

Planning and Development Committee

JOINT FAVORABLE REPORT

Bill No.: HB-7360

AN ACT CONCERNING NONSTATE PUBLIC EMPLOYER HEALTH CARE

Title: PLANS.

Vote Date: 3/25/2019

Vote Action: Joint Favorable

PH Date: 3/18/2019

File No.:

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SPONSORS OF BILL:

Committee on Planning and Development

REASONS FOR BILL:

House Bill 7360 seeks to authorize the Comptroller to offer additional health insurance plans for non-state public employers. Currently, the State offers health issuance coverage to municipal employers, so they may provide coverage to their employees, which include workers such as teachers, police, firefighters, and so on. This plan is known as "Partnership 2.0 and has been effective since 2015. This State account remains solvent, but claims in 2018 have exceeded premiums by \$10.3 million; the State has found that excessive claims are related to the region of the State, in which they are filed; the difference comes from Fairfield County and the Hartford area where the health care prices vary significantly. Low premiums in Fairfield County result in the inability to cover high health care prices in the long term, albeit the premiums can sustain the payments in the Hartford area. This bill will fix premiums based on geographic location of which they are paid.

RESPONSE FROM ADMINISTRATION/AGENCY:

[Kevin Lembo, State Comptroller, State of Connecticut:](#)

Kevin Lembo writes in support of HB 7360. He states that in 2015, a health care plan known as "Partnership Plan 2.0" was launched; this plan provides affordable coverage to 44,780 across the State's many municipal employer groups. This initiative has saved several millions of dollars, and alleviates pressure on property tax in many regions. The premiums and claims are paid out of a designated account, which has never been in the negative, not has any State resources been transferred to this fund. The account remains solvent and has a predicted balance of \$18.1 million by the end of March 2019, however claims have exceed premiums by \$10.3 million in 2018. The Office of the State Comptroller is required to pool the

experience of this Partnership Plan with the State employee health care plan, which sets the premium increase relative to the experience of the combined state and partnership population. The State has found that the primary reason for the overruns in 2018 is related to the cost of health care across the State. In Hartford, health care prices are relatively low compared to Fairfield County, but since the premiums are the same for those residing in both regions, it is unlikely the account will be able to cover costs in the long term based on the current premium rates. This bill will address these issues by fixing premiums based on the region from which they are paid, so the high costs may be sufficiently covered. The bill also allows the Office of the Comptroller to offer additional plan designs beyond the State employee plan. These plans would offer high quality comprehensive coverage, but would cover slightly less total medical costs. Offering such plans would make the Partnership 2.0 plan a viable option for more municipalities, providing potential savings for them, while providing more geographic diversity across Partnership participants.

NATURE AND SOURCES OF SUPPORT:

None expressed

NATURE AND SOURCES OF OPPOSITION:

None expressed

Reported by: Robert Norris

Date: April 3, 2019