

OFFICE OF FISCAL ANALYSIS

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

SB-180

AN ACT CONCERNING ADVERSE DETERMINATION AND
UTILIZATION REVIEWS.

OFA Fiscal Note

State Impact:

Agency Affected	Fund-Effect	FY 25 \$	FY 26 \$
State Comptroller - Fringe Benefits	GF - Potential Cost	Potential	Potential
UConn Health Ctr.	GF - Potential Clinical Revenue Gain	Potential	Potential

Note: GF=General Fund

Municipal Impact:

Municipalities	Effect	FY 25 \$	FY 26 \$
Various Municipalities	Potential Cost	See Below	See Below

Explanation

The bill results in a potential cost to the State Comptroller - Fringe Benefits account for the state employee health plan from the anticipated increase in administrative costs and utilization of medical services. Administrative costs are expected to increase from the redefinition of "clinical peer," which would require carriers to contract specialists at a rate of approximately \$700 per adverse determination. Claims costs are also expected to increase as more medical services are deemed, "medically necessary" resulting from the change in utilization review methodology.

Self and fully insured municipalities as well as those enrolled in the

Partnership plan are likely to see an increase in premiums to the extent carriers expect to see higher utilization of services and face higher costs for evaluating adverse determination appeals. Due to federal law, self-insured health plans are exempt from state health insurance benefit mandates, so potential costs are contingent on the plan electing to adopt the mandate.

To the extent that the bill results in additional medical services provided by the University of Connecticut Health Center, there could be a clinical revenue increase beginning in FY 25. The scope of the revenue increase would be dependent upon the type and number of additional services.

The Out Years

The annualized ongoing fiscal impact identified above would continue into the future subject to inflation.

Sources: State Employee Health Plan Provider