



House of Representatives

General Assembly

File No. 544

January Session, 2017

House Bill No. 6221

House of Representatives, April 12, 2017

The Committee on Planning and Development reported through REP. LEMAR of the 96th Dist., Chairperson of the Committee on the part of the House, that the bill ought to pass.

AN ACT CONCERNING RECOVERY OF PAYMENTS FROM COLLATERAL SOURCES BY A MUNICIPALITY WITH A SELF-INSURED HEALTH PLAN.

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

1 Section 1. Section 52-225c of the general statutes is repealed and the
2 following is substituted in lieu thereof (*Effective October 1, 2017*):

3 (a) Unless otherwise provided by law, no insurer or any other
4 person providing [collateral source benefits as defined in section 52-
5 225b] payments from collateral sources shall be entitled to recover the
6 amount of any such [benefits] payments from the defendant or any
7 other person or entity as a result of any claim or action for damages for
8 personal injury or wrongful death regardless of whether such claim or
9 action is resolved by settlement or judgment. The provisions of this
10 [section] subsection shall apply to insurance contracts issued, reissued
11 or renewed on or after October 1, 1986.

12 (b) The provisions of subsection (a) of this section shall not prohibit

13 a municipality with a self-insured health plan from recovering
14 payments provided by collateral sources.

| | | |
|---|------------------------|---------|
| This act shall take effect as follows and shall amend the following sections: | | |
| Section 1 | <i>October 1, 2017</i> | 52-225c |

PD *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: None

Municipal Impact:

| Municipalities | Effect | FY 18 \$ | FY 19 \$ |
|------------------------|------------------------|-----------------|-----------------|
| Various Municipalities | Potential Revenue Gain | See Below | See Below |

Explanation

The bill will result in revenue to self-insured municipalities to the extent that they are allowed to recover through subrogation any medical costs incurred on behalf of an injured employee or the employee's dependents from the proceeds of a settlement. The bill is anticipated to result in a revenue gain as opposed to a savings, as any recovery is assumed to be a refund of expenditures already paid. Under current law self-insured health plans are not allowed to recover through subrogation any medical costs out of the proceeds of a settlement. The revenue gain will depend on the amount recovered.

The Out Years

The annualized ongoing fiscal impact identified above would continue subject to future recoveries.

OLR Bill Analysis**HB 6221*****AN ACT CONCERNING RECOVERY OF PAYMENTS FROM COLLATERAL SOURCES BY A MUNICIPALITY WITH A SELF-INSURED HEALTH PLAN.*****SUMMARY**

This bill allows municipalities with self-insured health plans, following an adjudicated personal injury or wrongful death claim or action, to recover (subrogate) the costs of collateral source payments they made. Current law prohibits insurers and others providing collateral source payments from recovering the cost of such benefits from a defendant or anyone else; this prohibition applies regardless of whether a claim or action is resolved by settlement or judgment.

By law, payments from “collateral sources” are those made to, or on behalf of, a claimant under an insurance policy or other contract providing health benefits or reimbursements for health expenses (other than settlements) (CGS § 52-225b). Courts are generally prohibited from reducing an award of economic damages for a personal injury or wrongful death claim by the amount paid by collateral sources, if the right of subrogation exists (CGS § 52-225a).

The bill also makes technical changes.

EFFECTIVE DATE: October 1, 2017

BACKGROUND***Related Bill***

SB 885, reported favorably by the Judiciary Committee, contains an identical provision.

COMMITTEE ACTION

Planning and Development Committee

Joint Favorable

Yea 21 Nay 0 (03/24/2017)