

OFFICE OF FISCAL ANALYSIS

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SB-33

AN ACT CONCERNING HEALTH INSURANCE COVERAGE OF ORALLY AND INTRAVENOUSLY ADMINISTERED PRESCRIPTION DRUGS.

OFA Fiscal Note

State Impact:

Agency Affected	Fund-Effect	FY 20 \$	FY 21 \$
State Comptroller - Fringe Benefits (State Employee and Retiree Health Plan)	GF, TF - Cost	At least \$20,000	At least \$20,000

Municipal Impact:

Municipalities	Effect	FY 20 \$	FY 21 \$
Various Municipalities	STATE MANDATE ¹ - Cost	See Below	See Below

Explanation

The bill will result in a cost to the state employee and retiree health plan of at least \$20,000 and to fully-insured municipal plans to provide coverage for orally administered medications no less favorably than intravenously (IV) administered medications. The cost to the state plan is the result of waiving co-pays for those individuals prescribed an orally administered medication for which there is an equivalent IV administered medication.

The state employee and retiree health plan covers medically

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.

necessary oral and IV medications. IV medications are traditionally billed through the medical benefit based on (1) the site of services and (2) other medical care associated with IV administration. In contrast, orally administered medications are traditionally billed through the pharmacy benefit and are subject to the following to copays which range from \$0 to \$40. The state plan will incur a cost of at least \$20,000 from waiving copays for orally administered medication for which there is an IV alternative.

Municipal Impact

As previously stated, the bill will increase costs to certain fully insured, municipal plans that do not currently adhere to the coverage requirements of the bill. The impact will be reflected in premiums for policies entered into on and after January 1, 2020. 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.³

The Out Years

The annualized ongoing fiscal impact identified above will continue into the future and be realized in the claims experience of the state and for fully-insured municipal plans, 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.

³ The state employee and retiree health plan is self-insured and therefore exempt from state health mandate. However, the state has historically adopted all state health insurance mandates.