



House of Representatives

General Assembly

File No. 298

January Session, 2019

House Bill No. 7260

House of Representatives, April 2, 2019

The Committee on Insurance and Real Estate reported through REP. SCANLON of the 98th Dist., Chairperson of the Committee on the part of the House, that the bill ought to pass.

AN ACT EXCLUDING BEER MANUFACTURERS, THEIR EMPLOYEES AND THE DEPENDENTS OF THEIR EMPLOYEES FROM VARIOUS PROVISIONS OF THE INSURANCE STATUTES CONCERNING SMALL EMPLOYER HEALTH INSURANCE COVERAGE.

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

1 Section 1. Section 38a-564 of the general statutes is repealed and the
2 following is substituted in lieu thereof (*Effective January 1, 2020*):

3 As used in this section and sections 38a-566, 38a-567, 38a-569 and
4 38a-574:

5 (1) "Pool" means the Connecticut Small Employer Health
6 Reinsurance Pool, established under section 38a-569.

7 (2) "Board" means the board of directors of the pool.

8 (3) "Employee" means an individual employed by an employer.
9 "Employee" does not include (A) an individual and such individual's
10 spouse with respect to an incorporated or unincorporated trade or

11 business that is wholly owned by such individual, by such individual's
12 spouse or by such individual and such individual's spouse, [or] (B) a
13 partner in a partnership and such partner's spouse with respect to such
14 partnership, or (C) an individual employed by an employer in this
15 state that holds a manufacturer permit for beer, as described in
16 subsection (b) of section 30-16, and obtains health insurance coverage
17 for its employees and their dependents through the Connecticut
18 Brewers Guild.

19 (4) (A) "Small employer" means (i) prior to January 1, 2016, an
20 employer that employed an average of at least one but not more than
21 fifty employees on business days during the preceding calendar year
22 and employs at least one employee on the first day of the group health
23 insurance plan year, and (ii) on and after January 1, 2016, an employer
24 that employed an average of at least one but not more than one
25 hundred employees on business days during the preceding calendar
26 year and employs at least one employee on the first day of the group
27 health insurance plan year, except the commissioner may postpone
28 said January 1, 2016, date to be consistent with any such postponement
29 made by the Secretary of the United States Department of Health and
30 Human Services under the Patient Protection and Affordable Care Act,
31 P.L. 111-148, as amended from time to time. "Small employer" does not
32 include a sole proprietorship that employs only the sole proprietor or
33 the spouse of such sole proprietor, or an employer in this state that
34 holds a manufacturer permit for beer, as described in subsection (b) of
35 section 30-16, and obtains health insurance coverage for its employees
36 and their dependents through the Connecticut Brewers Guild.

37 (B) (i) For purposes of subparagraph (A) of this subdivision, the
38 number of employees shall be determined by adding (I) the number of
39 full-time employees for each month who work a normal work week of
40 thirty hours or more, and (II) the number of full-time equivalent
41 employees, calculated for each month by dividing by one hundred
42 twenty the aggregate number of hours worked for such month by
43 employees who work a normal work week of less than thirty hours,
44 and averaging such total for the calendar year.

45 (ii) If an employer was not in existence throughout the preceding
46 calendar year, the number of employees shall be based on the average
47 number of employees that such employer reasonably expects to
48 employ in the current calendar year.

49 (C) All persons treated as a single employer under Section 414 of the
50 Internal Revenue Code of 1986, or any subsequent corresponding
51 internal revenue code of the United States, as amended from time to
52 time, shall be considered a single employer for purposes of this
53 subdivision.

54 (5) "Insurer" means any insurance company, hospital service
55 corporation, medical service corporation or health care center,
56 authorized to transact health insurance business in this state.

57 (6) "Insurance arrangement" means any multiple employer welfare
58 arrangement, as defined in Section 3 of the Employee Retirement
59 Income Security Act of 1974, as amended from time to time, except for
60 any such arrangement that is fully insured within the meaning of
61 Section 514(b)(6) of said act, as amended from time to time.

62 (7) "Health insurance plan" means any hospital and medical expense
63 incurred policy, hospital or medical service plan contract and health
64 care center subscriber contract. "Health insurance plan" does not
65 include (A) accident only, credit, dental, vision, Medicare supplement,
66 long-term care or disability insurance, hospital indemnity coverage,
67 coverage issued as a supplement to liability insurance, insurance
68 arising out of a workers' compensation or similar law, automobile
69 medical-payments insurance, or insurance under which beneficiaries
70 are payable without regard to fault and which is statutorily required to
71 be contained in any liability insurance policy or equivalent self-
72 insurance, or (B) policies of specified disease or limited benefit health
73 insurance, provided the carrier offering such policies files on or before
74 March first of each year a certification with the commissioner that
75 contains the following: (i) A statement from the carrier certifying that
76 such policies are being offered and marketed as supplemental health
77 insurance and not as a substitute for hospital or medical expense

78 insurance; (ii) a summary description of each such policy including the
79 average annual premium rates, or range of premium rates in cases
80 where premiums vary by age, gender or other factors, charged for such
81 policies in the state; and (iii) in the case of a policy that is described in
82 this subparagraph and that is offered for the first time in this state on
83 or after October 1, 1993, the carrier files with the commissioner the
84 information and statement required in this subparagraph at least thirty
85 days prior to the date such policy is issued or delivered in this state.

86 (8) "Plan of operation" means the plan of operation of the pool,
87 including articles, bylaws and operating rules, adopted by the board
88 pursuant to section 38a-569.

89 (9) "Dependent" means the spouse or child of an eligible employee,
90 subject to applicable terms of the health insurance plan covering such
91 employee. "Dependent" includes any dependent who is covered under
92 the small employer's health insurance plan pursuant to workers'
93 compensation, continuation of benefits pursuant to section 38a-512a or
94 other applicable laws.

95 (10) "Commissioner" means the Insurance Commissioner.

96 (11) "Member" means each insurer and insurance arrangement
97 participating in the pool.

98 (12) "Small employer carrier" means any insurer or insurance
99 arrangement that offers or maintains group health insurance plans
100 covering eligible employees of one or more small employers.

101 (13) "Health care center" has the same meaning as provided in
102 section 38a-175.

103 (14) "Case characteristics" means demographic or other objective
104 characteristics of a small employer, including age and geographic
105 location. "Case characteristics" does not include claims experience,
106 health status or duration of coverage since issue.

| | | |
|---|------------------------|---------|
| This act shall take effect as follows and shall amend the following sections: | | |
| Section 1 | <i>January 1, 2020</i> | 38a-564 |

INS *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:** None**Explanation**

The bill exempts certain beer manufacturers from health insurance laws applicable to small employers, impacting private companies. There is no fiscal impact to the state for employers purchasing health insurance for their employees through the Connecticut Brewers Guild, as permitted by the bill.

The Out Years**State Impact:** None**Municipal Impact:** None

Sources: Connecticut Insurance Department

OLR Bill Analysis**HB 7260*****AN ACT EXCLUDING BEER MANUFACTURERS, THEIR EMPLOYEES AND THE DEPENDENTS OF THEIR EMPLOYEES FROM VARIOUS PROVISIONS OF THE INSURANCE STATUTES CONCERNING SMALL EMPLOYER HEALTH INSURANCE COVERAGE.*****SUMMARY**

This bill exempts from certain small employer health insurance plan requirements a Connecticut employer that (1) holds a manufacturer permit for beer from the Department of Consumer Protection and (2) obtains health insurance for its employees and their dependents through the Connecticut Brewers Guild. It does this by redefining the terms “small employer” and “employee” in the health insurance statutes. Thus, it treats the employers collectively as a large group.

In doing so, the bill exempts these beer manufacturers from the state’s adjusted community rating law (CGS § 38a-567). That law requires insurers to charge small employers premiums established on the basis of a single pool, adjusted to reflect certain characteristics (e.g., age and geographic area). The bill also exempts them from the requirement that small employer plans cover the essential health benefits (CGS § 38a-518q). Further, as a large employer, the plan offered to them would no longer have to be offered on a guaranteed issue basis, as required for small employer plans (CGS § 38a-567).

Additionally, by changing the definitions, employers purchasing health insurance for their employees through the Connecticut Brewers Guild would no longer qualify as small employers for purposes of procuring coverage on the Connecticut health insurance exchange (i.e., Access Health CT) or from the comptroller under the state employee plan (CGS §§ 38a-1080 & 5-259(i)). They also would not be eligible to

participate in the Connecticut Small Employer Health Reinsurance Pool (CGS §§ 38a-569 & 38a-574).

EFFECTIVE DATE: January 1, 2020

COMMITTEE ACTION

Insurance and Real Estate Committee

Joint Favorable

Yea 16 Nay 3 (03/14/2019)