

BENEFITS ALERT

Rose & Kiernan, Inc.

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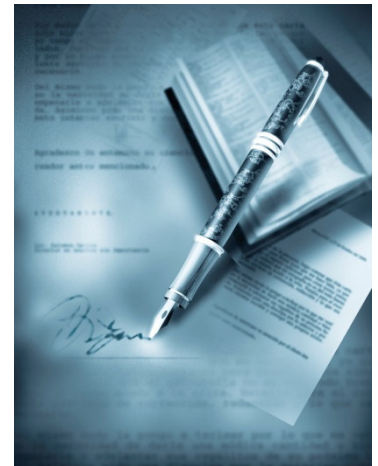
Connecticut Public Act 10-4

Updated rules for small employer health insurance

Effective January 1, 2011 Connecticut implemented a new law which changes the definition of “eligible employee” and “small employer” for the purpose of certain insurance statutes relating to small employer health insurance plans. By doing so, it broadens the scope of certain laws by including part-time employees working at least 20 hours a week and limits the laws by excluding seasonal employees. It prohibits an employer from counting as an eligible employee, for the purposes of determining if the employer is a small employer, a person working fewer than 30 hours a week.

The bill requires an insurer or producer marketing small employer group health insurance plans to offer a small employer, upon its request, a premium quote for covering employees working at least (1) 30 hours a week or (2) 20 hours a week.

The bill specifies that a small employer that requests a premium quote for employees working fewer than 30 hours a week is not required to (1) accept the quote or (2) purchase coverage for those employees or employees working 30 or more hours a week. It also specifies that a small employer that offers coverage to employees working 30 or more hours a week is not required to offer coverage to those working fewer than 30 hours a week.



ELIGIBLE EMPLOYEE

The bill redefines “eligible employee” as an employee working a normal work week of at least 20 hours a week, including a part-time employee, but excluding a seasonal employee. Current law includes only full-time employees working at least 30 hours a week.

By law, and unchanged by the bill, eligible employee (1) excludes a temporary or substitute employee; (2) includes a sole proprietor, a partner, or an independent contractor, provided he or she is included as an employee under a small employer's health care plan; and (3) includes a person not actively at work but covered under the employer's health insurance plan through workers' compensation, continuation of benefits requirements (e.g., COBRA), or other applicable law.

The bill, therefore, broadens the scope of certain laws by including part-time employees working at least 20 hours a week and limits the laws by excluding seasonal employees. Those laws include guaranteed renewability, coverage eligibility requirements, the Connecticut Small Employer Health Reinsurance Pool, and special health care plans.

SMALL EMPLOYER

By law, a “small employer” is any person, firm, corporation, limited liability company, partnership, or association that:

1. is actively engaged in business or self-employed for at least three consecutive months; and
2. on at least 50% of its working days during the preceding 12 months, employed no more than 50 “eligible employees,” the majority of whom were employed within Connecticut.

The bill changes how an employer counts its employees to determine if it is a small employer for purposes of laws applying to small employer insurance plans. Specifically, it prohibits an employer from counting a person who works fewer than 30 hours a week.

By law, and unchanged by the bill, when counting eligible employees to determine if an employer is a small employer, companies affiliated or eligible to file a combined tax return are considered one employer. And an employer cannot count an employee:

1. covered through the employer by a health insurance plan issued to, or in accordance with, a trust established under collective bargaining; or
2. not actively at work but covered under the employer's health insurance plan under workers' compensation, federal continuation of benefits requirements, or other applicable laws.

The law specifies that a "small employer" does not include a:

1. municipality, association of personal care assistants, or community action agency purchasing health insurance through the Municipal Employee Health Insurance Program (MEHIP);
2. nonprofit organization purchasing health insurance through MEHIP, unless the secretary of the Office of Policy and Management and the state comptroller ask the insurance commissioner in writing to deem the organization a small employer for the purposes of the health insurance statutes; or private school in Connecticut obtaining health insurance through a health insurance plan or an insurance arrangement that an association of private schools sponsors.

CONNECTICUT CLEARINGHOUSE

This portion of the bill was effective on July 1, 2010. The legislature created a program called the Connecticut Clearinghouse through which individuals and small employers may obtain information about available health insurance policies and health care plans. The program is to be administered by the Health Reinsurance Association. As of this date, the Health Reinsurance Association has links on its website to various carriers and rates for individual, conversion and portability plans. Just a note if you're looking up Connecticut Clearinghouse on the Internet. The name Connecticut Clearinghouse is currently in use by the Wheeler Clinic and contains health information, not related to the Connecticut Clearinghouse created by State Law. Go to this site for information on plans and carriers: <http://www.hract.org/hra/index.htm>

This Summary is provided to you for general information purposes only and does not include references to other legal resources (e.g., supporting regulations, or formal or informal opinions) unless specifically noted. Please seek qualified and appropriate counsel for further information and/or advice regarding the application of the topics discussed herein to your employee benefits plan.