

# OFFICE OF FISCAL ANALYSIS

Legislative Office Building, Room 5200  
Hartford, CT 06106 ◊ (860) 240-0200  
<http://www.cga.ct.gov/ofa>

sHB-5384

AN ACT CONCERNING PRESCRIPTION DRUG COSTS.

As Amended by House "A" (LCO 5048)

House Calendar No.: 212

## ***OFA Fiscal Note***

### ***State Impact:***

Agency Affected	Fund-Effect	FY 19 \$	FY 20 \$
Insurance Dept.	IF - Cost	None	225,000
Office of Health Strategy	GF - Cost	None	50,000
Insurance Dept.	GF - Potential Revenue Gain	None	None

Note: IF=Insurance Fund; GF=General Fund

### ***Municipal Impact:***

Municipalities	Effect	FY 19 \$	FY 20 \$
Various Municipalities	STATE MANDATE - Potential Cost	None	None

## ***Explanation***

The bill establishes new requirements regarding the prescription drug market which result in an impact to the state and municipalities as described below.

The provisions of the bill result in (1) a cost to the Insurance Fund of approximately \$100,000 in FY 20 (half year) and \$200,000 annually thereafter for the Insurance Department (DOI) to support an insurance actuary,<sup>1</sup> (2) a cost to the Insurance Fund of approximately \$125,000 for

---

<sup>1</sup> The fringe benefit costs for employees funded out of other appropriated funds are

consultant services for DOI in FY 20, which brings the bill's total cost to the Insurance Fund in FY 20 to \$225,000, and (3) a cost to the General Fund of approximately \$50,000 in FY 20 (half year) and \$100,000 annually thereafter for the Office of Health Strategy to support a research analyst.<sup>2</sup>

The provisions of the bill result in a potential minimal revenue gain to the General Fund from penalties imposed under the bill, which may begin in FY 21.

Lastly, section 4 of the bill does not result in a fiscal impact to the state employee and retiree health plan as the state plan currently complies with the rebate pass through requirements. Section 4 may result in a cost to fully-insured municipal plans to the extent rebates are not currently passed through to the consumers in premiums. The impact will be reflected in fully insured premiums for policies issued on or after March 1, 2022. Due to federal law, this provision does not impact self-insured municipalities.

House "A" strikes the underlying bill and replaces it with the impact described above.

### ***The Out Years***

#### ***State Impact:***

<b>Agency Affected</b>	<b>Fund-Effect</b>	<b>FY 21 \$</b>	<b>FY 22 \$</b>	<b>FY 23 \$</b>
Insurance Dept.	IF - Cost	200,000	200,000	200,000
Office of Health Strategy	GF - Cost	100,000	100,000	100,000
Insurance Dept.	GF - Potential Revenue Gain	Minimal	Minimal	Minimal

Note: IF=Insurance Fund; GF=General Fund

---

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 87.66% of payroll in FY 19 and FY 20.

<sup>2</sup> The fringe benefit costs for most state employees are budgeted centrally in accounts administered by the Comptroller. The estimated active employee fringe benefit cost associated with most personnel changes is 36.33% of payroll in FY 19 and FY 20.

**Municipal Impact:**

<b>Municipalities</b>	<b>Effect</b>	<b>FY 21 \$</b>	<b>FY 22 \$</b>	<b>FY 23\$</b>
Various Municipalities	STATE MANDATE - Potential Cost	None	See Below	See Below

The fiscal impact in the outyears is described above, and would continue into the future subject to inflation.

*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.*