STATE OF CONNECTICUT

DEPARTMENT OF SOCIAL SERVICES

25 SIGOURNEY STREET • HARTFORD, CONNECTICUT 06106-5033

June 30,2000

Cindy Mann, Director
Family and Children's Health Programs Group
Center for Medicaid and State Operations
HHS/HCFA
7500 Security Boulevard
Baltimore, Maryland 21244-1850

Dear Ms. Mann:

This letter is in response to your request of June 22,2000, for additional information and clarification on the issue of whether the children of municipal employees in the state of Connecticut are covered under a "State health benefit plan."

As you state in your letter of June 22, 2000, your office currently considers a "State health benefit plan' to be one offered or organized by the State government. This language comes from Question 98 in "The Administration's Responses to Questions about the State Children's Health Insurance Program," dated July 29, 1998. Question 98 goes on to state:

> Please note that children of public agency employees who work for an agency that does not offer a State employee health insurance plan may be eligible for CHIP. For example, if a local government, such as a county or a city, has its own insurance plan that is separate from the State employee plan, the children of that entity's employees could be eligible for CHIP, as long as they are uninsured and meet all other CHIP eligibility criteria.

Thus, as the above language points out, it is not the existence of a health insurance plan for the children of these municipal employees that keeps them from being eligible for CHIP, it is whether the municipal plan is separate from the State employee plan. If the municipal plan is a part of the State employee plan, the children of these municipal employees are not eligible for CHIP. If the municipal plan is not part of the State employee plan, the children of these municipal employees may be eligible depending on other eligibility factors.

In the case of Connecticut, the insurance that the municipal employees may be eligible for (if the municipality chooses to participate) is NOT the State employee plan and, in fact, is totally unrelated to the State employee plan. The insurance the municipal employees may be eligible for is insurance that is provided by the municipalities. The only role the State of Connecticut plays in this insurance is to coordinate the collaborative purchasing of it. The State does not purchase the insurance, offer the insurance, organize the insurance plan, nor pay any of the cost of the insurance. The State merely makes the coordinated purchase of insurance by the municipalities a possibility.

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We have provided you with information on the independence of the Connecticut Municipal Employees Health Insurance Program (MEHIP) in our letter of May 30, 2000. As we stated in that letter, MEHIP was established to make affordable managed health insurance coverage available to all municipal employers and community action agencies regardless of size, location or other factors while providing some administrative savings through MEHIP for the municipality.

In response to your question posed June 29, 2000, the benefit package and the managed care plans available through MEHIP are different than those available through the State Employees Health Benefit Plan.

In addition, please note that the proposed State Plan Amendment requires the children of municipal employees to first have dependent health insurance coverage through the municipal plan which is later terminated due to an extreme economic hardship on the part of the employee. Thus, not only will these children not have coverage through the municipal plan at the time they apply for HUSKY B, they will also be in a category of children who will not be able to be covered by the municipal plan due to economic hardship. Without HUSKY B coverage, these children will remain uninsured.

In summary, Connecticut municipal employees are not entitled to benefits under the State Employees Health Benefits Plan, the MEHIP is operated by a private company for the benefit of municipal employees at no cost to the State of Connecticut, and the children of municipal employees who would qualify for HUSKY B will not be able to be covered by the municipal health insurance plan anyway.

On June 23, 2000, we faxed a copy of Connecticut General Statutes section 5-259 to the Baltimore, Maryland office of Health Care and Financing Administration. I will attach that statutory provision to this letter also. Subsection (i) of section 5-259 makes it clear that the State of Connecticut incurs no cost for the health insurance for employees of municipalities.

Sincerely,

David Parrella
Director of Medical Care Administration

Enclosure: Section 5-259, Connecticut General Statutes

cc: Patricia Wilson-Coker, Commissioner
Michael Starkowski, Deputy Commissioner
Rita Pacheco, Deputy Commissioner
Marc Ryan, Secretary, Office of Policy and Management
Linda J. Mead, HUSKY B Program Manager
Ronald Preston, Associate Regional Administrator, HCFA Region I
Michelle Browne, Project Officer for Connecticut's Title XXI Proposal

dollars may be purchased by any employee who is not included in any prevailing bargaining unit contract and whose yearly gross compensation is at least forty-five thousand five hundred dollars. The actual cost of such optional coverage shall be fully borne by the employee. The State Comptroller shall deduct the necessary amount from the employees' pay and shall pay the premiums on such policy or policies. Any dividends or other refunds or rate credits shall inure to the benefit of the state and shall be applied to the cost of such insurance. Such optional coverage shall not be included when calculating the amount of reduced life insurance coverage due retired employees pursuant to subsection (d) of this section.

(1967, P.A. 657, S. 64; 1969, P.A. 560, S. 1, 2; P.A. 77-614, S. 163, 610; P.A. 78-103, S. 2, 3; P.A. 79-621, S. 21, 24; P.A. 80-482, S. 7, 348; P.A. 81-457, S. 9; 81-472, S. 110, 159; June Sp. Sess. P.A. 83-27, S. 1; P.A. 85-510, S. 8, 35; P.A. 87-403, S. 1, 2; P.A. 88-349, S. 3, 5; P.A. 96-168, S. 25, 34; P.A. 98-106, S. 1, 2.)

History: **1969** act amended table in Subsec. (b) by raising base amount of life insurance in each class by two thousand dollars starting at **$8,000**, changing class **20** to read **"$22.500** but less than" rather than **"$22.500** and over" and adding all data for classes **21** to **31**, inclusive; P.A. **77-614** made insurance department a division within the department of business regulation. effective January 1, **1979; P.A. 78-103** replaced "section **5-154"** with "subsection **(x)** of section **5-196"** in Subsec. (d); **P.A. 79-621** changed requirement regarding date for increase in life insurance from first days of January or July to first days of April or October in Subsec. (b); **P.A. 80-482** deleted reference to abolished department of business regulation; **P.A. 81-457** amended Subsec. (b) to require that gross compensation shall not include lump sum payments made under Sec. 5-210(d); **P.A. 81-472** made technical changes; June Sp. Sess. **P.A. 83-27** amended Subsec. (b) to establish a separate schedule of life insurance amounts for any state employee who is not included in any prevailing bargaining unit contract and who earns at least thirty-three thousand five hundred dollars, to provide that life insurance amounts shall not be increased because of retroactive salary increases until the first day of April or October following approval of the increase; **P.A. 85-510** amended Subsec. (d) by adding provision that the amount of life insurance of an insured employee who is retired on or after July 1, **1982**, under the provisions of Sec. **5-173** shall be one-half of the amount of insurance for which the employee was insured immediately before retirement, regardless of the employee's number of years of service; **P.A. 87-403** amended Subsec. (b) to increase the life insurance maximum to eighty-five thousand dollars for certain employees not in collective bargaining, and added Subsec. (e) which established a supplemental life insurance plan for employees not in collective bargaining who earn at least fony-five thousand five hundred dollars per year; **P.A. 88-349** expanded eligibility for insurance under section to include each member of the general assembly, six months after taking office; **P.A. 96-168** amended Subsec. (d) changing reference to "subsection (x)" to "subdivision **(25)".** effective July 1, **1996; P.A. 98-106** amended Subsec. (d) to increase the life insurance minimum to ten thousand dollars for certain employees retired before, on or after July 1, **1998.** effective July 1, **1998.**

Cited. **213** C. **54.64**

Sec. 5-257a. Continuation of group life insurance for certain teachers at E.O. Smith School. Notwithstanding the provisions of any general statute, charter or special act to the contrary, service by teachers who were employed by The University of Connecticut to teach at the E.O. Smith School on the date of the conveyance of the E.O. Smith School pursuant to section 2 of special act 84-42 and who are subsequently employed to teach at the E.O. Smith School on or before September 1, 1987, by the board of education for a regional school district consisting of the towns of Mansfield and Ashford shall be deemed to be state service for purposes of section 5-257. Eligibility for benefits pursuant to this section shall be treated in accordance with the provisions of said section 5-257. The state contribution for such benefits for such teachers shall continue in accordance with the provisions of said section 5-257.

(P.A. 87-484, S. 8, 10.)

Sec. 5-258. Group Insurance Commission. Section 5-258 is repealed.

(1967, P.A. 657. S. 65; P.A. 73-677, S. 9; P.A. 75-519, S. 6, 12; P.A. 77-614. S. 19.66, 163, 610; P.A. 80-482, S. 8. 348; P.A. 92-254. S. 5, 6.)

Sec. 5-259. Hospitalization and medical and surgical insurance plan. Eligibility. (a) The Comptroller, with the approval of the Attorney General and of the Insurance Commissioner, shall arrange and procure a group hospitalization and medical and surgical insurance plan or plans for (1) state employees, (2) members of the General Assembly who elect coverage under such plan or plans, (3) employees of the Connecticut Institute

for Municipal Studies established by section 1-135, (4) participants in an alternate retirement program who meet the service requirements of section 5-162 or subsection (a) of section 5-166, (5) anyone receiving benefits under section 5-144 or from any state-sponsored retirement system, except the teachers' retirement system and the municipal employees retirement system, and (6) judges of probate and Probate Court employees. The minimum benefits to be provided by such plan or plans shall be substantially equal in value to the benefits which each such employee or member of the General Assembly could secure in such plan or plans on an individual basis on the preceding first day of July. The state shall pay for each such employee and each member of the General Assembly covered by such plan or plans the portion of the premium charged for his individual coverage and seventy per cent of the additional cost of his form of coverage and such amount shall be credited to the total premiums owed by such employee or member of the General Assembly for the form of his coverage under such plan or plans. On and after January 1, 1989, the state shall pay for anyone receiving benefits from any such state-sponsored retirement system one hundred per cent of the portion of the premium charged for his individual coverage and one hundred per cent of any additional cost for his form of coverage. The balance of any premiums payable by an individual employee or by a member of the General Assembly for his form of coverage shall be deducted from the payroll by the State Comptroller. The total premiums payable shall be remitted by the Comptroller to the insurance company or companies or nonprofit organization . organizations providing the coverage. The amount of the state's contribution per)loyee for a health maintenance organization option shall be equal, in terms of dollars d cents, to the largest amount of the contribution per employee paid for any other option which is available to all eligible state employees included in the health benefits plan, but shall not be required to exceed the amount of the health maintenance organization premium.

(b) The insurance coverage procured under subsection (a) of this section for active state employees, employees of the Connecticut Institute for Municipal Studies, anyone receiving benefits from any such state-sponsored retirement system and members of the General Assembly, who are over sixty-five years of age, may be modified to reflect benefits available to such employees or members pursuant to Social Security and medical benefits programs administered by the federal government, provided any payments required to secure such benefits administered by the federal government shall be paid by the Comptroller either directly to the employee or members or to the agency of the federal government authorized to collect such payments.

(c) On October 1, 1972. the Comptroller shall continue to afford payroll deduction services for employees participating in existing authorized plans covering state employees until such time as the employee elects in writing to be covered by the plan authorized by subsection (a) of this section.

(d) Notwithstanding the provisions of subsection (a) of this section, the state shall pay for a member of any such state-sponsored retirement system, or a participant in an alternate retirement program who meets the service requirements of section 5-162 or subsection (a) of section 5-166, and who begins receiving benefits from such system or program on or after November 1, 1989, eighty per cent of the portion of the premium charged for his individual coverage and eighty per cent of any additional cost for his form of coverage. Upon the death of any such member, any surviving spouse of such member who begins receiving benefits from such system shall be eligible for coverage der this section and the state shall pay for any such spouse eighty per cent of the tion of the premium charged for his individual coverage and eighty per cent of any additional cost for his form of coverage.

(e) Notwithstanding the provisions of subsection (a) of this section, (1) vending stand operators eligible for membership in the state employee's retirement system pursuant to section 5-175a, shall be eligible for coverage under the group hospitalization and medical and surgical insurance plans procured under this section, provided the cost for such operators' insurance coverage shall be paid by the Board of Education and Services for the Blind from vending machine income pursuant to section 10-303 and (2) blind persons employed in workshops established pursuant to section 10-298a, shall be eligible for coverage under the group hospitalization and medical and surgical insurance plans procured under this section, provided the cost for such persons' insurance coverage shall be paid by the Board of Education and Services for the Blind.

(f) The Comptroller, with the approval of the Attorney General and of the Insurance Commissioner, shall arrange and procure a group hospitalization and medical and surgical insurance plan or plans for any person designated a foster parent or a parent in a permanent family residence by the Department of Children and Families for six months or more, and any dependent of such parent, who elects coverage under such plan or plans. The Comptroller may also arrange for inclusion of such person and any dependent in an existing group hospitalization and medical and surgical insurance plan offered by the state. Any foster parent or a parent in a permanent family residence and any dependent who elects coverage shall pay one hundred per cent of the premium charged for such coverage directly to the insurer, provided such foster parent or parent and all such dependents shall be included in such group hospitalization and medical and surgical insurance plan. A person and his dependents electing coverage pursuant to this subsection shall be eligible for such coverage until no longer designated a foster parent or a parent in a permanent family residence. As used in this section "dependent" means a spouse or natural or adopted child if such child is wholly or partially dependent for support upon the foster parent or parent in a permanent family residence.

(g) Notwithstanding the provisions of subsection (a) of this section, the Probate Court Administration Fund established in accordance with section 45a-82, shall pay for each probate judge and Probate Court employee not more than one hundred per cent of the portion of the premium charged for his individual coverage and not more than fifty per cent of any additional cost for his form of coverage. The remainder of the premium for such coverage shall be paid by the probate judge or Probate Court employee to the State Treasurer. Payment shall be credited by the State Treasurer to the fund established by section 45a-82. The total premiums payable shall be remitted by the Probate Court Administrator directly to the insurance company or companies or nonprofit organization or organizations providing the coverage. The Probate Court Administrator shall establish regulations governing group hospitalization and medical and surgical insurance in accordance with subdivision (1) of subsection (b) of section 45a-77.

(h) For the purpose of subsection (g) of this section, "Probate Court employee" means a person employed by a probate court for at least twenty hours per week.

(i) The Comptroller may provide for coverage of municipal employees under the plan or plans procured under subsection (a) of this section, provided: (1) Participation by each municipal employer shall be on a voluntary basis; (2) where an employee organization represents employees in a municipality, participation in a plan or plans to be procured under subsection (a) of this section shall be by mutual agreement of the municipal employer and the employee organization only and neither party may submit the issue of participation to binding arbitration except by mutual agreement; (3) no group of employees shall be refused entry into the plan by reason of past or future health care costs or claim experience; (4) rates paid by the state for its employees under subsection

(a) of this section are not adversely affected by this subsection; ***(5)*** administrative costs to the plan or plans provided under this subsection shall be paid by the participating municipality at no additional cost to the state; and (6) participation in the plan or plans in an amount determined by the state shall be for the duration of the period of the plan or plans, or for such other period as mutually agreed by the municipality and the Comptroller. For the purposes of this subsection, "municipality" shall have the same meaning as provided in section 7-425.

(j) (1) Notwithstanding any provision of law to the contrary, the existing rights and obligations of state employee organizations and the state employer under current law and contract shall not be impaired by the provisions of this section. (2) Other conditions of entry for any group into the plan or plans procured under subsection (a) of this section shall be determined by the Comptroller upon the recommendation of a coalition committee established pursuant to subsection (f) of section 5-278, except for such conditions referenced in subsection (g) of this section. (3) Additional determinations by the Comptroller on (A) issues generated by any group's actual or contemplated participation in the plan or plans. (B) modifications to the terms and conditions of any group's continued participation, (C) related matters shall be made upon the recommendation of such committee. **(4)** Notwithstanding any provision of law to the contrary, a municipal employer and an employee organization may upon mutual agreement reopen a collective bar-
ing agreement for the exclusive purpose of negotiating on the participation by such
ticipal employer or employee organization in the plan or plans offered under the provisions of this section.

(k) The Comptroller shall submit annually to the General Assembly a review of the coverage of municipal employees under the state health plan beginning February 1, 1998.

(l) Effective July 1, 1996, any deputies or special deputies appointed pursuant to section 6-37 or section 6-43, shall be allowed to participate in the plan or plans procured by the Comptroller pursuant to subsection (a) of this section. Such participation shall be voluntary and the participant shall pay the full cost of the coverage under such plan.

(1967, **P.A. 657, S. 6** 6 1969, **P.A.** 641, **S.** I; **805. S.** I. **2; 1972. P.A.** 161, **S. 1.2; P.A.** 77-614, **S. 163,610 P.A.** 78-163, **S.** I. **2;** 78-228, **S.**4, 8; **P.A.** 79-555, **S.** I, **3; P.A.** 82-388, S. **2; P.A.** 83-437; 83-533, S. 41, 54; **P.A.** 84-544, **S.5.8; P.A.** 85-510, S. **16, 35; P.A.** 86-366, S. I; **P.A.** 87-370, S. I, 2; **P.A.** 88-164, S. I. **2; P.A.** 89-323, **S.** 2.4; **P.A.** 90-109; 90-**308, S. 6,** 15; **P.A. 91-66;** P.A. **93-91.** S. I, **2; P.A. 93-429.** S. **6.7.; P.A. 94-216,** S. **3.4; P.A.** 96-110, **S. 1.4;** 96-234, S. **1.2;** lune 18Sp. **Sess. P.A.** 97-2, S. **137, 165; P.A.** 98-263, **S. 10.21;** lune Sp. **Sess. P.A.** 98-1, **S. 2, 121.)**

History: 1969 acts added to payment by state for each employee "one-half of the additional cost of his form of coverage", previously employee paid total cost of additional coverage and provided for group of employees to **seek** alternate coverage similarly paid by state in Subsecs. (a) and (c); **1972** act repealed amendments enacted by **1969** act and all of Subsec. (c), leaving state as sole agent for its employees' insurance; **P.A. 77-614** made insurance department a division within the department of business regulation with insurance commissioner **as** its head, effective January I. **1979; P.A. 781163** allowed general assembly members to elect coverage under state plan with payment made by member to comptroller; **P.A. 78-228** allowed retired state employees to elect coverage with ten per cent paid by state and payment **as** a whole by deduction from benefits check; **P.A. 79-555** included in provisions for retirees anyone receiving benefits and included assembly members under provisions for state employees; **P.A. 82-388** amended Subsec. (a) **to** provide that the dollar amount paid by the state for an employee's health maintenance organization option shall equal the largest amount paid per employee for any other health insurance option which is available to all state employees, provided such amount does not exceed the health maintenance organization premium; **P.A. 83-437** amended Subsecs. (a) and **(b)** to replace references to "state employees retirement system" with "any state-sponsored retirement system, except the municipal employees retirement system, the general assembly pension system and the probate judges and employees retirement system"; **P.A.** 83-533 changed state's payment from fitly to seventy per cent of cost of additional coverage for employees and from ten to thirty per cent of cost of coverage for retirees; **P.A. 84-544** amended Subsec. (a) to include certain participants in an alternate retirement program and to exclude persons receiving benefits from the teachers' retirement system; **P.A. 85-5**10 amended
c. (a) to increase the state payment for premiums for anyone receiving benefits from state-sponsored retirement
ns from thirty per cent to forty-five per cent of such premiums, on and after January I, 1984; **P.A.** 86-366 amended
ec. **(a)** to increase, from forty-five per cent to sixty per cent. the portion of health insurance premium costs paid **by** the state for retired state employees and their dependents, such increase **to** begin October I, 1986; **P.A. 87-370** amended Subsec. (a) to increase, from sixty to eighty per cent, the portion of health insurance premium costs paid by the state **for**

retired state employees and their dependents; P.A. **88-164** amended Subsec. (a) to increase the state payment for premiums for persons receiving benefits from certain state-sponsored retirement systems from eighty per cent lo one hundred per cent of such premiums. on and after January **1, 1989;** P.A. **89-323** added Subsec. (d) re state's payment of eighty per cent of health insurance premiums on behalf of members who begin receiving benefits on or after November I, **1989;** P.A. **90-109** added Subsec. (e) re eligibility of vending stand operators and blind persons employed in workshops for insurance coverage; P.A. **90-308** amended Subsec. (a) to delete provision which excluded persons receiving benefits from the general assembly pension system from eligibility for insurance coverage under plan or plans procured by comptroller; P.A. **91-66** added Subsec. (f) re eligibility of foster parents and parents in permanent family residences for insurance coverage: P.A. **93-91** substituted commissioner and department of children and families for commissioner and department of children and youth services, effective July I. **1993;** P.A. **93-429** inserted new Subdiv. (3) in Subsec. (a) to require the comptroller Io procure health insurance coverage for employees of the Connecticut Institute for Municipal Studies. redesignated existing Subdivs. **(3)** and **(4) as (4)** and **(5),** respectively. and amended Subsec. (b) to apply to employees of the Institute. effective July I. **1993:** P.A. **94-216** included dependents **of** foster parents or parents in a permanent family residence in the group hospitalization and medical and surgical insurance plan, required premiums to be paid directly to the insurer provided the parents and dependents shall be included in such plans and added definition of "'dependent". effective June **7, 1994:** P.A. **96-110** amended Subsec. (a) by deleting the exception re the probate judges and employees retirement system and adding Subdiv. (6) re judges of probate and probate court employees and added Subsec. **(g)** re payment of premium by Probate Coun Administration Fund and remainder by probate judge or employee, with total premiums remitted by Probate Coun Administrator directly **to** insurance company and requiring Probate Court Administrator to establish regulations and added Subsec. (h) defining "probate court employee", effective January I, **1997;** P.A. **96-234** added Subsecs. **(g)** to (j), inclusive. codified as Subsecs. (i) to (l). inclusive. **to** permit the Comptroller to provide for coverage of municipal employees under the plan or plans procured under Subsec. (a) of the section, effective July 1, 1996 (Revisor's note: In codifying new Subsec. (j) the Revisors editorially changed the Subpara. indicators in Subdiv. (3) from "(i)", "(ii)" and "(iii)" Io "(A)", "(B)" and "(C)" for consistency with customary statutory usage); June **18** Sp. Sess. P.A. **97-2** amended Subsec. (e) by providing that the cost of insurance coverage of a blind person employed in a workshop shall be paid by the Board of Education and Services for the Blind and not from such person's earnings, effective July I, **1997;** P.A. **98-263** amended Subdiv. **(5)** of Subsec. (a) to include anyone receiving benefits under Sec. 5-144, effective July I, **1998,** and applicable to any death occurring on or after January **1, 1998;** June Sp. Sess. P.A. **98-1** made a technical change in Subsec. (h), effective June **24. 1998.**

See Sec. **5-259a** re competitive selection process for employee health and life insurance.

Cited. **213** C. **54.64.**

Sec. 5-259a. Competitive selection. Employee health and life insurance shall be subject to a competitive selection process. The process shall be in accordance with the provisions of the collectively bargained pension agreement approved by the General Assembly on June 30, 1982.

(P.A. **83-533, S. 42.54.**)

Sec. 5-259b. Continuation of health insurance for former members of General Assembly. Notwithstanding the provisions **of** section 5-259, any member of the General Assembly, upon termination of his service with the General Assembly, may elect to continue participation in any group hospitalization and medical and surgical insurance plan in which he participated as a member at a premium equal to the group rate at which the State Comptroller procures such insurance coverage.

(P.A. **84-114, S. 1.**)

Sec. 5-259c. Health insurance for employees of state system of public higher education. Any part-time professional employee of the state system of public higher education may elect to participate in the group hospitalization and medical and surgical insurance plan established pursuant to subsection (a) of section 5-259. Each employee who elects such coverage shall pay the premium for the form of coverage elected under such plan.

(P.A. **88-143.**)

Sec. 5-260. Deduction of organization dues. Upon request of any state employee who is a member of any organization which includes among its members at least three hundred state employees and which functions at least in part to serve the economic or professional interest of such state employee members, the Comptroller shall deduct