



House of Representatives

General Assembly

File No. 486

February Session, 2008

Substitute House Bill No. 5536

House of Representatives, April 7, 2008

The Committee on Appropriations reported through REP. MERRILL of the 54th Dist., Chairperson of the Committee on the part of the House, that the substitute bill ought to pass.

AN ACT ESTABLISHING THE CONNECTICUT HEALTHCARE PARTNERSHIP.

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 sections 1 to
2 7, 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) "Nonstate public employer" means a municipality or other
8 political subdivision of the state, including a board of education, quasi-
9 public agency, or public library.

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

12 (4) "Municipal-related employer" means any property management

13 business, food service business or school transportation business that
14 is a party to a contract with a nonstate public employer.

15 (5) "Municipal-related employee" means any employee of a
16 municipal-related employer performing services in connection with a
17 nonpublic contract.

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

22 (7) "Small employer" means any person, firm, corporation, limited
23 liability company, partnership or association actively engaged in
24 business or self-employed for at least three consecutive months who,
25 on at least fifty per cent of its working days during the preceding
26 twelve months, employed no more than fifty eligible employees, as
27 described in subsection (b) of this section, the majority of whom were
28 employed within this state. "Small employer" does not include any
29 nonstate public employer.

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

33 (9) "State employee plan" or "plan" means the plan offered to state
34 employees and retirees pursuant to section 5-259 of the general
35 statutes.

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

40 (b) For purposes of sections 1 to 7, inclusive, of this act, "eligible
41 employees" does not include employees covered through the employer
42 by health insurance plans or insurance arrangements issued to or in
43 accordance with a trust established pursuant to collective bargaining

44 subject to the federal Labor Management Relations Act. In determining
45 the number of eligible employees, companies which are affiliates, as
46 defined in section 33-840 of the general statutes, or which are eligible
47 to file a combined tax return under chapter 208 of the general statutes
48 shall be considered one employer.

49 Sec. 2. (NEW) (*Effective January 1, 2009*) (a) Notwithstanding any
50 provision of title 38a of the general statutes, the Comptroller shall offer
51 coverage under the state employee plan to nonstate public employees,
52 municipal-related employees, employees of small employers and
53 employees of nonprofit employers and shall pool such employees with
54 the state employee plan. Premium payments for such coverage shall be
55 remitted by the employer to the Comptroller and shall be the same as
56 those paid by the state, except as otherwise provided in this section or
57 section 4 of this act. The Comptroller may charge each employer
58 participating in the plan pursuant to this act an administrative fee that
59 is based on a per member plan per month basis. The Comptroller shall
60 offer participation in such plan for no shorter than three-year intervals
61 and at the end of any interval, an employer may apply for coverage for
62 an additional interval. Nothing in this act shall require the Comptroller
63 to offer coverage under sections 1 to 7, inclusive, of this act from every
64 vendor participating in the state employee plan.

65 (b) Nonstate public employees may join the plan in accordance with
66 this subsection.

67 (1) Upon receipt of an application from an employer to cover, under
68 the state employee plan, all employees of a municipality or all
69 employees of a school board, or all employees of any other nonstate
70 public employer, the Comptroller shall provide such coverage no later
71 than the first day of the second calendar month following such
72 application.

73 (2) Upon receipt of an application from an employer to cover, under
74 the state employee plan, some employees of such employer, the
75 Comptroller shall provide such coverage no later than the first day of
76 the second calendar month following such application provided such

77 coverage may be delayed by the Comptroller until all employees of the
78 employer are seeking coverage, to the extent that the Health Care
79 Costs Containment Committee certifies to the Comptroller that the
80 delay is necessary to prevent a nonstate public employer from shifting
81 a significantly disproportional part of its medical risks to the state
82 employee plan.

83 (c) Employees of small employers may join the plan in accordance
84 with this subsection, provided no such employees may join upon the
85 Comptroller's determination that such participation would cause the
86 plan to be subject to the requirements of the Employee Retirement
87 Income Security Act of 1974 until the Comptroller determines that the
88 state plan is compliant with said act.

89 (1) Premium rates for small employers shall be the total premium
90 rate paid by the state and a state employee for a particular health care
91 product offered by the Comptroller, except that an insurance carrier
92 may adjust the rate paid by the state and a state employee for a
93 particular health care product offered by the Comptroller to reflect one
94 or more of the characteristics identified in subparagraph (A) of
95 subdivision (5) of section 38a-567 of the general statutes.

96 (2) Upon receipt of an application from an employer to cover, under
97 the state employee plan, all employees of such a small employer, the
98 Comptroller shall provide such coverage no later than the first day of
99 the second calendar month following such application.

100 (3) Upon receipt of an application from an employer to cover, under
101 the state employee plan, some employees of such an employer, the
102 Comptroller shall provide such coverage no later than the first day of
103 the second calendar month following such application provided such
104 coverage may be delayed by the Comptroller until all employees of the
105 employer are seeking coverage, to the extent that the Health Care
106 Costs Containment Committee certifies to the Comptroller that the
107 delay is necessary to prevent the employer from shifting a significantly
108 disproportional part of its medical risks to the state employee plan.

109 (d) Employees of municipal-related employers, which are not small
110 employers, and the employees of nonprofit employers, which are not
111 small employers, may join the plan in accordance with this subsection,
112 provided no such employees may join upon the Comptroller's
113 determination that such participation would cause the plan to be
114 subject to the requirements of the Employee Retirement Income
115 Security Act of 1974 until the Comptroller determines that the state
116 plan is compliant with said act.

117 (1) Upon receipt of an application from an employer to cover, under
118 the state employee plan, all employees of such an employer, the
119 Comptroller shall provide such coverage no later than the first day of
120 the second calendar month following such application.

121 (2) Upon receipt of an application from an employer to cover, under
122 the state employee plan, some employees of such an employer, the
123 Comptroller shall provide such coverage no later than the first day of
124 the second calendar month following such application provided such
125 coverage may be delayed by the Comptroller until all employees of the
126 employer are seeking coverage, to the extent that the Health Care
127 Costs Containment Committee certifies to the Comptroller that the
128 delay is necessary to prevent the employer from shifting a significantly
129 disproportional part of its medical risks to the state employee plan.

130 (e) The decision by individual employees to accept or decline
131 coverage for themselves or their dependents shall have no impact on
132 whether, and on what terms, coverage is available to employers under
133 this section.

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

138 Sec. 3. (NEW) (*Effective January 1, 2009*) (a) Employers eligible,
139 pursuant to sections 1 to 7, inclusive, of this act, to seek coverage for
140 their employees under the state employee plan may seek such

141 coverage for their retirees in accordance with this section.

142 (b) Upon receipt of an application to cover, under the state
143 employee plan, such retirees, the Comptroller shall provide such
144 coverage no later than the first day of the second calendar month
145 following such application, provided such coverage may be denied by
146 the Comptroller to the extent that the Health Care Costs Containment
147 Committee certifies to the Comptroller that the denial is necessary to
148 prevent the employer from shifting a significantly disproportional part
149 of its medical risks to the state employee plan.

150 Sec. 4. (NEW) (*Effective January 1, 2009*) (a) Each employer shall pay
151 monthly the amount determined by the Comptroller pursuant to this
152 section for coverage of its employees under the state employee plan.
153 An employer may require each covered employee to contribute a
154 portion of the cost of such employee's coverage under the plan, subject
155 to any collective bargaining obligation applicable to such employer. If
156 any payment due under this subsection is not paid after the date due,
157 interest shall be added to such payment at the prevailing rate of
158 interest, as determined by the Comptroller. Such interest shall be paid
159 by the employer.

160 (b) There is established, within the General Fund, a separate,
161 nonlapsing account to be known as the state plan premium account.
162 All premiums paid by employers and employees pursuant to sections
163 1 to 7, inclusive, of this act shall be deposited into said account. The
164 account shall be administered by the Comptroller, in conjunction with
165 the Health Care Costs Containment Committee, for payment of
166 insurance premiums.

167 (c) In the event a municipal employer fails to make premium
168 payments, the Comptroller may direct the State Treasurer, or any other
169 officer of the state that is the custodian of any moneys made available
170 by reason of any grant, allocation or appropriation by the state or
171 agencies thereof payable to a municipality at any time subsequent to
172 the failure of such municipality, to pay such premiums and interest to
173 withhold the payment of such moneys in accordance with this

174 subsection. Such moneys shall be withheld until the amount of the
175 premium or interest then due and unpaid has been paid to the state, or
176 until the Treasurer or such officers determine that arrangements,
177 satisfactory to the Treasurer, have been made for the payment of such
178 premium and interest, except that such moneys shall not be withheld if
179 such withholding will adversely affect the receipt of any federal grant
180 or aid in connection with such moneys. In the event that a municipal-
181 related employer, small employer or nonprofit employer fails to make
182 premium payments, the Comptroller may terminate employee
183 participation in the state employee plan and request the Attorney
184 General to recover any premium and interest costs.

185 Sec. 5. (NEW) (*Effective from passage*) No coverage under the state
186 employee plan shall be offered to any additional employees made
187 eligible for coverage under sections 1 to 7, inclusive, until the State
188 Employees' Bargaining Agent Coalition has provided its consent to the
189 clerks of both houses of the General Assembly.

190 Sec. 6. (NEW) (*Effective January 1, 2009*) No later than January 1,
191 2010, the Comptroller, shall report to the General Assembly, in
192 accordance with section 11-4a of the general statutes,
193 recommendations for the terms and conditions under which access to
194 the state employee plan may be provided to those not authorized
195 access pursuant to sections 1 to 7, inclusive, of this act.

196 Sec. 7. (NEW) (*Effective from passage*) (a) There is established a
197 Municipal Health Care Advisory Committee. The committee shall
198 make advisory recommendations concerning health care coverage of
199 municipal employees to the Health Care Costs Containment
200 Committee. The committee shall consist of participating municipal
201 employers and employees and shall include the following members
202 appointed by a method to be determined by the Comptroller: (1) Three
203 municipal employer representatives, one of whom represents towns
204 with populations of one hundred thousand or more, one of whom
205 represents towns with populations of at least fifty thousand but under
206 one hundred thousand, and one of whom represents towns with

207 populations under fifty thousand; (2) three municipal employee
208 representatives, one of whom represents employees in towns with
209 populations of one hundred thousand or more, one of whom
210 represents employees in towns with populations of at least fifty
211 thousand but under one hundred thousand, and one of whom
212 represents employees in towns with populations under fifty thousand;
213 (3) three board of education employers, one of whom represents towns
214 with populations of one hundred thousand or more, one of whom
215 represents towns with populations of at least fifty thousand but under
216 one hundred thousand, and one of whom represents towns with
217 populations under fifty thousand; (4) three board of education
218 employee representatives, one of whom represents towns with
219 populations of one hundred thousand or more, one of whom
220 represents towns with populations at least fifty thousand but under
221 one hundred thousand and one of whom represents towns with
222 populations under one hundred thousand; and (5) one neutral
223 chairperson, who shall be a member of the National Academy of
224 Arbitrators or an arbitrator authorized by the American Arbitration
225 Association or the Federal Mediation and Conciliation Service to serve
226 as a neutral arbitrator in labor relations cases.

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

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:

Agency Affected	Fund-Effect	FY 09 \$
Comptroller	GF - Cost	500,000

Note: GF=General Fund

Municipal Impact:

Municipalities	Effect	FY 09 \$	FY 10 \$
Various Municipalities	Savings	Potential	Potential

Explanation

The bill provides an additional health insurance option for municipalities, small employers and non profits by permitting the comptroller to offer coverage under the state employee health plan to their employees. The bill requires that the total premium the municipal employers pay be the same as those the state pays for the same insurance plans. It specifies that municipal employers may require an employee contribution toward the premium, subject to any collective bargaining agreement. It also permits the comptroller to charge participating employers an administrative fee based on a per member per month basis. The bill specifies that the comptroller is not required to offer coverage from each vendor now participating in the state plan.

Funding in the amount of \$500,000 and two positions are appropriated to the Comptroller's office to administer the Connecticut Healthcare Partnership in sHB 5021, the Appropriations Act, as favorably reported by the Appropriations Committee. The two positions funded for ½ year are: 1. Benefit Coordinator \$37,500 (\$75,000, annually) and 2. Benefit Officer \$28,000 (\$56,000, annually). They will coordinate the actuarial reviews of applications, monitor

claims data from the insurers, and manage plan coordination and implementation issues. \$40,000 is provided for a neutral Healthcare Cost Containment Committee chair. The balance of the funding, \$394,000, is for actuarial consultants necessary to evaluate the risk of groups applying to the plan.

Permitting additional participants to join the existing state employee health plan could potentially impact the existing pool. The bill addresses a potential negative impact to the state employee pool by preventing an employer from shifting a significantly disproportional part of its medical risks to the state employee plan. While at least 20 other states allow municipalities to participate in their state employee health plans, 11 of these states require non-state employees to be in a separate rating pool.

There are approximately, 110,000 municipal employees (including boards of education). Municipal participation in the state plan is voluntary but does require a minimum of three years participation. It is anticipated that certain municipalities will achieve savings from the state's large-group purchasing power, pooled risk and administrative economies of scale. In order for a municipality to determine if it can achieve a savings under the state plan, it must examine not only the rates and plan design but also 2 to 3 years of its utilization data.

Background

State Employee Health Plan

The benefits provided under the state employee health plans are established in a collectively bargained agreement between the state of Connecticut and the State Employees Bargaining Agent Coalition (SEBAC). The current 20-year agreement expires in 2017.

Currently, the state plan is provided on a fully insured basis through 4 vendors (Anthem Blue Cross and Blue Shield, Health Net, Oxford/United Health and Pharmacare) offering 12 plans for active and retired employees. It covers approximately 55,000 employees,

37,000 retirees and their dependents.

The FY 08 premiums rates for the state employee plans are published as an attachment to the Comptroller's Numbered Memorandum 2007-10 and can be found using the following link: <http://www.osc.state.ct.us/2007memos/attachments/att200710.asp>

As a result of the recent negotiation with the state's health care vendors, it is anticipated that the state employee health plan premiums for FY 09 will not contain an increase. The finalized FY 09 premium rates will be published in a Comptroller's Numbered Memorandum expected before the end of April.

The recent (3/20/08) Memorandum of Understanding between the state and SEBAC provides that beginning in FY 09 pharmacy benefits provided to state employees are to be funded on a self-insured basis. The savings associated with this change is estimated to be \$14.5 million. Per the agreement, this savings will be deposited in the state's Other Post Employment Benefits (OPEB) trust fund which was established to begin to address the state's unfunded retiree health liability estimated at \$21.7 billion.

OLR Bill Analysis

sHB 5536

AN ACT ESTABLISHING THE CONNECTICUT HEALTHCARE PARTNERSHIP.

SUMMARY:

This bill allows municipalities, certain municipal service contractors, nonprofit organizations, and small businesses to join the state employee health insurance plan for their employees and retirees. Under it, all new employees will be pooled together with state employees in the state insurance plan.

It requires the comptroller to provide insurance coverage for these employers when they apply to cover all their employees. When an employer only seeks to cover some employees, the comptroller can delay coverage if the Health Care Cost Containment Committee (HCCCC) certifies to her that the delay is necessary to prevent the employer from disproportionately shifting part of its medical risks to the state plan. When an employer seeks coverage for its retirees the comptroller is under the same deadline to provide coverage but can deny coverage if the HCCCC certifies that a denial will prevent disproportionate risk shifting.

The bill requires that premiums the municipal and other employers pay be the same as those the state pays for the same insurance plans. It allows municipalities to require an employee contribution toward the premium. It also permits the comptroller to charge participating employers an administrative fee based on a per member plan, per month basis.

Under the bill, employers joining must commit to participate in the state plan for three years, at the end of which they may renew for

another three years. The bill specifies that the comptroller is not required to offer coverage from each vendor now participating in the state plan.

If an employer fails to make premium payments, the state can charge interest at the prevailing rate. In the case of a municipality, it can also withhold grants or other assistance to the town until the premiums are paid.

The bill requires the State Employees' Bargaining Agent Coalition (SEBAC) to consent to adding new employees to the state plan before the plan can be opened up. SEBAC is the bargaining coalition that negotiates state employee health and retirement benefits for all state unions.

The bill also establishes a Municipal Health Care Advisory Committee and a Private Sector Health Care Advisory Committee to each make recommendations concerning municipal and private sector coverage, respectively, to the Health Care Cost Containment Committee, created through the SEBAC agreement.

It also requires the comptroller to submit a report to the General Assembly with recommendations on how the state employee health plan can be further expanded to include individuals not authorized under the bill.

EFFECTIVE DATE: January 1, 2009, except the definitions, the provision creating the advisory committees, and the SEBAC approval are effective upon passage.

§ 1 – COVERED EMPLOYERS AND EMPLOYEES

The bill includes definitions for the employers and the employees it allows into the state employee health plan.

"Nonstate public employer" is a municipality or other political subdivision of the state, including a board of education or a quasi-public agency or public library. A nonstate public employee is a

regular employee or elected officer of a nonstate public employer.

"Municipal-related employer" is any property management business, food service business, or school transportation business that is under contract with a nonstate public employer. A municipal-related employee is an employee of a municipal-related employer performing services under a "nonpublic contract" (this apparently was intended to say "nonstate public contract").

"Small employer" is 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 50% of its working days during the preceding year, employed no more than 50 eligible employees, as described in the bill, the majority of whom were employed within this state. Small employer does not include a town or other state political subdivision.

"Nonprofit employer" is a nonprofit corporation, as defined by law. It does not include a town or other state political subdivision.

It specifies that "eligible employees" exclude employees covered through their employer by health insurance plans or insurance arrangements issued to or in accord with a trust established through collective bargaining under the federal Labor Management Relations Act. In determining the number of eligible employees, companies which are affiliates, as defined in state business law as being under the control of another business, or which are eligible to file a combined tax return under state corporation business tax law must be considered one employer.

§ 2 – OPENING THE STATE EMPLOYEE HEALTH PLAN

By law, the comptroller solicits bids and enters into contracts with insurance carriers to provide health insurance for state employees and retirees. The bill requires the comptroller to offer insurance coverage for municipalities, other political subdivisions of the state, certain municipal service contractors, nonprofit organizations, and small businesses when they apply to cover all or some of their employees.

It specifies that the comptroller is not required to offer coverage from every vendor the state has under contract to provide insurance for the state plan.

The bill establishes two different processes for coverage to begin depending upon whether the employer submitting the application seeks coverage for all or some of its employees.

If the application covers all of an employer's employees, the comptroller must begin coverage no later than the first day of the second calendar month following such application. This means if an application arrives anytime in January, the coverage must start March 1.

If the application covers some of an employer's employees, the coverage must begin no later than the first day of the second calendar month following such application as long as the comptroller has not been officially informed that the employees proposed for coverage constitute a disproportionate shift of the employer's medical risks to the state plan.

Under the bill, the comptroller can delay coverage if the HCCCC certifies to her that a delay is needed to prevent the applying employer from shifting a significantly disproportional part of its medical risks. The delay can continue until the employer seeks to have all of its employees covered by the state plan. Although the bill sets a deadline for coverage, it does not set a timeframe for information to go to the HCCCC so it can make a decision about risk shifting and does not set a deadline for HCCCC to make a decision and report back to the comptroller. Furthermore, it does not indicate what information would be used to determine if risk shifting would occur.

In the instance when an employer seeks to cover some of its employees, the bill does not provide a limit or any guidance on how an employer can choose who it wants to be covered.

Private Sector and Federal Law

For all of the private sector employers covered under the bill (i.e., small businesses, nonprofits, and municipal-related employers), they cannot join the plan if the comptroller determines that their participation would subject the plan to the requirements of the Employee Retirement Income Security Act of 1974 (ERISA), unless the comptroller further determines the state plan complies with ERISA. ERISA is a federal law that sets standards, including fiduciary responsibilities, for most voluntary private-sector retirement plans and employer-sponsored health plans.

§§ 2 & 4 – PREMIUMS, ADMINISTRATIVE FEE, AND EMPLOYEE COST SHARING

The bill requires that premiums employers, other than small employers, pay be the same as those the state pays for the same insurance plans. Each employer must pay the comptroller an amount each month that she determines for the coverage.

The bill permits an employer to require covered employees to contribute a portion of the cost of the employee's coverage under the plan, as may be required under any applicable union contract.

It also permits the comptroller to charge participating employers an administrative fee based on a per member plan, per month basis.

Small Employer Premium May Vary

The bill permits an insurance carrier to adjust the rate charged to small employers for a particular health care product under the state plan to reflect one or more of the community rating characteristics identified in state insurance law. They include:

1. age, provided age brackets of fewer than five years are not permitted;
2. gender;
3. geographic area;
4. industry, within certain variation limits;

5. group size, within certain variation limits;
6. administrative costs savings as a result of being part of the state plan;
7. profit reduction as a result of being part of the state plan; and
8. family composition, with certain limits.

§ 3 – RETIREES

Employers eligible under the bill may also seek coverage for their retirees. The coverage must be provided no later than the first day of the second calendar month following such application, as long as the HCCCC has not informed the comptroller that the retirees proposed for coverage constitute a disproportionate shift of the employer's medical risks. If the HCCCC provides this notice, the comptroller may deny coverage to the extent that the HCCCC certifies it is necessary to prevent a disproportionate medical risk shift.

The bill does not appear to include retirees in its other provisions that (1) require pooling with the state employee plan, (2) require the premiums be the same as the state pays, (3) permit a premium contribution by the individual covered, or (4) permit an administrative fee to be charged.

§ 4 – STATE PLAN PREMIUM ACCOUNT

The bill establishes, within the General Fund, a separate, nonlapsing account called the state plan premium account. Employer and employee premiums paid under the provisions of the bill must be deposited into this account. The account will be administered by the comptroller, in conjunction with the HCCCC, for insurance premium payments.

§ 4 – PENALTIES

The bill creates two types of penalties for employers who fail to pay or pay on time.

For all employers who do not pay by the date due, interest will be

added to such payment at the prevailing rate of interest, as determined by the comptroller. The interest will be paid by the employer.

If a municipal employer fails to make premium payments, the comptroller can direct the state treasurer, or any other officer of the state that is the custodian of state grant money, allocation, or appropriation due to the municipality to withhold the payment under the authority of the bill. The money or aid will be withheld until (1) the premium or interest due and unpaid has been paid or (2) the treasurer or other state officers determine that arrangements, satisfactory to the treasurer, have been made for the payment of such premium and interest. The bill provides an exception that such money will not be withheld if withholding will impede the receipt of any federal grant or aid in connection with that money.

It does not appear that this provision applies to other nonstate public employees such as school boards or public libraries.

If a municipal-related employer, small employer or nonprofit employer fails to make premium payments, the comptroller can terminate employee participation in the state plan and request the attorney general to recover any premium and interest costs.

§ 5 – STATE EMPLOYEES’ BARGAINING AGENT COALITION (SEBAC) CONSENT

The bill prohibits health coverage to any new employee groups under the bill until SEBAC provides its consent to the clerks of both houses of the General Assembly. SEBAC is the union coalition that provides coalition bargaining for unionized state employees for health insurance and retirement benefit issues. (Individual unions negotiate individually for pay increases and other conditions of work matters.)

§ 6 – REPORT TO THE GENERAL ASSEMBLY

The bill also requires the comptroller to submit a report to the General Assembly with recommendations for terms and conditions on how the state employee health plan can be further expanded to include individuals not authorized under the bill. The report is due to the

legislature by January 1, 2010.

§ 7 – ADVISORY COMMITTEES

The bill establishes a Municipal Health Care Advisory Committee (MHCAC) and a Private Sector Health Care Advisory Committee (PSHCAC) to each make recommendations concerning municipal and private sector coverage, respectively, to the HCCCC created through SEBAC.

MHCAC

The MHCAC consists of participating municipal employers and employees and include the following members appointed by a method to be determined by the comptroller:

1. three municipal employer representatives;
2. three municipal employee representatives;
3. three board of education employers;
4. three board of education employee representatives; and
5. one neutral chairperson, who must 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.

For each of the employer and employee categories (1-4 above), one representative must be from a town with a population of 100,000 or more, one from a town with a population of least 50,000 but under 100,000, and one from a town with a population of under 50,000.

PSHCAC

PSHCAC consists 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.

BACKGROUND

Employee Retirement Income Security Act of 1974 (ERISA)

ERISA is a federal law that sets standards of protection for individuals in most voluntarily established, private-sector retirement plans. ERISA requires plans to provide participants with plan information, including important facts about plan features and funding; sets minimum standards for participation, vesting, benefit accrual, and funding; provides fiduciary responsibilities for those who manage and control plan assets; and, if a defined benefit plan is terminated, guarantees payment of certain benefits through a federally chartered Pension Benefit Guaranty Corporation.

COMMITTEE ACTION

Labor and Public Employees Committee

Joint Favorable Substitute Change of Reference
Yea 7 Nay 1 (03/13/2008)

Appropriations Committee

Joint Favorable Substitute
Yea 39 Nay 14 (03/28/2008)