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## OLR Bill Analysis

### sHB 5013 (as amended by House "A")\*

#### ***AN ACT CONCERNING THE BOARD MEMBERS OF THE CONNECTICUT HEALTH INSURANCE EXCHANGE.***

#### **SUMMARY:**

This bill:

1. adds four members to the Connecticut Health Insurance Exchange's board of directors, increasing the membership from 14 to 18;
2. makes the Healthcare Advocate, who is currently an *ex-officio* nonvoting board member, a voting board member;
3. increases, from six to nine, the number of board members that constitutes a quorum;
4. expands outside employment and affiliations restrictions applicable to exchange board members and staff; and
5. lengthens the term of the House majority leader's health care economist board appointee from one year to two years.

The bill allows exchange employees to enroll in the state employee health plan if the exchange pays the enrollment costs. It also makes technical changes.

#### \*House Amendment "A":

1. adds four new exchange board members, instead of two as in the underlying bill;
2. lengthens two of the new members' terms by one year;
3. increases the necessary quorum;

4. expands the outside employment and affiliations restrictions for board members and exchange employees; and
5. allows exchange employees to enroll in the state employee health plan if the exchange pays the enrollment costs.

EFFECTIVE DATE: Upon passage

### **NEW BOARD APPOINTMENTS**

The bill requires the legislative leaders to appoint four new voting board members within 30 days of the bill's effective date. The Senate president pro tempore must appoint a small employer (generally understood to mean an employer with up to 50 employees) to serve an initial three-year term. The House speaker must appoint an individual consumer of health care services who is not a small employer to serve an initial three-year term. The Senate and House majority leaders must jointly appoint an individual consumer of health care services to serve an initial two-year term. The Senate and House minority leaders must jointly appoint a small employer to serve an initial two-year term. Subsequent terms are four years.

### **OUTSIDE EMPLOYMENT AND AFFILIATIONS RESTRICTIONS**

The law subjects exchange board members and staff to certain restrictions relating to their employment and affiliations. The bill expands upon these.

Specifically, under current law, board appointees cannot be employed by, serve as a consultant to, be a board member of, be affiliated with, or represent an insurer, insurance producer or broker, health care provider, health care facility, or health or medical clinic. The bill extends this restriction to all board members and staff.

Under current law, board members and staff cannot be members, board members, or employees of a trade association of insurers, insurance producers or brokers, health care providers, health care facilities, or health or medical clinics. The bill prohibits them from also being consultants to such trade associations.

By law, additional restrictions apply to board members and staff (see BACKGROUND).

## **BACKGROUND**

### ***Exchange Board of Directors***

PA 11-53 created the Connecticut Health Insurance Exchange as a quasi-public agency, which is empowered to help individuals and small employers obtain health insurance. The law vested the powers of the exchange in a board of directors, which currently includes the (1) insurance and public health commissioners and the Healthcare Advocate, or their designees, as ex-officio, nonvoting members and (2) social services commissioner, special advisor to the governor on healthcare reform, and Office of Policy and Management (OPM) secretary, or their designees, as ex-officio, voting members. The remaining eight voting board members were appointed by the governor and the legislative leaders. Table 1 shows current appointees and their qualifications and initial term.

**Table 1: Appointed Exchange Board Members**

| <b><i>Appointing Authority</i></b> | <b><i>Required Expertise</i></b>                    | <b><i>Initial Term</i></b> |
|------------------------------------|---|----------------------------|
| Governor                           | Individual health insurance coverage                | Three years                |
| Governor                           | Small employer health insurance coverage            | Two years                  |
| Senate president pro tempore       | Health care finance                                 | Four years                 |
| House speaker                      | Health care benefits plan administration            | Four years                 |
| Senate majority leader             | Health care delivery systems                        | Two years                  |
| House majority leader              | Health care economics                               | One year                   |
| Senate minority leader             | Self-employed individuals' healthcare access issues | Three years                |
| House minority leader              | Barriers to individual health care coverage         | Two years                  |

After the initial terms expire, all subsequent terms are four years. Vacancies must be filled by the appointing authority for the rest of the term. Members can be reappointed. They can be removed by the appointing authority for misfeasance, malfeasance, or willful neglect of duty. They are not compensated, but may be reimbursed for expenses

incurred in performing official duties. Appointed members may not designate a representative to perform in their absence.

***Additional Outside Employment and Affiliations Restrictions***

In addition to the restrictions described above, the law prohibits board members and staff from being health care providers unless they receive no compensation as providers and have no ownership interest in a professional health care practice. A staff member may also be a health care provider if the exchange's chief executive officer approves the hiring to fill an area of needed expertise.

Board members may engage in private employment or in a profession or business, subject to any federal or state laws, regulations, and rules regarding ethics and conflict of interest.

The law specifies that it does not constitute a conflict of interest for a trustee, director, partner, or officer of any person, firm, or corporation, or any individual having a financial interest in the person, firm, or corporation, to serve as a board member. But such a member must abstain from any deliberation, action, or vote relating to the person, firm, or corporation.

**COMMITTEE ACTION**

Insurance and Real Estate Committee

Joint Favorable Substitute

Yea 20 Nay 0 (02/21/2012)

Government Administration and Elections Committee

Joint Favorable

Yea 9 Nay 2 (04/09/2012)