

OFFICE OF FISCAL ANALYSIS

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SB-372

AN ACT CONCERNING PAYMENTS BY INSURANCE COMPANIES
FOR DEPOSIT INTO THE INSURANCE FUND.

OFA Fiscal Note

State Impact: None

Municipal Impact:

Municipalities	Effect	FY 25 \$	FY 26 \$
Various Municipalities	Potential Cost	See Below	See Below

Explanation

The bill has no fiscal impact to the state because it does not change the total amount of revenue being collected by the Insurance Fund general assessment.¹ To the extent the shift of assessment costs onto health insurers is passed on in the form of higher health insurance premiums, the bill results in a potential cost to municipalities that purchase commercial health insurance in the fully-insured market beginning as early as FY 25.

The bill specifies that only domestic insurers and other entities (e.g., HMOs) that wrote policies of health insurance in the preceding calendar year be assessed to fund the Office of the Healthcare Advocate (OHA)

¹The general assessment funds the budgets of the Insurance Department, Office of the Healthcare Advocate, part of the Office of Health Strategy, and various other accounts that have appropriations totaling approximately \$58.2 million for FY 25.

and Insurance Fund portion of the Office of Health Strategy (OHS).² Together, those budgets equal approximately \$17.8 million in FY 25. Currently, all types of domestic insurers and other domestic entities pay a share of the total assessment based on their Connecticut tax liability in the preceding calendar year.

For context, an Office of Fiscal Analysis examination of 2018 tax filings estimated that approximately 79 percent of the FY 19 general assessment was paid by domestic entities writing any accident or health policies. To the extent that that percentage reflects the share of OHA and OHS costs health insurers already pay, the bill would shift the remaining 21 percent (approximately \$3.7 million in FY 25) of the part of the assessment that funds the OHA and OHS budgets onto health carriers instead of other types of domestic insurers.

The Out Years

The annualized ongoing fiscal impact identified above would continue into the future subject to inflation and changes in the Insurance Fund budgets of OHA and OHS.

²An exception to this would occur if the assessment on a single entity is greater than a quarter of the expenditures of the Insurance Department, Office of the Healthcare Advocate, and Office of Health Strategy from the Insurance Fund.