

OFFICE OF FISCAL ANALYSIS

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sHB-6626

AN ACT CONCERNING REQUIRED HEALTH INSURANCE AND MEDICAID COVERAGE, AMBULANCE SERVICES AND COST TRANSPARENCY.

OFA Fiscal Note

State Impact:

Agency Affected	Fund-Effect	FY 22 \$	FY 23 \$
State Comptroller - Fringe Benefits	GF - Cost	Significant	Significant
State - ACA Mandate	GF - Cost	See Below	See Below
Insurance Dept.	GF - Cost	Up to \$50,000	Up to \$100,000
UConn Health Ctr.	GF - Revenue Gain	Minimal	Minimal

Note: GF=General Fund

Municipal Impact:

Municipalities	Effect	FY 22 \$	FY 23 \$
Various Municipalities	STATE MANDATE ¹ - Cost	See Below	See Below

Explanation

The bill requires that certain health insurance plans cover 11 newly mandated benefits², ambulance services are provided at in-network

¹ State mandate is defined in Sec. 2-32b(2) of the Connecticut General Statutes, "state mandate" means any state initiated constitutional, statutory or executive action that requires a local government to establish, expand or modify its activities in such a way as to necessitate additional expenditures from local revenues.

² Benefits include: motorized wheelchairs; cochlear implants and surgery; coronary calcium tests; genetic cystic fibrosis screenings; certain physical therapies; equine therapy; gambling disorder treatment; audiologic, ophthalmologic, and optometric care; specialized formula; colorectal cancer diagnosis; mammograms.

level of benefits, and the Insurance Department establish a program to increase breast cancer awareness. The bill results in the fiscal impact described below.

There is a significant cost to the state employee and retiree health plan, municipalities that participate in the Partnership Plan, and fully-insured municipalities due to providing coverage for the newly included benefits, to the extent that the plans' policies are not currently in accordance with the provisions of the bill.

The cost to include any associated benefits not currently covered will be reflected in plan premiums for plan years starting on or after January 1, 2022. Premiums will increase based on the projected utilization of benefits, as determined by plan actuaries.

For illustration, the full estimated cost of a cochlear implant surgery, as a benefit mandated by the bill, is approximately \$30,000-\$50,000 per ear. It is also estimated that motorized wheelchairs cost approximately \$2,000 - \$7,000, including battery replacements.³

In addition, many municipal health plans are recognized as "grandfathered" health plans under the Affordable Care Act (ACA). It is unclear what effect the adoption of certain health mandates will have on the grandfathered status of certain municipal plans under ACA. Pursuant to federal law, municipalities with self-insured plans are exempt from state insurance mandates.

While self-insured plans are exempt from state insurance mandates, the state employee and retiree health plan has traditionally adopted them.

The bill will result in a cost to the state pursuant to the ACA to the extent the benefits are not currently covered under the Exchange's benchmark plan. Federal law requires the state to defray the cost of

³ The state employee and retiree health plan currently covers motorized wheelchairs as a benefit, however it is unknown if all fully-insured municipal plans or the Exchange benchmark plan cover them.

any such additional mandated benefits for all plans sold in the Exchange, by reimbursing the carrier or the insured for the excess coverage. Absent further federal guidance, state mandated benefits enacted after December 31, 2011 cannot be considered part of the essential health benefits required under federal law, unless they are already part of the benchmark plan.

The bill results in a potential minimal revenue gain to UConn Health Center, associated with the additional mandated benefits.

The bill has no fiscal impact to the Department of Social Services (DSS), as it currently covers audiologic, ophthalmologic, and optometric services under Medicaid.

Lastly, the bill results in a cost to the Insurance Department (DOI) of up to \$100,000 annually (with a half year cost of up to \$50,000 in FY 22), to implement a new breast cancer awareness program that includes outreach to young women of color. To implement the targeted outreach to individuals, it is anticipated that DOI would contract with a third-party vendor and incur such costs.

The Out Years

The annualized ongoing fiscal impact identified above would continue into the future subject to an increase in future premiums and health care cost inflation.