



# House of Representatives

General Assembly

**File No. 236**

*January Session, 2013*

Substitute House Bill No. 6614

*House of Representatives, March 27, 2013*

The Committee on Labor and Public Employees reported through REP. TERCYAK of the 26th Dist., Chairperson of the Committee on the part of the House, that the substitute bill ought to pass.

## ***AN ACT CONCERNING EMPLOYERS AND HEALTH CARE.***

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

1 Section 1. (NEW) (*Effective October 1, 2013*) (a) As used in this  
2 section, (1) "business entity" means a corporation, association,  
3 partnership, limited liability company, limited liability partnership, or  
4 other legal entity, not including the state or any department, agency or  
5 political subdivision thereof, and (2) "covered employer" means any  
6 business entity that (A) directly employs at least two hundred fifty  
7 employees, at least one hundred of whom are employed in the state, or  
8 (B) employs indirectly through franchisees at least two hundred fifty  
9 employees, at least one hundred of whom are employed in the state.

10 (b) Any covered employer that employs at least one employee (1)  
11 who receives assistance under HUSKY Plan, Part A or Part B, or (2)  
12 whose family, as defined in subdivision (12) of section 17b-290 of the  
13 general statutes, receives assistance under HUSKY Plan, Part A or Part  
14 B, shall pay a monthly fee to the Commissioner of Social Services for

15 each such employee. Such fee shall be equal to the average annual cost  
 16 of an employer-purchased commercial health plan for employer-based  
 17 coverage within the state, as determined by the commissioner, divided  
 18 by two thousand eighty and multiplied by the number of hours such  
 19 employee worked for such covered employer during the previous  
 20 calendar month. The commissioner shall collect such fees, if applicable,  
 21 from each covered employer not later than sixty days after the  
 22 completion of any calendar month in which such fees were assessed.

23 (c) The commissioner shall adopt regulations, in accordance with  
 24 chapter 54 of the general statutes, for the determination of and  
 25 collection of fees pursuant to subsection (b) of this section.

26 (d) The Attorney General may investigate any violation of  
 27 subsection (b) of this section. Any information obtained pursuant to  
 28 this investigation shall be exempt from disclosure under section 1-210  
 29 of the general statutes. If the Attorney General finds that a covered  
 30 employer has violated or is violating any provision of subsection (b) of  
 31 this section, the Attorney General may bring a civil action in the  
 32 superior court for the judicial district of Hartford under this section in  
 33 the name of the state against such covered employer.

This act shall take effect as follows and shall amend the following sections:		
Section 1	October 1, 2013	New section

**LAB**      *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:**

<b>Agency Affected</b>	<b>Fund-Effect</b>	<b>FY 14 \$</b>	<b>FY 15 \$</b>
Social Services, Dept.	GF - Revenue Gain	\$57.4 to \$164.5 million	\$76.5 to \$219.3 million

**Municipal Impact:** None

**Explanation**

The bill will result in a revenue gain for the Department of Social Services (DSS) from monthly fees paid by employers to the department for employees who receive HUSKY A or B benefits. The revenue gain is estimated to be between \$57.4 and \$164.5 million in FY 14 and between \$76.5 and \$219.3 million in FY 15, depending on whether an average annual premium for an individual or family plan is used.<sup>1 2 3</sup>

**The Out Years**

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

<sup>1</sup> These figures assume the following: 1) the average worker works approximately 20 hours per week, 2) approximately 27,787 employees receive HUSKY benefits from eligible employers, and 3) average cost for individual coverage is \$5,964 and for family coverage is \$17,099.

<sup>2</sup> Premiums are based figures from the Kaiser Foundation 2012 Employer Benefits Annual Survey, northeast region.

<sup>3</sup> Population may be understated as it is based on the top 25 employers of people who receive, or whose kids receive, HUSKY A benefits. (OLR Report 2011-R-0263)

**OLR Bill Analysis****sHB 6614*****AN ACT CONCERNING EMPLOYERS AND HEALTH CARE.*****SUMMARY:**

This bill requires certain large employers to pay the Department of Social Services (DSS) commissioner a monthly fee for each of their employees who receive assistance from HUSKY A or B for themselves or their families. The fee is based on the average annual cost of in-state employer-based commercial health insurance, prorated to the number of hours the employee worked over the previous month. The bill allows the attorney general to investigate and bring a civil action in Hartford Superior Court against an employer that fails to pay the required fees. It exempts any information obtained in the investigation from the Freedom of Information Act.

EFFECTIVE DATE: October 1, 2013

**COVERED EMPLOYERS**

The bill's fee requirement applies to any legal entity, except the state and its political subdivisions, that (1) directly employs at least 100 employees in the state and at least 250 employees overall or (2) indirectly employs through franchisees at least 100 employees in the state and at least 250 employees overall.

Under the second category, the bill appears to cover franchise "umbrella" organizations (i.e., those that sell franchises) as opposed to the franchisee that purchases a franchise to own and operate at a particular location. As a covered employer under the bill, the umbrella organization would be required to pay the fee for any employees receiving HUSKY A or B assistance. However, state law generally considers people who work in a particular franchise location to be employees of the franchisee, and not the franchise umbrella

organization. Thus, the umbrella organization would presumably only have to pay the fee for HUSKY-assisted employees that work directly for it (e.g., employees in corporate headquarters). HUSKY-assisted employee in franchise locations (e.g., the workers behind the counter) would not trigger or count towards the bill's fee requirement unless (1) their franchisee employer directly employs at least 100 employees in the state and at least 250 employees overall or (2) the franchise location is directly owned and operated by the franchise umbrella organization, and not a franchisee.

## **FEES**

Under the bill, the fee equals the in-state average annual cost of an employer-purchased commercial health plan for employer-based coverage, as determined by the DSS commissioner, divided by 2,080 (the total number of hours in one year of 40-hour weeks), then multiplied by the number of hours the employee worked for the employer during the previous calendar month. In effect, the fee is the average per-work-hour cost for employer-provided health insurance, prorated to the number of hours the employee worked over the previous month.

The bill requires the DSS commissioner to collect the fees within 60 days from the end of any calendar month in which they were assessed. It does not specify what the commissioner must do with the collected fees or how they are to be accounted. It also does not specify a process through which employers can contest or appeal the fees.

The bill requires the commissioner to adopt regulations on how to determine and collect the required fees. It is unclear if the commissioner can begin collecting the fees prior to adopting the regulations. It is also unclear if the fees will begin accruing when the bill takes effect, regardless of when the commissioner begins collecting them.

## **BACKGROUND**

### ***HUSKY A and B***

HUSKY A provides Medicaid for children and their adult caretaker relatives with family income up to 185% of the federal poverty level. HUSKY B provides health care coverage with some co-payments for children who are ineligible for HUSKY A. HUSKY B premiums range from \$0 to \$314 per child depending on family income eligibility. Families, under HUSKY and the bill, include a person's spouse and any of the person or spouse's children, including a child for whom the person or spouse is a legal guardian.

**COMMITTEE ACTION**

Labor and Public Employees Committee

Joint Favorable Substitute

Yea 7      Nay 4      (03/14/2013)