



House of Representatives

General Assembly

File No. 327

February Session, 2010

House Bill No. 5424

House of Representatives, April 6, 2010

The Committee on Education reported through REP. FLEISCHMANN of the 18th Dist., Chairperson of the Committee on the part of the House, that the bill ought to pass.

AN ACT PERMITTING TWO OR MORE BOARDS OF EDUCATION TO JOINTLY PURCHASE EMPLOYEE HEALTH INSURANCE.

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

1 Section 1. (NEW) (*Effective from passage*) Notwithstanding the
2 provisions of title 38a of the general statutes, two or more local or
3 regional boards of education may join together by written agreement
4 as a single entity for the purpose of procuring health insurance for
5 their employees, provided such group is approved by the
6 Commissioner of Education and the insurance coverage is fully
7 underwritten. Such written agreement shall establish membership of
8 such group, the duration of such health insurance coverage,
9 requirements regarding the payment of premiums for such health
10 insurance coverage and the procedures for a local or regional board of
11 education to withdraw from such group and terminate such health
12 insurance coverage. Any group established pursuant to this section
13 shall not be deemed a fictitious group.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>from passage</i>	New section

ED *Joint Favorable*

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 permits two or more local or regional boards of education to enter into a written agreement to act as a single entity to obtain health insurance, which is already allowed under current law, does not result in a fiscal impact.

The Out Years***State Impact:*** None***Municipal Impact:*** None

OLR Bill Analysis**HB 5424*****AN ACT PERMITTING TWO OR MORE BOARDS OF EDUCATION TO JOINTLY PURCHASE EMPLOYEE HEALTH INSURANCE.*****SUMMARY:**

This bill permits two or more local or regional boards of education to enter into a written agreement to act as a single entity to obtain health insurance for their employees. Existing law permits municipalities to jointly perform any function that each has authority to perform separately.

The bill requires the education commissioner to approve any such group, which must be fully insured (i.e., not self-insured or using alternative financing methods). The boards' agreement must establish:

1. the group's membership,
2. the insurance coverage duration,
3. premium payment requirements,
4. procedures for a local or regional board of education to withdraw from the agreement, and
5. procedures for terminating the insurance coverage.

The bill specifies that such a group is not a "fictitious group." Insurance law prohibits a fictitious group organized for insurance rating purposes where differences in rates are based solely on membership in the group. But the prohibition does not apply to health insurance.

EFFECTIVE DATE: Upon passage

BACKGROUND***Joint Municipal Activities***

By law, municipalities may jointly perform any function that each can perform separately under any law or special act, charter, or home rule ordinance (CGS § 7-148cc). Each participating municipality must approve a joint agreement in the same manner as it approves an ordinance or, if it does not approve ordinances, the budget. Any such agreement must establish a withdrawal process and require the body that approved it to review the agreement at least once every five years.

COMMITTEE ACTION

Education Committee

Joint Favorable

Yea 32 Nay 0 (03/19/2010)