



House of Representatives

General Assembly

File No. 193

February Session, 2008

Substitute House Bill No. 5519

House of Representatives, March 26, 2008

The Committee on Insurance and Real Estate reported through REP. O'CONNOR of the 35th Dist., Chairperson of the Committee on the part of the House, that the substitute bill ought to pass.

AN ACT CONCERNING EMPLOYER HEALTH INSURANCE PREMIUM PAYMENTS FOR TERMINATED EMPLOYEES.

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

1 Section 1. (NEW) (*Effective October 1, 2008*) (a) In the event (1) an
2 employer, as defined in section 31-58 of the general statutes, terminates
3 an employee for any reason other than layoff, or (2) an employee
4 voluntarily terminates employment with an employer, such employer
5 may elect not to pay the premium for such employee under a group
6 health insurance policy after the date of such employee's termination.
7 In the event such employer makes such election, any insurer, health
8 care center, hospital or medical service corporation or fraternal benefit
9 society that issues such group health insurance policy shall credit such
10 employer the amount of any premium paid by such employer with
11 respect to such policy for such employee to the date of such employee's
12 termination, provided the employer notifies the insurer and the
13 terminated employee not later than seventy-two hours after the
14 termination. Upon the issuance or renewal of such policy, such insurer,

15 health care center, hospital or medical service corporation or fraternal
 16 benefit society shall provide such employer with relevant information
 17 related to such employer's election, including the employer's
 18 responsibility to remit to the terminated employee such employee's
 19 portion of the credited premium. Any such credit shall be applied
 20 upon the subsequent renewal of such policy if such employer requests
 21 such credit prior to the policy renewal date. In the event of nonrenewal
 22 of such policy, the insurer, health care center, hospital or medical
 23 service corporation or fraternal benefit society shall refund such credit
 24 to the employer.

25 (b) Notwithstanding the provisions of subsection (a) of this section,
 26 (1) any contractual agreement arrived at through collective bargaining
 27 that requires the employer to pay the premium for an employee under
 28 a group health insurance policy after the date of such employee's
 29 termination shall supersede the provisions of subsection (a) of this
 30 section, and in the event of a conflict, the contractual agreement shall
 31 be deemed to be controlling, and (2) no credit shall be available to an
 32 employer for any employee's coverage if such employee or any of the
 33 employee's covered dependents received health care services during
 34 the period for which the credit is requested.

This act shall take effect as follows and shall amend the following sections:		
Section 1	October 1, 2008	New section

Statement of Legislative Commissioners:

Technical changes made for accuracy.

INS *Joint Favorable Subst.-LCO*

The following fiscal impact statement and bill analysis are prepared for the benefit of members of the General Assembly, solely for the purpose of information, summarization, and explanation, and do not represent the intent of the General Assembly or either chamber thereof for any purpose:

OFA Fiscal Note

State Impact: None

Municipal Impact: None

Explanation

The bill has no fiscal impact. The bill allows an employer to elect not to pay the premium for an employee under a group health insurance policy, if that person's employment is terminated for any reason other than layoff.

The Out Years

State Impact: None

Municipal Impact: None

OLR Bill Analysis

sHB 5519

***AN ACT CONCERNING EMPLOYER HEALTH INSURANCE
PREMIUM PAYMENTS FOR TERMINATED EMPLOYEES.***

SUMMARY:

This bill allows an employer to elect to not pay premiums for an employee's group health insurance coverage after the person's employment ends for any reason other than layoff. It outlines related requirements and conditions for an insurer, HMO, hospital or medical service corporation, or fraternal benefit society to credit an employer for prepaid premiums.

It specifies that a collective bargaining agreement that requires an employer to pay an employee's health insurance premiums past the employee's termination date supersedes its requirement. If there is a conflict between the bill and the agreement, the agreement controls.

EFFECTIVE DATE: October 1, 2008

REQUIREMENTS AND CONDITIONS

The bill requires an insurer, HMO, hospital or medical service corporation, or fraternal benefit society to:

1. give an employer, when policies are issued or renewed, relevant information regarding an election, including the employer's responsibility to return to a terminated employee his or her portion of the credited prepaid premium;
2. credit prepaid premium to the employer if an employer makes the election and notifies the affected employee and insurer of it within 72 hours of the employee's termination; and
3. apply the credit at the next policy renewal if the employer

requests the credit before the renewal date or, if the policy is not renewed, provide a refund to the employer.

The bill specifies that no credit is available if an employee or a dependent covered under the policy receives health care services during the time period for which a premium credit is requested.

EMPLOYER DEFINED

Under the bill, “employer” means any owner or any person, partnership, corporation, limited liability company, or association acting directly as, or on behalf of or in the interest of, an employer in relation to employees, including the state and any state political subdivision.

COMMITTEE ACTION

Insurance and Real Estate Committee

Joint Favorable

Yea 18 Nay 0 (03/06/2008)