



General Assembly

January Session, 2007

**Bill No. 7433**

LCO No. 9340

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Referred to Committee on No Committee

Introduced by:

REP. AMANN, 118<sup>th</sup> Dist.

SEN. WILLIAMS, 29<sup>th</sup> Dist.

REP. DONOVAN, 84<sup>th</sup> Dist.

SEN. LOONEY, 11<sup>th</sup> Dist.

***AN ACT ESTABLISHING THE HEALTH CARE CONNECTICUT PLAN.***

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

1 Section 1. (NEW) (*Effective from passage*) (a) As used in this section  
2 and sections 2 to 5, inclusive, of this act:

3 (1) "Labor organization" means any organization that exists and is  
4 constituted for the purpose, in whole or in part, of collective  
5 bargaining, or of dealing with employers concerning grievances, terms  
6 or conditions of employment, or other mutual aid or protection.

7 (2) "Municipal contract" means a contract between (A) a  
8 municipality and a labor organization with an effective date on or after  
9 July 1, 2008, or (B) a municipality and a property management  
10 business, food service business or school transportation business, but  
11 does not include any collective bargaining agreement or other contract  
12 between a municipality and any such business under which health  
13 care coverage is provided to employees through a Taft-Hartley Fund.

14 (3) "Municipal employee" means any regular employee or elected  
15 officer receiving pay from a municipality or other political subdivision  
16 of the state, including an employee of a board of education, or any  
17 employee of a quasi-public agency, public library, or property  
18 management business, food service business or school transportation  
19 business that is a party to a municipal contract.

20 Sec. 2. (NEW) (*Effective July 1, 2008*) (a) Notwithstanding any  
21 provision of title 38a of the general statutes, beginning July 1, 2008, the  
22 state shall act as a self-insurer to provide health care coverage to state  
23 employees, municipal employees and private sector employees eligible  
24 to participate in such self-insurance plan pursuant to this section and  
25 section 3 of this act. Such self-insurance plan shall be known as the  
26 Health Care Connecticut Plan. The Comptroller shall administer the  
27 plan and may contract with a third party administrator to provide  
28 administrative services for the plan. The plan shall be divided into  
29 three parts as follows:

30 (1) Tier A shall consist of all individuals who are eligible on the  
31 effective date of this section for insurance coverage under the  
32 provisions of subsection (a) of section 5-259 of the general statutes and  
33 employees of any private employer that purchases coverage under tier  
34 A in accordance with the provisions of section 3 of this act. The  
35 coverage provided to enrollees in tier A of the Health Care Connecticut  
36 Plan shall be the insurance coverage provided pursuant to said  
37 subsection (a) of section 5-259 or to any collective bargaining  
38 agreement in effect between the individuals eligible for benefits under  
39 said subsection (a) of section 5-259 and the state of Connecticut, as of  
40 the effective date of this section.

41 (2) Tier B shall consist of all employees who are eligible on the  
42 effective date of this section for insurance coverage under the  
43 provisions of subsection (i) of section 5-259 of the general statutes,  
44 municipal employees determined eligible in accordance with  
45 subsection (b) of this section and employees of private employers that

46 purchase coverage under tier B in accordance with the provisions of  
47 section 3 of this act.

48 (A) The Comptroller shall establish benefits for enrollees of tier B  
49 that are actuarially equivalent to the benefits provided to tier A  
50 enrollees, except that prescription drugs shall be provided to tier B  
51 enrollees under a tri-level structure. Under such structure, copayments  
52 for generic name prescription drugs shall not exceed five dollars per  
53 prescription; copayments for preferred brand name prescription drugs  
54 shall not exceed twenty dollars per prescription; and copayments for  
55 other prescription drugs shall not exceed thirty-five dollars per  
56 prescription. The Comptroller shall establish out-of-pocket maximums  
57 for prescription drugs in a manner designed to reduce any adverse  
58 impact on enrollees who are chronically ill and may implement benefit  
59 coordination initiatives such as disease management. For the purposes  
60 of this section, "brand name" means the name the manufacturer places  
61 upon a drug or pharmaceutical or on its container, label or wrapping  
62 at the time of packaging; and "generic name" means the chemical name  
63 or formula or the established name designated in the official United  
64 States Pharmacopoeia, official Homeopathic Pharmacopoeia of the  
65 United States, or official National Formulary, or any supplement to  
66 any of them.

67 (B) The Comptroller shall establish premiums for municipal  
68 employers whose employees are enrolled in tier B.

69 (3) Tier C shall consist of all municipal employees who do not  
70 qualify for tier A or tier B of the Health Care Connecticut Plan and  
71 employees of private employers that purchase coverage under tier C in  
72 accordance with the provisions of section 3 of this act.

73 (A) The Comptroller shall establish benefits for enrollees of tier C  
74 which include, at a minimum, preventive care, including, but not  
75 limited to, immunizations and physical examinations for children and  
76 adults, as recommended by the American Academy of Pediatrics and  
77 the American Academy of Family Physicians; outpatient care,

78 including, but not limited to, physician and specialist office visits,  
79 outpatient surgical services, diagnostic services, outpatient  
80 rehabilitation, physical therapy, occupational therapy, speech therapy  
81 and prenatal and postnatal maternity care; inpatient and outpatient  
82 mental health care; inpatient and outpatient substance abuse treatment  
83 and detoxification; hospital care, skilled nursing and rehabilitation  
84 facilities; home health care; emergency care and prescription drug  
85 coverage.

86 (B) The Comptroller shall establish copayments, deductibles,  
87 coinsurance and cost share maximums for services provided to tier C  
88 enrollees, provided:

89 (i) For in-network services, the Comptroller may not establish  
90 deductibles, coinsurance, cost share maximums or maximum lifetime  
91 benefits per enrollee or require copayments for preventive care.

92 (ii) For out-of-network services, the Comptroller may establish  
93 deductibles, coinsurance and cost share maximums per enrollee.

94 (b) Municipal employees and their dependents may be added to the  
95 Health Care Connecticut Plan prior to the expiration of a municipal  
96 contract covering such municipal employees as of the effective date of  
97 this section, subject to the consent of the municipal employer and the  
98 recognized or certified exclusive bargaining representative.

99 (c) Municipal employees covered by a municipal contract and their  
100 dependents shall be enrolled in the Health Care Connecticut Plan as  
101 the municipal contract covering such municipal employees which is in  
102 effect as of the effective date of this section expires.

103 (d) The Comptroller shall determine the tier of coverage within the  
104 Health Care Connecticut Plan for each municipal employee not  
105 receiving benefits pursuant to subsection (i) of section 5-259 of the  
106 general statutes as of the effective date of this section in accordance  
107 with the following rules, based on the coverage available under the

108 plan offered to those employees as of the effective date of this section:

109 (1) Notwithstanding the provisions of subsection (c) of this section,  
110 (A) municipal employees participating in a health care plan that offers  
111 coverage at a level actuarially higher than tier A as of the effective date  
112 of this section shall not be required to be enrolled in the Health Care  
113 Connecticut Plan absent an agreement otherwise between the  
114 municipal employer and the recognized or certified exclusive  
115 bargaining representative, and (B) a municipality that can demonstrate  
116 to the satisfaction of the Comptroller that (i) it would incur greater  
117 health care costs by participating in the Health Care Connecticut Plan  
118 than by purchasing a plan that is actuarially equivalent to the coverage  
119 provided to tier B enrollees of the Health Care Connecticut Plan, and  
120 (ii) such actuarially equivalent plan is not a plan offered by an insurer  
121 or health care center participating in the Health Care Connecticut Plan,  
122 shall not be required to participate in the plan, provided such  
123 municipality makes such demonstration on an annual basis.

124 (2) Municipal employees participating in a health care plan that  
125 offers coverage at a level actuarially equivalent to, or lower than, tier A  
126 as of the effective date of this section shall be enrolled in tier B absent  
127 an agreement otherwise between the municipal employer and the  
128 recognized or certified exclusive bargaining representative.

129 (3) Municipal employees who, prior to July 1, 2008, were members  
130 of a bargaining unit that did not receive any health care coverage  
131 under the terms of a municipal contract shall be enrolled in tier C as of  
132 the effective date of the first municipal contract entered into after July  
133 1, 2008, between the municipal employer and the recognized or  
134 certified exclusive bargaining representative.

135 (4) Part-time municipal employees working at least half-time for  
136 their classification or at least one thousand hours annually shall be  
137 eligible for the same coverage as full-time municipal employees. Other  
138 part-time employees shall be eligible for coverage in accordance with  
139 the terms of an applicable municipal contract.

140 (d) Notwithstanding any provision of the general statutes, the  
141 Health Care Connecticut Plan shall not be deemed (1) an unauthorized  
142 insurer, or (2) a multiple employer welfare arrangement. Any licensed  
143 insurer in this state may conduct business with the Health Care  
144 Connecticut Plan.

145 Sec. 3. (NEW) (*Effective from passage*) Beginning July 1, 2008, the  
146 Health Care Connecticut Plan established in accordance with sections 1  
147 to 5, inclusive, of this act, shall be available for purchase by any private  
148 employer operating in the state, under terms and conditions  
149 established by the Health Care Connecticut Cost Containment  
150 Committee established pursuant to section 4 of this act. Such terms  
151 and conditions shall include the following requirements:

152 (1) Notwithstanding the provisions of part V of chapter 700c of the  
153 general statutes, with respect to coverage provided to private sector  
154 employees pursuant to this section: (A) Coverage shall be offered on a  
155 risk-pooled basis; and (B) any premium rates established on the basis  
156 of a community rate pursuant to section 38a-567 of the general statutes  
157 may be adjusted with respect to geographic area and industry by the  
158 Health Care Connecticut Cost Containment Committee established  
159 pursuant to section 4 of this act.

160 (2) Premium payments for an employer and its employees shall  
161 fully cover the cost of all health claims paid on behalf of the employer's  
162 employees, without imposing additional costs on other enrollees in the  
163 Health Care Connecticut Plan.

164 Sec. 4. (NEW) (*Effective from passage*) (a) There is established a Health  
165 Care Connecticut Cost Containment Committee which shall consist of  
166 the following members appointed by a method to be determined by  
167 the Comptroller: (1) Five municipal employer representatives; (2) Five  
168 municipal employees; (3) five private sector employers; (4) five private  
169 sector employees; (5) five board of education employers; (6) five board  
170 of education employees; and (7) one neutral chairperson, who shall be  
171 a member of the National Academy of Arbitrators or an arbitrator

172 authorized by the American Arbitration Association or the Federal  
173 Mediation and Conciliation Service to serve as a neutral arbitrator in  
174 labor relations cases.

175 (b) With respect to tiers B and C, the Health Care Connecticut Cost  
176 Containment Committee shall:

177 (1) Make recommendations to the Comptroller concerning the  
178 selection of an administrative services organization to provide  
179 administrative services under the Health Care Connecticut Plan.

180 (2) Make recommendations for cost containment under the Health  
181 Care Connecticut Plan; and

182 (3) Make policy recommendations concerning implementation of  
183 the Health Care Connecticut Plan.

184 Sec. 5. (NEW) (*Effective July 1, 2007*) All funding, including all  
185 premiums paid by municipalities and employees, for the coverage  
186 provided through the Health Care Connecticut Plan shall be deposited  
187 into a separate, nonlapsing account within the General Fund to be  
188 known as the Health Care Connecticut account. Said account shall be  
189 administered by the Comptroller, in conjunction with the Health Care  
190 Connecticut Cost Containment Committee established pursuant to  
191 section 4 of this act.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>from passage</i>	New section
Sec. 2	<i>July 1, 2008</i>	New section
Sec. 3	<i>from passage</i>	New section
Sec. 4	<i>from passage</i>	New section
Sec. 5	<i>July 1, 2007</i>	New section