

# PRELIMINARY FISCAL NOTES

## Appropriations Committee Meeting

April 7, 2016



### **OFFICE OF FISCAL ANALYSIS**

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Below are preliminary fiscal impacts for the bills on today's agenda. These estimates were prepared under a short time frame and could be revised after further analysis. For bills on the agenda with proposed substitutes, the fiscal impact is based on the substitute language.

## **A. Committee and Raised Bills**

- 1. SB 267 - An Act Making Changes to the Teachers' Retirement System to Allow Retention of the Plan D Co-Participant Option after Divorce and to Cease Crediting Interest on Certain Inactive, Non-vested Members, and Eliminating Certain Obsolete Language.**

The bill has no fiscal impact to the Teachers' Retirement Board agency budget. The bill reduces the time period the TRS credits interest on non-vested members' contributions from 25 years to ten years. This will result in less interest being paid to non-vested members who are not eligible for a benefit. The interest on these unclaimed contributions, which is minimal relative to the assets of the fund, will accrue to the fund after ten years instead of the 25 years. The bill also allows members of the Teachers' Retirement System (TRS) to maintain the co-participant option after divorce. Since all retirement options are actuarially equal, allowing members to maintain this option after divorce has no fiscal impact.

- 2. SB 268 - An Act Establishing a Working Group to Discuss State Budget Projections, Trends, Areas of Growth and Opportunities for Efficiency, Federal Budget Activity and Spending Control Options and Develop Recommendations Related Thereto.**

There may be a cost of less than \$1,000 in FY 17 to those agencies participating in the working group to reimburse legislators and agency staff for mileage expenses.

- 3. SB 269 - An Act Requiring the Secretary of the Office of Policy and Management to Study the Impact of Implementing a Forty-Hour Work Week for State Employees - *Proposed Substitute Language***

The bill requires the Office of Policy and Management to conduct a study concerning the impact of requiring all state employees to work a 40-hour week. This has no fiscal impact as it is anticipated that OPM has the expertise to complete this study.

4. **SB 270 - An Act Making the Budgets of the University of Connecticut, the Connecticut State University System and the Regional Community-Technical College System Available Online - *Proposed Substitute Language***

There is no fiscal impact to the constituent units of higher education in providing and posting budget information on their web sites. Note that the Connecticut Vocational-Technical High Schools currently provide such information on the State Department of Education web site for each of their schools.

5. **SB 271 - An Act Concerning a Request for Qualifications for the Provision of Health Care Services and Behavioral Health Care Services to Inmates of the Department of Correction.**

There is no fiscal impact associated with requiring the Office of Policy and Management to issue a request for qualifications for the provision of inmate medical care.

6. **HB 5134 - An Act Concerning Funds for Medical Care of Inmates - *Proposed Substitute Language***

The bill requires that funds remaining at the end of every quarter in the Commissary & Correctional General Welfare Fund accounts be transferred to the General Fund for the purposes of providing medical care to inmates. To the extent that there are balances in the accounts, there may be revenue gain resulting from transferring the balances. Before being partially swept in the March Deficit Mitigation, the Commissaries account had a balance of \$4.0 million, and the General Welfare fund had a balance of \$726,000.

7. **HB 5417 - An Act Creating an Office of Overtime Accountability - *Proposed Substitute Language***

The bill establishes the Office of Overtime Accountability within the Office of Policy and Management and requires it to study overtime expenditures of state agencies. This has no fiscal impact as it is anticipated that OPM has the expertise to complete this study.

8. **HB 5419 - An Act Concerning Operation of the Personal Screening System in the Legislative Office Building and at the State Capitol and Allowing Legislators Access to the Chambers of the House of Representatives and Senate Using their Identification Cards.**

The bill states the personal screening system shall not be operational unless the National Terrorism Advisory elevates a threat alert or members of the House and

the Senate authorized by a two-thirds vote to operate the system on any given day if warranted. This would reduce funding by \$325,243 and eliminates six positions to realign staffing to the levels before the security measures and metal detectors were installed. The eliminated positions are three Police Officers, two Security Technicians and an Officer Technician.

**9. HB 5420 - An Act Concerning Principal Investment Officers.**

The bill may result in a cost to the Office of the State Treasurer by removing certain compensation restrictions and approvals from the Principal Investment Officer classification. The potential increased cost arises from the ability of the Treasurer to award compensation at a level above that which the current classification system allows.

**10. HB 5508 - An Act Providing Funding from the Drug Assets Forfeiture Revolving Account for Inpatient Drug Treatment Services.**

The bill changes the distribution of drug asset forfeiture revenue, reducing the portion received by the Department of Emergency Services and Public Protection (DESPP) from 70% to 40% and increasing the portion received by the Department of Mental Health and Addiction Services (DMHAS) from 20% to 50%. The additional funding for DMHAS will be used for the purposes of providing inpatient services in drug treatment facilities. In FY 15, a total of approximately \$2 million of drug asset forfeiture revenue was collected.

The chart below illustrates the change in the revenue distribution.

**Drug Asset Forfeiture Distribution**

FY 15 Revenue: \$1,958,168					
Agency	Current Law		Bill		Difference
DESPP/Law Enforcement	70%	1,370,717	40%	783,267	(587,450)
DMHAS	20%	391,634	50%	979,084	587,450
DCJ	10%	195,817	10%	195,817	-

**B. Change of Reference Bills**

**11. HB 5049 - An Act Implementing the Governor’s Budget Recommendations for General Government - Proposed Substitute Language**

**Section 1** of the bill extends a provision under PA 15-5 JSS by requiring a waiver of property tax payments due under CGS 8-71 (Moderate Rental PILOT program)

through FY 17. Funding for the MR PILOT program was eliminated in PA 15-244 and PA 15-5 JSS required this waiver for FY 16.

**Section 2** increases the arbitrator fee paid to members of the State Board of Mediation and Arbitration. This results in an increase cost of \$91,600 annually, which is included in sHB 5044, the Revised FY 17 Budget.

**Section 3** makes the Office of Early Childhood, instead of the Department of Social Services, responsible for informing applicants to the Healthy Start program of certain services, which relates to a provision of sHB 5044, the Revised FY 17 Budget, that transfers Healthy Start funding of \$1.2 million from DSS to OEC.

**Section 4** allows for the proportionate reduction of payments to individuals under the Elderly Renters' Tax Relief program. This precludes any deficiency to the Elderly Renters' Tax Relief account caused by program expenditures exceeding the amount appropriated. In FY 16 and FY 17, it is anticipated that the amount appropriated will be sufficient to fully fund the grant.

**Section 5** has no fiscal impact. The section codifies the current practice of the Office of Policy and Management in calculating State Property PILOT grants.

**Sections 6 - 8** preclude a cost to fully-insured municipalities, the state plan, and the state pursuant to the ACA by eliminating mandated insurance coverage requirements for evidence-based maternal, infant and early childhood home visitation services which, under current law would go into effect January 1, 2017. sHB 5044, the Revised FY 17 Budget, does not include funding for these services for the state health plan or the state pursuant to the ACA.

**12. HB 5620 - An Act Concerning Insurance Coverage for Opioid Analgesics and Requiring a Study of Impediments to Insurance Coverage for Substance Use Disorder Treatments.**

The bill may result in a cost to the state and fully insured municipal health plans to the extent the provisions of the bill prohibit a health plan from providing a 90-day supply of an opioid to a patient. The cost will depend on the extent to which 90-day opioid prescriptions are replaced by 30-day refills. The state health plan currently requires active employees and their dependents, and non-Medicare retirees and dependents to fill maintenance prescriptions through mail-order or at a participating maintenance network retail pharmacy. After the initial 30-day prescription is filled, the prescription is refilled for a 90-day supply. It is currently unknown how many opioid prescription fall within the definition of a maintenance drug. The state health plan currently defines a maintenance prescription drug as a prescription drug that is used on a continuing basis for the treatment of a chronic condition or illness, such as

heart disease, high blood pressure, arthritis and/or diabetes. It may also include oral contraceptives and other medications used on a year-round basis. Pursuant to federal law self-insured plans are exempt from state health mandates. The state health plan is self-insured, however the plan has traditionally adopted all health mandates. Lastly, the state health plan benefits are governed by an agreement between the state and the State Employees' Bargaining Agent Coalition. The provisions of the bill may be in conflict with the current agreement.

The bill results in Insurance Fund costs of up to \$30,000 to the Department of Insurance for consulting costs associated with the required study.

### **C. Referred from the House Floor**

13. **HB 5252 - An Act Concerning Nursing Home Beds for AIDS Patients** - refer to fiscal note on file copy 40.
14. **HB 5283 - An Act Restoring State Assistance for Medicare Part D Beneficiaries** - refer to fiscal note on file copy 107.
15. **HB 5327 - An Act Requiring Certain Residential Restoration Service Providers to Register as Home Improvement Contractors** - refer to fiscal note on file copy 65.
16. **HB 5353 - An Act Concerning Requirements for Admission to the State Veterans' Home** - refer to fiscal note on file copy 68.
17. **sHB 5399 - An Act Concerning State Reimbursement for Tax Abatements and Payments in Lieu of Taxes** - refer to fiscal note on file copy 190.

### **D. Referred from the Senate Floor**

18. **sSB 26 - An Act Concerning Private Occupational Schools** - refer to fiscal note on file copy 80.
19. **SB 36 - An Act Concerning Health Insurance Coverage of Orally and Intravenously Administered medications** - refer to fiscal note on file copy 25.
20. **sSB 68 - An Act Concerning Marital and Family Therapist Associates** - refer to fiscal note on file copy 8.
21. **SB 72 - An Act Concerning a Notification of Support for Foster Parents and Relative Caregivers** - refer to fiscal note on file copy 26.

22. **sSB 105 - An Act Concerning the Payment of Funeral and Burial Expenses by the Department of Social Services** - refer to fiscal note on file copy 53.
23. **SB 107 - An Act Concerning the Treatment of the Cash Value of Life Insurance Policies when Evaluating Medicaid Eligibility** - refer to fiscal note on file copy 38.
24. **SB 115 - An Act Concerning Medicaid Coverage of Telemonitoring Services** - refer to fiscal note on file copy 45.
25. **sSB 314 - An Act Concerning the Temporary Family Assistance Program and the Penalty for the Fraudulent Receipt of Unemployment Compensation Benefits** - refer to fiscal note on file copy 219. - *Proposed substitute language*

The bill, which requires the Department of Social Services (DSS), to conduct a study of the Temporary Family Assistance Program (TFA), has no fiscal impact.