



House of Representatives

General Assembly

File No. 70

February Session, 2010

Substitute House Bill No. 5305

House of Representatives, March 18, 2010

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 EXEMPTING FROM REGULATION CERTAIN NONPROFIT AMBULANCE SERVICES OR COMPANIES.

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

1 Section 1. Subsection (a) of section 38a-41 of the general statutes is
2 repealed and the following is substituted in lieu thereof (*Effective*
3 *October 1, 2010*):

4 (a) (1) No insurance company or health care center shall do any
5 insurance business or health care center business within this state until
6 and except while it is permitted to do so under the terms of a license
7 issued by the commissioner. Any such company desiring to obtain
8 such a license shall make application to the commissioner, setting forth
9 the line or lines of business which it is seeking authorization to write. It
10 shall file with the commissioner a certified copy of its charter or
11 articles of association and evidence satisfactory to the commissioner
12 that it has complied with the laws of the jurisdiction under which it is
13 organized, a statement of its financial condition in such form as is

14 required by the commissioner, together with such evidence of its
15 correctness as the commissioner requires and evidence of good
16 management in such form as is required by the commissioner.
17 Applicant companies licensed in and operated from administrative
18 offices in one state but domiciled in another state, as permitted by the
19 applicable state law, shall provide justification of such arrangement,
20 satisfactory to the commissioner, which shall demonstrate that
21 regulatory influence of the domiciliary supervisory official has not
22 been diminished as a result of such arrangement. An applicant shall
23 demonstrate an orderly pattern of growth in its marketing territories in
24 the geographic region, with the exception of a newly formed health
25 care center, and an expertise in marketing and servicing the lines of
26 insurance or the health care center business it desires to write. It shall
27 submit evidence of its ability to provide continuant and timely claims
28 settlement. If the information furnished is satisfactory to the
29 commissioner and if all other requirements of law have been complied
30 with, he may issue to such company a license permitting it to do
31 business in this state. Each such license shall expire on the first day of
32 May succeeding the date of its issuance, but may be renewed without
33 any formalities except as required by the commissioner. Failure of a
34 licensed company to exercise its authority to write a particular line or
35 lines of business in this state for two consecutive calendar years may
36 constitute sufficient cause for revocation of the company's authority to
37 write those lines of business.

38 (2) A nonprofit ambulance service or company that provides
39 emergency medical services on a subscription basis to residents of a
40 municipality that (A) borders Rhode Island, (B) has a population of not
41 less than eighteen thousand, and (C) occupies a total area of not less
42 than fifty square miles, shall not be deemed to be engaged in the
43 business of insurance if such services were being provided by such
44 service or company to residents of such municipality on or before
45 January 1, 2009.

46 Sec. 2. Subsection (a) of section 38a-479qq of the general statutes is
47 repealed and the following is substituted in lieu thereof (*Effective*

48 *October 1, 2010*):

49 (a) As used in this section and section 38a-479rr:

50 (1) "Affiliate" means a person that directly or indirectly through one
51 or more intermediaries, controls, or is controlled by, or is under
52 common control with, a health insurer, health care center, hospital
53 service corporation, medical service corporation or fraternal benefit
54 society licensed in this state;

55 (2) "Consumer" means: (A) A person to whom a medical discount
56 plan is marketed or advertised, or (B) a member, as defined in this
57 subsection;

58 (3) "Marketer" means a person that markets, advertises or sells a
59 medical discount plan, including, but not limited to, an entity that
60 markets, advertises or sells a medical discount plan under its own
61 name;

62 (4) "Medical discount plan" means a business arrangement or
63 contract in which a person, in exchange for payment, provides access
64 for its members to providers of health care services and the right to
65 receive health care services from those providers at a discount.
66 "Medical discount plan" does not include a product that (A) is
67 otherwise subject to regulation or approval under this title, or (B) costs
68 less than twenty-five dollars, annually, in the aggregate;

69 (5) "Medical discount plan organization" means a person that (A)
70 establishes a medical discount plan, (B) contracts with providers,
71 provider networks or other medical discount plan organizations to
72 provide health care services at a discount to medical discount plan
73 members, and (C) determines the fees charged to the members for the
74 medical discount plan. "Medical discount plan organization" does not
75 include a health insurer, health care center, hospital service
76 corporation, medical service corporation or fraternal benefit society
77 licensed in this state or any affiliate of such health insurer, health care
78 center, hospital service corporation, medical service corporation or

79 fraternal benefit society;

80 (6) "Health care services" means any care, service or treatment of an
 81 illness or dysfunction of, or injury to, the human body. "Health care
 82 services" includes physician care, inpatient care, hospital surgical
 83 services, emergency medical services, ambulance services, dental care
 84 services, vision care services, mental health care services, substance
 85 abuse services, chiropractic services, podiatric services, laboratory test
 86 services and the provision of medical equipment or supplies. "Health
 87 care services" does not include (A) pharmaceutical supplies or
 88 prescriptions, or (B) ambulance services provided on a subscription
 89 basis by a nonprofit ambulance service or company to residents of a
 90 municipality that (i) borders Rhode Island, (ii) has a population of not
 91 less than eighteen thousand, and (iii) occupies a total area of not less
 92 than fifty square miles, if such services were being provided by such
 93 service or company to residents of such municipality on or before
 94 January 1, 2009;

95 (7) "Member" means an individual who pays for the right to receive
 96 the benefits of a medical discount plan; and

97 (8) "Person" means a person, as defined in section 38a-1.

This act shall take effect as follows and shall amend the following sections:		
Section 1	October 1, 2010	38a-41(a)
Sec. 2	October 1, 2010	38a-479qq(a)

Statement of Legislative Commissioners:

In section 1(a)(2), "insurance business" was changed to "the business of insurance" for accuracy, and "by such service or company" was inserted after "being provided" for clarity; and in section 2(a)(6), "and such services" was changed to "if such services" for accuracy, and "by such service or company" was inserted after "being provided" for clarity.

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

The bill, which exempts certain nonprofit ambulance companies providing subscriptions for service from being considered an insurance company, does not result in a fiscal impact.

Currently, the Department of Insurance does not license any ambulance companies.

The Out Years

State Impact: None

Municipal Impact: None

OLR Bill Analysis**sHB 5305*****AN ACT EXEMPTING FROM REGULATION CERTAIN NONPROFIT
AMBULANCE SERVICES OR COMPANIES.*****SUMMARY:**

By law, insurance companies or health care centers (i.e., HMOs) must be licensed by the insurance commissioner to do business in Connecticut. Under this bill certain nonprofit ambulance services or companies cannot be deemed to be engaged in the business of insurance. Thus they are exempt from the insurance laws, including the license requirement. The bill also exempts them from the laws regarding medical discount plans.

To qualify for the exemptions, a nonprofit ambulance service or company must have provided emergency medical services on a subscription (i.e., membership) basis on or before January 1, 2009 to residents of a municipality that (1) borders Rhode Island, (2) has at least 18,000 residents, and (3) is at least 50 square miles in total area (e.g., Stonington).

EFFECTIVE DATE: October 1, 2010

COMMITTEE ACTION

Insurance and Real Estate Committee

Joint Favorable Substitute

Yea 19 Nay 0 (03/04/2010)