



Senate

General Assembly

File No. 79

January Session, 2011

Senate Bill No. 976

Senate, March 17, 2011

The Committee on Insurance and Real Estate reported through SEN. CRISCO of the 17th Dist., Chairperson of the Committee on the part of the Senate, that the bill ought to pass.

AN ACT ESTABLISHING THE NUTMEG HEALTH INSURANCE PLAN FOR UNINSURED INDIVIDUALS.

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

1 Section 1. Subsection (i) of section 5-259 of the general statutes is
2 repealed and the following is substituted in lieu thereof (*Effective*
3 *October 1, 2011*):

4 (i) The Comptroller may provide for coverage of employees of
5 municipalities, nonprofit corporations, community action agencies,
6 [and] small employers, [and] uninsured individuals, individuals
7 eligible for a health coverage tax credit, retired members or members
8 of an association for personal care assistants under the plan or plans
9 procured under subsection (a) of this section, provided: (1)
10 Participation by each municipality, nonprofit corporation, community
11 action agency, small employer, uninsured individual, tax-credit
12 eligible individual, retired member or association for personal care
13 assistants shall be on a voluntary basis; (2) where an employee
14 organization represents employees of a municipality, nonprofit

15 corporation, community action agency or small employer,
16 participation in a plan or plans to be procured under subsection (a) of
17 this section shall be by mutual agreement of the municipality,
18 nonprofit corporation, community action agency or small employer
19 and the employee organization only and neither party may submit the
20 issue of participation to binding arbitration except by mutual
21 agreement if such binding arbitration is available; (3) no group of
22 employees shall be refused entry into the plan by reason of past or
23 future health care costs or claim experience; (4) rates paid by the state
24 for its employees under subsection (a) of this section are not adversely
25 affected by this subsection; (5) administrative costs to the plan or plans
26 provided under this subsection shall not be paid by the state; (6)
27 participation in the plan or plans in an amount determined by the state
28 shall be for the duration of the period of the plan or plans, or for such
29 other period as mutually agreed by the municipality, nonprofit
30 corporation, community action agency, small employer, uninsured
31 individual, tax-credit eligible individual, retired member or association
32 for personal care assistants and the Comptroller; and (7) nothing in this
33 section or section 12-202a, 38a-551, 38a-553 or 38a-556 shall be
34 construed as requiring a participating insurer or health care center to
35 issue individual policies to individuals eligible for a health coverage
36 tax credit. The coverage provided under this section may be referred to
37 as the "Municipal Employee Health Insurance Plan". The Comptroller
38 may arrange and procure for the employees, uninsured individuals,
39 [and] tax-credit eligible individuals, retired members or members of an
40 association for personal care assistants under this subsection health
41 benefit plans that vary from the plan or plans procured under
42 subsection (a) of this section. Notwithstanding any provision of part V
43 of chapter 700c, the coverage provided under this subsection may be
44 offered on either a fully underwritten or risk-pooled basis at the
45 discretion of the Comptroller. For the purposes of this subsection, (A)
46 "municipality" means any town, city, borough, school district, taxing
47 district, fire district, district department of health, probate district,
48 housing authority, regional work force development board established
49 under section 31-3k, regional emergency telecommunications center,

50 tourism district established under section 32-302, flood commission or
51 authority established by special act, regional planning agency, transit
52 district formed under chapter 103a, or the Children's Center
53 established by number 571 of the public acts of 1969; (B) "nonprofit
54 corporation" means (i) a nonprofit corporation organized under 26
55 USC 501 that has a contract with the state or receives a portion of its
56 funding from a municipality, the state or the federal government, or
57 (ii) an organization that is tax exempt pursuant to 26 USC 501(c)(5); (C)
58 "community action agency" means a community action agency, as
59 defined in section 17b-885; (D) "small employer" means a small
60 employer, as defined in subparagraph (A) of subdivision (4) of section
61 38a-564; (E) "tax-credit eligible individuals" or "individuals eligible for
62 a health coverage tax credit" means individuals who are eligible for the
63 credit for health insurance costs under Section 35 of the Internal
64 Revenue Code of 1986, or any subsequent corresponding internal
65 revenue code of the United States, as from time to time amended, in
66 accordance with the Pension Benefit Guaranty Corporation and Trade
67 Adjustment Assistance programs of the Trade Act of 2002 (P.L. 107-
68 210); (F) "association for personal care assistants" means an
69 organization composed of personal care attendants who are employed
70 by recipients of service (i) under the home-care program for the elderly
71 under section 17b-342, (ii) under the personal care assistance program
72 under section 17b-605a, (iii) in an independent living center pursuant
73 to sections 17b-613 to 17b-615, inclusive, or (iv) under the program for
74 individuals with acquired brain injury as described in section 17b-
75 260a; [and] (G) "retired members" means individuals eligible for a
76 retirement benefit from the Connecticut municipal employees'
77 retirement system; and (H) "uninsured individuals" means individuals
78 who have no access to employer-sponsored or government-sponsored
79 health insurance.

80 Sec. 2. Subsection (k) of section 5-259 of the general statutes is
81 repealed and the following is substituted in lieu thereof (*Effective*
82 *October 1, 2011*):

83 (k) The Comptroller shall submit annually to the General Assembly

84 a review of the coverage of employees of municipalities, nonprofit
 85 corporations, community action agencies, small employers [under
 86 subsection (i) of this section] and tax-credit eligible individuals under
 87 subsection (i) of this section beginning February 1, 2004, and uninsured
 88 individuals, retired members and members of an association for
 89 personal care assistants under subsection (i) of this section beginning
 90 February 1, 2012.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>October 1, 2011</i>	5-259(i)
Sec. 2	<i>October 1, 2011</i>	5-259(k)

INS *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:

Agency Affected	Fund-Effect	FY 12 \$	FY 13 \$
Department of Revenue Services	GF - Potential Revenue Gain	Potential	Potential

Note: GF=General Fund

Municipal Impact:

Municipalities	Effect	FY 12 \$	FY 13 \$
Various Municipalities	- Potential Cost	Potential	Potential

Explanation

Section 1 of the bill would not result in an increased cost to the State. The Municipal Employee Health Insurance Program (MEHIP) operates independent of the state employee health program. All MEHIP operating costs are the responsibility of the participants, and are recovered through MEHIP premium rates.

There may be an increased premium cost to participating municipalities when they enter into new health plan agreements after October 1, 2011. It is unclear what the magnitude of the increase may be as it is unknown how many uninsured would purchase a policy through MEHIP¹, their demographics, medical experience, level of coverage selected, and any additional administrative costs borne by participating members.

¹ It is estimated the State of Connecticut has approximately 384,000 uninsured individuals. (<http://www.statehealthfacts.org/comparetable.jsp?ind=125&cat=3>; Produced by the Kaiser Family Foundation.) To the extent which this figure represents uninsured individuals who have employer-sponsored health insurance but do not participate or would be eligible for a government –sponsored health plan is unknown.

There may be a potential revenue gain to the state pursuant to CGS Sec. 12-202, which applies an annual premium tax per contract or policy of 1.75%. Policies issued through MEHIP are not exempt unless expressly stated in CGS Sec. 12-202a. The potential revenue gain would depend on the number of uninsured individuals who purchase new policies and were not previously covered under another plan.

Section 2 of the bill results in no fiscal impact to the state as it requires as of February 1, 2012 that coverage information for uninsured members, retired members and personal care assistants are included in the Comptroller's annual report to the General Assembly.

The Out Years

The annualized ongoing fiscal impact identified above would continue into the future subject to inflation.

OLR Bill Analysis**SB 976*****AN ACT ESTABLISHING THE NUTMEG HEALTH INSURANCE PLAN FOR UNINSURED INDIVIDUALS.*****SUMMARY:**

This bill authorizes the comptroller to arrange for health care insurance for uninsured individuals, defined as people with no access to employer- or government-sponsored health insurance. This comptroller-arranged insurance coverage is commonly referred to as the Municipal Employees Health Insurance Plan (MEHIP). Participation by uninsured individuals must be voluntary and cannot adversely affect the rates state employees pay for coverage. The state does not pay the administrative expenses of MEHIP.

By law, the comptroller already has authority to arrange coverage under MEHIP for (1) employees of municipalities, nonprofit corporations, community action agencies, and small employers (businesses with one to 50 employees); (2) people eligible for a health coverage tax credit under federal law; (3) members of an association of personal care assistants; and (4) people eligible for a retirement benefit from the Connecticut municipal employees' retirement system ("retired members").

The bill specifies that the coverage the comptroller procures for uninsured individuals, retired members, and personal care assistants can vary from that which he procures for state employees. The law already permits this coverage variance for municipalities, nonprofit corporations, community action agencies, small employers, and tax-credit eligible individuals.

Lastly, starting February 1, 2012, the bill requires the comptroller's annual report to the legislature on MEHIP to include discussion of its

use by uninsured individuals, retired members, and personal care assistants. The law already requires the report to include discussion of its use by municipalities, nonprofit corporations, community action agencies, small employers, and tax-credit eligible individuals.

EFFECTIVE DATE: October 1, 2011

COMMITTEE ACTION

Insurance and Real Estate Committee

Joint Favorable

Yea 10 Nay 9 (03/01/2011)