



Substitute House Bill No. 5002

Public Act No. 10-4

**AN ACT CONCERNING PREMIUM QUOTES AND INFORMATION
FOR SMALL EMPLOYER HEALTH INSURANCE COVERAGE.**

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

Section 1. Subdivisions (3) and (4) of section 38a-564 of the general statutes are repealed and the following is substituted in lieu thereof (*Effective January 1, 2011*):

(3) "Eligible employee" means an employee who works [on a full-time basis, with] a normal work week of [thirty] twenty or more hours and includes a sole proprietor, a partner of a partnership or an independent contractor, provided such sole proprietor, partner or contractor is included as an employee under a health care plan of a small employer but does not include an employee who works on a [part-time] seasonal, temporary or substitute basis. "Eligible employee" shall include any employee who is not actively at work but is covered under the small employer's health insurance plan pursuant to (A) workers' compensation, (B) continuation of benefits pursuant to [federal extension requirements established by the Consolidated Omnibus Budget Reconciliation Act of 1985 (P.L. 99-272), as amended, (COBRA)] section 38a-554, or (C) other applicable laws. [Such employees shall not be counted as eligible employees for the purposes of subsection (4) of this section.]

Substitute House Bill No. 5002

(4) (A) "Small employer" means 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 fifty per cent of its working days during the preceding twelve months, employed no more than fifty eligible employees, the majority of whom were employed within the state of Connecticut. "Small employer" includes a self-employed individual. [In] For the purposes of determining the number of eligible employees [companies which] under this subdivision: (i) Companies that are affiliated companies, as defined in section 33-840, or [which] that are eligible to file a combined tax return for purposes of taxation under chapter 208 shall be considered one employer; [. Eligible employees shall not include] (ii) employees covered through the employer by health insurance plans or insurance arrangements issued to or in accordance with a trust established pursuant to collective bargaining subject to the federal Labor Management Relations Act shall not be counted; (iii) employees who are not actively at work but are covered under the small employer's health insurance plan pursuant to workers' compensation, continuation of benefits pursuant to section 38a-554 or other applicable laws shall not be counted; and (iv) employees who work a normal work week of less than thirty hours shall not be counted. Except as otherwise specifically provided, provisions of sections 12-201, 12-211, 12-212a, this section and [38a-564] sections 38a-565 to 38a-572, inclusive, that apply to a small employer shall continue to apply until the plan anniversary following the date the employer no longer meets the requirements of this definition.

(B) "Small employer" does not include (i) a municipality procuring health insurance pursuant to section 5-259, (ii) a private school in this state procuring health insurance through a health insurance plan or an insurance arrangement sponsored by an association of such private schools, (iii) a nonprofit organization procuring health insurance pursuant to section 5-259, unless the Secretary of the Office of Policy

Substitute House Bill No. 5002

and Management and the State Comptroller make a request in writing to the Insurance Commissioner that such nonprofit organization be deemed a small employer for the purposes of this chapter, (iv) an association for personal care assistants procuring health insurance pursuant to section 5-259, or (v) a community action agency procuring health insurance pursuant to section 5-259.

Sec. 2. Subdivision (1) of section 38a-567 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective January 1, 2011*):

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

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

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

[(1) (A)] (B) Any such plan or arrangement shall be renewable with respect to all eligible employees or dependents at the option of the small employer, policyholder or contractholder, as the case may be, except: (i) For nonpayment of the required premiums by the small

Substitute House Bill No. 5002

employer, policyholder or contractholder; (ii) for fraud or misrepresentation of the small employer, policyholder or contractholder or, with respect to coverage of individual insured, the insureds or their representatives; (iii) for noncompliance with plan or arrangement provisions; (iv) when the number of insureds covered under the plan or arrangement is less than the number of insureds or percentage of insureds required by participation requirements under the plan or arrangement; or (v) when the small employer, policyholder or contractholder is no longer actively engaged in the business in which it was engaged on the effective date of the plan or arrangement.

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

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

[(D)] (E) Any individual who was not a late enrollee at the time of his or her enrollment and whose coverage is subsequently rescinded

Substitute House Bill No. 5002

shall be allowed to reenroll as of a current date in such plan or arrangement subject to any preexisting condition or other provisions applicable to new enrollees without previous coverage. On and after the effective date of such individual's reenrollment, the small employer carrier may modify the premium rates charged to the small employer for the balance of the current rating period and for future rating periods, to the level determined by the carrier as applicable under the carrier's established rating practices had full, accurate and timely underwriting information been supplied when such individual initially enrolled in the plan. The increase in premium rates allowed by this provision for the balance of the current rating period shall not exceed twenty-five per cent of the small employer's current premium rates. Any such increase for the balance of said current rating period shall not be subject to the rate limitation specified in subdivision (6) of this section. The rate limitation specified in this section shall otherwise be fully applicable for the current and future rating periods. The modification of premium rates allowed by this subdivision shall cease to be permitted for all plans and arrangements on the first rating period commencing on or after July 1, 1995.

Sec. 3. (NEW) (*Effective July 1, 2010*) (a) There is established a program which shall be known as the "Connecticut Clearinghouse", to be administered by the Health Reinsurance Association established in section 38a-556 of the general statutes, through which individuals and small employers may obtain information about available health insurance policies and health care plans.

(b) Said association shall, in consultation with the Insurance Commissioner and the Healthcare Advocate, develop, within available appropriations, a web site, telephone number or other method to serve as a clearinghouse for information about individual and small employer health insurance policies and health care plans that are available to consumers in this state, including, but not limited to, the

Substitute House Bill No. 5002

Medicaid program, the HUSKY Plan, state-administered general assistance, the Charter Oak Health Plan set forth in section 17b-311 of the general statutes, the Municipal Employee Health Insurance Plan set forth in subsection (i) of section 5-259 of the general statutes, and any individual or small employer health insurance policies or health care plans an insurer, health care center or other entity chooses to list with the Connecticut Clearinghouse.

(c) Such method developed pursuant to subsection (b) of this section shall use interactive tools or technology to provide a consumer with a list of health insurance policies or health care plans that, based on the responses provided by such consumer, may be appropriate for such consumer's circumstances.

(d) The Insurance Commissioner shall establish procedures for the Health Reinsurance Association to confirm with the Insurance Department that a policy or plan listed with the Connecticut Clearinghouse is approved to be sold in this state and that the insurer, health care center or other entity that offers such policy or plan is authorized to do business in this state. Such procedures shall include, but not be limited to, a timetable for such list to be updated on a regular basis, but not less than every ninety days.

Approved May 5, 2010