



House of Representatives

General Assembly

File No. 583

January Session, 2019

Substitute House Bill No. 7360

House of Representatives, April 10, 2019

The Committee on Planning and Development reported through REP. MCCARTHY VAHEY, C. of the 133rd Dist., Chairperson of the Committee on the part of the House, that the substitute bill ought to pass.

AN ACT CONCERNING NONSTATE PUBLIC EMPLOYER HEALTH CARE PLANS.

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

1 Section 1. Subsections (a) to (c), inclusive, of section 3-123sss of the
2 general statutes are repealed and the following is substituted in lieu
3 thereof (*Effective July 1, 2019*):

4 (a) Notwithstanding any provision of title 38a, the Comptroller shall
5 offer to nonstate public employers and their nonstate public
6 employees, and their retirees, if applicable, coverage under the state
7 employee plan or any group hospitalization, medical, pharmacy or
8 surgical insurance plan developed by the Comptroller. Such nonstate
9 public employees, or retirees, if applicable, shall be pooled with the
10 state employee plan, or group hospitalization, medical, pharmacy or
11 surgical insurance plan provided the Comptroller receives an
12 application from a nonstate public employer and the application is
13 approved in accordance with this section or section 3-123ttt. Premium

14 payments for such coverage shall be remitted by the nonstate public
15 employer to the Comptroller and shall be the same as those paid by the
16 state inclusive of any premiums paid by state employees, except (1)
17 premium payments may be adjusted to reflect the cost of health care in
18 the geographic region in which the majority of a nonstate public
19 employer's employees work, (2) premium payments may be adjusted
20 to reflect coverage, or (3) as otherwise provided in this section or
21 section 3-123uuu, as amended by this act. The Comptroller may charge
22 each nonstate public employer participating in the state employee plan
23 an administrative fee calculated on a per member, per month basis.

24 (b) (1) The Comptroller shall offer participation in any such plan for
25 not less than three-year intervals. A nonstate public employer may
26 apply for renewal prior to the expiration of each interval.

27 (2) The Comptroller shall develop procedures by which nonstate
28 public employers receiving coverage for nonstate public employees
29 pursuant to the state employee plan or group hospitalization, medical,
30 pharmacy or surgical insurance plan may (A) apply for renewal, or (B)
31 withdraw from such coverage, including, but not limited to, the terms
32 and conditions under which such nonstate public employers may
33 withdraw prior to the expiration of the interval. [and the procedure by
34 which any premium payments such nonstate public employers may be
35 entitled to or premium equivalent payments made in excess of
36 incurred claims shall be refunded to such nonstate public employer.]
37 Any such procedures shall provide that nonstate public employees
38 covered by collective bargaining shall withdraw from such coverage in
39 accordance with chapters 68, 113 and 166.

40 (c) Nothing in sections 3-123rrr to 3-123vvv, inclusive, shall (1)
41 require the Comptroller to offer coverage to every nonstate public
42 employer seeking coverage under the state employee plan, [or] (2)
43 prevent the Comptroller from procuring coverage for nonstate public
44 employees from vendors other than those providing coverage to state
45 employees, or (3) prevent the Comptroller from offering plans other
46 than those available to state employees, except the Comptroller shall

47 not offer a plan that would qualify as a high deductible health plan, as
48 defined in Section 220(c) or 223(c) of the Internal Revenue Code of
49 1986, or any subsequent corresponding internal revenue code of the
50 United States, as amended from time to time, used to establish a
51 medical savings account or an Archer MSA pursuant to Section 220 of
52 said Internal Revenue Code or a health savings account pursuant to
53 Section 223 of said Internal Revenue Code.

54 Sec. 2. Section 3-123uuu of the general statutes is repealed and the
55 following is substituted in lieu thereof (*Effective July 1, 2019*):

56 (a) [There is established an account to be known as the "state
57 employee plan premium account", which shall be a separate,
58 nonlapsing account within the General Fund. All premiums paid by
59 nonstate public employers and nonstate public employees pursuant to
60 participation in the state employee plan shall be deposited into said
61 account. The account shall be administered by the Comptroller, with
62 the advice of the Health Care Cost Containment Committee, for
63 payment of claims and administrative fees to entities providing
64 coverage or services under the state employee plan.] The Comptroller
65 shall establish an accounting procedure to track claims and premiums
66 paid by nonstate public employers.

67 [(b) Each nonstate public employer shall pay monthly the amount
68 determined by the Comptroller for coverage of its nonstate public
69 employees or its nonstate public employees and retirees, as
70 appropriate, under the state employee plan. A nonstate public
71 employer may require each nonstate public employee to contribute a
72 portion of the cost of his or her coverage under the plan, subject to any
73 collective bargaining obligation applicable to such nonstate public
74 employer.]

75 [(c)] (b) If any payment due by a nonstate public employer [under
76 this subsection] pursuant to the procedure established under
77 subsection (a) of this section is not paid after the date such payment is
78 due, interest to be paid by such nonstate public employer shall be
79 added, retroactive to the date such payment was due, at the prevailing

80 rate of interest as determined by the Comptroller.

81 [(d)] (c) If a nonstate public employer fails to make premium
 82 payments, the Comptroller may direct the State Treasurer, or any other
 83 officer of the state who is the custodian of any moneys made available
 84 by grant, allocation or appropriation payable to such nonstate public
 85 employer at any time subsequent to such failure, to withhold the
 86 payment of such moneys until the amount of the premium or interest
 87 due has been paid to the Comptroller, or until the State Treasurer or
 88 such custodial officer determines that arrangements have been made,
 89 to the satisfaction of the State Treasurer, for the payment of such
 90 premium and interest. Such moneys shall not be withheld if such
 91 withholding will adversely affect the receipt of any federal grant or aid
 92 in connection with such moneys.

This act shall take effect as follows and shall amend the following sections:		
Section 1	July 1, 2019	3-123sss(a) to (c)
Sec. 2	July 1, 2019	3-123uuu

Statement of Legislative Commissioners:

In Section 1 (a) and (b), conforming changes were made for consistency with the provisions of subsection (a).

PD Joint Favorable Subst. -LCO

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:

Agency Affected	Fund-Effect	FY 20 \$	FY 21 \$
State Comptroller - Fringe Benefits	GF&TF - See Below	See Below	See Below
University of Connecticut	Operating - See Below	See Below	See Below

Note: GF&TF=General Fund & Transportation Fund

Municipal Impact:

Municipalities	Effect	FY 20 \$	FY 21 \$
Various Municipalities in the Partnership Plan 2.0	STATE MANDATE ¹ - See Below	See Below	See Below

Explanation

The bill will result in a fiscal impact to nonstate public employers including municipalities who currently participate in the Partnership Plan to the extent: (1) additional plans or plan designs are developed by the State Comptroller (OSC), excluding high deductible plans, for nonstate public employers and (2) geographical rating impacts the premiums nonstate public employers currently pay to OSC starting in FY 20. In addition, the bill eliminates the requirement to refund any premiums in excess of claims, which will result in a reserve to the extent this occurs. While this provision would preclude any potential savings from accruing to participating entities for a single plan year, reserves will mitigate future premium increases necessary to cover

¹ State mandate is defined in Sec. 2-32b(2) of the Connecticut General Statutes, "state mandate" means any state initiated constitutional, statutory or executive action that requires a local government to establish, expand or modify its activities in such a way as to necessitate additional expenditures from local revenues.

plan losses. The impact to participating entities will be based on the premiums established pursuant to the provisions of the bill compared to the premiums entities would have paid under current law.

The bill may result in an impact to state employee and retiree health plan (excluding the Medicare Advantage Plan for employees and dependents age 65 and older) and the University of Connecticut to the extent the bill's provisions impact the premiums established for the state employee plan compared to what the state plan premiums would be under current law. Currently, state employees, retirees, unionized graduate assistants at the University of Connecticut, nonstate public employers participating in the Partnership Plan, and all eligible dependents are pooled into a single risk pool. Premiums for the state employee and retiree health plan and the Partnership Plan are calculated based on the risk profile of the single pool and identical under current law; the bill allows premiums and plan designs under Partnership Plan to vary from what is maintained for state employees and retirees.

Lastly, the bill eliminates the state employee premium account. This account currently pays claims costs for nonstate public employers participating in the Partnership Plan out of plan premiums currently deposited into the account. It is unclear to what extent OSC is permitted to receive premiums paid by nonstate public employers, without a designated account within the General Fund as is provided in current law. The bill requires OSC to establish an accounting procedure. The bill does not specify how the funds currently in the account will be accounted for.

The Out Years

The annualized ongoing fiscal impact identified will continue into the future based on the impact to the state employee and retiree health plan and the Partnership Plan from changes enacted pursuant to the bill.

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)