



General Assembly

January Session, 2023

**Raised Bill No. 6712**

LCO No. 4276



Referred to Committee on INSURANCE AND REAL ESTATE

Introduced by:  
(INS)

***AN ACT CONCERNING THE REMOVAL OF ASSESSMENTS ON THE CONNECTICUT HEALTH INSURANCE EXCHANGE.***

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

1 Section 1. Section 38a-1083 of the general statutes is repealed and the  
2 following is substituted in lieu thereof (*Effective October 1, 2023*):

3 (a) For purposes of sections 38a-1080 to 38a-1093, inclusive, as  
4 amended by this act, "purposes of the exchange" means the purposes of  
5 and the pursuit of the goals of the exchange expressed in and pursuant  
6 to this section and the performance of the duties and responsibilities of  
7 the exchange set forth in sections 38a-1084 to 38a-1087, inclusive, which  
8 are hereby determined to be public purposes for which public funds  
9 may be expended. The powers enumerated in this section shall be  
10 interpreted broadly to effectuate the purposes of the exchange and shall  
11 not be construed as a limitation of powers.

12 (b) The goals of the exchange shall be to reduce the number of  
13 individuals without health insurance in this state and assist individuals  
14 and small employers in the procurement of health insurance by, among  
15 other services, offering easily comparable and understandable

16 information about health insurance options.

17 (c) The exchange is authorized and empowered to:

18 (1) Have perpetual succession as a body politic and corporate and to  
19 adopt bylaws for the regulation of its affairs and the conduct of its  
20 business;

21 (2) Adopt an official seal and alter the same at pleasure;

22 (3) Maintain an office in the state at such place or places as it may  
23 designate;

24 (4) Employ such assistants, agents, managers and other employees as  
25 may be necessary or desirable;

26 (5) Acquire, lease, purchase, own, manage, hold and dispose of real  
27 and personal property, and lease, convey or deal in or enter into  
28 agreements with respect to such property on any terms necessary or  
29 incidental to the carrying out of these purposes, provided all such  
30 acquisitions of real property for the exchange's own use with amounts  
31 appropriated by this state to the exchange or with the proceeds of bonds  
32 supported by the full faith and credit of this state shall be subject to the  
33 approval of the Secretary of the Office of Policy and Management and  
34 the provisions of section 4b-23;

35 (6) Receive and accept, from any source, aid or contributions,  
36 including money, property, labor and other things of value;

37 [(7) Charge assessments or user fees to health carriers that are capable  
38 of offering a qualified health plan through the exchange or otherwise  
39 generate funding necessary to support the operations of the exchange  
40 and the all-payer claims database program established under section  
41 19a-755a and impose interest and penalties on such health carriers for  
42 delinquent payments of such assessments or fees;]

43 [(8)] (7) Procure insurance against loss in connection with its property  
44 and other assets in such amounts and from such insurers as it deems

45 desirable;

46 [(9)] (8) Invest any funds not needed for immediate use or  
47 disbursement in obligations issued or guaranteed by the United States  
48 of America or the state and in obligations that are legal investments for  
49 savings banks in the state;

50 [(10)] (9) Issue bonds, bond anticipation notes and other obligations  
51 of the exchange for any of its corporate purposes, and to fund or refund  
52 the same and provide for the rights of the holders thereof, and to secure  
53 the same by pledge of revenues, notes and mortgages of others;

54 [(11)] (10) Borrow money for the purpose of obtaining working  
55 capital;

56 [(12)] (11) Account for and audit funds of the exchange and any  
57 recipients of funds from the exchange;

58 [(13)] (12) Make and enter into any contract or agreement necessary  
59 or incidental to the performance of its duties and execution of its  
60 powers, including, but not limited to, an agreement with the Office of  
61 Health Strategy to use funds collected under this section for the  
62 operation of the all-payer claims database established under section 19a-  
63 755a and to receive data from such database. The contracts entered into  
64 by the exchange shall not be subject to the approval of any other state  
65 department, office or agency, provided copies of all contracts of the  
66 exchange shall be maintained by the exchange as public records, subject  
67 to the proprietary rights of any party to the contract, except any  
68 agreement with the Office of Health Strategy shall be subject to approval  
69 by said office and the Office of Policy and Management and no portion  
70 of such agreement shall be considered proprietary;

71 [(14)] (13) To the extent permitted under its contract with other  
72 persons, consent to any termination, modification, forgiveness or other  
73 change of any term of any contractual right, payment, royalty, contract  
74 or agreement of any kind to which the exchange is a party;

75     [(15)] (14) Award grants to trained and certified individuals and  
76 institutions that will assist individuals, families and small employers  
77 and their employees in enrolling in appropriate coverage through the  
78 exchange. Applications for grants from the exchange shall be made on  
79 a form prescribed by the board;

80     [(16)] (15) Limit the number of plans offered, and use selective criteria  
81 in determining which plans to offer, through the exchange, provided  
82 individuals and employers have an adequate number and selection of  
83 choices;

84     [(17)] (16) Evaluate jointly with the Health Care Cabinet established  
85 pursuant to section 19a-725 the feasibility of implementing a basic  
86 health program option as set forth in Section 1331 of the Affordable Care  
87 Act;

88     [(18)] (17) Establish one or more subsidiaries, in accordance with  
89 section 38a-1093, as amended by this act, to further the purposes of the  
90 exchange;

91     [(19)] (18) Make loans to each subsidiary established pursuant to  
92 section 38a-1093, as amended by this act, from the assets of the exchange  
93 and the proceeds of bonds, bond anticipation notes and other  
94 obligations issued by the exchange or assign or transfer to such  
95 subsidiary any of the rights, moneys or other assets of the exchange,  
96 provided such assignment or transfer is not in violation of state or  
97 federal law;

98     [(20)] (19) Sue and be sued, plead and be impleaded;

99     [(21)] (20) Adopt regular procedures that are not in conflict with other  
100 provisions of the general statutes, for exercising the power of the  
101 exchange; and

102     [(22)] (21) Do all acts and things necessary and convenient to carry  
103 out the purposes of the exchange, provided such acts or things shall not  
104 conflict with the provisions of the Affordable Care Act, regulations

105 adopted thereunder or federal guidance issued pursuant to the  
106 Affordable Care Act.

107 [(d) (1) The chief executive officer of the exchange shall provide to the  
108 commissioner the name of any health carrier that fails to pay any  
109 assessment or user fee under subdivision (7) of subsection (c) of this  
110 section to the exchange. The commissioner shall see that all laws  
111 respecting the authority of the exchange pursuant to said subdivision  
112 (7) are faithfully executed. The commissioner has all the powers  
113 specifically granted under this title and all further powers that are  
114 reasonable and necessary to enable the commissioner to enforce the  
115 provisions of said subdivision (7).

116 (2) Any health carrier aggrieved by an administrative action taken by  
117 the commissioner under subdivision (1) of this subsection may appeal  
118 therefrom in accordance with the provisions of section 4-183, except  
119 venue for such appeal shall be in the judicial district of New Britain.]

120 Sec. 2. Subsection (b) of section 38a-1093 of the general statutes is  
121 repealed and the following is substituted in lieu thereof (*Effective October*  
122 *1, 2023*):

123 (b) Each subsidiary shall have and may exercise the powers of the  
124 exchange and such additional powers as are set forth in such resolution,  
125 except the powers of the exchange set forth in subdivisions [(7), (12),  
126 (15), (16), (17) and (21)] (11), (14), (15), (16) and (20) of subsection (c) of  
127 section 38a-1083, as amended by this act, shall be reserved to the  
128 exchange and shall not be exercisable by any subsidiary of the exchange.

129 Sec. 3. (NEW) (*Effective October 1, 2023*) The Insurance Department  
130 shall conduct a study concerning the reduction of premiums for  
131 qualified health plans offered on the Connecticut Health Insurance  
132 Exchange. Not later than February 1, 2024, the department shall submit  
133 a report, in accordance with the provisions of section 11-4a of the general  
134 statutes, to the joint standing committee of the General Assembly  
135 having cognizance of matters relating to insurance. Such report shall  
136 include, but need not be limited to, an assessment of the rate filings for

137 health carriers that offer qualified health plans through the exchange for  
138 the calendar year 2023.

139 Sec. 4. Subsection (a) of section 12-202 of the general statutes is  
140 repealed and the following is substituted in lieu thereof (*Effective October*  
141 *1, 2023*):

142 (a) Each domestic insurance company shall, annually, pay a tax on  
143 the total net direct premiums received by such company during the  
144 calendar year next preceding from policies written on property or risks  
145 located or resident in this state. The rate of tax on all net direct insurance  
146 premiums received (1) [on or after January 1, 1995, and prior to January  
147 1, 2018, shall be one and three-quarters per cent, and (2)] on and after  
148 January 1, 2018, and prior to January 1, 2024, shall be one and one-half  
149 per cent, and (2) on and after January 1, 2024, shall be one per cent. The  
150 franchise tax imposed under this section on premium income for the  
151 privilege of doing business in the state is in addition to the tax imposed  
152 under chapter 208. In the case of any local domestic insurance company  
153 the admitted assets of which as of the end of an income year do not  
154 exceed ninety-five million dollars, eighty per cent of the tax paid by such  
155 company under chapter 208 during such income year reduced by any  
156 refunds of taxes paid by such company and granted under said chapter  
157 within such income year and eighty per cent of the assessment paid by  
158 such company under section 38a-48 during such income year shall be  
159 allowed as a credit in the determination of the tax under this chapter  
160 payable with respect to total net direct premiums received during such  
161 income year, provided that these two credits shall not reduce the tax  
162 under this chapter to less than zero, and provided further in the case of  
163 a local domestic insurance company that is a member of an insurance  
164 holding company system, as defined in section 38a-129, these credits  
165 shall apply if the total admitted assets of the local domestic insurance  
166 company and its affiliates, as defined in said section, do not exceed two  
167 hundred fifty million dollars or, in the alternative, in the case of a local  
168 domestic insurance company that is a member of an insurance holding  
169 company system, these credits shall apply only if total direct written  
170 premiums are derived from policies issued or delivered in Connecticut,

171 on risk located in Connecticut and, as of the end of the income year the  
172 company and its affiliates have admitted assets minus unpaid losses and  
173 loss adjustment expenses that are also discounted for federal and state  
174 tax purposes and that for such local domestic insurance company and  
175 its affiliates, as defined in section 38a-129, do not exceed two hundred  
176 fifty million dollars.

177 Sec. 5. Subsection (b) of section 12-210 of the general statutes is  
178 repealed and the following is substituted in lieu thereof (*Effective October*  
179 *1, 2023*):

180 (b) Each insurance company incorporated by or organized under the  
181 laws of any other state or foreign government and doing business in this  
182 state shall, annually, on and after January 1, 1995, pay to said  
183 commissioner, in addition to any other taxes imposed on such company  
184 or its agents, a tax on all net direct premiums received by such company  
185 in the calendar year next preceding from policies written on property or  
186 risks located or resident in this state, excluding premiums for ocean  
187 marine insurance, and, upon ceasing to transact new business in this  
188 state, shall continue to pay a tax upon the renewal premiums derived  
189 from its business remaining in force in this state at the rate that was  
190 applicable when such company ceased to transact new business in this  
191 state. The rate of tax on all net direct premiums received (1) [prior to  
192 January 1, 2018, shall be one and three-quarters per cent, and (2)] on or  
193 after January 1, 2018, and prior to January 1, 2024, shall be one and one-  
194 half per cent, and (2) on and after January 1, 2024, shall be one per cent.

195 Sec. 6. (*Effective July 1, 2023*) The sum of thirty million dollars is  
196 appropriated to the Insurance Department from the General Fund, for  
197 the fiscal year ending June 30, 2024, to fund the Connecticut Health  
198 Insurance Exchange, established pursuant to section 38a-1081 of the  
199 general statutes, to support the operations of the exchange.

200 Sec. 7. (*Effective July 1, 2023*) The sum of thirty million dollars is  
201 appropriated to the Insurance Department from the General Fund, for  
202 the fiscal year ending June 30, 2025, to fund the Connecticut Health

203 Insurance Exchange, established pursuant to section 38a-1081 of the  
204 general statutes, to support the operations of the exchange.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>October 1, 2023</i>	38a-1083
Sec. 2	<i>October 1, 2023</i>	38a-1093(b)
Sec. 3	<i>October 1, 2023</i>	New section
Sec. 4	<i>October 1, 2023</i>	12-202(a)
Sec. 5	<i>October 1, 2023</i>	12-210(b)
Sec. 6	<i>July 1, 2023</i>	New section
Sec. 7	<i>July 1, 2023</i>	New section

**Statement of Purpose:**

To: (1) Eliminate assessment fees for carriers offering qualified health plans on the exchange; (2) require that the Insurance Department conduct a study of premium reductions for health carriers offering qualified health plans on the exchange; (3) reduce the insurance premium tax rate; and (4) require the state to fund the operating costs of the exchange.

*[Proposed deletions are enclosed in brackets. Proposed additions are indicated by underline, except that when the entire text of a bill or resolution or a section of a bill or resolution is new, it is not underlined.]*