

---

---

## OLR Bill Analysis

### sHB 5441

#### ***AN ACT AUTHORIZING CERTAIN EMERGENCY RESPONSE EMPLOYEES TO ENROLL IN THE MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM AND CREATING A PUBLIC EMPLOYEE HEALTH PLAN.***

#### **SUMMARY:**

This bill establishes the Public Employee Health Plan (PEHP) to provide health insurance for certain municipal employees, including board of education employees. It requires municipalities (towns, consolidated towns and cities, consolidated towns and boroughs, and regional school districts and boards of education) to enroll their eligible employees in the plan.

Starting July 1, 2014, the bill prohibits risk-pooled health care or health insurance coverage from municipal employees' collective bargaining, except for bargaining related to the premiums contributed by unionized employees. The bill does not supersede any union contracts in effect on July 1, 2014, but applies as they expire.

The bill requires the comptroller, with the attorney general and insurance commissioner's approval, to arrange and procure the plan. It establishes a formula for determining municipal contributions for the plan and requires the comptroller to adopt implementing regulations.

The bill also allows regional emergency telecommunications center employees to participate in the Municipal Employees' Retirement System (MERS) if they work in any public safety answering point (PSAP) authorized by the Department of Emergency Services and Public Protection (DESPP) that processes 9-1-1 calls for at least three municipalities. Current law limits MERS participation to employees in PSAPs that DESPP designated as the first point of reception for

processing 9-1-1 calls for at least three municipalities.

EFFECTIVE DATE: July 1, 2014, except for the provisions (1) creating a municipal health care cost containment committee, which are effective upon passage and (2) allowing employees at regional emergency telecommunications centers to join MERS, which are effective October 1, 2013.

### **ELIGIBLE EMPLOYEES**

The bill requires municipalities to enroll all of their employees, including their board of education's employees, in the PEHP, except:

1. elected officials who are not covered by the municipality's health insurance on July 1, 2014, or do not have health insurance provided by local ordinance;
2. board and commission members; and
3. part-time employees who work fewer than 20 hours per week and seasonal employees who work fewer than 120 days per calendar year, unless the part-time or seasonal employees are eligible under an applicable collective bargaining agreement.

The bill prohibits a municipality from reducing an employee's hours or changing a full-time position to multiple part-time positions to prevent an employee from eligibility.

### **THE PLAN**

The bill requires the comptroller, with the attorney general and insurance commissioner's approval, to arrange and procure the plan, which, regardless of the statutes governing health insurance, must offer coverage on a risk-pooled (e.g. self-insured) basis. It allows the comptroller to contract with an administrative services organization to administer the plan and specifies that it will not be considered a multiemployer welfare plan. The bill prohibits eligible employees from being denied membership in the plan due to their past or future health care costs or claim experience.

### ***Municipal Contributions***

Under the bill, a municipality's contribution is calculated as the product of (1) the average cost for covering a person under individual, employee plus one, and family coverage and (2) the number of the municipality's covered employees and their dependents. This formula does not appear to be workable because the bill does not require the municipality's covered employees to be differentiated by their type of coverage (see COMMENT).

The municipality must also pay the comptroller its pro rata share of the costs for (1) the plan's administration and (2) establishing a reserve fund. The municipalities must pay these contributions in accordance with regulations adopted by the comptroller. It is unclear if the comptroller can begin collecting these contributions before the regulations are enacted (the bill's requirement for the comptroller to adopt implementing regulations is not effective until July 1, 2014).

### ***Municipal Report Requirement***

The bill requires each municipality to submit to the comptroller census data listing the number of people covered in the plan's individual, employee plus one, or family categories as of June 30, 2013. However, the municipalities will not have any covered employees on this date because the bill's provisions requiring the comptroller to establish the plan are not effective until July 1, 2014. It is also unclear if census data would otherwise contain the required information.

## **COLLECTIVE BARGAINING**

Starting July 1, 2014, the bill prohibits risk-pooled health care or health insurance coverage from municipal employees' collective bargaining, except for bargaining related to the premiums contributed by unionized employees. The prohibition does not supersede any union contracts in effect on July 1, 2014, but applies as they expire.

It is unclear how the bill's requirement to enroll all eligible employees in the PEHP on July 1, 2014 would affect non-union employees covered under health insurance contracts in effect on that date.

## **MUNICIPAL HEALTH CARE COST CONTAINMENT COMMITTEE**

The bill establishes a municipal health care cost containment committee to:

1. recommend health benefit plans to the comptroller,
2. request competitive proposals for employee health and dental insurance benefits and cost containment,
3. request self-insurance bids, and
4. develop health benefits and coverage plans that must be reasonably equivalent to the benefits and coverage provided to active municipal employees before July 1, 2014.

### ***Committee Membership***

Under the bill, the committee consists of 21 members: 10 municipal representatives, 10 employee organization representatives, and a neutral chairperson appointed by the comptroller. The chairperson must be either (1) a member of the National Academy of Neutral Arbitrators or (2) authorized as a neutral arbitrator in labor relations cases by the American Arbitration Association or Federal Mediation and Conciliation Service. The chairperson cannot be covered by PEHP.

The committee's 10 municipal representatives must be from the municipalities and boards of education and appointed by and through their member organizations. The bill does not define these member organizations. The 10 employee organization representatives must be appointed from employee organizations that represent municipal and board of education employees. Under the bill, employee organizations include any lawful association, labor organization, federation, or council whose primary purpose is improving town or board of education employees' wages, hours, and other working conditions. The bill does not provide any further specifics on the appointment process. The municipal and employee sides each have one collective vote. The committee is staffed and advised by the comptroller or his designee.

All appointments must be made by July 31, 2013. Any vacancies must be filled by the appointing authority.

**COMMENT**

***Municipal Contribution Calculation***

The bill calculates a municipality's contribution as the product of (1) the average cost for covering a person under individual, employee plus one, and family coverage and (2) the number of the municipality's covered employees and their dependents. It is unclear how this formula would work, as the bill does not require the number of the municipality's covered employees and dependents to be differentiated by their type of coverage. Presumably, the bill is trying to establish a per person cost for providing coverage under each category, and the municipality would pay that cost based on the coverage category of each of its covered employees and dependents.

It also appears that the second part of the formula should refer to a municipality's policies or covered households, rather than individuals, because family coverage is typically priced on a "per policy" basis regardless of the number of family members covered under an individual family policy.

**COMMITTEE ACTION**

Labor and Public Employees Committee

Joint Favorable

Yea 7      Nay 3      (03/19/2013)