

# OFFICE OF FISCAL ANALYSIS

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sSB-182

AN ACT PROHIBITING CERTAIN HEALTH CARRIERS FROM REQUIRING STEP THERAPY FOR PRESCRIPTION DRUGS USED TO TREAT A MENTAL OR BEHAVIORAL HEALTH CONDITION OR A CHRONIC, DISABLING OR LIFE-THREATENING CONDITION.

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## ***OFA Fiscal Note***

### ***State Impact:***

Agency Affected	Fund-Effect	FY 25 \$	FY 26 \$
State Comptroller - Fringe Benefits	GF - Cost	See Below	See Below

Note: GF=General Fund

### ***Municipal Impact:***

Municipalities	Effect	FY 25 \$	FY 26 \$
Various Municipalities	STATE MANDATE <sup>1</sup> - Cost	See Below	See Below

### ***Explanation***

The bill, which eliminates a health carrier's use of step therapy, results in a cost to the State Comptroller - Fringe Benefits account annually dependent on claims data for the state employee health plan. Step therapy is used as a cost management tool, and its prohibition for prescription drugs to treat a mental or behavioral health, chronic, disabling, or life-threatening condition or disease is likely to be reflected in higher premiums for the state employee health plan through an

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<sup>1</sup> 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.

increased per member per month cost. The conditions listed in the bill are associated with the highest claimants on the plans, whose claims are largely driven by prescription drug costs. The elimination of step therapy for these conditions, as well as the lower step therapy maximum time frame for all other conditions will result in a fiscal impact to the state, assuming an increase in claim costs.

The bill also results in potential costs to various municipalities that have either self or fully insured health plans or participate in the Partnership plan to the extent higher claim costs increase plan premiums. Fully insured municipalities will face costs up to \$3.72 per member per month (pmpm) as an estimate based on carrier data<sup>2</sup>. This rate is subject to change. 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.

### ***The Out Years***

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

*Sources: State Employee Health Plan Provider*

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<sup>2</sup> The pmpm estimate compares national step therapy data with state level prescriptions costs to determine an attributable state cost.