

# OFFICE OF FISCAL ANALYSIS

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HB-6095

AN ACT CONCERNING REQUIRED HEALTH INSURANCE  
COVERAGE FOR DETOXIFICATION AND SUBSTANCE ABUSE  
SERVICES.

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## ***OFA Fiscal Note***

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

<b>Agency Affected</b>	<b>Fund-Effect</b>	<b>FY 20 \$</b>	<b>FY 21 \$</b>
State Comptroller - Fringe Benefits	GF&TF - Potential Cost	See Below	See Below

Note: GF&TF=General Fund & Transportation Fund

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

<b>Municipalities</b>	<b>Effect</b>	<b>FY 20 \$</b>	<b>FY 21 \$</b>
Various Municipalities	STATE MANDATE <sup>1</sup> - Potential Cost	See Below	See Below

### ***Explanation***

The bill will result in a cost to the state employee and retiree health plan and fully-insured municipal health plans to the extent the elimination of the medical necessity requirement for inpatient and outpatient substance abuse and detoxification services outlined in the bill increases the utilization of services for covered members. The state employee and retiree health plan currently provides coverage for the specified services in the bill based on a determination of medical necessity. Based on the most recent data available, the state employee

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<sup>1</sup> State mandate is defined in Sec. 2-32b(2) of the Connecticut General Statutes, "state mandate" means any state initiated constitutional, statutory or executive action that requires a local government to establish, expand or modify its activities in such a way as to necessitate additional expenditures from local revenues.

and retiree health plan spent approximately \$6.8 million on substance abuse services.<sup>2</sup> The cost to fully insured municipal plans will be reflected in premiums for policy years beginning on and after January 1, 2020 and be based on the risk profile of the covered members. Pursuant to federal law, self-insured plans are exempt from state health insurance mandates.<sup>3</sup> It is unclear what impact the lifetime limits will have on services and if they are preempted by preexisting coverage provisions.

In addition, many municipal health plans are recognized as “grandfathered” health plans under the Affordable Care Act (ACA).<sup>4</sup> It is unclear what effect the adoption of certain health mandates will have on the grandfathered status of certain municipal plans under ACA.

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

The annualized ongoing fiscal impact identified above will continue into the future based on the utilization of services and for fully-insured municipalities, will be reflected in future premiums.

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<sup>2</sup> Source: Office of the State Comptroller

<sup>3</sup> The state employee and retiree health plan is a self-insured plan. However, historically the plan has adopted all health insurance mandates.

<sup>4</sup> Grandfathered plans include most group insurance plans and some individual health plans created or purchased on or before March 23, 2010.