

OFFICE OF FISCAL ANALYSIS

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

sHB-7267

AN ACT CONCERNING PUBLIC OPTIONS FOR HEALTH CARE IN CONNECTICUT.

As Amended by House "A" (LCO 10326)

House Calendar No.: 231

Senate Calendar No.: 676

OFA Fiscal Note

State Impact:

Agency Affected	Fund-Effect	FY 20 \$	FY 21 \$
Various State Agencies	See Below	See Below	See Below

Municipal Impact:

Municipalities	Effect	FY 20 \$	FY 21 \$
Various Municipalities	See Below	See Below	See Below

The bill is anticipated to result in the following fiscal impacts, identified by bill section below:

Sections 1 to 7, 9, and 19 result in costs to the Office of Health Strategy (OHS) of less than approximately \$1 million in FY 20 and less than approximately \$1.5 million in FY 21 for staffing and contracting costs that will be incurred to fulfil the reporting and benchmarking requirements in the amendment. Staffing costs reflect, at most, three Principal Health Care Analysts with salaries of approximately \$100,000 each and an Administrative Assistant with a salary of approximately \$60,000. Associated fringe benefit costs are approximately \$500,000 annually.

Section 10 will result in an annual revenue gain not to exceed \$30 million from the fee imposed by the Insurance Department on

insurance carriers to fund a reinsurance program. The bill will generate revenue of at least \$25.6 to \$28.4 million in federal pass-through funding secured through the approval of the 1332 waiver. The reinsurance program will be operated by the existing Health Reinsurance Association¹ as long as the 1332 waiver remains in effect. Administering the fee and adopting regulations is not anticipated to result in a fiscal impact to the Insurance Department as it is within the agency's expertise.

Sections 11 to 18, which require the Department of Consumer Protection (DCP) and the Department of Public Health (DPH) to establish a Canadian Prescription Drug Importation Program, result in a cost to both agencies and the Office of the State Comptroller for fringe benefits. There is a potential revenue gain from laboratories that apply for certification to participate in the Program. Pursuant to CGS Sec. 19a-29a, the fee per laboratory certification application is \$1,250.

It is anticipated that DCP and DPH will jointly hire one 6-month durational Project Manager, at a cost of \$105,893 for salary and fringe benefits, to submit a program approval request to the federal Secretary of Health and Human Services (HHS). HHS approval is needed before the Canadian Prescription Drug Importation Program can be established. If the Program is approved by HHS, DCP will need one Drug Control Agent, resulting in a cost of \$119,171 for salary and fringe benefits, to regulate and enforce it. DPH will need a Laboratory Consultant at a cost of \$75,028 for salary and \$30,904 for fringe benefits. Among other tasks, the Laboratory Consultant will assess environmental laboratory applications for certification and evaluate testing protocols for each of the medications being reviewed for incorporation into the Program. Evaluation is needed to ensure quantitative and qualitative consistency with the United States Pharmacopeia.

Section 20 does not result in a fiscal impact to the State or municipalities as it pertains to individual insurance policies.

¹This is a nonprofit association made of up Connecticut insurance carriers.

Section 21 is not anticipated to result in a cost to the state employee and retiree health plan as mail order provisions are governed by a collective bargaining agreement between the State and the State Employees' Bargaining Agent Coalition (SEBAC). Pursuant to State law, when State law and a collective bargaining agreement are in conflict, the contract supersedes State law.

The bill may result in a cost to fully insured municipal plans that require mail-order pharmacy for drugs outside of the maintenance class. Pursuant to federal law, self-insured plans are exempt from state health mandates.

House "A" struck the language of the underlying bill and its associated fiscal impact. New language provided in the amendment is anticipated to result in the various fiscal impacts detailed by section above.

The Out Years

The annualized ongoing fiscal impact identified above 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.