

OFFICE OF FISCAL ANALYSIS

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HB-6832

AN ACT CONCERNING ELECTRONIC NOTIFICATIONS FOR
PRIOR AUTHORIZATIONS.

OFA Fiscal Note

State Impact:

Agency Affected	Fund-Effect	FY 24 \$	FY 25 \$
Insurance Dept.	IF - Cost	100,000 to 500,000	None
UConn Health Ctr.	GF - Cost	360,000	360,000

Note: GF=General Fund; IF=Insurance Fund

Municipal Impact: None

Explanation

The bill, which concerns utilization review standards and procedures, is expected to result in a cost to the Insurance Department of \$100,000 to \$500,000 in FY 24, and an annual cost to the UConn Health Center of approximately \$360,000 beginning in FY 24.

The bill results in a cost to the Insurance Fund in FY 24, anticipated to range between \$100,000 and \$500,000, for the Insurance Department (DOI) to hire consultants to assist in the development of technical standards and clinical review criteria by January 1, 2024. DOI does not have sufficient technical expertise and capacity to meet the bill's requirements within existing resources. The cost associated with consultants will largely depend on the extent to which DOI is able to leverage existing technical standards and clinical review criteria, for example, from the federal government or the utilization review

companies and health insurers the department regulates.¹

The bill also requires health carriers to establish a secure system to electronically receive and respond to prior authorization review requests, as well as prospective and concurrent utilization review requests. This will result in an additional annual cost to UConn Health Center, beginning in FY 24, of approximately \$360,000. The additional costs are associated with one full-time and one part-time information technology analyst (\$270,000 annually including fringe) and \$90,000 in annual transactional volume expenses from vendors for payers for whom their current electronic system does not have direct connections.

The Out Years

The annualized ongoing fiscal impact identified above would continue into the future subject to inflation, except there is no fiscal impact to DOI after FY 24.

¹ The federal government issued the CMS Advancing Interoperability and Improving Prior Authorization Processes proposed rule (CMS-0057-P) on December 13, 2022.