any provision of the general statutes, the  
183 following information shall be made available to the Department of  
184 Social Services and the commissioner for the purposes of determining  
185 eligibility under Title XIX or Title XXI of the Social Security Act and for  
186 establishing premium payments under the program:

187 (1) Eligibility and enrollment information for individuals enrolled in  
188 means tested assistance programs, other than the HUSKY Plan;

189 (2) New hire information and quarterly reports provided to the  
190 Labor Department; and

191 (3) Information showing United States citizenship of individuals,  
192 including, but not limited to, information obtained from birth  
193 certificates and other vital records; and

194 (4) Federal information about new hires, quarterly earnings, Social  
195 Security numbers, immigration status and other data pertinent to  
196 income or other components of eligibility for Title XIX or XXI of the  
197 Social Security Act.

198 (c) The Insurance Commissioner and the Commissioner of Social  
199 Services shall enter into agreements with other state agencies  
200 providing or receiving information for the program. Such agreements  
201 shall require that:

202 (1) Such information be used only to verify or establish income or  
203 eligibility for matching funds under Titles XIX or XXI of the Social  
204 Security Act; and

205 (2) Each state agency providing information to the program train  
206 and monitor all staff and contractors who have access to such  
207 information and inform such staff and contractors of all applicable  
208 state and federal privacy and data security requirements.

209 (d) Within available appropriations, the Commissioner of Social  
210 Services shall develop and operate the information infrastructure  
211 required to conduct the screening described in subsection (a) of this  
212 section and shall take all feasible steps to maximize the use of federal  
213 funds for developing and operating such infrastructure. The  
214 commissioner, in consultation with data privacy and security experts,  
215 shall develop and implement policies and procedures that maintain  
216 data security and prevent inadvertent, improper and unauthorized  
217 access to or disclosure, inspection, use or modification of information.

218 (e) Any individual about whom information is provided to the  
219 program shall have the right to (1) obtain, at no cost to the individual,  
220 a copy of all such information, which shall identify the agency from  
221 which the information was obtained, and (2) correct any  
222 misinformation or complete any incomplete information. If any breach  
223 of an individual's privacy occurs, such individual shall be promptly  
224 informed of such breach and of any rights and remedies available to

225 the individual as a result of such breach.

226 Sec. 9. (NEW) (*Effective July 1, 2008*) (a) On or before September 30,  
227 2008, the Commissioner of Social Services shall submit to the federal  
228 Centers for Medicare and Medicaid Services an amendment to the  
229 state Medicaid plan required by Title XIX of the Social Security Act to  
230 extend coverage to all parents, guardians and caretaker relatives with  
231 incomes at or below three hundred per cent of the federal poverty  
232 level, as well as to any other individuals with incomes below such  
233 level who are nineteen to sixty-four years of age, inclusive, and who  
234 may be covered, at state option, through the state plan amendment.

235 (b) If needed to access all federal funds allotted to the state under  
236 Title XXI of the Social Security Act, the Commissioner of Social  
237 Services shall cover individuals over eighteen years of age, including,  
238 but not limited to, pregnant women, whether or not such individuals  
239 are eligible for coverage under Title XIX of the Social Security Act.

240 (c) (1) On or before September 30, 2008, the Commissioner of Social  
241 Services shall submit an application for a waiver under Section 1115 of  
242 the Social Security Act, in accordance with section 17b-8 of the general  
243 statutes, to authorize the use of funds received under Title XXI of the  
244 Social Security Act for individuals nineteen to sixty-four years of age,  
245 inclusive, with incomes at or below one hundred fifty per cent of the  
246 federal poverty level who do not otherwise qualify under Title XIX of  
247 the Social Security Act, either under mandatory eligibility or at state  
248 option through state plan amendment. Federal budget neutrality  
249 requirements for such waiver may be met through unused  
250 uncompensated care payments to hospitals or by taking other  
251 measures, provided such measures do not result in any of the  
252 following for individuals who would have qualified for coverage  
253 under the Medicaid program, the HUSKY Plan or state-administered  
254 general assistance:

255 (A) Any reduction in covered services or access to care;

256 (B) Any increase in deductibles, premiums or other out-of-pocket  
257 costs; or

258 (C) Any reduction in enforceable, individual guarantees of coverage  
259 or services.

260 (2) If federal budget neutrality requirements do not permit  
261 extending Title XIX coverage to the individuals described in  
262 subdivision (1) of this subsection, such coverage shall extend to such  
263 individuals with incomes under the highest possible percentage of  
264 federal poverty level less than one hundred fifty per cent.

265 Sec. 10. (NEW) (*Effective July 1, 2008*) (a) Enrollees in the program  
266 shall pay the amounts provided in subsection (b) of this section for the  
267 health insurance policy under which they are insured.

268 (b) (1) For a health insurance policy with a premium less than or  
269 equal to the premium charged by the benchmark policy:

270 (A) If the enrollee's family income is at or below one hundred fifty  
271 per cent of the federal poverty level, the enrollee shall pay no  
272 premium.

273 (B) If the enrollee's family income is above three hundred per cent of  
274 the federal poverty level, the enrollee shall pay thirty per cent of the  
275 premium.

276 (C) If the enrollee's family income is one hundred fifty-one per cent  
277 to three hundred per cent of the federal poverty level, inclusive, the  
278 enrollee shall pay a percentage of the premium that shall be greater  
279 than zero per cent but less than thirty per cent of such premium  
280 according to a schedule to be established by the commissioner, by  
281 regulations adopted in accordance with section 16 of this act.

282 (D) For an individual who would have qualified for Medicaid, the  
283 HUSKY Plan or state-administered general assistance under state law  
284 in effect on October 1, 2006, the premium shall not exceed the amount

285 permitted under such law for the applicable program, increased in  
286 subsequent years based on changes to median earnings among  
287 Connecticut households with incomes at or below three hundred per  
288 cent of the federal poverty level.

289 (2) For a health insurance policy with a premium higher than the  
290 premium charged by the benchmark policy, the enrollee shall pay the  
291 amount specified in subdivision (1) of this subsection, plus the amount  
292 of the difference between the premium for the health insurance policy  
293 and the premium for the benchmark policy.

294 (c) Any amount paid by an enrollee to the program shall not be  
295 included in the gross income of the enrollee for state or federal income  
296 tax purposes, except as required under Section 125 of the Internal  
297 Revenue Code of 1986, or any subsequent corresponding internal  
298 revenue code of the United States, as from time to time amended. Each  
299 employer in the state, whether or not such employer is subject to  
300 payment responsibilities under sections 2 to 16, inclusive, of this act,  
301 shall exclude the amount of such payments made by employees of the  
302 employer from the gross income paid by the employer to such  
303 employees.

304 (d) The Insurance Commissioner and the Commissioner of Revenue  
305 Services shall establish a system for automated payments to the  
306 program through payroll deductions. Automated payments shall be  
307 sent to the Department of Revenue Services, which shall forward such  
308 payments to the Insurance Commissioner. Enrollees participating in  
309 the program may opt out of payroll deduction and establish with the  
310 Insurance Commissioner alternate means of making payments to the  
311 program.

312 (e) The Insurance Commissioner shall adopt regulations, in  
313 accordance with section 16 of this act, establishing when enrollee  
314 payments shall be made to the Insurance Commissioner for  
315 subsequent transmittal to the health insurance companies or health  
316 care centers providing health insurance policies to the program and

317 when such payments shall be made directly to such health insurance  
318 companies or health care centers.

319 Sec. 11. (NEW) (*Effective July 1, 2008*) Each employer in the state  
320 shall pay to the commissioner a contribution in an amount equivalent  
321 to eleven per cent of its payroll, except as otherwise provided in  
322 regulations under section 12 of this act. Such moneys shall be  
323 deposited in accordance with regulations under section 12 of this act.

324 Sec. 12. (NEW) (*Effective from passage*) Not later than July 1, 2008, the  
325 commissioner shall adopt regulations, in accordance with section 16 of  
326 this act, that specify procedures and standards for the collection and  
327 deposit of contributions payable to the commissioner by employers in  
328 the state. Such regulations shall (1) provide for a differential in  
329 contributions by employers that offer employer-sponsored health  
330 insurance to their employees and those who do not offer such  
331 insurance to their employees, (2) specify the amount of reduction in  
332 contributions payable by employers that offer such insurance to their  
333 employees, and (3) specify exemptions from payment of contributions.

334 Sec. 13. (NEW) (*Effective July 1, 2008*) (a) (1) Each employee, and the  
335 dependents of such employee, whose employer offers employer-  
336 sponsored health insurance to its employees shall be deemed to be  
337 insured under such insurance.

338 (2) Notwithstanding the provisions of subdivision (1) of this  
339 subsection:

340 (A) If an employee or a dependent of an employee is a child who  
341 qualifies for the HUSKY Plan, such child shall not be deemed to be  
342 insured under employer-sponsored health insurance. Such child shall  
343 be so insured only if a parent or other legal guardian of the child  
344 consents to such insurance in writing.

345 (B) If an employee receives offers of employer-sponsored insurance  
346 from more than one employer, such employee, or a parent or other

347 legal guardian of such employee if such employee is a child, may  
348 choose which offer to accept. The commissioner shall establish  
349 guidelines, by regulations adopted in accordance with section 16 of  
350 this act, to govern enrollment into employer-sponsored health  
351 insurance for employees who do not accept any offer.

352 (C) Any former employee that is offered employer-sponsored health  
353 insurance under the federal Consolidated Omnibus Budget  
354 Reconciliation Act by the former employer shall not be deemed to be  
355 insured under employer-sponsored health insurance. Such former  
356 employee shall be so insured only if the former employee consents to  
357 such insurance in writing.

358 (D) If an employer offered employer-sponsored health insurance to  
359 its employees on or before October 1, 2006, and the amount of such  
360 employer's current premium payments per insured employee are not  
361 less than the amount of such employer's premium payments per  
362 insured employee on or before October 1, 2006, adjusted for the  
363 medical care component of the consumer price index, an employee or  
364 dependent of such employee may decline an offer of employer-  
365 sponsored health insurance and shall not be deemed to be insured  
366 under such insurance.

367 (b) Any employee who qualifies under the Title XIX Medicaid  
368 program and is enrolled in an employer-sponsored health insurance  
369 policy shall receive supplemental coverage as provided in section 13 of  
370 this act.

371 (c) Nothing in sections 2 to 16, inclusive, of this act shall prohibit an  
372 employer or an individual from purchasing or providing health  
373 insurance or health care services in addition to those provided under  
374 the program.

375 Sec. 14. (NEW) (*Effective from passage*) Any enrollee in the program  
376 who is eligible for supplemental coverage under Medicaid or the  
377 HUSKY Plan shall receive such supplemental coverage. The Insurance

378 Commissioner, in cooperation with the Commissioner of Social  
379 Services, shall develop integrated, seamless procedures to ensure that  
380 such enrollees receive such coverage.

381 Sec. 15. (NEW) (*Effective from passage*) (a) The commissioner shall  
382 prospectively adjust payments for each health insurance policy under  
383 the program to compensate fully for any differences between the  
384 average risk levels of the policy's enrollees and the state's nonelderly  
385 population.

386 (b) Within available appropriations, during the first three years of  
387 implementation of the program, the commissioner may subsidize the  
388 cost of reinsurance premiums related to the program. The remainder of  
389 the cost of such premiums shall be paid from payments made to the  
390 program by or on behalf of enrollees.

391 (c) The commissioner shall establish risk corridors and coinsurance  
392 percentages for subsidized reinsurance based on best practices from  
393 other states.

394 (d) On or before January 1, 2011, the commissioner shall submit a  
395 report, in accordance with the provisions of section 11-4a of the general  
396 statutes, to the joint standing committee of the General Assembly  
397 having cognizance of matters relating to insurance and real estate,  
398 containing recommendations about future financing for reinsurance. If  
399 the General Assembly does not take action to the contrary before the  
400 end of the 2012 regular session, reinsurance premiums shall, for the  
401 third and each subsequent year, be paid entirely by payments made to  
402 the program by or on behalf of enrollees.

403 Sec. 16. (NEW) (*Effective from passage*) The commissioner shall adopt  
404 regulations, in accordance with chapter 54 of the general statutes, to  
405 implement and administer the State Health Insurance Purchasing Pool  
406 program pursuant to sections 1 to 15, inclusive, of this act.

407 Sec. 17. (*Effective July 1, 2007*) The sum of \_\_\_\_ dollars is

408 appropriated to the Insurance Department, from the General Fund, for  
 409 the fiscal year ending June 30, 2008, for implementation of the State  
 410 Health Insurance Purchasing Pool program, established under section  
 411 2 of this act.

412 Sec. 18. (*Effective July 1, 2007*) The sum of \_\_\_\_ dollars is  
 413 appropriated to the Department of Social Services, from the General  
 414 Fund, for the fiscal year ending June 30, 2008, to develop and operate  
 415 the information technology infrastructure required under section 8 of  
 416 this act.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<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>from passage</i>	New section
Sec. 13	<i>July 1, 2008</i>	New section
Sec. 14	<i>from passage</i>	New section
Sec. 15	<i>from passage</i>	New section
Sec. 16	<i>from passage</i>	New section
Sec. 17	<i>July 1, 2007</i>	New section
Sec. 18	<i>July 1, 2007</i>	New section

**Statement of Purpose:**

To establish the State Health Insurance Purchasing Pool program, thus ensuring that Connecticut residents have affordable and adequate health care.

*[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.]*