PRELIMINARY FISCAL NOTES

Appropriations Committee Meeting

April 25, 2011

OFFICE OF FISCAL ANALYSIS
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Below are preliminary fiscal impacts for the bills on today's agenda. These estimates were prepared under a short time frame and could be revised after further analysis.

A. Contingency Reserve Bills – Numbers 1 - 8

The following are Contingency Reserve Bills (which have no fiscal impact):

SB 1127, SB 1128, SB 1129, SB 1130, HB 6521, HB 6522, HB 6523, HB 6524

B. Committee and Raised Bills

9. sSB 183 – An Act Creating a Separate Nonlapsing Vaccine and Antibiotic Purchase Account within the General Fund

The bill results in FY 12 and FY 13 cost, estimated to be less than $5,000, associated with mileage reimbursement of 51 cents per mile for legislators and agency staff (who seek such reimbursement) participating on a childhood immunization task force.

As the task force must submit a report of its findings and recommendations no later than 1/1/13, it is anticipated that the taskforce would disband subsequent to this date and, thus, there would be no fiscal impact to the state in the out-years.

10. SB 1121 – An Act Establishing a Task Force to Study the Distribution of State Funds to Municipalities

The Office of Legislative Management would incur minimal costs, estimated to be less than $5,000, associated with mileage reimbursement of 51 cents per mile for legislators (who seek reimbursement) participating on the task force concerning the distribution of state funds to municipalities.

11. SB 1123 – An Act Directing the Program Review and Investigations Committee to Study the "Anti-Spiking" Provision under the State Employees Retirement Act

No fiscal impact. The bill requires the Legislative Program Review and Investigations (PRI) Committee to study the limitation imposed under CGS 5-162 on covered earnings for purposes of calculating state employee retirement income by February 1, 2012.

12. SB 1124 – An Act Concerning the Budget Reserve Fund

No fiscal impact. The bill requires the Office of Policy and Management in consultation with the State Treasurer and the Office of Fiscal Analysis to evaluate the Budget Reserve Fund and make recommendations by November 15, 2011.

13. sSB 1126 – An Act Concerning Federal Sanctions

No fiscal impact will result from requiring state agencies to report concerning likely federal sanctions or fines.

14. HB 6516 – An Act Concerning the Core-CT System, Electronic Transmission of Budget Data and Reporting of Vacated and Filled Positions in State Service

No fiscal impact. The bill requires the Comptroller, Office of Policy and Management and Office of Fiscal Analysis to evaluate certain reporting of the CORE-CT system, and develop a plan for the electronic transmission of budget data. Additionally, the bill requires agencies to report monthly on filled and vacant positions.

15. HB 6518 - An Act Establishing an Administrative Services Organization for the Medicaid Program

The bill requires the departments of Social Services, Mental Health and Addiction Services, and Children and Families to study converting the Medicaid program to a self-insured system. There is no fiscal impact.

16. HB 6519 - An Act Concerning Medicaid Savings

The bill requires the departments of Social Services, Mental Health and Addiction Services, and Children and Families to study the Medicaid program to identify ways to achieve savings. There is no fiscal impact.

17. HB 6520 – An Act Concerning Results-Based Accountability

No fiscal impact. The bill requires the following agencies to use the Results Based Accountability framework from FY 12 to FY 17 to evaluate the following:

- Health Start in the Department of Social Services;
- Nurturing Families in the Children's Trust Fund Council;
- Work by the Department of Public Health to reduce the incidence of low birth weight infants; and
- Regional Workforce Development Boards in the Office of Workforce Competitiveness.

18. HB 6595 - An Act Concerning the Commission on Human Rights and Opportunities

The bill makes various changes eliminating certified mail requirements. In addition, the bill makes changes to create a more streamlined investigation process. These changes are expected to result in savings of approximately $15,000 in FY 12 and FY 13 to the Commission on Human Rights and Opportunities.

C. Change of Reference Bills

19. sSB 366 – An Act Concerning Funding for Adult Day Care Centers

The bill results in a cost of $950,000 in FY 12 and FY 13 associated with increasing the adult day care rate from $66 to $70. The funding for this increase is included in the Appropriations Committee budget.

20. sSB 929 – An Act Concerning Closing the Academic Achievement Gap

The bill makes various changes to local and regional school districts as well as the State Department of Education (SDE) that may result in a cost of less than $60,000 in FY 12 and FY 13 with a significant impact in the out years. No funding is provided in the budget for the provisions contained in the bill. A section by section analysis appears below:

Section 1 of the bill establishes a task force to study the academic achievement gap in Connecticut. Agencies would incur minimal costs, in both FY 12 and FY 13, estimated to be less than $5,000, associated with mileage reimbursement of 51 cents per mile for legislators and agency staff (who seek such reimbursement) participating on the task force.

Section 2 of the bill establishes an Interagency Council for Ending the Achievement Gap. Agencies would incur minimal costs, in both FY 12 and FY 13, estimated to be less than $5,000, associated with mileage reimbursement of 51 cents per mile for legislators and agency staff (who seek such reimbursement) participating on the task force. Additionally, the newly created Interagency Council may require additional resources of up to $50,000 to assist them with implementing the provisions contained within the master plan, established by the task force.

Section 3 of the bill allows a local or regional school district that has been designated as a low achieving school to increase the number of school sessions during the school year. This change is permissive and does not require any district to include additional school sessions or school hours. If a school district opted to increase the number of school sessions or school hours, it would face additional costs, which would be relative to the

number of additional sessions or hours. It is assumed that a local or regional district would not opt to extend the school year if they did not have the resources to do so.

Section 4 maintains the kindergarten entrance age through FY 14, which does not result in a fiscal impact. Additionally, Section 4 changes the kindergarten entrance age from five years old, by January 1, to five years old by October 1, for FY 15, and each FY thereafter. This change could result in a savings to various districts and an increased cost to SDE, starting in FY 15. Depending on the number of kindergarteners at each school, the potential savings to each local and regional school district will vary. It is anticipated that districts could accrue marginal savings of approximately $3,000 to $4,000 per child. Of the kindergarteners that would be delayed, if any of them are from districts where SDE pays for school readiness slots, the state would be responsible for continuing these students in school readiness slots, at a rate of $8,346 (full day, full year rate).

Section 5 makes various definitional changes that are not anticipated to result in a fiscal impact.

Section 6 establishes a pilot program to study the promotion of best practices in early literacy and closing the achievement gap. The creation of this pilot program is permissive, as the Commissioner of Education is not required to do it. It is assumed that SDE would not create the pilot if they did not have the staff or the resources to do so.

Sections 7 and 8 make various changes that are not anticipated to result in a fiscal impact.

21. sSB 932 – An Act Concerning the Definition of Severe Need School for Purposes of the School Breakfast Grant Program

The bill, which reduces the threshold to qualify as a severe need school for the state school breakfast grant, is anticipated to result in an additional cost of at least $586,196, which is included in the budget.

There are two factors that increase the cost of the grant: (1) the base entitlement and (2) the per meal reimbursement.

BASE ENTITLEMENT:
The base entitlement provides each participating school a grant of $3,000.

The base entitlement for the districts currently participating in the program would increase by $252,000 (84 additional schools). In addition to the districts already participating, it is estimated that an additional 105 schools would now be eligible, which would result in an additional cost of $315,000.

PER MEAL REIMBURSEMENT:
The per meal reimbursement is currently funded at 2.78 cents per meal.

It is anticipated that the additional 84 new schools, located in the districts that are currently participating, would result in an additional 690,213 meals, which results in an additional cost of $19,196.

What is unknown is how many additional meals would result from the 105 new schools that are not currently participating in the program. Each additional 100,000 meals equates to an additional $2,780.

22. HB 6052 – An Act Concerning Supportive Housing

No fiscal impact. The bill requires 10% of affordable housing units receiving financial assistance from the Department of Economic and Community Development to be designated as supportive housing units.

23. HB 6259 – An Act Concerning a State Identification Card Fee Waiver Blind Veterans

There is a minimal revenue loss of less than $1,000 per year to the Special Transportation Fund as a result of providing non-driver IDs at no charge to blind veterans who do not hold a driver's license. Under current law any holder of a driver's license who has a medical issue which prohibits continued operation of a vehicle may apply for non-driver ID at no charge. There is a minimal impact

24. sHB 6321 – An Act Concerning a College Transition Pilot Program

The bill, which creates a college transition pilot program, is anticipated to result in an additional cost of approximately $320,000, which is included in the budget. The pilot program will be offered at three adult education program locations, and will target 25 individuals per program. It is anticipated that each of the pilot locations will require $90,000, and this funding will provide for counseling, instructors and instructional supplies for each of the 25 students. Additionally, $50,000 is required for the State Department of Education (SDE) for administrative and evaluation expenses, including: developing an RFP, administering the grants, and monitoring and evaluating student performance.

25. HB 6379 – An Act Delaying the Establishment of the Department on Aging

The bill results in a savings of $441,522 in FY 12 and $432,202 in FY 13 associated with delaying the establishment on the Department on Aging. This savings is included in the Appropriations Committee budget.

26. sHB 6395 – An Act Concerning Interest Earned on the Soldiers, Sailors and Marines Fund

Potential Revenue Gain to the General Fund. The bill requires interest earned on the Soldiers' Sailors' and Marines' Fund (SSMF) to be transferred to the General Fund under the following conditions:

1) the interest income earned exceeds the expenditure level required by the SSMF; and

2) there remains a cumulative balance to be repaid to the General Fund from any appropriations made after July 1, 2002.

As of FY 03, the Office of State Comptroller estimates that approximately $4 million were appropriated from the General Fund to the SSMF. To the extent that the interest earned on the SSMF exceeds expenditure levels required by the agency, there could be a potential revenue gain of up to $4 million to the General Fund. The payment is dependent upon the investment performance of the SSMF.

27. sHB 6585 – An Act Concerning the High School Dropout Age and Notification of Failing Students

The bill, which requires a principal to notify the parent or guardian of a student (in grades six through twelve) that the student is in danger of failing a course at the middle of the marking period or at least six weeks before the grade is final, will result in a state mandate and a minimal cost of less than $1,000 per district. It is anticipated that several districts will require resources of less than $1,000 to meet the additional requirements, and many districts may not require any additional resources, as they are already following these guidelines, or would be able to issue notices electronically.

D. Bills Referred from the Floor

28. sSB 361 – An Act Concerning the Use of Credit Scores by Certain Employers in Hiring Decisions

Eliminates the potential revenue gain to the Labor Department and increases the potential revenue gain to the General Fund. The substitute language eliminates the separate non-lapsing account established in Section 1(d) for violators of the bill. The $300 civil penalty will be deposited in the General Fund.

29. sSB 936 – An Act Extending the Look-Back Period to Determine Eligibility for Unemployment Compensation Extended Benefits – Refer to Fiscal Note on 10.

30. sHB 5032 - An Act Requiring Health Insurance Coverage for Bone Marrow Testing

No fiscal impact to the state as the state currently provides coverage for procedures deemed medically necessary. There may be a cost to fully insured municipalities who do not provide the coverage mandated in the bill. Due to federal law, self-insured plans are exempt. Lastly, Effective January 1, 2014, all states must have a health benefit exchange and offer qualified health plans that must include the federally defined essential benefit package. While states are allowed to mandate coverage above the essential benefit package, it appears the state would be required to pay the cost of additional mandated benefits. The essential benefit package has not yet been defined.

31. sHB 5326 – An Act Requiring the Presence of Carbon Monoxide Detectors in All Public Schools - Refer to Fiscal Note on page 12.

32. sHB 6050 – An Act Concerning the Development of the Creative Economy

DECD: GF - Potential Cost, Up to $58,000 in FY 12 & FY 13;

OLM: GF – Potential Cost, Less than $5,000 in FY 12 & FY 13

The bill establishes a task force to study the creative economy that could result in a potential cost of up to $63,000 over the duration of the task force.

The bill designates the Department of Economic and Community Development as the lead agency that will staff the task force and conduct various analyses on the creative economy. The bill requires such study to be completed by existing staff and within budgetary resources. To the extent that the agency reallocates funds to perform such a task there could be a fiscal impact to other programs. The potential amount reallocated could be up to $58,000 that is associated with the cost of obtaining an economic analysis as well the cost of reassigning staff to the task force.

The bill permits members of the General Assembly to participate on the task force. The Office of Legislative Management would incur minimal costs, estimated to be less than $5,000, associated with mileage reimbursement of 51 cents per mile for legislators participating on the task force.

33. HB 6103 – An Act Concerning a Review of the Cost to Municipalities of State-Mandated Special Education Requirements – Refer to Fiscal Note on page 14.

34. sHB 6347 – An Act Concerning the Enforcement of the Family and Medical Leave Act for State Employees - Refer to Fiscal Note on page 15.

35. sHB 6365 – An Act Concerning Insurance for Municipalities - Refer to Fiscal Note on page 17.

36. HB 6372 – An Act Concerning Patient Access to Records Maintained by Health Care Institutions - Refer to Fiscal Note on page 19.

37. sHB 6471 – An Act Prohibiting Most Favored Nation Clauses in Health Care Provider Contracts - Refer to Fiscal Note on page 20.

38. sHB 6472 – An Act Concerning Health Insurance Coverage for Ostomy Supplies - Refer to Fiscal Note on page 23.

39. sHB 6499 – An Act Concerning Minor Revisions to the Education Statutes - Refer to Fiscal Note on page 25.

40. sHB 6544 – An Act Concerning Energy Efficiency - Refer to Fiscal Note on page 27.

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sSB-936
AN ACT EXTENDING THE LOOK-BACK PERIOD TO DETERMINE ELIGIBILITY FOR UNEMPLOYMENT COMPENSATION EXTENDED BENEFITS.

OFA Fiscal Note

State Impact:

Agency Affected	Fund-Effect	FY 12 $
State Comptroller - Fringe Benefits	GF - Cost	135,000 - 890,000

Note: GF=General Fund

Municipal Impact:

Municipalities	Effect	FY 12 $
Various Municipalities	STATE MANDATE - Cost	Potential

Explanation

The bill lengthens the look back period used in determining the eligibility for extended unemployment compensation benefits, which allows claimants to receive benefits beyond 78 weeks of unemployment. Pursuant to the American Recovery and Reinvestment Act of 2009, these benefits are federally funded for private sector employers; however, state, municipal and Indian Tribal employers are responsible for 100% of the Extended Benefits claims. It is assumed the bill would apply to between 27- 178[1] unemployed former state workers which will result in a state cost of $135,000 -

[1] Estimates on the number of unemployed state workers who have exhausted all 26 weeks of regular benefits and proceed to exhaust all Federal Emergency programs varies. The Department of Labor estimates that 27 former state employees would be eligible, whereas the Office of the State Comptroller estimates 178 employees could be eligible.

Primary Analyst: KAK 3/11/11
Contributing Analyst(s): JP, JS

$890,000[2] in FY 12. Municipal employers may incur FY 12 costs, the extent of which is contingent on the number of municipal employees laid off, the average benefit level, and the duration of unemployment.

The Out Years

The extended look back period will remain in effect until December 31, 2011, thus there are no out year costs.

Sources: *Department of Labor, 4th Quarter Unemployment Statistics*
Office of the State Comptroller- Report by unemployment claims vendor, Employers Edge LLC - February 2011

[2] Costs are determined by the number of claimants X average benefit level of $250 X 20 weeks.

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sHB-5326
AN ACT REQUIRING THE PRESENCE OF CARBON MONOXIDE DETECTORS IN ALL PUBLIC SCHOOLS.

OFA Fiscal Note

State Impact:

Agency Affected	Fund-Effect	FY 12 $	FY 13 $
State Technical High Schools	GF - Cost	Less than $5,000	Minimal

Note: GF=General Fund

Municipal Impact:

Municipalities	Effect	FY 12 $	FY 13 $
Various Municipalities	STATE MANDATE - Cost	Less than $5,000 per district	Minimal

Explanation

The bill, which requires that all public and nonpublic school buildings be equipped (on each floor) with carbon monoxide detection equipment, is anticipated to result in a state mandate and a cost of less than $5,000 in FY 12 to both the state and various municipalities, and a minimal cost in FY 13 to the state and various municipalities.

It is estimated that each carbon monoxide detector would cost less than $50[1], and that no municipality, district, or the state technical high school system would require resources exceeding $5,000 to implement this new mandate. Some districts may require significantly fewer resources, as they could already have carbon monoxide detectors located in school buildings.

The minimal cost in FY 13 to various municipalities and the state is

[1] http://www.nyc.gov/html/dob/html/guides/co_faq.shtml

Primary Analyst: SB 3/17/11
Contributing Analyst(s):

associated with the new requirement that any new building or eligible building for a school construction grant must meet this new standard. A new two story building would incur additional costs of approximately $100[2].

The Out Years

The minimal fiscal impact in FY 13 would continue into the future, subject to the rate of new school construction.

[2] The state partially reimburses school construction projects on a sliding scale of 20%-80%.

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HB-6103
AN ACT CONCERNING A REVIEW OF THE COST TO MUNICIPALITIES OF STATE-MANDATED SPECIAL EDUCATION REQUIREMENTS.

OFA Fiscal Note

State Impact: None

Municipal Impact: None

Explanation

The bill, which requires the Commissioner of Education to review and develop a report on various special education state mandates, is not anticipated to result in a cost.

The Out Years

State Impact: None

Municipal Impact: None

Primary Analyst: SB 3/23/11
Contributing Analyst(s):

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sHB-6347
AN ACT CONCERNING THE ENFORCEMENT OF THE FAMILY AND MEDICAL LEAVE ACT FOR STATE EMPLOYEES.

OFA Fiscal Note

State Impact:

Agency Affected	Fund-Effect	FY 12 $	FY 13 $
Labor Dept.	GF - Potential Cost	Less than $84,860	Less than $86,557
Comptroller Misc. Accounts (Fringe Benefits)[1]	GF - Potential Cost	Less than $20,162	Less than $20,660

Note: GF=General Fund

Municipal Impact: None

Explanation

The bill makes the Department of Labor (DOL) responsible for the enforcement of the family and medical leave benefits provided to permanent state employees under the State Personnel Act. This will result in less than ten [2] estimated additional complaints filed with DOL that result in probable cause hearings. This may require a half-time Wage Investigator (associated salary of $35,554 and benefits of $8,447)

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[1] The fringe benefit costs for state employees are budgeted centrally in the Miscellaneous Accounts administered by the Comptroller on an actual cost basis. The following is provided for estimated costs associated with changes in personnel. The estimated non-pension fringe benefit rate as a percentage of payroll is 23.76%. Fringe benefit costs for new positions do not initially include pension costs as the state's pension contribution is based upon the 6/30/10 actuarial valuation for the State Employees Retirement System (SERS) which certifies the contribution for FY 12 and FY 13. Therefore, new positions will not impact the state's pension contribution until FY 14 after the next scheduled certification on 6/30/2012.

[2] It is estimated that 600,000 – 700,000 employees are currently covered by the State Family Medical Leave Act. Currently two Staff Attorneys review approximately 100 cases annually for probable cause hearings regarding State Family Medical Leave Act, resulting in 20 hearings per year. Therefore, allowing an additional 54,000 state employees to make complaints under the State Personnel Act is anticipated to result in less than 10 such probable cause hearings a year.

Primary Analyst: KAK
Contributing Analyst(s): JP

3/23/11

and one half-time Staff Attorney II (with associated salary of $49,306 and fringe benefits of $11,715) beginning in FY 12.

The bill could also result in potential additional hearings before the court. It is anticipated that the number of additional hearings would be less than ten, and would not result in additional costs to the Judicial Department.

The Out Years

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

Sources: *State Comptroller Report on Permanent State Employees (All Funds Basis)*
State Department of Labor - Quarterly Report on Worksites by Class Size
US Commerce Department - 2008 State by State Report on Paid Employees by Enterprise Size

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sHB-6365
AN ACT CONCERNING INSURANCE FOR MUNICIPALITIES.

OFA Fiscal Note

State Impact: None

Municipal Impact:

Municipalities	Effect	FY 12 $	FY 13 $
Various Municipalities	STATE MANDATE - Cost	$10,000 - $15,000	$10,000 - $15,000
Various Municipalities	Cost/Savings	See Below	See Below

Explanation

A municipality required to undertake a competitive bid process for a group health insurance policy would incur costs estimated on average at $10,000 to $15,000. These costs would be associated with retaining legal and insurance professional services needed to assist in the formulation of bid specifications and assist in the review of bids, as well as ancillary administrative costs. Under the bill, these costs would be incurred at the later of the time of policy renewal or termination of a rate guarantee.

Any impact upon the costs of procuring insurance would depend upon (a) whether the municipality would have pursued a competitive bid process in the absence of the bill's enactment, (b) the relative pricing of bid responses to that of renewing an existing policy; (c) plan modifications that may be incorporated into a bid specification that might not have otherwise been pursued during contract renewal; and (d) which policy the municipality ultimately chooses. These factors cannot be determined in advance. (The bill does not require the municipality to base its final procurement decision upon the results of

Primary Analyst: JS
Contributing Analyst(s):
Reviewer: SH

3/21/11

the bid process.)

The Out Years

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

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HB-6372
AN ACT CONCERNING PATIENT ACCESS TO RECORDS MAINTAINED BY HEALTH CARE INSTITUTIONS.

OFA Fiscal Note

State Impact:

Agency Affected	Fund-Effect	FY 12 $	FY 13 $
Public Health, Dept.	GF - Potential Cost	0 - 12,200	0 - 12,200

Note: GF=General Fund

Municipal Impact: None

Explanation

The bill results in a potential cost to the Department of Public Health (DPH) of up to $12,200 annually. It establishes an administrative hearing process within DPH to address patient complaints regarding the lack of access to health records. In FY 10, DPH received approximately 20 access-to-record complaints. Transcription costs of $110 per hearing per day, plus an additional $500 copy fee, could be incurred by DPH. Anticipating that these hearings would not exceed a day in length, the total cost to the department to hold 20 hearings would be $12,200 annually. It is unknown to what extent complainants will choose to avail themselves of a hearing.

The Out Years

The annualized ongoing fiscal impact identified above would continue into the future subject to the number of access-to-records complainants that choose to have a DPH hearing.

Primary Analyst: RW
Contributing Analyst(s):
Reviewer: JS

3/7/11

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sHB-6471
AN ACT PROHIBITING MOST FAVORED NATION CLAUSES IN HEALTH CARE PROVIDER CONTRACTS.

OFA Fiscal Note

State Impact:

Agency Affected	Fund-Effect	FY 12 $	FY 13 $
Comptroller Misc. Accounts (Fringe Benefits)	GF & TF- Cost	Indeterminate	Indeterminate

Note: GF=General Fund and TF = Transportation Fund

Municipal Impact:

Municipalities	Effect	FY 12 $	FY 13 $
Various Municipalities	STATE MANDATE - Cost	Indeterminate	Indeterminate

Explanatio

As of July 1, 2010, the State Employees' Health plan went self insured. Pursuant to current federal law, the state's self-insured health plan would be exempt from state health insurance benefit mandates. However, in previous self-funded arrangements the state has traditionally adopted all state mandates. To the extent that the state continues this practice of voluntary mandate adoption, the following impact would be anticipated.

The bill may result in a cost to the state employee health plan. The cost is indeterminate as it would depend on the price the state is able to secure as a result of the bill's provision when it negotiates rates with providers. The bill would inhibit the state's ability to assure the lowest price paid for services.

The bill may result in a cost to certain fully-insured municipalities

when they enter into contracts with insurance companies or providers for the delivery of services on or after October 1, 2011. The cost is indeterminate as it would depend on the price municipalities are able to secure as a result of the bill's provision when they negotiate rates with providers. The bill would inhibit municipalities' ability to assure the lowest price paid for services. Due to federal law, municipalities with self-insured health plans are exempt from state health insurance benefit mandates.

The state employee health plan and many municipal health plans are recognized as "grandfathered" health plans under the Patient Protection and Affordability Care Act (PPACA). It is unclear what effect the adoption of certain health mandates will have on the grandfathered status of the state employee health plan or grandfathered municipal plans PPACA[1].

The Out Years

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

It is unclear what effect the PPACA will have on health care contracts and therefore what the net impact to the state and municipalities will be as a result of the bill's provisions.

The federal health care reform act requires that, effective January 1, 2014; all states must establish a health benefit exchange, which will offer qualified plans that must include a federally defined essential benefits package. While states are allowed to mandate benefits in excess of the basic package, the federal law appears to require the state to pay the cost of any such additional mandated benefits. The extent of

[1] According to the PPACA, compared to the plans' policies as of March 23, 2010, grandfathered plans who make any of the following changes within a certain margin may lose their grandfathered status: 1) Significantly cut or reduce benefits, 2) Raise co-insurance charges, 3) Significantly raise co-payment charges, 4) Significantly raise deductibles, 5) Significantly lower employer contributions, and 5) Add or tighten annual limits on what insurer pays. (www. healthcare. gov)

these costs will depend on the mandates included in the federal essential benefit package, which have not yet been determined. However, neither the agency nor mechanism for the state to pay these costs has been established.

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sHB-6472
AN ACT CONCERNING HEALTH INSURANCE COVERAGE FOR OSTOMY SUPPLIES.

OFA Fiscal Note

State Impact: None

Municipal Impact:

Municipalities	Effect	FY 12 $	FY 13 $
Various Municipalities	STATE MANDATE - Cost	Potential	Potential

Explanation

The bill results in no fiscal impact to the state. The state employee health plan currently provides coverage for medically necessary ostomy supplies at no cost to the patient.

The bill's provisions may increase costs to certain fully insured, non-grandfathered municipal plans that do not currently provide the coverage mandated. The coverage requirements may result in increased premium costs when municipalities enter into new health insurance contracts after January 1, 2012. Due to federal law, municipalities with self-insured plans are exempt from state health insurance benefit mandates.

Many municipal health plans are recognized as "grandfathered" health plans under the Patient Protection and Affordability Act (PPACA)[1]. It is unclear what effect the adoption of certain health

[1] Grandfathered plans include most group insurance plans and some individual health plans created or purchased on or before March 23, 2010. Pursuant to the PPACA, all health plans, including those with grandfathered status are required to provide the following as of September 23, 2010: 1) No lifetime limits on coverage, 2)

mandates will have on the grandfathered status municipal plans PPACA[2].

The Out Years

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

The federal health care reform act prohibits, effective January 1, 2014, all non-grandfathered group health plans from imposing annual coverage limits on essential health benefits as defined in section 1302(b) of the PPACA.

The federal health care reform act requires that, effective January 1, 2014; all states must establish a health benefit exchange, which will offer qualified plans that must include a federally defined essential benefits package. While states are allowed to mandate benefits in excess of the basic package, the federal law appears to require the state to pay the cost of any such additional mandated benefits. The extent of these costs will depend on the mandates included in the federal essential benefit package, which have not yet been determined. However, neither the agency nor mechanism for the state to pay these costs has been established.

Sources: *The Kaiser Family Foundation*
US Department of Health and Human Services

No rescissions of coverage when individual gets sick or has previously made an unintentional error on an application, and 3) Extension of parents' coverage to young adults until age 26. (www.healthcare.gov)

[2] According to the PPACA, compared to the plans' policies as of March 23, 2010, grandfathered plans who make any of the following changes within a certain margin may lose their grandfathered status: 1) Significantly cut or reduce benefits, 2) Raise co-insurance charges, 3) Significantly raise co-payment charges, 4) Significantly raise deductibles, 5) Significantly lower employer contributions, and 5) Add or tighten annual limits on what insurer pays. (www.healthcare.gov)

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sHB-6499
AN ACT CONCERNING MINOR REVISIONS TO THE EDUCATION STATUTES.

OFA Fiscal Note

State Impact:

Agency Affected	Fund-Effect	FY 12 $	FY 13 $
Education, Dept.	GF - Cost	less than 10,000	None

Note: GF=General Fund

Municipal Impact:

Municipalities	Effect	FY 12 $	FY 13 $
Various Municipalities	STATE MANDATE - Potential Cost	Less than $5,000 per district	Less than $5,000 per district

Explanation

Sections 1 and 2, which requires the State Board of Education (SBE) to make genocide education curriculum and materials available and to encourage local and regional school districts to include genocide education in instructional programs for students and in-service training programs for teachers, will result in a cost of up to $10,000 to the State Department of Education (SDE). Currently, SDE does not employee a Social Studies Consultant and would have to contract with a Regional Education Service Center to provide the expertise.

Section 3, which allows the education commissioner to permit a certified teacher who holds an elementary education endorsement to teach a specialized course at a kindergarten-through-grade-eight school in the district, is not anticipated to result in a fiscal impact.

Sections 4-11, which reduces the reporting requirements for SDE, is

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not anticipated to result in a fiscal impact.

Sections 12, 14-15, which makes procedural changes, is not anticipated to result in a fiscal impact.

Section 16 expands local and regional school board requirements related to truancy. **Section 16** requires that school personnel or volunteers notify the parent of a child's absence by mail (where under current law they must notify parents by phone). This could result in an additional minimal cost (anticipated to be less than $5,000 per district) to local and regional school districts. The impact to districts with high rates of truancy will have the greatest impact.

Sections 17-18 make other various changes to truancy policies, which are not anticipated to result in a fiscal impact.

Sections 13, 19, and 20 make technical corrections that are not anticipated to result in a fiscal impact.

The Out Years

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

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sHB-6544
AN ACT CONCERNING ENERGY EFFICIENCY.

OFA Fiscal Note

State Impact:

Agency Affected	Fund-Effect	FY 12 $	FY 13 $
Energy Conservation and Management Board	CT Energy Efficiency Fund - Cost	See Below	See Below
Various State Agencies	Various - Potential Savings	See Below	See Below

Note: GF=General Fund

Municipal Impact:

Municipalities	Effect	FY 12 $	FY 13 $
Various Municipalities	Potential Cost/Savings	See Below	See Below

Explanation

The bill adds additional duties to the Energy Conservation Management Board (ECMB) regarding energy performance contracts. ECMB oversees the Energy Conservation and Load Management Fund; also know as the Connecticut Energy Efficiency Fund (CEEF). The CEEF is funded through a ratepayer surcharge of 3 mills per kilowatt hour, generating over $100 million annually. The bill does not increase ECMB funding but permits any costs incurred to be recouped through CEEF. It is anticipated that ECMB will require consulting services costing approximately $200,000 to implement the provisions of this bill. Enactment would thus reduce the amount of funding ECMB has available for expenditures on other programs.

The bill allows state agencies and municipalities to enter into energy performance contracts with private contractors, could result in long-

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term savings after the contracts are paid off if the energy efficiency improvements would not otherwise have been made.

Contracts to perform capital improvements would be paid through multi-year agreements that are structured like a lease. State payments would be made from the agency's operating budget. The contractors are expected to finance the cost of the improvements through bank loans at prevailing commercial market rates. However, the contracts are a more expensive option when compared to the General Fund cost to the state of issuing General Obligation (GO) bonds to finance the energy efficiency improvements itself. This is because the state can issue GO bonds at a lower interest rate than the rates available to the private contractors in the commercial market.

The bill requires the ECMB to consult with the Office of Policy and Management (OPM) to develop a standardized energy performance contract process by January 1, 2012, which will result in costs of at least $150,000 annually for additional staff or consultants. These initial costs are to be paid for from ECMB funds. The bill permits OPM to collect fees from participating state agencies and municipalities, who may add these costs to the total cost of the energy performance contract.

The bill further requires each state agency or participating municipality to allocate sufficient moneys for each fiscal year to make payment of any amounts payable under energy performance contracts during such fiscal year.

It is anticipated that any municipality choosing to enter into an energy performance contract will factor the costs of accessing technical support services and issuing requests for proposals; as well as paying for investment-grade energy audits in certain instances, into its decision making process before pursuing such a contract.

The bill makes changes to the quasi-public agency, Connecticut Health and Educational Facilities Authority's (CHEFA) Green Connecticut Loan Guaranty Fund. It is anticipated that CHEFA will have sufficient reserves to implement these changes.

The Out Years

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