



House of Representatives

General Assembly

File No. 15

January Session, 2009

Substitute House Bill No. 5669

House of Representatives, February 25, 2009

The Committee on Insurance and Real Estate reported through REP. FONTANA, S. of the 87th 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, 2009*) (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 and any such
6 employee's dependents under a group health insurance policy after the
7 date of such employee's termination. In the event such employer
8 makes such election, any insurer, health care center, hospital or
9 medical service corporation or fraternal benefit society that issues such
10 group health insurance policy shall credit such employer the amount
11 of any premium paid by such employer with respect to such policy for
12 such employee and such employee's dependents attributable to the
13 period after the date of such employee's termination, provided the
14 employer notifies the insurer and the terminated employee not later

15 than seventy-two hours after the termination. Upon the issuance or
 16 renewal of such policy, such insurer, health care center, hospital or
 17 medical service corporation or fraternal benefit society shall provide
 18 such employer with relevant information related to such employer's
 19 election, including a notice that it is the employer's responsibility to
 20 remit to the terminated employee such employee's portion of the
 21 credited premium. Any such credit shall be applied to the employer's
 22 next month's premium. In the event of nonrenewal of such policy, the
 23 insurer, health care center, hospital or medical service corporation or
 24 fraternal benefit society shall refund such credit to the employer.

25 (b) Notwithstanding the provisions of subsection (a) of this section,
 26 (1) any contractual agreement entered into through collective
 27 bargaining that requires the employer to pay the premium for an
 28 employee under a group health insurance policy after the date of such
 29 employee's termination shall supersede the provisions of subsection (a)
 30 of this section, and (2) no credit shall be available to an employer for
 31 any employee's and employee's dependents' coverage for the seventy-
 32 two hours immediately following the termination of such employee.

This act shall take effect as follows and shall amend the following sections:		
Section 1	October 1, 2009	New section

INS *Joint Favorable Subst.*

The following Fiscal Impact Statement and Bill Analysis are prepared for the benefit of the members of the General Assembly, solely for purposes of information, summarization and explanation and do not represent the intent of the General Assembly or either chamber thereof for any purpose. In general, fiscal impacts are based upon a variety of informational sources, including the analyst's professional knowledge. Whenever applicable, agency data is consulted as part of the analysis, however final products do not necessarily reflect an assessment from any specific department.

OFA Fiscal Note

State Impact: None

Municipal Impact: None

Explanation

This bill does not result in a fiscal impact to the Insurance Department or municipalities. It allows employers, under certain conditions, to elect not to pay group health insurance premiums for an employee and his/her dependents as of 72 hours after a worker quits or is terminated.

The Out Years

State Impact: None

Municipal Impact: None

OLR Bill Analysis**sHB 5669*****AN ACT CONCERNING EMPLOYER HEALTH INSURANCE
PREMIUM PAYMENTS FOR TERMINATED EMPLOYEES.*****SUMMARY:**

This bill permits an employer to stop paying group health insurance premiums related to an employee and his or her dependents 72 hours after the employee quits or is terminated, if it makes an election that satisfies the bill's provisions.

It outlines related requirements and conditions for the (1) employer and (2) applicable insurer, HMO, hospital or medical service corporation, or fraternal benefit society to which the employer paid premiums for the insurance.

The bill does not apply if (1) an employee is laid off or (2) a collective bargaining agreement requires that an employer pay an employee's insurance premiums after his or her termination.

EFFECTIVE DATE: October 1, 2009

REQUIREMENTS AND CONDITIONS***Employer***

An employer making a permissible election must notify the affected employee and insurer within 72 hours of the employee's termination. (It appears that the notification requirement applies also with respect to an HMO, hospital or medical service corporation, or fraternal benefit society.)

The bill requires an employer to reimburse the affected employee his or her portion, if any, of premiums that the insurance carrier credits or refunds to the employer.

Insurance Carrier

An insurer, HMO, hospital or medical service corporation, or fraternal benefit society must:

1. when a policy is issued or renewed, give an employer information about the election, including a notice that it is the employer's responsibility to return to an affected employee his or her portion of credited premiums;
2. credit prepaid premiums to an employer that (a) makes a permissible election and (b) notifies the employee and insurer within 72 hours of the employee's termination; and
3. apply the credit to the employer's next monthly premium bill or, if the policy is not renewed, issue the employer a refund.

Amount of Credit or Refund

Under the bill, the premium credit or refund equals the amount of premium previously paid that is attributable to insuring the employee and his or her dependents for a period after the employee's termination date. But, the bill specifies that no credit will be made for the first 72 hours following the employee's termination (which is the time period in which the employer must give notice of its election to the employee and insurer).

EMPLOYER DEFINED

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

COMMITTEE ACTION

Insurance and Real Estate Committee

Joint Favorable Substitute

Yea 19 Nay 0 (02/10/2009)