OFFICE OF FISCAL ANALYSIS

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sHB-7360
AN ACT CONCERNING NONSTATE PUBLIC EMPLOYER HEALTH CARE PLANS.

OFA Fiscal Note

State Impact:

Agency Affected	Fund-Effect	FY 20 $	FY 21 $
State Comptroller - Fringe Benefits	GF&TF - See Below	See Below	See Below
University of Connecticut	Operating – See Below	See Below	See Below

Note: GF&TF=General Fund & Transportation Fund

Municipal Impact:

Municipalities	Effect	FY 20 $	FY 21 $
Various Municipalities in the Partnership Plan 2.0	STATE MANDATE[1] - See Below	See Below	See Below

Explanation

The bill will result in a fiscal impact to nonstate public employers including municipalities who currently participate in the Partnership Plan to the extent: (1) additional plans or plan designs are developed by the State Comptroller (OSC), excluding high deductible plans, for nonstate public employers and (2) geographical rating impacts the premiums nonstate public employers currently pay to OSC starting in FY 20. In addition, the bill eliminates the requirement to refund any premiums in excess of claims, which will result in a reserve to the extent this occurs. While this provision would preclude any potential

[1] 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.

savings from accruing to participating entities for a single plan year, reserves will mitigate future premium increases necessary to cover plan losses. The impact to participating entities will be based on the premiums established pursuant to the provisions of the bill compared to the premiums entities would have paid under current law.

The bill may result in an impact to state employee and retiree health plan (excluding the Medicare Advantage Plan for employees and dependents age 65 and older) and the University of Connecticut to the extent the bill's provisions impact the premiums established for the state employee plan compared to what the state plan premiums would be under current law. Currently, state employees, retirees, unionized graduate assistants at the University of Connecticut, nonstate public employers participating in the Partnership Plan, and all eligible dependents are pooled into a single risk pool. Premiums for the state employee and retiree health plan and the Partnership Plan are calculated based on the risk profile of the single pool and identical under current law; the bill allows premiums and plan designs under Partnership Plan to vary from what is maintained for state employees and retirees.

Lastly, the bill eliminates the state employee premium account. This account currently pays claims costs for nonstate public employers participating in the Partnership Plan out of plan premiums currently deposited into the account. It is unclear to what extent OSC is permitted to receive premiums paid by nonstate public employers, without a designated account within the General Fund as is provided in current law. The bill requires OSC to establish an accounting procedure. The bill does not specify how the funds currently in the account will be accounted for.

The Out Years

The annualized ongoing fiscal impact identified will continue into the future based on the impact to the state employee and retiree health plan and the Partnership Plan from changes enacted pursuant to the bill.