

OFFICE OF FISCAL ANALYSIS

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SB-6

AN ACT CONCERNING UTILIZATION REVIEW AND HEALTH CARE CONTRACTS, HEALTH INSURANCE COVERAGE FOR NEWBORNS AND STEP THERAPY.

OFA Fiscal Note

State Impact:

Agency Affected	Fund-Effect	FY 24 \$	FY 25 \$
State Comptroller - Fringe Benefits	GF - Potential Cost	See Below	See Below
UConn Health Ctr.	GF - Potential Cost	At Least 100,000	At Least 100,000

Note: GF=General Fund

Municipal Impact:

Municipalities	Effect	FY 24 \$	FY 25 \$
Various Municipalities	Potential Cost	See Below	See Below

Explanation

Sections 1 and 3 pertain to: (1) exemptions, under certain circumstances, for health care providers from certain utilization review processes used by health insurers and HMOs (also known as “gold-carding”) and (2) shortening several of the maximum timeframes for insurers or independent review organizations (IRO) to notify insureds of their utilization review decisions.

These sections do not result in a fiscal impact to the Insurance Department because: (1) the agency has the capacity and expertise to develop the regulations required by the bill and enforce its provisions, and (2) the bill specifies that the fees for IROs to conduct reviews of

adverse determinations for such exemptions must be paid by the health insurer or HMO.

Section 2 could result in a potential cost to the UConn Health Center beginning in FY 24, associated with establishing a secure system to electronically receive and respond to prospective and concurrent review requests. It is anticipated that the potential costs would exceed \$100,000 annually.

Sections 4 and 5 extend the timeframe insurers must provide for notice of the birth of a newborn. This may result in a fiscal impact to the state and municipal plans to the extent that the number of claims increases.

Sections 6 and 7 eliminate step therapy for certain behavioral health, or chronic, disabling, or life-threatening conditions or diseases resulting in no fiscal impact to the state employee and retiree health plan because step therapy is not frequently used within the plans. This may impact certain municipal plans that require step therapy.

Section 8 of the bill prohibits the repeated use of utilization review for recurring health care services or prescription drugs. This decreases health carriers' ability to lower costs and in turn may impact state and municipal health plans through increased premiums.

The Out Years

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