

OFFICE OF FISCAL ANALYSIS

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HB-5400

AN ACT CONCERNING THE REGULATION OF INSURANCE IN
THE STATE.

As Amended by House "A" (LCO 6461)

House Calendar No.: 232

OFA Fiscal Note

State Impact:

Agency Affected	Fund-Effect	FY 23 \$	FY 24 \$
Office of Health Strategy	GF - Cost	300,000	None
Consumer Protection, Dept.	GF - Cost	75,000	90,418
State Comptroller - Fringe Benefits ¹	GF - Cost	30,398	36,646

Note: GF=General Fund

Municipal Impact: None

Explanation

The bill makes various changes related to health insurance and prescription drugs, and results in the fiscal impacts described by section below.

Section 1 and 16 make changes related to disclosing the process for step therapy overrides and the time permitted for an override request to be granted for drugs treating certain conditions. These changes are not anticipated to impact premiums for the state employee health plan or municipal plans, as the override request process already exists.

Section 2 establishes a task force to study data collection efforts regarding step therapy, which has no fiscal impact because PA 17-236

¹The fringe benefit costs for most state employees are budgeted centrally in accounts administered by the Comptroller. The estimated active employee fringe benefit cost associated with most personnel changes is 40.53% of payroll in FY 23.

prohibits transportation allowances for task force members.

Sections 3-5 apply the state's copay accumulator program prohibition to high deductible health plans to the maximum extent permitted by federal law, which results in no fiscal impact to the state and municipalities.

Sections 6 and 7 extend the notification period that insureds must notify insurers regarding the birth of a child, from 61 days to 91 days. The bill specifies that claims during the extended period are not prejudiced if notification or payment of premium is not provided, and therefore there is no anticipated impact to premiums to the state employee health plan, the Exchange, or municipal plans.

Sections 8-13 require the Department of Consumer Protection (DCP) to establish a Canadian Legend Drug Importation Program (CLDIP) resulting in costs of approximately \$75,000 to DCP (salary) and \$30,398 to OSC (fringe benefits) in FY 23, and \$90,418 to DCP (salary) and \$36,646 to OSC (fringe benefits) in FY 24 and each fiscal year thereafter. In FY 23 only, a six-month durational Project Manager is needed to submit a request to the federal Secretary of Health and Human Services for approval to establish the CLDIP. Assuming federal approval is granted, a full-time Drug Control Agent will be needed to run the program beginning in FY 24.

Section 14 requires the Office of Health Strategy (OHS) to prepare and submit a report on pharmacy benefit manager distribution of prescription drug practices regarding spread pricing arrangements, manufacturing rebates and transparency and accountability. OHS will need to hire a consultant, with a one-time cost estimated at \$300,000 to prepare this report as OHS staff does not have expertise in this area.

Section 15, which requires the State Comptroller to prepare and submit a report, has no fiscal impact since the agency has enough expertise within existing staff resources to conduct the study.

The Out Years

The annualized ongoing fiscal impact identified above would continue into the future subject to inflation.

The preceding Fiscal Impact statement is prepared for the benefit of the members of the General Assembly, solely for the purposes of information, summarization and explanation and does not represent the intent of the General Assembly or either chamber thereof for any purpose. In general, fiscal impacts are based upon a variety of informational sources, including the analyst's professional knowledge. Whenever applicable, agency data is consulted as part of the analysis, however final products do not necessarily reflect an assessment from any specific department.