

OFFICE OF FISCAL ANALYSIS

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SB-376

AN ACT CONCERNING HEALTH INSURANCE COVERAGE FOR PROSTHETIC DEVICES.

OFA Fiscal Note

State Impact:

Agency Affected	Fund-Effect	FY 19 \$	FY 20 \$
The State	Other - Cost	Up to \$600,000	Up to \$1.2 million

Municipal Impact:

Municipalities	Effect	FY 19 \$	FY 20 \$
Various Municipalities	STATE MANDATE - Cost	See Below	See Below

Explanation

The bill does not result in a cost to the state employee and retiree health plan as the plan currently complies with the coverage requirements of the bill. The bill will result in a cost to the state pursuant to the federal Affordable Care Act (ACA) (see below) of up to \$600,000 in FY 19 and \$1.2 million in FY 20 related to coverage of prosthetic repairs and replacements as required by the bill.¹

The bill will increase costs to certain fully-insured municipal plans that do not currently provide coverage for prosthetic devices in accordance with the bill. The coverage requirements will result in increased premium costs when municipalities enter into new health

¹ *Review and Evaluation of Public Act 09-188, An Act Concerning Wellness Programs and Expansion of Health Insurance Coverage.* UConn Center Public Health and Health Care Policy (2009).

insurance contracts after January 1, 2019. In addition, many municipal health plans are recognized as “grandfathered” health plans under the ACA.² It is unclear what effect the adoption of certain health mandates will have on the grandfathered status of certain municipal plans under ACA. Pursuant to federal law, self-insured health plans are exempt from state health mandates.

The State and the federal ACA

Lastly, the ACA requires that, the state’s health exchange’s qualified health plans (QHPs), include a federally defined essential health benefits package (EHB). While states are allowed to mandate benefits in excess of the EHB, the federal law requires the state to defray the cost of any such additional mandated benefits for all plans sold in the exchange, by reimbursing the carrier or the insured for the excess coverage. Absent further federal guidance, state mandated benefits enacted after December 31, 2011 cannot be considered part of the EHB unless they are already part of the benchmark plan. Coverage of repairs and replacements of prosthetics in accordance with the bill are in excess of the benchmark plan. Neither the agency nor the mechanism for the state to pay these costs has been specified.

The Out Years

The annualized ongoing fiscal impact identified above would continue into the future subject to various factors and for fully-insured municipalities, will be reflected in future premiums.

² Grandfathered plans include most group insurance plans and some individual health plans created or purchased on or before March 23, 2010. Generally, grandfathered plans are not required to provide coverage for EHBs.