



**Substitute House Bill No. 5536**

**Public Act No. 08-183**

**AN ACT ESTABLISHING THE CONNECTICUT HEALTHCARE PARTNERSHIP.**

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

Section 1. (NEW) (*Effective from passage*) (a) As used in sections 1 to 7, inclusive, of this act:

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

(2) "Nonstate public employer" means a municipality or other political subdivision of the state, including a board of education, quasi-public agency or public library.

(3) "Nonstate public employee" means any employee or elected officer of a nonstate public employer.

(4) "Municipal-related employer" means any property management business, food service business or school transportation business that is a party to a contract with a nonstate public employer.

(5) "Municipal-related employee" means any employee of a

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municipal-related employer performing services in connection with a contract with a nonstate public employer.

(6) "Nonstate public collective bargaining agreement" means the collective bargaining agreement in effect between any collective bargaining agent of any nonstate public employees and their employer.

(7) "Small employer" means any person, firm, corporation, limited liability company, partnership or association actively engaged in business or self-employed for at least three consecutive months who, on at least fifty per cent of its working days during the preceding twelve months, employed no more than fifty employees, as described in subsection (b) of this section, the majority of whom were employed within this state. "Small employer" does not include any nonstate public employer. In determining the number of eligible employees, companies which are affiliates, as defined in section 33-840 of the general statutes, or which are eligible to file a combined tax return under chapter 208 of the general statutes shall be considered one employer.

(8) "Nonprofit employer" means a nonprofit corporation, as described in section 33-1002 of the general statutes. Nonprofit employer does not include a nonstate public employer.

(9) "State employee plan" or "state plan" means the group hospitalization, medical, pharmacy and surgical insurance plan offered to state employees and retirees pursuant to section 5-259 of the general statutes.

(10) "Health Care Costs Containment Committee" means the committee established pursuant to the ratified agreement between the state and state employees' Bargaining Agent Coalition pursuant to subsection (f) of section 5-278 of the general statutes.

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(b) No employee shall be enrolled in the state plan if such employee is covered through such employee's employer by health insurance plans or insurance arrangements issued to or in accordance with a trust established pursuant to collective bargaining subject to the federal Labor Management Relations Act.

Sec. 2. (NEW) (*Effective September 1, 2008*) (a) Notwithstanding any provision of title 38a of the general statutes, the Comptroller shall offer coverage under the state employee plan to nonstate public employees, municipal-related employees, employees of small employers and employees of nonprofit employers and shall pool such employees with the state employee plan, provided the Comptroller receives an application from an employer of any such employees and the application is approved in accordance with sections 1 to 7, inclusive, of this act. Premium payments for such coverage shall be remitted by the employer to the Comptroller and shall be the same as those paid by the state inclusive of any premiums paid by state employees, except as otherwise provided in this section or section 4 of this act. The Comptroller may charge each employer participating in the plan pursuant to sections 1 to 7, inclusive, of this act an administrative fee calculated on a per member per month basis. The Comptroller shall offer participation in such plan for no shorter than three-year intervals and, at the end of any interval, an employer may apply for coverage for an additional interval. The Comptroller shall develop procedures by which employers receiving coverage for their employees pursuant to the plan may withdraw from such coverage. Any such procedures shall provide that nonstate public employees covered by collective bargaining shall withdraw from such coverage in accordance with chapters 68, 113 and 166 of the general statutes. Nothing in sections 1 to 7, inclusive, of this act shall (1) require the Comptroller to offer coverage to every employer seeking coverage under sections 1 to 7, inclusive, of this act from every vendor providing coverage under the state employee plan, or (2) prevent the Comptroller from procuring

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coverage for nonstate employees from vendors other than those providing coverage to state employees. The Comptroller shall create applications for the purposes of this act. Such applications shall require an employer to disclose whether the employer will offer any other health plan to the employees who are offered the state plan.

(b) Nonstate public employees may receive coverage under the state plan in accordance with this subsection.

(1) A nonstate public employer may submit an application to the Comptroller for coverage under the state plan of such employer's employees.

(2) If a nonstate public employer submits an application for coverage of all of its employees, the Comptroller shall provide such coverage no later than the first day of the third calendar month following such application. A board of education and a municipality shall be considered separate employers for purposes of this act.

(3) If a nonstate public employer submits an application for less than all of its employees, or indicates in the application the employer will offer other health plans to employees who are offered the state health plan, the Comptroller shall forward such application to the Health Care Cost Containment Committee not later than five business days after receiving such application. Said committee may, not later than thirty days after receiving such application, certify to the Comptroller that the application will shift a significantly disproportional part of a nonstate public employer's medical risks to the state employee plan. If the Comptroller receives such certification, the Comptroller shall not provide coverage to such employer. If the Comptroller does not receive such certification, the Comptroller shall provide coverage no later than the first day of the third calendar month following the deadline for receiving the certification.

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(4) Any other provisions of the general statutes notwithstanding, initial participation in the state employee plan shall be a permissive subject of collective bargaining and shall be subject to binding interest arbitration only if the collective bargaining agent and the employer mutually agree to bargain over such initial participation. Such mutual agreement shall be in writing and signed by authorized representatives of the collective bargaining agent and the employer. Continuation in the state employee plan, after initial participation, shall be a mandatory subject of bargaining, and shall be subject to binding interest arbitration in accordance with the same procedures and standards that apply to any other mandatory subject of bargaining pursuant to chapters 68, 113 and 166 of the general statutes.

(c) Employees of small employers may join the plan in accordance with this subsection.

(1) A small employer may submit an application to the Comptroller for coverage under the state plan of such employer's employees.

(2) The Comptroller shall not grant applications for coverage under the state plan if the Comptroller determines that such coverage would cause the plan to be subject to the requirements of the Employee Retirement Income Security Act of 1974. The Comptroller shall resume granting applications for coverage under the state plan if the Comptroller determines that the state plan is compliant with said act.

(3) Premium rates for small employers shall be the total premium rate paid by the state inclusive of any premiums paid by state employees for a particular health care product offered by the Comptroller, except that an insurance carrier offering coverage under the state plan may adjust such rate to reflect one or more of the characteristics identified in subparagraph (A) of subdivision (5) of section 38a-567 of the general statutes.

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(4) If a small employer submits an application for coverage of all employees of such small employer, the Comptroller shall provide such coverage no later than the first day of the third calendar month following such application.

(5) If a small employer submits an application for less than all of its employees or indicates in the application the employer will offer other health plans to employees who are offered the state health plan, the Comptroller shall forward such application to the Health Care Cost Containment Committee not later than five business days after receiving such application. Said committee may, not later than thirty days after receiving such application, certify to the Comptroller that the application will shift a significantly disproportional part of a small employer's medical risks to the state employee plan. If the Comptroller receives such certification, the Comptroller shall not provide coverage to such employer. If the Comptroller does not receive such certification, the Comptroller shall provide coverage no later than the first day of the third calendar month following the deadline for receiving the certification.

(d) Employees of municipal-related employers, which are not small employers, and the employees of nonprofit employers, which are not small employers, may join the plan in accordance with this subsection.

(1) A municipal-related employer, which is not a small employer, and a nonprofit employer, which is not a small employer may submit an application to the Comptroller for coverage under the state plan of such employer's employees.

(2) The Comptroller shall not grant applications for coverage under the state plan if the Comptroller determines that such coverage would cause the plan to be subject to the requirements of the Employee Retirement Income Security Act of 1974. The Comptroller shall resume granting applications for coverage under the state plan if the

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Comptroller determines that the state plan is compliant with said act.

(3) If a municipal-related employer, which is not a small employer, or a nonprofit employer, which is not a small employer, submits an application for all of its employees, the Comptroller shall provide such coverage no later than the first day of the third calendar month following such application.

(4) If a municipal-related employer, which is not a small employer, or a nonprofit employer, which is not a small employer, submits an application for less than all of its employees, or indicates in the application the employer will offer other health plans to employees who are offered the state health plan, the Comptroller shall forward such application to the Health Care Cost Containment Committee not later than five business days after receiving such application. Said committee may, not later than thirty days after receiving such application, certify to the Comptroller that the application will shift a significantly disproportional part of such employer's medical risks to the state employee plan. If the Comptroller receives such certification, the Comptroller shall not provide coverage to such employer. If the Comptroller does not receive such certification, the Comptroller shall provide coverage no later than the first day of the third calendar month following the deadline for receiving the certification.

(e) The Comptroller shall not forward an employer's application for coverage for review by the Health Care Cost Containment Committee, pursuant to this section, due to (1) the decision by individual employees to decline coverage from their employer for themselves or their dependents; or (2) the employer's decision to not offer coverage to temporary, part-time or durational employees.

(f) Notwithstanding any provision of the general statutes, the state employee plan shall not be deemed (1) an unauthorized insurer, or (2) a multiple employer welfare arrangement. Any licensed insurer in this

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state may conduct business with the state employee plan.

Sec. 3. (NEW) (*Effective September 1, 2008*) (a) Employers eligible, pursuant to sections 1 to 7, inclusive, of this act, to seek coverage for their employees under the state employee plan may seek such coverage for their retirees in accordance with sections 1 to 7, inclusive, of this act. Premium payments for such coverage shall be remitted by the employer to the Comptroller and shall be the same as those paid by the state, inclusive of any premiums paid by retired state employees.

(b) If an employer seeks coverage for all of such employer's retirees in accordance with this section and all of such employer's employees in accordance with section 2 of this act, the Comptroller shall provide coverage no later than the first day of the third calendar month following such application. If an employer seeks coverage for less than all of such employer's retirees, regardless of whether the employer is seeking coverage for all of such employer's active employees, the Comptroller shall forward such application to the Health Care Cost Containment Committee not later than five business days after receiving such application. Said committee may, not later than thirty days after receiving such application, certify to the Comptroller that, with respect to such retirees, the application will shift a significantly disproportional part of an employer's medical risks to the state employee plan. If the Comptroller receives such certification, the Comptroller shall not provide coverage to such employer's retirees. If the Comptroller does not receive such certification, the Comptroller shall provide coverage no later than the first day of the third calendar month following the deadline for receiving the certification.

(c) Nothing in sections 1 to 8, inclusive, of this act shall diminish any right to retiree health insurance pursuant to a collective bargaining agreement or to any other provision of the general statutes.

Sec. 4. (NEW) (*Effective September 1, 2008*) (a) Each employer shall



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pay monthly the amount determined by the Comptroller, pursuant to sections 1 to 7, inclusive, of this act, for coverage of its employees or its employees and retirees, as appropriate under the state employee plan. An employer may require each covered employee to contribute a portion of the cost of such employee's coverage under the plan, subject to any collective bargaining obligation applicable to such employer. If any payment due by an employer under this subsection is not paid after the date due, interest shall be added to such payment at the prevailing rate of interest, as determined by the Comptroller. Such interest shall be paid by the employer.

(b) There is established, within the General Fund, a separate, nonlapsing account to be known as the state plan premium account. All premiums paid by employers and employees pursuant to sections 1 to 7, inclusive, of this act shall be deposited into said account. The account shall be administered by the Comptroller, with the advice of the Health Care Costs Containment Committee, for payment of insurance premiums.

(c) In the event a nonstate public employer fails to make premium payments, the Comptroller may direct the State Treasurer, or any other officer of the state that is the custodian of any moneys made available by reason of any grant, allocation or appropriation by the state or agencies thereof payable to a nonstate public employer at any time subsequent to the failure of such nonstate public employer, to pay such premiums and interest to withhold the payment of such moneys in accordance with this subsection. Such moneys shall be withheld until the amount of the premium or interest then due and unpaid has been paid to the state, or until the Treasurer or such officers determine that arrangements, satisfactory to the Treasurer, have been made for the payment of such premium and interest, except that such moneys shall not be withheld if such withholding will adversely affect the receipt of any federal grant or aid in connection with such moneys. In the event

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that a municipal-related employer, small employer or nonprofit employer fails to make premium payments, the Comptroller may terminate employee participation in the state employee plan and request the Attorney General to recover any premium and interest costs.

Sec. 5. (NEW) (*Effective from passage*) The Comptroller shall not offer coverage under the state employee plan pursuant to sections 1 to 7, inclusive, of this act until the State Employees' Bargaining Agent Coalition has provided its consent to the clerks of both houses of the General Assembly to incorporate the terms of sections 1 to 7, inclusive, of this act into its collective bargaining agreement.

Sec. 6. (NEW) (*Effective January 1, 2009*) No later than January 1, 2010, the Comptroller, shall report to the General Assembly, in accordance with section 11-4a of the general statutes, recommendations for the terms and conditions under which access to the state employee plan may be provided to those not authorized access pursuant to sections 1 to 8, inclusive, of this act.

Sec. 7. (NEW) (*Effective from passage*) There is established a Nonstate Public Health Care Advisory Committee. The committee shall make advisory recommendations concerning health care coverage of nonstate public employees to the Health Care Costs Containment Committee. The advisory committee shall consist of nonstate public employers and employees participating in the state plan and shall include the following members appointed by a method to be determined by the Comptroller: (1) Three municipal employer representatives, one of whom represents towns with populations of one hundred thousand or more, one of whom represents towns with populations of at least twenty thousand but under one hundred thousand, and one of whom represents towns with populations under twenty thousand; (2) three municipal employee representatives, one of whom represents employees in towns with populations of one

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hundred thousand or more, one of whom represents employees in towns with populations of at least twenty thousand but under one hundred thousand, and one of whom represents employees in towns with populations under twenty thousand; (3) three board of education employers, one of whom represents towns with populations of one hundred thousand or more, one of whom represents towns with populations of at least twenty thousand but under one hundred thousand, and one of whom represents towns with populations under twenty thousand; (4) three board of education employee representatives, one of whom represents towns with populations of one hundred thousand or more, one of whom represents towns with populations of at least twenty thousand but under one hundred thousand, and one of whom represents towns with populations under twenty thousand; and (5) one neutral chairperson, who shall be a member of the National Academy of Arbitrators or an arbitrator authorized by the American Arbitration Association or the Federal Mediation and Conciliation Service to serve as a neutral arbitrator in labor relations cases.

(b) There is established a Private Sector Health Care Advisory Committee. The committee shall make advisory recommendations concerning health care coverage of employees to the Health Care Costs Containment Committee. The advisory committee shall consist of the following members appointed by a method to be determined by the Comptroller: (1) Five private sector employer representatives; (2) five private sector employee representatives; and (3) one neutral chairperson, who shall be a member of the National Academy of Arbitrators or an arbitrator authorized by the American Arbitration Association or the Federal Mediation and Conciliation Service to serve as a neutral arbitrator in labor relations cases.

Sec. 8. (NEW) (*Effective January 1, 2009*) Notwithstanding any provision of the general statutes, two or more municipalities may form

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a single group, by written agreement, for the purpose of procuring health insurance for their employees. Such written agreement shall establish the membership of such group, the duration of such health insurance coverage, requirements regarding the payment of premiums for such health insurance coverage, and the procedure for a municipality to withdraw from such group and terminate such health insurance coverage. A group established pursuant to this section shall procure such health insurance coverage on a fully underwritten basis. Such health insurance coverage shall meet the requirements set forth in chapter 700c of the general statutes. Any group established pursuant to this section shall not be deemed a fictitious group if the group is procuring health insurance coverage in accordance with this section.

Sec. 9. Subparagraph (B) of subdivision (4) of section 38a-564 of the 2008 supplement to the general statutes is repealed and the following is substituted in lieu thereof (*Effective January 1, 2009*):

(B) "Small employer" does not include (i) a municipality procuring health insurance pursuant to section 5-259 of the 2008 supplement to the general statutes or section 2 of this act, (ii) a private school in this state procuring health insurance through a health insurance plan or an insurance arrangement sponsored by an association of such private schools, (iii) a nonprofit organization procuring health insurance pursuant to section 5-259 of the 2008 supplement to the general statutes, unless the Secretary of the Office of Policy and Management and the State Comptroller make a request in writing to the Insurance Commissioner that such nonprofit organization be deemed a small employer for the purposes of this chapter, (iv) an association for personal care assistants procuring health insurance pursuant to section 5-259 of the 2008 supplement to the general statutes, or (v) a community action agency procuring health insurance pursuant to section 5-259 of the 2008 supplement to the general statutes.

Vetoed June 13, 2008