



General Assembly

**Substitute Bill No. 12**

January Session, 2015



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

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

1 Section 1. Subsections (a) to (c), inclusive, of section 38a-1081 of the  
2 general statutes are repealed and the following is substituted in lieu  
3 thereof (*Effective from passage*):

4 (a) There is hereby created as a body politic and corporate,  
5 constituting a public instrumentality and political subdivision of the  
6 state created for the performance of an essential public and  
7 governmental function, to be known as the Connecticut Health  
8 Insurance Exchange. The Connecticut Health Insurance Exchange shall  
9 not be construed to be a department, institution or agency of the state.  
10 The exchange shall serve both qualified individuals and qualified  
11 employers.

12 (b) (1) (A) The powers of the exchange shall be vested in and  
13 exercised by a board of directors, which, until June 19, 2013, shall  
14 consist of twelve voting members. The appointment of the initial board  
15 members shall be as follows:

16 (i) The Governor shall appoint two board members, one of whom  
17 shall have expertise in the area of individual health insurance coverage  
18 and shall serve for a term of three years and one of whom shall have

19 expertise in issues relating to small employer health insurance  
20 coverage and shall serve for a term of two years;

21 (ii) The president pro tempore of the Senate shall appoint one board  
22 member who shall have expertise in the area of health care finance and  
23 shall serve for a term of four years;

24 (iii) The speaker of the House of Representatives shall appoint one  
25 board member who shall have expertise in the area of health care  
26 benefits plan administration and shall serve for a term of four years;

27 (iv) The majority leader of the Senate shall appoint one board  
28 member who shall have expertise in the health care delivery systems  
29 and shall serve for a term of two years;

30 (v) The majority leader of the House of Representatives shall  
31 appoint one board member who shall have expertise in the area of  
32 health care economics and shall serve for a term of two years;

33 (vi) The minority leader of the Senate shall appoint one board  
34 member who shall have expertise in health care access issues faced by  
35 self-employed individuals and shall serve for a term of three years;

36 (vii) The minority leader of the House of Representatives shall  
37 appoint one board member who shall have expertise concerning  
38 barriers to individual health care coverage and shall serve for a term of  
39 two years;

40 (viii) The Commissioner of Social Services, the Special Advisor to  
41 the Governor on Healthcare Reform, the Secretary of the Office of  
42 Policy and Management and the Healthcare Advocate, or their  
43 designees, who shall serve as ex-officio, voting board members; and

44 (ix) The Insurance Commissioner and the Commissioner of Public  
45 Health, or their designees, who shall serve as ex-officio, nonvoting  
46 board members.

47 (B) On and after June 19, 2013, and prior to October 1, 2015, the  
48 board of directors shall consist of eleven voting members and three  
49 nonvoting members as follows: (i) The board members appointed  
50 pursuant to subparagraphs (A)(i) to (A)(vii), inclusive, of this  
51 subdivision; (ii) the Commissioner of Social Services, the Secretary of  
52 the Office of Policy and Management and the Healthcare Advocate, or  
53 their designees, who shall serve as ex-officio, voting board members;  
54 and (iii) the Insurance Commissioner and the Commissioners of Public  
55 Health and Mental Health and Addiction Services, or their designees,  
56 who shall serve as ex-officio, nonvoting board members. The  
57 provisions of this subparagraph shall not affect the terms of the board  
58 members set forth in subparagraphs (A)(i) to (A)(vii), inclusive, of this  
59 subdivision.

60 (C) On and after October 1, 2015, the board of directors shall consist  
61 of twelve voting members and three nonvoting members as follows: (i)  
62 The board members set forth in subparagraph (B) of this subdivision;  
63 and (ii) a retired insurance producer, who shall be a voting member  
64 appointed by the Governor and shall serve a term of two years. The  
65 provisions of this subparagraph shall not affect the terms of the board  
66 members set forth in subparagraphs (A)(i) to (A)(vii), inclusive, of this  
67 subdivision.

68 (2) (A) No board member shall be employed by, a consultant to, a  
69 member of the board of directors of, affiliated with or otherwise a  
70 representative of (i) an insurer, (ii) an insurance producer or broker,  
71 (iii) a health care provider, or (iv) a health care facility or health or  
72 medical clinic while serving on the board of the exchange. For  
73 purposes of this subdivision, "health care provider" means any person  
74 that is licensed in this state, or operates or owns a facility or institution  
75 in this state, to provide health care or health care professional services  
76 in this state, or an officer, employee or agent thereof acting in the  
77 course and scope of such officer's, employee's or agent's employment.

78 (B) No board member shall be a member of, a member of the board  
79 of, a consultant to or an employee of a trade association of (i) insurers,

80 (ii) insurance producers or brokers, (iii) health care providers, or (iv)  
81 health care facilities or health or medical clinics while serving on the  
82 board of the exchange.

83 (C) No board member shall be a health care provider unless such  
84 member receives no compensation for rendering services as a health  
85 care provider and does not have an ownership interest in a  
86 professional health care practice.

87 (c) (1) All initial appointments shall be made not later than July 1,  
88 2011, except the initial appointment of the board member specified in  
89 subparagraph (C)(ii) of subdivision (1) of subsection (b) of this section  
90 shall be made not later than October 1, 2015. Following the expiration  
91 of such initial terms, subsequent board member terms shall be for four  
92 years. Any vacancy shall be filled by the appointing authority for the  
93 balance of the unexpired term. If an appointing authority fails to make  
94 an initial appointment, or an appointment to fill a vacancy within  
95 ninety days of the date of such vacancy, the appointed board members  
96 may make such appointment by a majority vote. Any board member  
97 previously appointed to the board or appointed to fill a vacancy may  
98 be reappointed in accordance with this section. Any board member  
99 may be removed for misfeasance, malfeasance or wilful neglect of duty  
100 at the sole direction of the appointing authority.

101 (2) As a condition of qualifying as a member of the board of  
102 directors, each appointee shall, before entering upon such member's  
103 duties, take and subscribe the oath or affirmation required under  
104 section 1 of article eleventh of the Constitution of the state. A record of  
105 each such oath shall be filed in the office of the Secretary of the State.

106 (3) Appointed board members may not designate a representative to  
107 perform in their absence their respective duties under sections 38a-  
108 1080 to 38a-1091, inclusive. The Governor shall select a chairperson  
109 from among the board members and the board members shall  
110 annually elect a vice-chairperson. Meetings of the board of directors  
111 shall be held at such times as shall be specified in the bylaws adopted

112 by the board and at such other time or times as the chairperson deems  
113 necessary. Any board member who fails to attend more than fifty per  
114 cent of all meetings held during any calendar year shall be deemed to  
115 have resigned from the board.

116 (4) [Six] Prior to October 1, 2015, six board members shall constitute  
117 a quorum for the transaction of any business or the exercise of any  
118 power of the exchange. On and after October 1, 2015, seven board  
119 members shall constitute a quorum for the transaction of any business  
120 or the exercise of any power of the exchange. For the transaction of any  
121 business or the exercise of any power of the exchange, the exchange  
122 may act by a majority of the board members present at any meeting at  
123 which a quorum is in attendance. No vacancy in the membership of  
124 the board of directors shall impair the right of such board members to  
125 exercise all the rights and perform all the duties of the board. Except as  
126 otherwise provided, any action taken by the board under the  
127 provisions of sections 38a-1080 to 38a-1091, inclusive, may be  
128 authorized by resolution approved by a majority of the board  
129 members present at any regular or special meeting, which resolution  
130 shall take effect immediately unless otherwise provided in the  
131 resolution.

132 (5) Board members shall receive no compensation for their services  
133 but shall receive actual and necessary expenses incurred in the  
134 performance of their official duties.

135 (6) Subject to the provisions of subdivision (2) of subsection (b) of  
136 this section, board members may engage in private employment or in a  
137 profession or business, subject to any applicable laws, rules and  
138 regulations of the state or federal government regarding official ethics  
139 or conflicts of interest.

140 (7) Notwithstanding any provision of the general statutes, it shall  
141 not constitute a conflict of interest for a trustee, director, partner or  
142 officer of any person, firm or corporation, or any individual having a  
143 financial interest in a person, firm or corporation, to serve as a board

144 member of the exchange, provided such trustee, director, partner,  
145 officer or individual shall abstain from deliberation, action or vote by  
146 the exchange in specific request to such person, firm or corporation.

147 (8) Each board member shall execute a surety bond in the penal sum  
148 of fifty thousand dollars, or, in lieu thereof, the chairperson of the  
149 board shall execute a blanket position bond covering each board  
150 member, the chief executive officer and the employees of the exchange,  
151 each surety bond to be conditioned upon the faithful performance of  
152 the duties of the office or offices covered, to be executed by a surety  
153 company authorized to transact business in this state as surety and to  
154 be approved by the Attorney General and filed in the office of the  
155 Secretary of the State. The cost of each such bond shall be paid by the  
156 exchange.

157 (9) No board member of the exchange shall, for one year after the  
158 end of such member's service on the board, accept employment with  
159 any health carrier that offers a qualified health benefit plan through  
160 the exchange.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>from passage</i>	38a-1081(a) to (c)

**INS**      *Joint Favorable Subst.*

**GAE**      *Joint Favorable*