

OFFICE OF FISCAL ANALYSIS

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

SB-1007

AN ACT REQUIRING HEALTH INSURANCE AND MEDICAID
COVERAGE FOR THE TREATMENT OF SEVERE OBESITY.

OFA Fiscal Note

State Impact:

Agency Affected	Fund-Effect	FY 22 \$	FY 23 \$
ACA - State Mandate	GF - Cost	Significant	Significant
Social Services, Dept.	GF - Potential Cost	See Below	See Below

Note: GF=General Fund

Municipal Impact:

Municipalities	Effect	FY 22 \$	FY 23 \$
Various Municipalities	STATE MANDATE ¹ - Cost	See Below	See Below

Explanation

The bill does not result in a cost to the state employee and retiree health plan as the state health plan currently provides coverage in accordance with the provisions of the bill.

The bill will result in a cost to fully-insured municipal health plans that do not currently provide coverage for surgical procedures to treat severe obesity. The cost to fully insured municipal plans will be reflected in premiums for policy years beginning on and after January

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.

1, 2022 and be based on the risk profile of the covered members. Pursuant to federal law, self-insured plans are exempt from state health insurance mandates.

In addition, many municipal health plans are recognized as “grandfathered” health plans under the Affordable Care Act (ACA).² It is unclear what effect the adoption of certain health mandates will have on the grandfathered status of certain municipal plans under the ACA.

Lastly, the bill will result in a cost to the state pursuant to the ACA, as the coverage requirements in the bill are not currently provided under the state exchange’s benchmark plan.³ The cost will depend on the utilization and cost of services for exchange plans. Based on the experience of the state employee health plan, the cost to the state for exchange plans is approximately \$4.4 million.⁴ Based on the most recent data available, the active state employee health plan covers approximately 90,500 members between the ages of 18-65.⁵ Exchange plans provide coverage for approximately 106,000 members in the same age range.⁶ For context, \$4.4 million reflects 0.5% of total annualized 2020 premiums for exchange members. Assuming median average procedure cost of approximately \$20,000 – the impact assumes approximately 220 Exchange members would undergo the procedure or 0.2% of enrollees in the applicable age cohort.

While states are allowed to mandate benefits in excess of the essential health benefit (EHB), federal law requires the state to defray the cost of any such additional mandated benefits for all plans sold in

² Grandfathered plans include most group insurance plans and some individual health plans created or purchased on or before March 23, 2010.

³ The Exchange benchmark plan is the Connecticare Flex POS Plan. (Source: <https://www.cms.gov/CCIIO/Resources/Data-Resources/Downloads/Updated-Connecticut-Benchmark-Summary.pdf>)

⁴ Estimate based on state employee health plan expenditures for applicable services for calendar year 2018.

⁵ Source: Office of the State Comptroller, 2017.

⁶ Source: Access HealthCT 2020 Open Enrollment Summary (February 20, 2020, Presentation to the Board of Directors).

the Exchange, by reimbursing the carrier or the insured for the excess coverage. Absent further federal guidance, state mandated benefits enacted after December 31, 2011 cannot be considered part of the EHB unless they are already part of the benchmark plan.

Section 3 could result in increased costs to the Department of Social Services (DSS) associated with requiring Medicaid reimbursement for all outpatient prescription drugs approved by the federal Food and Drug Administration to treat severe obesity. The impact to DSS depends on the extent to which such drugs would be utilized and their associated net cost.

The Out Years

The annualized ongoing fiscal impact identified above would continue into the future subject to an increase in premiums.