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## **OLR Bill Analysis**

### **HB 7360**

#### ***AN ACT CONCERNING NONSTATE PUBLIC EMPLOYER HEALTH CARE PLANS.***

#### **SUMMARY**

This bill expands the types of health care plans that the comptroller must offer to nonstate public employers to include other group hospitalization, medical, pharmacy, or surgical insurance plans the comptroller develops. Under existing law, the comptroller must offer such employers coverage for their employees and retirees under the state employee health insurance plan.

The bill eliminates the state employee plan premium account and a provision requiring the comptroller to establish procedures for issuing refunds to nonstate public employers who terminate coverage. For coverage of nonstate public employees under the state employee plan or other plans the comptroller develops, the bill gives the comptroller broad authority to determine how to account for and track claims related to such plans.

The bill allows the comptroller to adjust nonstate public employer premiums for the existing or any new plans to reflect coverage and health care costs in the geographic region in which the majority of a nonstate public employer's employees work. Under current law, premium payments generally must be set at the same rate as those for the state employees plan, including state employee contributions.

By law, a "nonstate public employer" is a municipality or other state political subdivision, including a board of education, quasi-public agency, or public library. A municipality and a board of education may be considered separate employers. "Nonstate public employees" include employees and municipal elected officials.

EFFECTIVE DATE: July 1, 2019

## **PLAN TYPES**

Existing law allows the comptroller to procure coverage for nonstate public employees from vendors who are not providing state employee coverage. The bill additionally specifies that the comptroller may offer plans other than those available to state employees, except that he is prohibited from offering high deductible plans designed to be compatible with federally qualified medical or health savings accounts.

## **PLAN PREMIUMS**

### ***Refund Upon Withdrawal***

The bill eliminates a requirement that the comptroller develop procedures to refund nonstate public employers' premium payments made in excess of incurred claims if they withdraw before the expiration date of the current coverage.

### ***Accounting Procedures***

Current law establishes a separate, nonlapsing state employee plan premium account in the General Fund; the comptroller must (1) deposit the premiums collected from nonstate public employers and employees into this account and (2) administer the account to pay claims and administrative fees to entities providing coverage or services under the state employee health insurance plan.

The bill eliminates the account and instead requires the comptroller to establish an accounting procedure to track claims and premiums paid by nonstate public employers. The bill does not specify where funds in the state employee plan premium account will be transferred.

By law, interest on unpaid payments due by nonstate public employers is added retroactive to the payment's due date at the prevailing interest rate as determined by the comptroller. Under the bill, the payment's due date is determined under the comptroller's accounting procedure.

### ***Employee Cost Sharing***

Under existing law and the bill, the nonstate public employers must

make premium payments to the comptroller. The bill eliminates a provision specifically authorizing nonstate public employers, subject to any applicable collective bargaining agreement, to require covered employees to pay part of their coverage cost.

**BACKGROUND**

***Related Bills***

SB 134 (§§ 8 & 9) (File 361) and HB 7267 (§§ 8 & 9) (File 353), favorably reported by the Insurance and Real Estate Committee, contain provisions that are substantially similar.

**COMMITTEE ACTION**

Planning and Development Committee

Joint Favorable

Yea 13    Nay 9    (03/25/2019)