

OFFICE OF FISCAL ANALYSIS

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SB-364

AN ACT CONCERNING HEALTH INSURANCE. AMENDMENT

LCO No.: 4730

File Copy No.: 315

Senate Calendar No.: 234

OFA Fiscal Note

See Fiscal Note Details

The amendment strikes the underlying bill and its associated fiscal impact.

The amendment may result in a cost to the state employee and retiree health plan, as well as municipalities that participate in the Partnership Plan, and is anticipated to result in a cost to fully insured municipalities by creating a rebuttal presumption under the adverse determination and utilization review processes that a service ordered by a physician is medically necessary.

The amendment places the burden of proof upon a carrier that a service ordered by a physician is not medically necessary, which contrasts with current practice. To the extent the amendment results in services being rendered that otherwise would have been denied, there is a cost 1) to the state for the state employee and retiree health plan and 2) to fully insured municipalities in the form of higher premiums. It is unclear how the amendment may affect the state employee and retiree health plan, as a utilization standard was established pursuant to the 2017 State Employees Bargaining Agent Coalition (SEBAC) agreement and the state plan is governed by the federal Employee Retirement Income Security Act of 1974 (ERISA). The cost to fully insured municipalities would be reflected in premiums for plan years adopted

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after January 1, 2023.

The amendment also results in a cost for certain fully insured municipal plans that currently require step therapy for conditions specified in the amendment, to the extent the amendment results in higher prescription drug costs that are passed on in the form of higher premiums. The amendment's provisions prohibiting step therapy in certain cases do not result in a fiscal impact to the state employee and retiree health plan or municipalities that participate in the Partnership Plan, as step therapy is not required by the plans.

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.