



General Assembly

January Session, 2007

**Raised Bill No. 7314**

LCO No. 4797

\*04797\_\_\_\_\_LAB\*

Referred to Committee on Labor and Public Employees

Introduced by:  
(LAB)

**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) "Eligible individual" means an individual who is (A) a state  
6 resident, as defined in 42 CFR 435.403, as from time to time amended,  
7 (B) under sixty-five years of age, and (C) not covered by employer-  
8 sponsored insurance, except that "eligible individual" does not include  
9 an individual who has been a state resident for less than six months  
10 and lives in a household without at least one family member who is  
11 employed full-time in the state.

12 (3) "Family" means individuals who may be included on a single  
13 state income tax return.

14 (4) "Program" means the State Health Insurance Purchasing Pool

15 program.

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

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

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

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

47 Comptroller, that meets interoperability standards established by the  
48 Comptroller, by regulations adopted in accordance with section 16 of  
49 this act, for such electronic health record systems.

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

59 (b) The benchmark policy shall:

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

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

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

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

78 (1) "Class of coverage" means single adult coverage, two adult  
79 coverage and variations of coverage with children as approved by the  
80 Comptroller; and

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

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

94 (1) Require payment of the same premium for each class of  
95 coverage;

96 (2) Cover preexisting conditions;

97 (3) Guarantee issue;

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

102 (5) Treat each designated provider as a preferred provider to which  
103 the health insurance policy's lowest schedule of primary care  
104 copayments or coinsurance applies, except that a health insurance  
105 policy need not extend such status to a designated provider if the

1106 Department of Public Health certifies that such health insurance policy  
1107 provides alternate arrangements for primary care that do not reduce  
1108 access to primary care for the policy's enrollees that live in the  
1109 community served by the designated provider.

1110 Sec. 5. (NEW) (*Effective July 1, 2008*) (a) Any state resident may  
1111 purchase health insurance coverage under the program at the full cost  
1112 for such coverage, as determined by the Comptroller, if such resident:

1113 (1) Has not been a state resident for six months or more and lives in  
1114 a household without at least one family member who is employed full  
1115 time in the state; or

1116 (2) Is sixty-five years of age or older and is employed by, or whose  
1117 spouse is employed by, an employer that: (A) Offered employer-  
1118 sponsored insurance on or before October 1, 2006, but no longer offers  
1119 such insurance, and (B) would have qualified to participate in such  
1120 employer-sponsored insurance in effect on October 1, 2006.

1121 (b) Any employer may purchase either full or partial coverage  
1122 under the program for a retired employee who is a state resident at the  
1123 full cost for such coverage, as determined by the Comptroller.

1124 Sec. 6. (NEW) (*Effective July 1, 2008*) (a) On and after July 1, 2008, any  
1125 eligible individual, or individual purchasing coverage in the program  
1126 in accordance with the provisions of section 5 of this act, may apply to  
1127 the program through the Office of the Comptroller or the Department  
1128 of Social Services.

1129 (b) The Comptroller shall establish a health consumer assistance  
1130 program which shall be available to counsel eligible individuals and  
1131 individuals purchasing coverage in the program in accordance with  
1132 the provisions of section 5 of this act concerning the health insurance  
1133 policies offered under the program and to enroll such individuals in  
1134 the program. The health consumer assistance program may be  
1135 established within the Office of the Comptroller, or the Comptroller

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

142 (c) Enrollees may change health insurance policies:

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

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

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

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

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

155 (3) Such individual seeks health care.

156 (b) When an eligible individual is enrolled in the program under  
157 subsection (a) of this section, a fee-for-service health insurance policy  
158 shall be issued to the individual until the individual chooses a health  
159 insurance policy under the program. The individual shall have a  
160 reasonable period of time, not to exceed thirty days, after being  
161 enrolled in the program to choose a health insurance policy. If the  
162 individual does not choose a policy within such time, the Comptroller  
163 shall select the benchmark policy for the individual. Such selection  
164 shall take into account, but not be limited to, the 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 Comptroller 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 Comptroller and the Commissioner of Social Services shall  
199 enter into agreements with other state agencies providing or receiving  
200 information for the program. Such agreements shall require that:

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

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

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

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

225       Sec. 9. (NEW) (*Effective July 1, 2008*) (a) On or before July 1, 2009, the  
226 Commissioner of Social Services shall submit to the federal Centers for  
227 Medicare and Medicaid Services an amendment to the state Medicaid  
228 plan required by Title XIX of the Social Security Act to extend coverage  
229 to all parents, guardians and caretaker relatives with incomes at or  
230 below three hundred per cent of the federal poverty level, as well as to  
231 any other individuals with incomes below such level who are nineteen  
232 to sixty-four years of age, inclusive, and who may be covered, at state  
233 option, through the state plan amendment.

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

239       (c) (1) On or before July 1, 2009, the Commissioner of Social Services  
240 shall submit an application for a waiver under Section 1115 of the  
241 Social Security Act, in accordance with section 17b-8 of the general  
242 statutes, to authorize the use of funds received under Title XXI of the  
243 Social Security Act for individuals nineteen to sixty-four years of age,  
244 inclusive, with incomes at or below one hundred fifty per cent of the  
245 federal poverty level who do not otherwise qualify under Title XIX of  
246 the Social Security Act, either under mandatory eligibility or at state  
247 option through state plan amendment. Federal budget neutrality  
248 requirements for such waiver may be met through unused  
249 uncompensated care payments to hospitals or by taking other  
250 measures, provided such measures do not result in any of the  
251 following for individuals who would have qualified for coverage  
252 under the Medicaid program, the HUSKY Plan or state-administered  
253 general assistance:

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

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

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

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

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

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

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

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

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

281 (D) For an individual who would have qualified for Medicaid, the  
282 HUSKY Plan or state-administered general assistance under state law  
283 in effect on October 1, 2006, the premium shall not exceed the amount  
284 permitted under such law for the applicable program, increased in  
285 subsequent years based on changes in average per capita income  
286 among state residents with incomes at or below three hundred per cent

287 of the federal poverty level, unless such averages cannot be  
288 determined based on available data in which case, any increase in the  
289 premium shall be based on changes in average per capita income for  
290 all state residents.

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

296 (c) Any amount paid by an enrollee to the program shall not be  
297 included in the gross income of the enrollee for state or federal income  
298 tax purposes, except as required under Section 125 of the Internal  
299 Revenue Code of 1986, or any subsequent corresponding internal  
300 revenue code of the United States, as from time to time amended. Each  
301 employer in the state, whether or not such employer is subject to  
302 payment responsibilities under sections 2 to 16, inclusive, of this act,  
303 shall designate (1) the Comptroller to serve as such employer's plan  
304 administrator, and (2) the program as such employer's employer-  
305 sponsored group health plan, in accordance with Title 26 of the United  
306 States Code, as from time to time amended.

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

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

319 directly to such health insurance companies or health care centers.

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

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

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

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

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

346 (B) If an employee receives offers of employer-sponsored insurance  
347 from more than one employer, such employee, or a parent or other  
348 legal guardian of such employee if such employee is a child, may

349 choose which offer to accept. The Comptroller shall establish  
350 guidelines, by regulations adopted in accordance with section 16 of  
351 this act, to govern enrollment into employer-sponsored health  
352 insurance for employees who do not accept any offer.

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

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

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

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

376 Sec. 14. (NEW) (*Effective from passage*) Any enrollee in the program  
377 who is eligible for supplemental coverage under Medicaid or the  
378 HUSKY Plan shall receive such supplemental coverage. The  
379 Comptroller, in cooperation with the Commissioner of Social Services,

380 shall develop integrated, seamless procedures to ensure that such  
381 enrollees receive such coverage.

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

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

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

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

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

408       Sec. 17. (*Effective July 1, 2007*) The sum of \_\_\_\_ dollars is  
409 appropriated to the Office of the Comptroller, from the General Fund,

410 for the fiscal year ending June 30, 2008, for implementation of the State  
 411 Health Insurance Purchasing Pool program, established under section  
 412 2 of this act.

413 Sec. 18. (*Effective July 1, 2007*) The sum of \_\_\_\_ dollars is  
 414 appropriated to the Department of Social Services, from the General  
 415 Fund, for the fiscal year ending June 30, 2008, to develop and operate  
 416 the information technology infrastructure required under section 8 of  
 417 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.]*