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HB-7267
AN ACT CONCERNING PUBLIC OPTIONS FOR HEALTH CARE IN CONNECTICUT.

AMENDMENT

LCO No.: 9710
File Copy No.: 353
House Calendar No.: 231

OFA Fiscal Note

See Fiscal Note Details

The amendment strikes the underlying bill and its associated fiscal impact. It results in the following fiscal impacts:

Sections 1 to 4, 6, 12, 19, and 21 to 29 result in costs to the Office of Health Strategy (OHS) of approximately $1 million in FY 20 and approximately $1.5 million in FY 21 for staffing and contracting costs that will be incurred to establish the Connecticut Option and fulfil the reporting, oversight, and benchmarking requirements in the amendment. Staffing costs reflect three Principal Health Care Analysts with salaries of approximately $100,000 and an Administrative Assistant with a salary of approximately $60,000. Associated fringe benefit costs are approximately $500,000 annually.

Section 5 may result in consulting costs of up to $150,000 to the Office of the State Comptroller (OSC) to comply with the contractual and design requirements of the amendment. This cost will vary depending upon the extent to which OSC can utilize the current state employee and retiree health plan design and network.

Sections 7 to 11 result in a one-time cost of up to $18 million and annual maintenance and staff costs of up to $3.3 million to the Connecticut Health Insurance Exchange, a quasi-public state agency.

Costs are associated with establishing and administering: (1) premium and cost sharing subsidies to be funded through an individual health care responsibility fee, (2) a reinsurance program, and (3) transmittal of data to the Department of Revenue Services (DRS).

Costs include information technology (IT)-related, one-time expenses of up to $2.5 million, and annual IT expenses of up to $200,000, to add functionality related to electronic data and the movement of funds and data at the Exchange and the Exchange's subsidiary. The Exchange's subsidiary is created by the amendment. It is anticipated that costs incurred by the Exchange and its subsidiary will be borne by the assessment on health carriers and passed on to consumers as higher premiums.

Sections 13 to 18, 20 result in revenue of up to $30.8 million annually beginning in FY 23, which will be deposited into the Connecticut Health Insurance Subsidies Fund (CHISF) (see Section 9). The CHISF is a separate fund to be operated by the Exchange's subsidiary.[1]

Section 30 establishes an excise tax on opioids which results in (1) a General Fund revenue gain of $9.1 million in FY 20 and $18.3 million annually thereafter, and (2) a one-time cost to the Department of Revenue Services of $70,000 in FY 20 only associated with updates to the online Taxpayer Service Center and the internal Integrated Tax Administration System.

Section 31 requires health carriers, beginning 1/1/20, to pay a monthly surcharge on their policies ($10 per insured for individual policies and $5 per insured for group policies) to be remitted annually to the Insurance Commissioner for deposit into the CHISF. Based on 2017 health insurance enrollment figures, it is anticipated that six months of surcharges will result in deposits of approximately $27.5 million in FY 21 and approximately $55 million in FY 22 (full-year) and

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[1]Based on tax payer information for tax year 2016, the last year the federal individual mandate was in effect. https://www.irs.gov/statistics/soi-tax-stats-historic-table-2)

annually thereafter. The proceeds of the surcharge will be used to fund the reinsurance program, which will be administered by the Exchange's subsidiary. This section is contingent upon federal approval of the 1332 waiver, as required by the amendment.

Sections 32 to 40, 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.

DCP and DPH will have to 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 Pharmacopecia.

Section 41 does not result in a fiscal impact to the state or municipalities as it pertains to individual insurance policies.

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.