
OLR Bill Analysis

SB 1004

AN ACT CONCERNING PUBLIC INSURANCE OPTIONS FOR SMALL BUSINESS EMPLOYEES.

SUMMARY

This bill requires the comptroller, under the state employee health insurance law, to procure and provide one or more health insurance plans for employees of small employers. Current law allows, but does not require, the comptroller to do this. Under the bill, a small employer has fewer than 100 employees, but excludes sole proprietors.

The bill requires the small employers' plan to meet the same criteria the comptroller must use for MEHIP (Municipal Employee Health Insurance Plan). This includes conditions that, among other things, (1) address how employers join the plan and (2) segregate its financial impact from the state employee plan that the comptroller also administers (see BACKGROUND).

It also makes technical and conforming changes.

EFFECTIVE DATE: October 1, 2019

PLAN CONDITIONS

The bill requires the comptroller to establish the plan under the following conditions:

1. participation by each small employer and employee must be on a voluntary basis;
2. if an employee organization (i.e., union) represents the employees, participation in the plan must be by mutual agreement of the small employer and the employee organization and neither party may submit the issue of participation to binding arbitration, except by mutual agreement;

3. no group of employees will be refused entry into the plan because of past or future health care costs or claim experience;
4. rates paid by the state for its employees' health plan must not be adversely affected by the new plan;
5. the state must not pay the plan's administrative costs; and
6. participation in the plan, in an amount determined by the state, must be for the duration of the period of the plan, or for another period as mutually agreed to by the small employer and the comptroller.

ANNUAL REVIEW

Under current law, the comptroller must annually submit to the legislature (but no specific committee is named) a review of the MEHIP coverage of municipalities, nonprofits, community action agencies, small employers, and eligible individuals. The bill removes small employers from this group and instead requires a separate annual review of their coverage beginning February 1, 2020.

BACKGROUND

MEHIP

By law, the comptroller may arrange coverage under MEHIP for various groups including (1) employees of municipalities, nonprofit corporations, and community action agencies; (2) people eligible for a health coverage tax credit under federal law; (3) members of a personal care assistants association; and (4) people eligible for a retirement benefit from the Connecticut municipal employees' retirement system.

Related Bills

HB 7238, which was reported favorably by the Labor Committee, requires the comptroller to establish procedures for MEHIP.

sSB 134, reported out favorably by the Insurance and Real Estate Committee, requires the comptroller to establish a public option health insurance program and contains an option for small business insurance.

HB 7267, reported out favorably by the Insurance and Real Estate Committee, is identical to sSB 134.

HB 7360, reported out favorably by the Planning and Development Committee, expands the types of health care plans that the comptroller must offer to nonstate public employers to include most group hospitalization, medical, pharmacy, or surgical insurance plans the comptroller develops.

COMMITTEE ACTION

Labor and Public Employees Committee

Joint Favorable

Yea 11 Nay 3 (03/14/2019)