OFFICE OF FISCAL ANALYSIS

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SB-1045
AN ACT CONCERNING STEP THERAPY, ADVERSE DETERMINATION AND UTILIZATION REVIEWS, AND HEALTH INSURANCE COVERAGE FOR CHILDREN, STEPCHILDREN AND OTHER DEPENDENT CHILDREN.

OFA Fiscal Note

State Impact:

Agency Affected	Fund-Effect	FY 22 $	FY 23 $
State – ACA Mandate	GF - 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 fiscal impact to the state employee and retiree health plan or municipalities that participate in the Partnership Plan as step therapy is not required by the plans.

The bill will increase costs to certain fully insured municipal plans which currently require step therapy for conditions specified in the bill. The coverage requirements will result in increased premium costs when municipalities enter into new health insurance contracts after January 1, 2022. In addition, many municipal health plans are

[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.

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recognized as "grandfathered" health plans under the Affordable Care Act (ACA). 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 insurance mandates.

To the extent that step therapy is required by the drug formulary for plans under the Exchange, there is a cost to the state to defray costs. The cost to the state will vary based on the impact to plan premiums, based on current and projected utilization of step therapy for the treatments outlined in the bill.

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 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.

The Out Years

The fiscal impact in the outyears will vary based on an increase in premiums.