

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.

AMENDMENT

LCO No.: 7894

File Copy No.: 337

Senate Calendar No.: 197

OFA Fiscal Note

State Impact:

Agency Affected	Fund-Effect	FY 24 \$	FY 25 \$
State Comptroller - Fringe Benefits	GF - Potential Cost	See Below	See Below

Note: GF=General Fund

Municipal Impact:

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

Explanation

Sections 1 - 2, which are not anticipated to result in a fiscal impact to the Insurance Department (DOI), establish a process for health care providers to be exempted from certain utilization review processes used by health insurers and HMOs (also known as “gold-carding”).

The amendment requires DOI to adopt implementing regulations, which the agency has the expertise to do.

It also requires DOI to facilitate the independent review process for health care providers to appeal the rescission of an exemption by a health insurer or HMO. DOI must assign an independent appeal organization

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to conduct the review upon the provider's written request and send a copy of the request to the relevant carrier. The independent review process is not anticipated to result in a fiscal impact to DOI because the amendment specifies that fees for independent appeal organizations to conduct reviews of adverse determinations must be paid by the health insurer or HMO, and it is anticipated that the copies of requests can be sent electronically.

Section 3 of the bill prohibits the repeated use of utilization review for prescription drugs. This decreases health carriers' ability to lower costs, and in turn may impact state and municipal health plans through increased premiums.

Section 4 shortens several of the maximum timeframes for insurers to notify insureds of their utilization review decisions. As these provisions impact private entities, there is no anticipated fiscal impact to the state or municipalities.

Sections 5 - 6 extend the time frame insurers must provide for notice of birth of a newborn, which may result in a fiscal impact to the state and municipal plans to the extent that the number of claims increases.

Sections 7 - 8 reduce the time period from sixty to thirty days for the use of step therapy, which results in a potential cost to the state and municipal plans through increased premiums caused by potential increases in drug usage within a shortened time frame and administrative costs.

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.