



General Assembly

Substitute Bill No. 6277

January Session, 2009

* HB06277INS 022209 *

AN ACT CONCERNING HEALTH INSURANCE COVERAGE FOR SMALL EMPLOYERS.

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

1 Section 1. Subdivisions (3) and (4) of section 38a-564 of the general
2 statutes are repealed and the following is substituted in lieu thereof
3 (*Effective January 1, 2010*):

4 (3) "Eligible employee" means an employee who works [on a full-
5 time basis, with] a normal work week of [thirty] twenty or more hours
6 and includes a sole proprietor, a partner of a partnership or an
7 independent contractor, provided such sole proprietor, partner or
8 contractor is included as an employee under a health care plan of a
9 small employer but does not include an employee who works on a
10 [part-time] seasonal, temporary or substitute basis. "Eligible employee"
11 shall include any employee who is not actively at work but is covered
12 under the small employer's health insurance plan pursuant to workers'
13 compensation, continuation of benefits pursuant to federal extension
14 requirements established by the Consolidated Omnibus Budget
15 Reconciliation Act of 1985 [(P.L. 99-272)] P.L. 99-272, as amended from
16 time to time, [(COBRA)] or other applicable laws. [Such employees
17 shall not be counted as eligible employees for the purposes of
18 subsection (4) of this section.]

19 (4) (A) "Small employer" means any person, firm, corporation,

20 limited liability company, partnership or association actively engaged
21 in business or self-employed for at least three consecutive months
22 who, on at least fifty per cent of its working days during the preceding
23 twelve months, employed no more than fifty eligible employees, the
24 majority of whom were employed within the state of Connecticut.
25 "Small employer" includes a self-employed individual. [In] For the
26 purposes of determining the number of eligible employees [,
27 companies which] under this subdivision: (i) Companies that are
28 affiliated companies, as defined in section 33-840, or [which] that are
29 eligible to file a combined tax return for purposes of taxation under
30 chapter 208 shall be considered one employer; [. Eligible employees
31 shall not include] (ii) employees covered through the employer by
32 health insurance plans or insurance arrangements issued to or in
33 accordance with a trust established pursuant to collective bargaining
34 subject to the federal Labor Management Relations Act shall not be
35 counted; (iii) employees who are not actively at work but are covered
36 under the small employer's health insurance plan pursuant to workers'
37 compensation, continuation of benefits pursuant to federal extension
38 requirements established by the Consolidated Omnibus Budget
39 Reconciliation Act of 1985, P.L. 99-272, as amended from time to time,
40 or other applicable laws shall not be counted; and (iv) employees who
41 work a normal work week of less than thirty hours shall not be
42 counted. Except as otherwise specifically provided, provisions of
43 sections 12-201, 12-211, 12-212a and 38a-564 to 38a-572, inclusive, that
44 apply to a small employer shall continue to apply until the plan
45 anniversary following the date the employer no longer meets the
46 requirements of this definition.

47 (B) "Small employer" does not include (i) a municipality procuring
48 health insurance pursuant to section 5-259, (ii) a private school in this
49 state procuring health insurance through a health insurance plan or an
50 insurance arrangement sponsored by an association of such private
51 schools, (iii) a nonprofit organization procuring health insurance
52 pursuant to section 5-259, unless the Secretary of the Office of Policy
53 and Management and the State Comptroller make a request in writing

54 to the Insurance Commissioner that such nonprofit organization be
55 deemed a small employer for the purposes of this chapter, (iv) an
56 association for personal care assistants procuring health insurance
57 pursuant to section 5-259, or (v) a community action agency procuring
58 health insurance pursuant to section 5-259.

59 Sec. 2. Subdivision (1) of section 38a-567 of the general statutes is
60 repealed and the following is substituted in lieu thereof (*Effective*
61 *January 1, 2010*):

62 (1) (A) (i) Any such insurer or producer marketing such plans or
63 arrangements shall offer premium quotes to small employers for
64 coverage for employees who work a normal work week of thirty or
65 more hours. Upon request by a small employer, such insurer or
66 producer shall offer premium quotes for coverage for employees that
67 include those who work a normal work week of at least twenty hours.

68 (ii) No small employer that has requested premium quotes for
69 coverage for employees that include those who work a normal work
70 week of less than thirty hours shall be required to accept such quotes
71 or coverage in lieu of premium quotes or coverage for only those
72 employees who work a normal work week of thirty or more hours.

73 (iii) Nothing in this subparagraph shall require a small employer
74 that offers coverage to its employees who work a normal work week of
75 thirty hours or more to offer coverage to its employees who work a
76 normal work week of less than thirty hours.

77 (B) Any such plan or arrangement shall be renewable with respect
78 to all eligible employees or dependents at the option of the small
79 employer, policyholder or contractholder, as the case may be, except:
80 (i) For nonpayment of the required premiums by the small employer,
81 policyholder or contractholder; (ii) for fraud or misrepresentation of
82 the small employer, policyholder or contractholder or, with respect to
83 coverage of individual insured, the insureds or their representatives;
84 (iii) for noncompliance with plan or arrangement provisions; (iv) when

85 the number of insureds covered under the plan or arrangement is less
86 than the number of insureds or percentage of insureds required by
87 participation requirements under the plan or arrangement; or (v) when
88 the small employer, policyholder or contractholder is no longer
89 actively engaged in the business in which it was engaged on the
90 effective date of the plan or arrangement.

91 [(B)] (C) Renewability of coverage may be effected by either
92 continuing in effect a plan or arrangement covering a small employer
93 or by substituting upon renewal for the prior plan or arrangement the
94 plan or arrangement then offered by the carrier that most closely
95 corresponds to the prior plan or arrangement and is available to other
96 small employers. Such substitution shall only be made under
97 conditions approved by the commissioner. A carrier may substitute a
98 plan or arrangement as stated above only if the carrier effects the same
99 substitution upon renewal for all small employers previously covered
100 under the particular plan or arrangement, unless otherwise approved
101 by the commissioner. The substitute plan or arrangement shall be
102 subject to the rating restrictions specified in this section on the same
103 basis as if no substitution had occurred, except for an adjustment
104 based on coverage differences.

105 [(C)] (D) Notwithstanding the provisions of this subdivision, any
106 such plan or arrangement, or any coverage provided under such plan
107 or arrangement may be rescinded for fraud, material
108 misrepresentation or concealment by an applicant, employee,
109 dependent or small employer.

110 [(D)] (E) Any individual who was not a late enrollee at the time of
111 his or her enrollment and whose coverage is subsequently rescinded
112 shall be allowed to reenroll as of a current date in such plan or
113 arrangement subject to any preexisting condition or other provisions
114 applicable to new enrollees without previous coverage. On and after
115 the effective date of such individual's reenrollment, the small employer
116 carrier may modify the premium rates charged to the small employer
117 for the balance of the current rating period and for future rating

118 periods, to the level determined by the carrier as applicable under the
119 carrier's established rating practices had full, accurate and timely
120 underwriting information been supplied when such individual
121 initially enrolled in the plan. The increase in premium rates allowed by
122 this provision for the balance of the current rating period shall not
123 exceed twenty-five per cent of the small employer's current premium
124 rates. Any such increase for the balance of said current rating period
125 shall not be subject to the rate limitation specified in subdivision (6) of
126 this section. The rate limitation specified in this section shall otherwise
127 be fully applicable for the current and future rating periods. The
128 modification of premium rates allowed by this subdivision shall cease
129 to be permitted for all plans and arrangements on the first rating
130 period commencing on or after July 1, 1995.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>January 1, 2010</i>	38a-564(3) and (4)
Sec. 2	<i>January 1, 2010</i>	38a-567(1)

Statement of Legislative Commissioners:

In lines 15 and 39, the parentheses were deleted for statutory consistency.

INS *Joint Favorable Subst.*