

OFFICE OF FISCAL ANALYSIS

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

sHB-7125

AN ACT CONCERNING MENTAL HEALTH AND SUBSTANCE USE DISORDER BENEFITS.

AMENDMENT

LCO No.: 7860

File Copy No.: 343

House Calendar No.: 221

OFA Fiscal Note

State Impact:

Agency Affected	Fund-Effect	FY 20 \$	FY 21 \$
State Comptroller - Fringe Benefits (Active and Retired Health Services)	GF, TF - Cost	At least \$1 million	At least \$2 million

Municipal Impact:

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

Explanation

The amendment strikes the underlying bill and associated fiscal impact. The amendment will result in a cost to the state employee and retiree health plan and fully insured municipal plans resulting from changes to health coverage requirements for mental health and substance use disorders, as described below.

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.

Primary Analyst: HW
Contributing Analyst(s):

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(SM)

There is a cost to the state plan of approximately \$1 million in FY 20 and \$2 million in FY 21 from eliminating medical necessity and prior authorization for certain services which is anticipated to change the utilization of services. In accordance with current law, the state employee and retiree health plan currently provides coverage for inpatient and outpatient mental health and substance use disorder services, using the American Society of Addiction Medicine (ASAM) guidelines to determine the appropriate service intensity and level of care.

In addition, there will be 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 the amendment 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.²

In addition, many municipal health plans are recognized as “grandfathered” health plans under the Affordable Care Act (ACA).³ It is unclear what effect the adoption of certain health mandates will have on the grandfathered status of certain municipal plans under ACA.

The amendment 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.

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

² The state employee and retiree health plan is self-insured; however, the plan has historically adopted all health insurance mandates.

³ Grandfathered plans include most group insurance plans and some individual health plans created or purchased on or before March 23, 2010.

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.