

# OFFICE OF FISCAL ANALYSIS

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sSB-896

AN ACT ESTABLISHING RATIONAL HOSPITAL PRICING.

## **OFA Fiscal Note**

### **State Impact:**

Agency Affected	Fund-Effect	FY 20 \$	FY 21 \$
Social Services, Dept.	GF - Cost	Up to 500,000	None
State Comptroller - Fringe Benefits (State Employee and Retiree Health)	GF and STF - See Below	See Below	See Below
Social Services, Dept.	GF - See Below	See Below	See Below

Note: GF=General Fund; STF = Special Transportation Fund

### **Municipal Impact:**

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

### **Explanation**

The bill will result in a cost to the Department of Social Services (DSS) of up to \$500,000 in FY 20 for consultant services to develop the Medicare waiver required in the bill in accordance with federal law by September 1, 2019.

The bill may result in a fiscal impact to the Medicaid Program, the state employee and retiree health plan, and municipal health plans. The extent of the impact depends on how the all-payer hospital payment system changes the cost of hospital services that the state and municipalities reimburse for employees, their dependents and public assistance beneficiaries. For reference, in FY 18, the total gross inpatient and outpatient hospital expenditures for the Medicaid

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3/20/19

program were \$1.7 billion (this excludes hospital supplemental payments of \$597.7 million). The state employee and retiree health plan gross hospital related claims expenditures for FY 17 (the most recent data available) were approximately \$412 million.

***The Out Years***

The annualized ongoing fiscal impact identified above will continue into the future subject to the all-payer hospital payment system implemented in accordance with the waiver.