

OFFICE OF FISCAL ANALYSIS

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SB-366

AN ACT CONCERNING MEDICAID. AMENDMENT

LCO No.: 5216

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Senate Calendar No.: 188

OFA Fiscal Note

See Fiscal Note Details

The amendment strikes the underlying bill and its associated fiscal impact, resulting in the fiscal impact described below.

The amendment establishes a new regulatory structure for insurance carriers offering dental insurance, which is anticipated to result in: (1) costs to the Insurance Department (DOI) from the Insurance Fund for two additional staff and consultants beginning in FY 25, and (2) a potential revenue gain to the state and certain municipalities associated with rebates if dental plans do not meet the medical loss ratio established by the amendment.

Regulatory Costs

DOI is anticipated to hire one insurance financial examiner (salary of approximately \$88,000) and one staff attorney II (salary of approximately \$98,000) with an October 1, 2024 start date, at a total cost of \$272,250 in FY 25 (partial year) and \$363,000 in FY 26 and thereafter, for salaries and fringe benefits of both staff.¹ The amendment establishes

¹ The fringe benefit costs for employees funded out of other appropriated funds are budgeted within the fringe benefit account of those funds, as opposed to the fringe benefit accounts within the Office of the State Comptroller. The estimated active employee fringe benefit cost associated with most personnel changes for other appropriated fund employees is 95.61% of payroll in FY 25.

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new reporting from the carriers for DOI to review, expands the actuarial rate review process (currently only individual market dental rates must be filed and approved), requires new public hearings under certain circumstances, and is anticipated to increase the complexity and workload associated with regulating dental insurance.

DOI is additionally anticipated to contract with consultants with expertise in dental services and dental insurance at an annual, ongoing cost beginning in FY 25 of up to \$1 million for assistance with: (1) developing a significant amount of new regulations related to dental insurance in 2025, and (2) actuarial work to support the annual rate filing process and new risk-based capital analysis, as well as the public hearing process on rates and enforcement of the new regulations. DOI may also incur information technology costs associated with the posting of a large volume of carrier reporting on its website.

While the amendment establishes a new penalty of up to \$100 per day for any carrier that fails to submit the annual financial statement required by the amendment by April 1st each year, no revenue gain from penalties is anticipated. Carriers typically submit similar required information to DOI on time.

Dental Plan Rebates

The amendment results in a potential revenue gain to the State Comptroller - Fringe Benefits account and municipalities with qualifying dental plans for the partial reimbursement of dental premiums for plans that have medical loss ratios of less than 85%.

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.