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STATE OF CONNECTICUT

INSURANCE DEPARTMENT

Testimony Insurance and Real Estate Committee February 18, 2016

Senate Bill No. 37 An Act Requiring Health Insurance Coverage With Pediatric Autoimmune Neuropsychiatric Disorder Associated With Streptococcal Infections.

Chairmen Crisco and Megna, Ranking Members Kelly and Sampson and esteemed members of the Insurance and Real Estate Committee, the Insurance Department appreciates the opportunity to submit written testimony on **Senate Bill No. 37 An Act Requiring Health Insurance Coverage With Pediatric Autoimmune Neuropsychiatric Disorder Associated With Streptococcal Infections**. Generally, S.B. 37 would require fully insured group and individual plans to provide coverage for the diagnosis and treatment of pediatric autoimmune neuropsychiatric disorder associated with streptococcal infections (PANDAS).

The Insurance Department is extremely sensitive to the importance of this bill; however, this proposal would be considered a new mandate under the rules of the Affordable Care Act and **would result in a fiscal impact to the state. The state's Mandated Benefit Review program has estimated the cost to be more than \$100,000 annually for plans sold on the Exchange and for the state Employee Health Plan.**

A "mandate," or state-required benefit, includes only specific care, treatment or services that a health plan must cover. About four years ago, the state included its mandates in the benchmark package as part of the Essential Health Benefits of ACA complaints plans sold on the exchange.

HHS issued a final rule in 2013 stating that mandated benefits enacted AFTER December 31, 2011 that would be added to the Essential Health Benefits would be the financial liability of the state. In those cases, the state would be required to pay an insurance carrier or policyholder an amount that would defray premiums costs due to any new mandated benefits.

In seeking to confirm whether this constitutes a new mandate, the Insurance Department submitted identical language last year to Center for Consumer Information and Insurance Oversight (CCIIO), the primary federal office within Health and Human Services ("HHS") overseeing implementation of the Affordable Care Act/ CCIIO has advised the Department that

About the Connecticut Insurance Department: The mission of the Connecticut Insurance Department is to protect consumers through regulation of the industry, outreach, education and advocacy. The Department recovers an average of more than \$4 million yearly on behalf of consumers and regulates the industry by ensuring carriers adhere to state insurance laws and regulations and are financially solvent to pay claims. The Department's annual budget is funded through assessments from the insurance industry. For every dollar of direct expense, the Department brings in about \$7.45 to the state in revenues. Each year, the Department returns more than \$215 million in assessments, fees and penalties to the state's General Fund.

it would consider this a new mandate thereby creating a new fiscal liability for the State of Connecticut.

The cost of this mandate was reviewed in 2013 for the 2014 legislative session pursuant to the Mandate Review Program as provided in Connecticut General Statute section 38a-21. That report which is available on our Web site at: http://www.ct.gov/cid/lib/cid/2013_Health_Benefit_Madates_Review.pdf estimated that adoption of the proposed PANDAS diagnosis and treatment mandate would add, on average, \$0.013 per member per month (PMPM) for premiums of group policies and \$0.014 to premiums of individual policies in 2014. This would equate to a state liability of approximately \$84,000 annually for the Exchange plans and approximately \$31,200 annually for the State of Connecticut employee health plan, totaling approximately \$115,200 for 2016. This number would be in addition to the costs of any other new mandates passed this year.

The Department thanks the Insurance Committee Chairs and members for the opportunity to submit testimony on S.B. 37.

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