

OFFICE OF FISCAL ANALYSIS

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

sSB-416

AN ACT PROMOTING COMPETITION IN CONTRACTS BETWEEN
HEALTH CARRIERS AND HEALTH CARE PROVIDERS.

OFA Fiscal Note

State Impact:

Agency Affected	Fund-Effect	FY 23 \$	FY 24 \$
Insurance Dept.	IF - Potential Cost	At least 81,704	At least 163,407
Insurance Dept.	GF - Potential Revenue Gain	Minimal	Minimal

Note: IF=Insurance Fund; GF=General Fund

Municipal Impact:

Municipalities	Effect	FY 23 \$	FY 24 \$
Various Municipalities	Uncertain	Potential	Potential

Explanation

The bill prohibits health insurance carriers, health care providers, health plan administrators, and the agents of those entities from including certain provisions in their health care contracts and results in the fiscal impacts described below.

The bill authorizes the Insurance Commissioner to adopt regulations, including regulations that specify additional prohibited clauses with anti-competitive effects. In the event the Insurance Department (DOI) develops such regulations, the agency is anticipated to incur consultant costs of up to \$25,000 because the agency lacks expertise in provider contracting arrangements.

DOI does not currently review contracts between health carriers and

Primary Analyst: MP
Contributing Analyst(s): JS, RJW
Reviewer: ME

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providers (or health plan administrators and providers), and the bill does not specify any enforcement requirements. To the extent DOI begins reviewing such contracts for compliance in the agency's normal course of business, the agency is anticipated to require one or more additional staff with expertise in provider contracting. The annualized cost of one insurance associate examiner would be \$163,407 (\$81,814 salary and \$81,593 fringe benefits). FY 23 would reflect half-year costs. Depending on the number of related complaints and violations, enforcement of the bill's provisions may result in 1) costs for outside legal services associated with more formal hearings and 2) a minimal revenue gain to the General Fund from fines of up to \$15,000 each.

The bill may result in changes in health care costs or premiums to fully insured municipal health plans to the extent that plans contain contract limitations contained in the bill. Any changes in premium costs will occur when municipalities enter new health insurance contracts after January 1, 2023.

The bill does not result in a fiscal impact to the University of Connecticut Health Center because none of the health center's contracts include the provisions that are prohibited by the bill.

The Out Years

The annualized ongoing fiscal impact identified above would continue into the future subject to the bill's impact on health care costs for municipalities, changes in costs for wages and fringe benefits for any additional staff, the number of DOI hearings related to the prohibited contract clauses, and the fines assessed.

Sources: Connecticut Insurance Department