



General Assembly

February Session, 2020

Governor's Bill No. 5018

LCO No. 628



Referred to Committee on INSURANCE AND REAL ESTATE

Introduced by:

REP. ARESIMOWICZ, 30th Dist.

REP. RITTER M., 1st Dist.

SEN. LOONEY, 11th Dist.

SEN. DUFF, 25th Dist.

AN ACT CONCERNING HEALTH CARE COST GROWTH IN CONNECTICUT.

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

1 Section 1. Section 19a-754a of the 2020 supplement to the general
2 statutes is repealed and the following is substituted in lieu thereof
3 (*Effective July 1, 2020*):

4 (a) There is established an Office of Health Strategy, which shall be
5 within the Department of Public Health for administrative purposes
6 only. The department head of said office shall be the executive director
7 of the Office of Health Strategy, who shall be appointed by the Governor
8 in accordance with the provisions of sections 4-5 to 4-8, inclusive, with
9 the powers and duties therein prescribed.

10 (b) The Office of Health Strategy shall be responsible for the
11 following:

12 (1) Developing and implementing a comprehensive and cohesive
13 health care vision for the state, including, but not limited to, a
14 coordinated state health care cost containment strategy;

15 (2) Promoting effective health planning and the provision of quality
16 health care in the state in a manner that ensures access for all state
17 residents to cost-effective health care services, avoids the duplication of
18 such services and improves the availability and financial stability of
19 such services throughout the state;

20 (3) [Directing] (A) Developing, innovating, directing and overseeing
21 health care delivery and payment models in the state that reduce health
22 care cost growth and improve the quality of patient care, including, but
23 not limited to, the State Innovation Model Initiative and related
24 successor initiatives, (B) setting an annual health care cost growth
25 benchmark and primary care target pursuant to section 3 of this act, (C)
26 developing and adopting health care quality benchmarks pursuant to
27 section 8 of this act, (D) enhancing the transparency of health care
28 entities, as defined in section 2 of this act, (E) monitoring the
29 development of accountable care organizations and patient-centered
30 medical homes in the state, and (F) monitoring the adoption of
31 alternative payment methodologies in the state;

32 (4) (A) Coordinating the state's health information technology
33 initiatives, (B) seeking funding for and overseeing the planning,
34 implementation and development of policies and procedures for the
35 administration of the all-payer claims database program established
36 under section 19a-775a, (C) establishing and maintaining a consumer
37 health information Internet web site under section 19a-755b, and (D)
38 designating an unclassified individual from the office to perform the
39 duties of a health information technology officer as set forth in sections
40 17b-59f and 17b-59g;

41 (5) Directing and overseeing the Health Systems Planning Unit
42 established under section 19a-612 and all of its duties and
43 responsibilities as set forth in chapter 368z; and

44 (6) Convening forums and meetings with state government and
45 external stakeholders, including, but not limited to, the Connecticut
46 Health Insurance Exchange, to discuss health care issues designed to
47 develop effective health care cost and quality strategies.

48 (c) The Office of Health Strategy shall constitute a successor, in
49 accordance with the provisions of sections 4-38d, 4-38e and 4-39, to the
50 functions, powers and duties of the following:

51 (1) The Connecticut Health Insurance Exchange, established
52 pursuant to section 38a-1081, relating to the administration of the all-
53 payer claims database pursuant to section 19a-755a; and

54 (2) The Office of the Lieutenant Governor, relating to the (A)
55 development of a chronic disease plan pursuant to section 19a-6q, (B)
56 housing, chairing and staffing of the Health Care Cabinet pursuant to
57 section 19a-725, and (C) (i) appointment of the health information
58 technology officer, and (ii) oversight of the duties of such health
59 information technology officer as set forth in sections 17b-59f and 17b-
60 59g.

61 (d) Any order or regulation of the entities listed in subdivisions (1)
62 and (2) of subsection (c) of this section that is in force on July 1, 2018,
63 shall continue in force and effect as an order or regulation until
64 amended, repealed or superseded pursuant to law.

65 Sec. 2. (NEW) (*Effective July 1, 2020*) For the purposes of this section
66 and sections 3 to 9, inclusive, of this act:

67 (1) "Device manufacturer" means a manufacturer that manufactures
68 a device for which annual sales in this state exceed ten million dollars;

69 (2) "Drug manufacturer" means the manufacturer of a drug that is:
70 (A) Included in information and data submitted by a health carrier
71 pursuant to section 38a-479qqq of the general statutes; (B) studied or
72 listed pursuant to subsection (c) or (d) of section 19a-754b of the general
73 statutes; or (C) in a therapeutic class of drugs that the executive director

74 determines, through public or private reports, has had a substantial
75 impact on prescription drug expenditures, net of rebates, as a
76 percentage of total health care expenditures;

77 (3) "Executive director" means the executive director of the office;

78 (4) "Health care cost growth benchmark" means the annual
79 benchmark established pursuant to section 3 of this act;

80 (5) "Health care entity" means an accountable care organization,
81 ambulatory surgical center, clinic, hospital or provider organization in
82 this state, other than a health care provider contracting unit that, for a
83 given calendar year: (A) Has a patient panel of not more than ten
84 thousand patients; or (B) represents health care providers who
85 collectively receive less than twenty million dollars in net patient service
86 revenue from health carriers;

87 (6) "Health care facility" has the same meaning as provided in section
88 19a-630 of the general statutes;

89 (7) "Health care quality benchmark" means an annual benchmark
90 established pursuant to section 8 of this act;

91 (8) "Health care provider" has the same meaning as provided in
92 section 19a-17b of the general statutes;

93 (9) "Health status adjusted total medical expenses" means: (A) The
94 total cost of care for the patient population of a provider organization
95 with at least thirty-six thousand member months for a given calendar
96 year, which cost (i) is calculated for such year on the basis of the allowed
97 claims for all categories of medical expenses and all nonclaims
98 payments for such year, including, but not limited to, cost-sharing
99 payments, adjusted by health status and expressed on a per member,
100 per month basis for all members in this state, (ii) is reported to the
101 executive director separately for Medicaid, Medicare and
102 nongovernment health plans for such year, and (iii) discloses the health
103 adjustment risk score and the version of the risk adjustment tool used to

104 calculate such score for such provider organization for such year; and
105 (B) the total aggregate medical expenses for all health care providers and
106 provider organizations with fewer than thirty-six thousand member
107 months for a given calendar year;

108 (10) "Hospital outpatient department" has the same meaning as such
109 term is used in Section 413.65 of Title 42 of the Code of Federal
110 Regulations, as amended from time to time;

111 (11) "Institutional provider" means any health care provider that
112 provides skilled nursing facility services, or acute, chronic or
113 rehabilitation hospital services, in this state;

114 (12) "Office" means the Office of Health Strategy established under
115 section 19a-754a of the general statutes, as amended by this act;

116 (13) "Other entity" means a device manufacturer, drug manufacturer
117 or pharmacy benefits manager;

118 (14) "Payer" means a payer that, during a given calendar year, pays
119 health care providers for health care services on behalf of, or pharmacies
120 for prescription drugs dispensed to, more than ten thousand individuals
121 in this state;

122 (15) "Pharmacy benefits manager" has the same meaning as provided
123 in section 38a-479ooo of the general statutes;

124 (16) "Primary care target" means the annual target established
125 pursuant to section 3 of this act;

126 (17) "Provider organization" means a group of persons, including, but
127 not limited to, an accountable care organization, association, business
128 trust, corporation, independent practice association, partnership,
129 physician organization, physician-hospital organization or provider
130 network, that is in the business of health care delivery or management
131 in this state and represents a health care provider in contracting with a
132 payer for payment for health care services; and

133 (18) "Total health care expenditures" means the per capita sum of all
134 health care expenditures in this state from public and private sources
135 for a given calendar year, including: (A) All categories of medical
136 expenses and all nonclaims payments to health care providers and
137 health care facilities, as included in the health status adjusted total
138 medical expenses reported, if any, by the executive director pursuant to
139 subsection (c) of section 5 of this act; (B) all patient cost-sharing
140 amounts, including, but not limited to, deductibles and copayments; (C)
141 the net cost of nongovernment health insurance; (D) prescription drug
142 expenditures net of rebates and discounts; (E) device manufacturer
143 expenditures net of rebates and discounts; and (F) any other
144 expenditures specified by the executive director.

145 Sec. 3. (NEW) (*Effective July 1, 2020*) (a) Not later than December 1,
146 2020, and annually thereafter, the executive director shall establish a
147 health care cost growth benchmark for the calendar year next
148 succeeding. Such health care cost growth benchmark shall address the
149 average growth in total health care expenditures across all payers and
150 populations in this state for such year, and the executive director shall
151 include within such health care cost growth benchmark a primary care
152 target to ensure primary care spending as a percentage of total health
153 care expenditures reaches a goal of ten per cent for the calendar year
154 beginning January 1, 2025.

155 (b) In establishing each health care cost growth benchmark pursuant
156 to subsection (a) of this section, the executive director shall, at a
157 minimum:

158 (1) Consider any change in the consumer price index for all urban
159 consumers in the northeast region from the preceding calendar year,
160 and the most recent publicly available information concerning the
161 growth rate of the gross state product;

162 (2) Evaluate current primary care spending as a percentage of total
163 health care expenditures; and

164 (3) (A) Hold an informational public hearing concerning such health

165 care cost growth benchmark:

166 (i) At a time and place designated by the executive director in a notice
167 prominently posted by the executive director on the office's Internet
168 web site;

169 (ii) In a form and manner prescribed by the executive director; and

170 (iii) On the basis of the most recent report, if any, prepared by the
171 executive director pursuant to subsection (c) of section 5 of this act, and
172 any other information that the executive director, in the executive
173 director's discretion, deems relevant for the purposes of such hearing.

174 (B) Notwithstanding subparagraph (A) of this subdivision, the
175 executive director shall not be required to hold an informational public
176 hearing concerning a health care cost growth benchmark for any
177 calendar year beginning on or after January 1, 2022, if such health care
178 cost growth benchmark is the same as the health care cost growth
179 benchmark for the preceding calendar year.

180 (c) If the executive director determines, after any informational public
181 hearing held pursuant to subdivision (3) of subsection (b) of this section,
182 that a modification to the health care cost growth benchmark is, in the
183 executive director's discretion, reasonably warranted, the executive
184 director may modify such health care cost growth benchmark. The
185 executive director need not hold an additional informational public
186 hearing concerning such modified health care cost growth benchmark.

187 (d) The executive director shall post each health care cost growth
188 benchmark on the office's Internet web site.

189 (e) The executive director may enter into such contractual agreements
190 as may be necessary to carry out the purposes of this section, including,
191 but not limited to, contractual agreements with actuarial, economic and
192 other experts and consultants to assist the executive director in
193 establishing health care cost growth benchmarks.

194 Sec. 4. (NEW) (*Effective July 1, 2020*) (a) (1) Not later than May 1, 2022,

195 and annually thereafter, the executive director shall hold an
196 informational public hearing to compare the growth in total health care
197 expenditures during the preceding calendar year to the health care cost
198 growth benchmark established pursuant to section 3 of this act for such
199 year. Such hearing shall involve an examination of:

200 (A) The report, if any, most recently prepared by the executive
201 director pursuant to subsection (c) of section 5 of this act;

202 (B) The expenditures of health care entities and payers, including, but
203 not limited to, health care cost trends, primary care spending as a
204 percentage of total health care expenditures, and the factors
205 contributing to such costs and expenditures;

206 (C) Whether one category of expenditures may be offset by savings
207 in another category of expenditures; and

208 (D) Any other matters that the executive director, in the executive
209 director's discretion, deems relevant for the purposes of this section.

210 (2) The executive director may require that any health care entity or
211 payer that is found to be a significant contributor to health care cost
212 growth in this state during the preceding calendar year participate in
213 such hearing. Each such health care entity or payer that is required to
214 participate in such hearing shall provide testimony on issues identified
215 by the executive director, and provide additional information on actions
216 taken to reduce such health care entity's contribution to future state-
217 wide health care costs and expenditures.

218 (b) Not later than October 1, 2022, and annually thereafter, the
219 executive director shall prepare and submit a report, in accordance with
220 section 11-4a of the general statutes, to the joint standing committees of
221 the General Assembly having cognizance of matters relating to
222 insurance and public health. Such report shall be based on the executive
223 director's analysis of the information submitted during the most recent
224 informational public hearing conducted pursuant to subsection (a) of
225 this section and any other information that the executive director, in the

226 executive director's discretion, deems relevant for the purposes of this
227 section, and shall:

228 (1) Describe health care spending trends in this state, including, but
229 not limited to, trends in primary care spending as a percentage of total
230 health care expenditures, and the factors underlying such trends; and

231 (2) Disclose the executive director's recommendations, if any,
232 concerning strategies to increase the efficiency of this state's health care
233 system, including, but not limited to, any recommended legislation
234 concerning this state's health care system.

235 Sec. 5. (NEW) (*Effective July 1, 2020*) (a) Not later than March 1, 2022,
236 and annually thereafter, each institutional provider, on behalf of such
237 institutional provider and its parent organization and affiliated entities,
238 health care provider that is not an institutional provider and provider
239 organization in this state, shall submit to the executive director, for the
240 preceding calendar year:

241 (1) Data concerning:

242 (A) The utilization of health care services provided by such provider
243 or organization;

244 (B) The charges, prices imposed and payments received by such
245 provider or organization for such services;

246 (C) The costs incurred, and revenues earned, by such provider or
247 organization in providing such services; and

248 (D) Any other matter that the executive director deems relevant for
249 the purposes of this section; and

250 (2) If such provider is a hospital, the data described in subdivision (1)
251 of this subsection, and such additional data, information and documents
252 designated by the executive director, including, but not limited to,
253 charge masters, cost data, audited financial statements and merged
254 billing and discharge data, provided such provider shall not be required

255 to submit any data contained in a report that is filed pursuant to
256 chapters 368aa to 368ll, inclusive, of the general statutes and available to
257 the executive director.

258 (b) The executive director shall establish standards to ensure that the
259 data, information and documents submitted to the executive director
260 pursuant to subsection (a) of this section are submitted to the executive
261 director in a uniform manner. Such standards shall enable the executive
262 director to identify, on a patient-centered and health care provider-
263 specific basis, state-wide and regional trends in the availability, cost,
264 price and utilization of medical, surgical, diagnostic and ancillary
265 services and prescription drugs provided by hospital outpatient
266 departments, acute care hospitals, chronic disease hospitals,
267 rehabilitation hospitals and other specialty hospitals, clinics, including,
268 but not limited to, psychiatric clinics, urgent care facilities and facilities
269 providing ambulatory care. Such standards may require hospitals to
270 submit such data, information and documents to the executive director
271 in an electronic form, provided such standards shall provide for a
272 waiver of such requirement if such waiver is reasonable in the judgment
273 of the executive director.

274 (c) (1) Not later than December 1, 2021, and annually thereafter, the
275 executive director shall prepare, to the extent practicable, and post on
276 the office's Internet web site, a report concerning health status adjusted
277 total medical expenses for the preceding calendar year, including, but
278 not limited to, a breakdown of such health status adjusted total medical
279 expenses by:

- 280 (A) Major service category;
- 281 (B) Payment methodology;
- 282 (C) Relative price;
- 283 (D) Direct hospital inpatient cost;
- 284 (E) Indirect hospital inpatient cost;

285 (F) Direct hospital outpatient cost;

286 (G) Indirect hospital outpatient cost; and

287 (H) Primary care spending as a percentage of total health care
288 expenditures.

289 (2) Notwithstanding subdivision (1) of this subsection, the executive
290 director shall not disclose any health care provider-specific data or
291 information unless the executive director provides at least ten days'
292 advance written notice of such disclosure to each health care provider
293 that would be affected by such disclosure.

294 (d) The executive director shall, at least annually, submit a request to
295 the federal Centers for Medicare and Medicaid Services for the health
296 status adjusted total medical expenses of provider organizations that
297 served Medicare patients during the calendar year next preceding.

298 (e) The executive director may enter into such contractual agreements
299 as may be necessary to carry out the purposes of this section, including,
300 but not limited to, contractual agreements with actuarial, economic and
301 other experts and consultants.

302 Sec. 6. (NEW) (*Effective July 1, 2020*) (a) (1) For each calendar year
303 beginning on or after January 1, 2022, if the executive director
304 determines that the average annual percentage change in total health
305 care expenditures for the preceding calendar year exceeded the health
306 care cost growth benchmark for such year, the executive director shall
307 identify, not later than May first of such calendar year, each health care
308 entity or payer that exceeded such health care cost growth benchmark
309 for such year.

310 (2) The executive director may require any health care entity or payer
311 that is found to be a significant contributor to health care cost growth in
312 this state during the preceding calendar year to participate in the
313 informational public hearing held pursuant to subsection (a) of section
314 4 of this act. Each such entity or payer that is required to participate in

315 such hearing shall provide testimony on issues identified by the
316 executive director, and provide additional information on actions taken
317 to reduce such entity's or payer's contribution to future state-wide
318 health care costs.

319 (b) Not later than thirty days after the executive director identifies
320 each health care entity or payer pursuant to subsection (a) of this section,
321 the executive director shall send a notice to each such entity or payer.
322 Such notice shall be in a form and manner prescribed by the executive
323 director, and disclose to each such entity or payer:

324 (1) That the executive director has identified such entity or payer
325 pursuant to subsection (a) of this section;

326 (2) The factual basis for the executive director's identification of such
327 entity or payer pursuant to subsection (a) of this section; and

328 (3) That such entity or payer shall file a proposed performance
329 improvement plan pursuant to subdivision (1) of subsection (e) of this
330 section, provided such entity or payer may:

331 (A) File a request for an extension of time, or a waiver, pursuant to
332 subdivision (1) of subsection (c) of this section; and

333 (B) Request a hearing pursuant to subsection (d) of this section.

334 (c) (1) (A) Each health care entity or payer identified by the executive
335 director pursuant to subsection (a) of this section may, not later than
336 thirty days after the executive director sends a notice to such entity or
337 payer pursuant to subsection (b) of this section, file with the executive
338 director, in a form and manner prescribed by the executive director, a
339 request seeking:

340 (i) An extension of time to file a proposed performance improvement
341 plan pursuant to subdivision (1) of subsection (e) of this section; or

342 (ii) A waiver from the requirement that such entity or payer file a
343 proposed performance improvement plan pursuant to subdivision (1)

344 of subsection (e) of this section.

345 (B) Each health care entity or payer that files a request pursuant to
346 subparagraph (A) of this subdivision shall set forth in such request the
347 reasons for such request.

348 (2) Not later than thirty days after a health care entity or payer files a
349 request pursuant to subdivision (1) of this subsection, the executive
350 director shall:

351 (A) Examine the reasons set forth in the request and decide, on the
352 basis of such reasons, whether to approve or deny such request; and

353 (B) Send a notice, in a form and manner prescribed by the executive
354 director, to the entity or payer that filed such request disclosing, at a
355 minimum:

356 (i) The executive director's decision concerning such request and the
357 reasons therefor;

358 (ii) If the executive director denies such entity's or payer's request,
359 that such entity or payer may file a request for a hearing pursuant to
360 subsection (d) of this section; and

361 (iii) If such entity's or payer's request is a request for an extension of
362 time to file a proposed performance improvement plan pursuant to
363 subdivision (1) of subsection (e) of this section and the executive director
364 approves such request, the date by which such entity or payer shall file
365 such proposed performance improvement plan.

366 (d) Each health care entity or payer identified by the executive
367 director pursuant to subsection (a) of this section may, not later than
368 thirty days after the executive director sends a notice to such entity or
369 payer pursuant to subsection (b) of this section or subparagraph (B) of
370 subdivision (2) of subsection (c) of this section, as applicable, file with
371 the executive director a request for a hearing. Each hearing conducted
372 pursuant to this subsection shall be conducted in accordance with the
373 procedures for hearings on contested cases established in chapter 54 of

374 the general statutes.

375 (e) (1) Each health care entity or payer identified by the executive
376 director pursuant to subsection (a) of this section, or required by the
377 executive director pursuant to subparagraph (C)(ii)(III) of subdivision
378 (4) of subsection (f) of this section, shall, subject to the provisions of
379 subsections (b) to (d), inclusive, of this section, file with the executive
380 director a proposed performance improvement plan. Such entity or
381 payer shall file such proposed performance improvement plan, which
382 shall include an implementation timetable, with the executive director,
383 in a form and manner prescribed by the executive director, not later than
384 whichever of the following dates first occurs:

385 (A) The date that is thirty days after the date on which the executive
386 director sent a notice to such entity or payer pursuant to subsection (b)
387 of this section;

388 (B) The date that the executive director disclosed to such entity or
389 payer pursuant to subparagraph (B)(iii) of subdivision (2) of subsection
390 (c) of this section; or

391 (C) The date that is thirty days after the date on which the notice of a
392 final decision is issued following a hearing conducted pursuant to
393 subsection (d) of this section.

394 (2) (A) The executive director shall review each health care entity's
395 and payer's proposed performance improvement plan filed pursuant to
396 subdivision (1) of this subsection to determine whether, in the executive
397 director's judgment, it is reasonably likely that:

398 (i) Such proposed performance improvement plan will address the
399 cause of such entity's or payer's excessive cost growth; and

400 (ii) Such entity or payer will successfully implement such proposed
401 performance improvement plan.

402 (B) After the executive director reviews a proposed performance
403 improvement plan pursuant to subparagraph (A) of this subdivision,

404 the executive director shall:

405 (i) Approve such proposed performance improvement plan if the
406 executive director determines, in the executive director's judgment, that
407 such proposed plan satisfies the criteria established in subparagraph (A)
408 of this subdivision; or

409 (ii) Deny such proposed performance improvement plan if the
410 executive director determines, in the executive director's judgment, that
411 such proposed performance improvement plan does not satisfy the
412 criteria established in subparagraph (A) of this subdivision.

413 (C) (i) Not later than thirty days after the executive director approves
414 or denies a proposed performance improvement plan pursuant to
415 subparagraph (B) of this subdivision, the executive director shall send a
416 notice to the health care entity or payer that filed such proposed
417 performance improvement plan disclosing, at a minimum, that:

418 (I) The executive director approved such proposed performance
419 improvement plan; or

420 (II) The executive director denied such proposed performance
421 improvement plan, the reasons for such denial and that such entity or
422 payer shall file with the executive director such amendments as are
423 necessary for such proposed performance improvement plan to satisfy
424 the criteria established in subparagraph (A) of this subdivision.

425 (ii) The executive director shall post a notice on the office's Internet
426 web site disclosing:

427 (I) The name of each health care entity or payer that files, and receives
428 approval for, a proposed performance improvement plan; and

429 (II) That such health care entity or payer is implementing such
430 performance improvement plan.

431 (D) Each health care entity or payer that receives a notice from the
432 executive director pursuant to subparagraph (C)(i) of this subdivision

433 notifying such entity or payer that the executive director has denied
434 such entity's or payer's proposed performance improvement plan shall
435 file with the executive director, in a form and manner prescribed by the
436 executive director and not later than thirty days after the date that the
437 executive director sends such notice to such entity or payer, such
438 amendments as are necessary for such proposed performance
439 improvement plan to satisfy the criteria established in subparagraph (A)
440 of this subdivision.

441 (f) (1) Each health care entity or payer that receives a notice from the
442 executive director pursuant to subparagraph (C)(i) of subdivision (2) of
443 subsection (e) of this section notifying such entity or payer that the
444 executive director has approved such entity's or payer's proposed
445 performance improvement plan:

446 (A) Shall immediately make good faith efforts to implement such
447 performance improvement plan; and

448 (B) May amend such plan at any time during the implementation
449 timetable included in such performance improvement plan, provided
450 the executive director approves such amendment.

451 (2) The office may provide such assistance to each health care entity
452 or payer that the executive director, in the executive director's
453 discretion, deems necessary and appropriate to ensure that such entity
454 or payer successfully implements such entity's or payer's performance
455 improvement plan.

456 (3) Each health care entity or payer shall be subject to such additional
457 reporting requirements that the executive director, in the executive
458 director's discretion, deems necessary to ensure that such entity or payer
459 successfully implements such entity's or payer's performance
460 improvement plan.

461 (4) (A) Each health care entity or payer that files, and receives
462 approval for, a performance improvement plan pursuant to this section
463 shall, not later than thirty days after the last date specified in the

464 implementation timetable included in such performance improvement
465 plan, submit to the executive director, in a form and manner prescribed
466 by the executive director, a report regarding the outcome of such entity's
467 or payer's implementation of such performance improvement plan.

468 (B) If the executive director determines, on the basis of the report
469 submitted by a health care entity or payer pursuant to subparagraph (A)
470 of this subdivision, that such entity or payer successfully implemented
471 such entity's or payer's performance improvement plan, the executive
472 director shall:

473 (i) Send a notice to such entity or payer, in a form and manner
474 prescribed by the executive director, disclosing such determination; and

475 (ii) Remove from the office's Internet web site the notice concerning
476 such entity or payer that the executive director posted on such Internet
477 web site pursuant to subparagraph (C)(ii) of subdivision (2) of
478 subsection (e) of this section.

479 (C) If the executive director determines, on the basis of the report
480 submitted by a health care entity or payer pursuant to subparagraph (A)
481 of this subdivision, that such entity or payer failed to successfully
482 implement such entity's or payer's performance improvement plan, the
483 executive director shall:

484 (i) Send a notice to such entity or payer, in a form and manner
485 prescribed by the executive director, disclosing such determination and
486 any action taken by the executive director pursuant to clause (ii) of this
487 subparagraph; and

488 (ii) In the executive director's discretion:

489 (I) Extend the implementation timetable included in such
490 performance improvement plan;

491 (II) Require such entity or payer to file with the executive director, in
492 a form and manner prescribed by the executive director, such
493 amendments to such performance improvement plan as are, in the

494 executive director's judgment, necessary to ensure that such entity or
495 payer successfully implements such performance improvement plan;

496 (III) Require such entity or payer to file a new proposed performance
497 improvement plan pursuant to subdivision (1) of subsection (e) of this
498 section; or

499 (IV) Waive or delay the requirement that such entity or payer file any
500 future proposed performance improvement plan until the executive
501 director determines, in the executive director's discretion, that such
502 entity or payer has successfully implemented its current performance
503 improvement plan.

504 (g) The executive director shall keep confidential all nonpublic
505 clinical, financial, operational or strategic documents and information
506 filed with, or submitted to, the executive director pursuant to this
507 section. The executive director shall not disclose any such document or
508 information to any person without the consent of the health care entity
509 or payer that filed such document or information with, or submitted
510 such document or information to, the executive director pursuant to this
511 section, except in summary form as part of an evaluative report if the
512 executive director determines that such disclosure should be made in
513 the public interest after taking into account any privacy, trade secret or
514 anti-competitive considerations. Notwithstanding any provision of the
515 general statutes, no document or information filed with, or submitted
516 to, the executive director pursuant to this section shall be deemed to be
517 a public record or subject to disclosure under the Freedom of
518 Information Act, as defined in section 1-200 of the general statutes.

519 Sec. 7. (NEW) (*Effective July 1, 2020*) (a) (1) For each calendar year
520 beginning on or after January 1, 2022, if the executive director
521 determines that the average annual percentage change in total health
522 care expenditures for the preceding calendar year exceeded the health
523 care cost growth benchmark for such year, the executive director shall
524 identify each other entity that significantly contributed to exceeding
525 such benchmark. Each identification shall be based on:

526 (A) The report, if any, prepared by the executive director pursuant to
527 subsection (c) of section 5 of this act for such calendar year;

528 (B) The report filed pursuant to section 38a-479ppp of the general
529 statutes for such calendar year;

530 (C) The information and data reported to the office pursuant to
531 section 19a-754b of the general statutes for such calendar year;

532 (D) Information obtained from the all-payer claims database
533 established under section 19a-755a of the general statutes; and

534 (E) Any other information that the executive director, in the executive
535 director's discretion, deems relevant for the purposes of this section.

536 (2) The executive director shall account for costs, net of rebates and
537 discounts, when identifying other entities pursuant to this section.

538 (b) The executive director may require that any other entity that is
539 found to be a significant contributor to health care cost growth in this
540 state during the preceding calendar year participate in the informational
541 public hearing held pursuant to subsection (a) of section 4 of this act.
542 Each such other entity that is required to participate in such hearing
543 shall provide testimony on issues identified by the executive director,
544 and provide additional information on actions taken to reduce such
545 health care entity's contribution to future state-wide health care costs. If
546 such other entity is a drug manufacturer, and the executive director
547 requires that such drug manufacturer participate in such hearing with
548 respect to a specific drug or class of drugs, such hearing may, to the
549 extent possible, include representatives from at least one brand-name
550 manufacturer, one generic manufacturer and one innovator company
551 that is less than ten years old.

552 Sec. 8. (NEW) (*Effective July 1, 2020*) (a) (1) For each calendar year
553 beginning on or after January 1, 2022, the executive director shall
554 develop and adopt annual health care quality benchmarks for health
555 care entities and payers that:

556 (A) Enable health care entities and payers to report to the executive
557 director a standard set of information concerning health care quality for
558 such year; and

559 (B) Include measures concerning clinical health outcomes,
560 overutilization, underutilization and safety measures.

561 (2) In developing annual health care quality benchmarks pursuant to
562 subdivision (1) of this subsection, the executive director shall:

563 (A) Consider:

564 (i) Nationally recognized quality measures that are recommended by
565 medical groups or provider organizations concerning appropriate
566 quality measures for such groups' or organizations' specialties; and

567 (ii) Measures, including, but not limited to, newly developed
568 measures, that:

569 (I) Concern health outcomes, overutilization, underutilization and
570 patient safety; and

571 (II) Meet standards of patient-centeredness and ensure consideration
572 of important differences in preferences and clinical characteristics
573 within patient subpopulations;

574 (B) Provide stakeholders with an opportunity to engage with the
575 executive director in developing such benchmarks; and

576 (C) Ensure that the processes the executive director uses to develop,
577 and any research that the executive director relies upon in developing,
578 such benchmarks is transparent.

579 (b) Not later than October 1, 2021, and annually thereafter, the
580 executive director shall, prior to adopting health care quality
581 benchmarks pursuant to subdivision (1) of subsection (a) of this section
582 for the calendar year next succeeding, hold an informational public
583 hearing concerning the quality measures the executive director

584 proposes to adopt as health care quality benchmarks for the calendar
585 year next succeeding.

586 (c) Not later than November 1, 2021, and annually thereafter, the
587 executive director shall send a notice to each health care entity, payer
588 and other entity disclosing the health care quality benchmarks that the
589 executive director has adopted for the calendar year next succeeding.

590 Sec. 9. (NEW) (*Effective July 1, 2020*) The executive director may adopt
591 regulations, in accordance with chapter 54 of the general statutes, to
592 implement the provisions of sections 2 to 8, inclusive, of this act.

593 Sec. 10. (NEW) (*Effective July 1, 2020*) For the purposes of this section
594 and sections 11 to 15, inclusive, of this act unless the context otherwise
595 requires:

596 (1) "Drug" means an article that is (A) recognized in the official United
597 States Pharmacopoeia, official Homeopathic Pharmacopoeia of the
598 United States or official National Formulary, or any supplement thereto,
599 (B) intended for use in the diagnosis, cure, mitigation, treatment or
600 prevention of disease in humans, (C) not food and intended to affect the
601 structure or any function of the human body, and (D) not a device and
602 intended for use as a component of any other article specified in
603 subparagraphs (A) to (C), inclusive, of this subdivision;

604 (2) "Drug Quality and Security Act" means the federal Drug Quality
605 and Security Act, 21 USC 351, et seq., as amended from time to time;

606 (3) "Food, Drug and Cosmetic Act" means the federal Food, Drug and
607 Cosmetic Act, 21 USC 301, et seq., as amended by the Drug Quality and
608 Security Act, as both may be amended from time to time;

609 (4) "Laboratory testing" means a quantitative and qualitative analysis
610 of a prescription drug consistent with the official United States
611 Pharmacopoeia;

612 (5) "Legend drug" means a drug that (A) any applicable federal or
613 state law requires must only be (i) dispensed pursuant to a prescription,

614 or (ii) used by a prescribing practitioner, or (B) applicable federal law
615 requires to bear the following legend: "RX ONLY" IN ACCORDANCE
616 WITH GUIDELINES ESTABLISHED IN THE FEDERAL FOOD, DRUG
617 AND COSMETIC ACT;

618 (6) "Participating Canadian supplier" means a manufacturer or
619 wholesale drug distributor that is (A) licensed or permitted under
620 applicable Canadian law to manufacture or distribute prescription
621 drugs, (B) exporting legend drugs, in the manufacturer's original
622 container, to a participating wholesaler for distribution in this state
623 under the program, and (C) properly registered, if such Canadian
624 supplier is required to be registered, with the United States Food and
625 Drug Administration, or any successor agency;

626 (7) "Participating wholesaler" means a wholesaler, as defined in
627 section 21a-70 of the general statutes, that (A) has received a certificate
628 of registration from the Commissioner of Consumer Protection
629 pursuant to said section, and (B) is designated by the commissioner to
630 participate in the program;

631 (8) "Prescription" means a lawful verbal, written or electronic order
632 by a prescribing practitioner for a drug for a specific patient;

633 (9) "Program" means the Canadian legend drug importation program
634 established by the Commissioner of Consumer Protection pursuant to
635 section 11 of this act;

636 (10) "Qualified laboratory" means a laboratory that is (A) adequately
637 equipped and staffed to properly perform laboratory testing on legend
638 drugs, and (B) accredited to International Organization for
639 Standardization (ISO) 17025; and

640 (11) "Track-and-trace" means the product tracing process for the
641 components of the pharmaceutical distribution supply chain, as
642 described in Title II of the Drug Quality and Security Act.

643 Sec. 11. (NEW) (*Effective July 1, 2020*) (a) The Commissioner of

644 Consumer Protection shall establish a program to be known as the
645 "Canadian legend drug importation program". Under such program,
646 the commissioner shall, notwithstanding any contrary provision of the
647 general statutes:

648 (1) Provide for the importation of safe and effective legend drugs
649 from Canada that have the highest potential for cost savings in this state;
650 and

651 (2) Designate one or more participating wholesalers to distribute
652 legend drugs in this state:

653 (A) In the manufacturer's original container;

654 (B) From a participating Canadian supplier; and

655 (C) To a pharmacy or institutional pharmacy, as defined in section
656 20-571 of the general statutes, or a qualified laboratory.

657 (b) (1) Not later than July 1, 2021, the Commissioner of Consumer
658 Protection shall submit a request to the federal Secretary of Health and
659 Human Services seeking approval for the program under 21 USC 384,
660 as amended from time to time. Such request shall, at a minimum:

661 (A) Describe the commissioner's plans for operating the program;

662 (B) Demonstrate that the legend drugs that will be imported and
663 distributed in this state under the program shall:

664 (i) Meet all applicable federal and state standards for safety and
665 effectiveness; and

666 (ii) Comply with all federal tracing procedures; and

667 (C) Disclose the costs of implementing the program.

668 (2) (A) If the federal Secretary of Health and Human Services
669 approves the commissioner's request, the commissioner shall:

670 (i) Submit to the Commissioner of Public Health a notice disclosing
671 that the federal Secretary of Health and Human Services has approved
672 such request;

673 (ii) Submit to the joint standing committees of the General Assembly
674 having cognizance of matters relating to appropriations, general law,
675 human services and public health a notice disclosing that the federal
676 Secretary of Health and Human Services has approved such request;
677 and

678 (iii) Begin operating the program not later than one hundred eighty
679 days after the date of such approval.

680 (B) Except as otherwise provided in this subsection, the
681 Commissioner of Consumer Protection shall not operate the program
682 unless the federal Secretary of Health and Human Services approves the
683 commissioner's request.

684 Sec. 12. (NEW) (*Effective July 1, 2020*) (a) Each participating
685 wholesaler may, subject to the provisions of this section and sections 11
686 and 14 of this act, import into this state a legend drug from a
687 participating Canadian supplier, and distribute such legend drug to a
688 pharmacy or institutional pharmacy, as defined in section 20-571 of the
689 general statutes, or a qualified laboratory in this state, under the
690 program if:

691 (1) Such participating wholesaler:

692 (A) Is registered with the federal Secretary of Health and Human
693 Services pursuant to Section 510(b) of the Food, Drug and Cosmetic Act,
694 21 USC 360(b), as amended from time to time; and

695 (B) Holds a valid labeler code that has been issued to such
696 participating wholesaler by the United States Food and Drug
697 Administration, or any successor agency; and

698 (2) Such legend drug:

699 (A) May be imported into this state in accordance with applicable
700 federal patent laws;

701 (B) Meets the United States Food and Drug Administration's, or any
702 successor agency's, standards concerning drug safety, effectiveness,
703 misbranding and adulteration; and

704 (C) Is not:

705 (i) A controlled substance, as defined in 21 USC 802, as amended from
706 time to time;

707 (ii) A biological product, as defined in 42 USC 262, as amended from
708 time to time;

709 (iii) An infused drug;

710 (iv) An intravenously injected drug;

711 (v) A drug that is inhaled during surgery; or

712 (vi) A drug that is a parenteral drug, the importation of which is
713 determined by the federal Secretary of Health and Human Services to
714 pose a threat to the public health.

715 (b) Each participating wholesaler shall:

716 (1) Comply with all applicable track-and-trace requirements, and
717 make available to the Commissioner of Consumer Protection all track-
718 and-trace records not later than forty-eight hours after the commissioner
719 requests such records;

720 (2) Not import, distribute, dispense or sell in this state any legend
721 drugs under the program except in accordance with the provisions of
722 this section and sections 11 and 14 of this act;

723 (3) Not distribute, dispense or sell outside of this state any legend
724 drugs that are imported into this state under the program;

725 (4) Ensure the safety and quality of the legend drugs that are
726 imported and distributed in this state under the program;

727 (5) For each initial shipment of a legend drug that is imported into
728 this state by such participating wholesaler, ensure that a qualified
729 laboratory engaged by such participating wholesaler tests a statistically
730 valid sample size for each batch of such legend drug in such shipment
731 for authenticity and degradation in a manner that is consistent with the
732 Food, Drug and Cosmetic Act;

733 (6) For each shipment of a legend drug that is imported into this state
734 by such participating wholesaler, and sampled and tested pursuant to
735 subdivision (5) of this subsection, ensure that a qualified laboratory
736 engaged by such participating wholesaler tests a statistically valid
737 sample of such legend drug in such shipment for authenticity and
738 degradation in a manner that is consistent with the Food, Drug and
739 Cosmetic Act;

740 (7) Certify to the Commissioner of Consumer Protection that each
741 legend drug imported into this state under the program:

742 (A) Is approved for marketing in the United States and not
743 adulterated or misbranded; and

744 (B) Meets all labeling requirements under 21 USC 352, as amended
745 from time to time;

746 (8) Maintain laboratory records, including, but not limited to,
747 complete data derived from all tests necessary to ensure that each
748 legend drug imported into this state under the program satisfies the
749 requirements of subdivisions (5) and (6) of this subsection;

750 (9) Maintain documentation demonstrating that the testing required
751 by subdivisions (5) and (6) of this subsection was conducted at a
752 qualified laboratory in accordance with the Food, Drug and Cosmetic
753 Act and all other applicable federal and state laws and regulations
754 concerning laboratory qualifications;

755 (10) Maintain the following information for each legend drug that
756 such participating wholesaler imports and distributes in this state under
757 the program, and submit such information to the Commissioner of
758 Consumer Protection upon request by the commissioner:

759 (A) The name and quantity of the active ingredient of such legend
760 drug;

761 (B) A description of the dosage form of such legend drug;

762 (C) The date on which such participating wholesaler received such
763 legend drug;

764 (D) The quantity of such legend drug that such participating
765 wholesaler received;

766 (E) The point of origin and destination of such legend drug;

767 (F) The price paid by such participating wholesaler for such legend
768 drug;

769 (G) A report for any legend drug that fails laboratory testing under
770 subdivision (5) or (6) of this subsection; and

771 (H) Such additional information and documentation that the
772 commissioner deems necessary to ensure the protection of the public
773 health; and

774 (11) Maintain all information and documentation that is submitted to
775 the Commissioner of Consumer Protection pursuant to this subsection
776 for a period of not less than three years.

777 Sec. 13. (NEW) (*Effective July 1, 2020*) Each participating Canadian
778 supplier shall:

779 (1) Comply with all applicable track-and-trace requirements;

780 (2) Not distribute, dispense or sell outside of this state any legend
781 drugs that are imported into this state under the program; and

782 (3) Maintain the following information and documentation and,
783 upon request by the Commissioner of Consumer Protection, submit
784 such information and documentation to the commissioner for each
785 legend drug that such participating Canadian supplier exports into this
786 state under the program:

787 (A) The original source of such legend drug, including, but not
788 limited to:

789 (i) The name of the manufacturer of such legend drug;

790 (ii) The date on which such legend drug was manufactured; and

791 (iii) The location where such legend drug was manufactured;

792 (B) The date on which such legend drug was shipped to a
793 participating wholesaler;

794 (C) The quantity of such legend drug that was shipped to a
795 participating wholesaler;

796 (D) The quantity of each lot of such legend drug that such
797 participating Canadian supplier originally received and the source of
798 such lot;

799 (E) The lot or control number and the batch number assigned to such
800 legend drug by the manufacturer; and

801 (F) Such additional information and documentation that the
802 commissioner deems necessary to ensure the protection of the public
803 health.

804 Sec. 14. (NEW) (*Effective July 1, 2020*) (a) The Commissioner of
805 Consumer Protection shall issue a written order:

806 (1) Suspending importation and distribution of a legend drug under
807 the program if the commissioner discovers that such distribution or
808 importation violates any provision of sections 11 to 13, inclusive, of this
809 act or any other applicable state or federal law or regulation;

810 (2) Suspending all importation and distribution of legend drugs by a
811 participating wholesaler under the program if the commissioner
812 discovers that the participating wholesaler has violated any provision
813 of section 11 or 12 of this act or any other applicable state or federal law
814 or regulation;

815 (3) Suspending all importation and distribution of legend drugs by a
816 participating Canadian supplier under the program if the commissioner
817 discovers that the participating Canadian supplier has violated any
818 provision of section 11 or 13 of this act or any other applicable state or
819 federal law or regulation; or

820 (4) Requiring the recall or seizure of any legend drug that was
821 imported and distributed under the program and has been identified as
822 adulterated, within the meaning of section 21a-105 of the general
823 statutes, or misbranded.

824 (b) The Commissioner of Consumer Protection shall send a notice to
825 each participating Canadian supplier and participating wholesaler
826 affected by an order issued pursuant to subsection (a) of this section
827 notifying such participating Canadian supplier or participating
828 wholesaler that:

829 (1) The commissioner has issued such order, and providing the legal
830 and factual basis for such order; and

831 (2) Such participating Canadian supplier or participating wholesaler
832 may request, in writing, a hearing before the commissioner, provided
833 such request is received by the commissioner not later than thirty days
834 after the date of such notice.

835 (c) If a participating Canadian supplier or participating wholesaler
836 timely requests a hearing pursuant to subsection (b) of this section, the
837 Commissioner of Consumer Protection shall, not later than thirty days
838 after the receipt of the request, convene the hearing as a contested case
839 in accordance with the provisions of chapter 54 of the general statutes.
840 Not later than sixty days after the receipt of such request, the

841 commissioner shall issue a final decision vacating, modifying or
842 affirming the commissioner's order. The participating Canadian
843 supplier or participating wholesaler aggrieved by such final decision
844 may appeal such decision in accordance with the provisions of section
845 4-183 of the general statutes.

846 Sec. 15. (NEW) (*Effective July 1, 2020*) The Commissioner of Consumer
847 Protection may, in consultation with the Commissioner of Public
848 Health, adopt regulations in accordance with the provisions of chapter
849 54 of the general statutes to implement the provisions of sections 10 to
850 14, inclusive, of this act.

851 Sec. 16. Section 38a-8b of the general statutes is repealed and the
852 following is substituted in lieu thereof (*Effective January 1, 2021*):

853 (a) For the purposes of this section:

854 (1) "Attachment point" means the dollar value of claims incurred by
855 a policyholder at which the insurer that issues or delivers a medical
856 stop-loss insurance policy to the policyholder incurs liability to such
857 policyholder for payment under such medical stop-loss insurance
858 policy;

859 (2) "Employee" has the same meaning as provided in section 38a-564;

860 (3) "Expected claims" means the dollar value of claims that, in the
861 absence of a medical stop-loss insurance policy, the policyholder of a
862 medical stop-loss insurance policy is projected to incur under such
863 policyholder's health benefit plan;

864 (4) "Lasering" means assigning a different attachment point or
865 deductible, or denying coverage altogether, under a medical stop-loss
866 insurance policy for an enrollee or a dependent because the enrollee or
867 dependent has a high-cost preexisting condition or another identified
868 risk;

869 (5) "Medical stop-loss insurance" means stop-loss insurance
870 purchased by a person, other than a health carrier or health care

871 provider, and providing coverage for catastrophic, excess or unexpected
872 losses incurred by the policyholder, and due and owing to a third party,
873 under a health benefit plan not providing coverage for retirees;

874 (6) "Medical stop-loss insurer" means an insurer that is licensed
875 pursuant to section 38a-41 to sell, issue and deliver medical stop-loss
876 insurance in this state;

877 (7) "Retiree stop-loss insurance" means stop-loss insurance purchased
878 by a person, other than a health carrier or health care provider, and
879 providing coverage for catastrophic, excess or unexpected losses
880 incurred by the policyholder, and due and owing to a third party, under
881 a health benefit plan providing coverage for retirees; and

882 (8) "Stop-loss insurance" means insurance, other than reinsurance,
883 providing coverage for catastrophic, excess or unexpected losses
884 incurred by the policyholder, and due and owing to a third party, under
885 another insurance policy or a health benefit plan.

886 (b) No [stop loss] stop-loss insurance policy [may] shall be issued or
887 delivered in this state unless a copy of the [stop loss] stop-loss insurance
888 policy form has been submitted to, and approved by, the Insurance
889 Commissioner. [pursuant to regulations that the commissioner may
890 adopt in accordance with chapter 54. Such regulations, if adopted, shall
891 include, but need not be limited to, a definition of a stop loss policy and
892 the standards for filing and review of stop loss policies.]

893 (c) (1) Except as provided in subdivision (4) of subsection (d) of this
894 section, no medical stop-loss insurer shall issue or deliver, and the
895 Insurance Commissioner shall not approve, a medical stop-loss
896 insurance policy in this state on or after January 1, 2021, if the medical
897 stop-loss insurance policy:

898 (A) Imposes an annual attachment point that is less than twenty
899 thousand dollars for claims incurred per enrolled employee or
900 dependent;

- 901 (B) Imposes an annual aggregate attachment point:
- 902 (i) That is less than the greatest of the following amounts for an
903 insured group consisting of not more than fifty employees, as calculated
904 in the manner set forth in subdivision (2) of this subsection:
- 905 (I) Four thousand dollars multiplied by the number of employees in
906 such insured group;
- 907 (II) One hundred twenty per cent of the expected claims for such
908 insured group; or
- 909 (III) Twenty thousand dollars; or
- 910 (ii) That is less than one hundred ten per cent of the expected claims
911 for an insured group consisting of more than fifty employees, as
912 calculated in the manner set forth in subdivision (2) of this subsection;
- 913 (C) Provides direct coverage for an enrollee's or dependent's health
914 care expenses;
- 915 (D) Provides for a determination regarding whether a benefit is:
- 916 (i) Medically necessary;
- 917 (ii) Usual or customary; or
- 918 (iii) Experimental or investigational;
- 919 (E) Imposes a case management requirement or an annual dollar
920 limitation for an enrolled employee, dependent or benefit;
- 921 (F) Requires an enrolled employee or dependent to use a provider
922 network or provides a benefit incentive for an enrolled employee or
923 dependent to use a provider participating in a provider network;
- 924 (G) Provides the medical stop-loss insurer with a right to examine an
925 enrolled employee or dependent;
- 926 (H) Permits the medical stop-loss insurer to:

927 (i) Deny a claim if the policyholder is legally obligated to pay the
928 claim under such policyholder's health benefit plan;

929 (ii) Rescind such medical stop-loss insurance policy for any reason
930 other than fraud or intentional misrepresentation;

931 (iii) Terminate such medical stop-loss insurance policy, in the sole
932 discretion of such medical stop-loss insurer, in any manner that is
933 inconsistent with applicable laws concerning cancellation or
934 nonrenewal of medical stop-loss insurance policies; or

935 (iv) Increase the rates imposed under such medical stop-loss
936 insurance policy, in the sole discretion of such medical stop-loss insurer,
937 during the term of such medical stop-loss insurance policy;

938 (I) Requires an enrolled employee to be actively at work; or

939 (J) Contains any provision that is misleading, deceptive or contrary
940 to any provision of the general statutes or the public interest.

941 (2) (A) For the purposes of subparagraph (B) of subdivision (1) of this
942 subsection, the number of employees in an insured group shall be
943 determined by adding:

944 (i) The number of the policyholder's full-time employees for each
945 month who work a normal work week of thirty hours or more; and

946 (ii) The number of the policyholder's full-time equivalent employees,
947 calculated for each month by dividing by one hundred twenty the
948 aggregate number of hours worked for such month by employees who
949 work a normal work week of less than thirty hours, and averaging such
950 total for the calendar year.

951 (B) If a policyholder was not in existence throughout the preceding
952 calendar year, the number of employees shall be based on the average
953 number of employees that such policyholder reasonably expects to
954 employ in the current calendar year.

955 (d) Each insurer that underwrites a medical stop-loss insurance
956 policy issued or delivered in this state on or after January 1, 2021, may
957 use lasering in underwriting such medical stop-loss insurance policy,
958 provided:

959 (1) If such insurer uses lasering in underwriting such medical stop-
960 loss insurance policy, such insurer and any insurance producer who
961 sells, solicits or negotiates such medical stop-loss insurance policy on
962 behalf of such insurer includes in each application for coverage under
963 such medical stop-loss insurance policy:

964 (A) A statement disclosing the increased financial risk that each
965 prospective policyholder under such medical stop-loss insurance policy
966 will bear because such insurer intends to use lasering in underwriting
967 such medical stop-loss insurance policy, and any alternatives available
968 to each such prospective policyholder with respect to such insurer's
969 intended use of lasering in underwriting such medical stop-loss
970 insurance policy;

971 (B) A statement by such insurer or insurance producer, as applicable,
972 affirming that such insurer or insurance producer fully explained to
973 each prospective policyholder under such medical stop-loss insurance
974 policy the increased financial risk described in subparagraph (A) of this
975 subdivision and that each such prospective policyholder understands
976 such increased financial risk; and

977 (C) The signature of such insurer, insurance producer and each
978 prospective policyholder below the statement required under
979 subparagraph (B) of this subdivision;

980 (2) If such insurer uses lasering on the effective date of such medical
981 stop-loss insurance policy, such insurer shall not change such lasering
982 during the term of such medical stop-loss insurance policy;

983 (3) If such insurer does not use lasering on the effective date of such
984 medical stop-loss insurance policy, such insurer shall not use lasering
985 during the term of such medical stop-loss insurance policy; and

986 (4) The attachment point for an enrolled employee under such
987 medical stop-loss insurance policy shall not exceed an amount that is
988 equal to three hundred per cent of the attachment point for such medical
989 stop-loss insurance policy.

990 (e) No retiree stop-loss insurance policy issued or delivered in this
991 state on or after January 1, 2021, shall be subject to the provisions of
992 subsection (c) or (d) of this section, and the Insurance Commissioner
993 shall review and approve, on a case-by case basis, such retiree stop-loss
994 insurance policies for issuance and delivery in this state on or after said
995 date.

996 (f) The Insurance Commissioner may adopt regulations, in
997 accordance with chapter 54, to carry out the purposes of this section.

998 Sec. 17. Subparagraph (C) of subdivision (3) of subsection (m) of
999 section 5-259 of the 2020 supplement to the general statutes is repealed
1000 and the following is substituted in lieu thereof (*Effective January 1, 2021*):

1001 (C) The Comptroller may offer to nonstate public employers that
1002 choose to purchase prescription drugs pursuant to subparagraph (A) of
1003 this subdivision the option to purchase [stop loss] stop-loss coverage
1004 from an insurer at a rate negotiated by the Comptroller.

1005 Sec. 18. Subdivision (1) of subsection (c) of section 7-464 of the general
1006 statutes is repealed and the following is substituted in lieu thereof
1007 (*Effective January 1, 2021*):

1008 (1) In no event shall any commercial insurance company which
1009 provides health insurance benefits to the employees of a town, city or
1010 borough and their covered dependents and family members, including,
1011 but not limited to, [stop loss] stop-loss insurance beyond a municipal
1012 self-funded medical expense amount, be entitled to any reimbursement
1013 from a tortfeasor recovery. The provisions of this subsection shall be
1014 construed to only permit a self-insured town, city or borough to recover
1015 medical expenses paid from its own revenues. The provisions of this
1016 subsection shall not be construed to permit a self-insured town, city or

1017 borough to recover medical expenses paid from an insured plan,
1018 whether insured in whole or in part.

1019 Sec. 19. Subparagraph (F) of subdivision (18) of section 38a-465 of the
1020 general statutes is repealed and the following is substituted in lieu
1021 thereof (*Effective January 1, 2021*):

1022 (F) An authorized or eligible insurer that provides [stop loss] stop-
1023 loss coverage to a provider, purchaser, financing entity, special purpose
1024 entity or related provider trust;

1025 Sec. 20. Subsection (c) of section 38a-465d of the general statutes is
1026 repealed and the following is substituted in lieu thereof (*Effective January*
1027 *1, 2021*):

1028 (c) Except as otherwise required or permitted by law, no person,
1029 including, but not limited to, a provider, broker, insurance company,
1030 insurance producer, information bureau, rating agency or company, or
1031 any other person with actual knowledge of an insured's identity, shall
1032 disclose such identity or information where there is a reasonable basis
1033 to conclude such information could be used to identify the insured or
1034 the insured's financial or medical information to any other person unless
1035 such disclosure: (1) Is necessary to effect a life settlement contract
1036 between the owner and a provider and the owner and insured have
1037 provided prior written consent to such disclosure; (2) is provided in
1038 response to an investigation or examination by the commissioner or any
1039 other governmental office or agency or pursuant to the requirements of
1040 section 38a-465i; (3) is necessary to effectuate the sale of life settlement
1041 contracts or interests therein as investments, provided the sale is
1042 conducted in accordance with applicable state and federal securities
1043 laws, and provided further the owner and the insured have both
1044 provided prior written consent to the disclosure; (4) is a term of or
1045 condition to the transfer of a policy by one provider to another provider,
1046 in which case the provider receiving such information shall comply with
1047 the confidentiality requirements specified in this subsection; (5) is
1048 necessary to allow the provider or broker or their authorized

1049 representatives to make contacts for the purpose of determining health
 1050 status. For the purpose of this section, "authorized representative" does
 1051 not include any person who has or may have a financial interest in the
 1052 settlement contract other than a provider, licensed broker, financing
 1053 entity, related provider trust or special purpose entity. Each provider or
 1054 broker shall require its authorized representative to agree in writing to
 1055 comply with the privacy provisions of this part; or (6) is required to
 1056 purchase [stop loss] stop-loss coverage.

1057 Sec. 21. Subparagraph (A) of subdivision (2) of subsection (b) of
 1058 section 38a-478l of the general statutes is repealed and the following is
 1059 substituted in lieu thereof (*Effective January 1, 2021*):

1060 (A) "State medical loss ratio" means the ratio of incurred claims to
 1061 earned premiums for the prior calendar year for managed care plans
 1062 issued in the state. Claims shall be limited to medical expenses for
 1063 services and supplies provided to enrollees and shall not include
 1064 expenses for [stop loss] stop-loss coverage, reinsurance, enrollee
 1065 educational programs or other cost containment programs or features;

1066 Sec. 22. Subsection (c) of section 38a-720h of the general statutes is
 1067 repealed and the following is substituted in lieu thereof (*Effective January*
 1068 *1, 2021*):

1069 (c) The third-party administrator shall disclose to the insurer or other
 1070 person utilizing the services of the third-party administrator all charges,
 1071 fees and commissions that the third-party administrator receives arising
 1072 from services it provides for the insurer or other person utilizing the
 1073 services of the third-party administrator, including any fees or
 1074 commissions paid by insurers providing reinsurance or [stop loss] stop-
 1075 loss coverage.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>July 1, 2020</i>	19a-754a
Sec. 2	<i>July 1, 2020</i>	New section
Sec. 3	<i>July 1, 2020</i>	New section

Sec. 4	<i>July 1, 2020</i>	New section
Sec. 5	<i>July 1, 2020</i>	New section
Sec. 6	<i>July 1, 2020</i>	New section
Sec. 7	<i>July 1, 2020</i>	New section
Sec. 8	<i>July 1, 2020</i>	New section
Sec. 9	<i>July 1, 2020</i>	New section
Sec. 10	<i>July 1, 2020</i>	New section
Sec. 11	<i>July 1, 2020</i>	New section
Sec. 12	<i>July 1, 2020</i>	New section
Sec. 13	<i>July 1, 2020</i>	New section
Sec. 14	<i>July 1, 2020</i>	New section
Sec. 15	<i>July 1, 2020</i>	New section
Sec. 16	<i>January 1, 2021</i>	38a-8b
Sec. 17	<i>January 1, 2021</i>	5-259(m)(3)(C)
Sec. 18	<i>January 1, 2021</i>	7-464(c)(1)
Sec. 19	<i>January 1, 2021</i>	38a-465(18)(F)
Sec. 20	<i>January 1, 2021</i>	38a-465d(c)
Sec. 21	<i>January 1, 2021</i>	38a-478l(b)(2)(A)
Sec. 22	<i>January 1, 2021</i>	38a-720h(c)

Statement of Purpose:

To implement the Governor's budget recommendations.

[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.]