

OFFICE OF FISCAL ANALYSIS

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sHB-7125

AN ACT CONCERNING MENTAL HEALTH AND SUBSTANCE USE DISORDER BENEFITS.

As Amended by House "A" (LCO 8773)

House Calendar No.: 221

OFA Fiscal Note

State Impact:

Agency Affected	Fund-Effect	FY 20 \$	FY 21 \$
State Comptroller - Fringe Benefits ¹	GF, TF - Cost	At least \$xx	At least \$xx

Municipal Impact:

Municipalities	Effect	FY 20 \$	FY 21 \$
Various Municipalities	STATE MANDATE ² - Cost	See Below	See Below

Explanation

Section 1 of the bill is not anticipated to result in a cost to the Insurance Department to comply with the requirements of the amendment as the agency has the expertise to do so.

Sections 2 and 4 do not result in a fiscal impact to the state or municipalities as they pertain to individual health insurance policies.

¹The 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 41.19% of payroll in FY 20 and FY 21.

² 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.

Section 3 does not result in a fiscal impact to the state or municipalities as it codifies federal law.

Section 5 will result in a cost to the state and municipal health plans to the extent services are required to be covered for court ordered services that otherwise would have been excluded. The cost will depend on the mix of services and utilization. Under the state plan, court ordered services that have been ordered as a condition of probation or parole are generally not covered by the plan.

The cost to fully-insured municipal plans to comply with the provisions of section 5 of the bill will be reflected in premiums for policy years beginning on and after January 1, 2020. Pursuant to federal law, self-insured plans are exempt from state health insurance mandates.³

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

House “A” replaces the original language of the bill and results in the fiscal impact indicated above.

The Out Years

The annualized ongoing fiscal impact above will continue into the future: (1) based on the mix and utilization of services provided, and (2) for fully-insured municipalities, will be reflected in future premiums.

³ The state employee and retiree health plan is self-insured; however, the plan has historically adopted all health insurance mandates.

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