



House of Representatives

General Assembly

File No. 320

January Session, 2025

House Bill No. 7117

House of Representatives, March 27, 2025

The Committee on Insurance and Real Estate reported through REP. WOOD of the 29th Dist., Chairperson of the Committee on the part of the House, that the bill ought to pass.

AN ACT CONCERNING THE RECOMMENDATIONS OF THE INSURANCE FUND WORKING GROUP.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Subsection (b) of section 19a-7p of the general statutes is
2 repealed and the following is substituted in lieu thereof (*Effective from*
3 *passage*):

4 (b) (1) As used in this section: (A) "Health insurance" means health
5 insurance of the types specified in subdivisions (1), (2), (4), (11) and (12)
6 of section 38a-469; and (B) "health care center" has the same meaning as
7 provided in section 38a-175.

8 (2) [Each] (A) Except as provided in subparagraph (B) of this
9 subdivision, each domestic insurer or domestic health care center doing
10 health insurance business in this state shall annually pay to the
11 Insurance Commissioner, for deposit in the Insurance Fund established
12 under section 38a-52a, a public health fee assessed by the Insurance
13 Commissioner pursuant to this section.

14 (B) The Insurance Commissioner, commencing July 1, 2025, shall
15 reduce the amount of the public health fee deposited in the Insurance
16 Fund by one-fifth of the total amount paid each fiscal year with the
17 remainder of such fee to be deposited in the General Fund, with any
18 required adjustments to such fee on domestic insurers or domestic
19 health care centers adjusted by the Insurance Commissioner
20 accordingly. For each subsequent fiscal year, through July 1, 2029, such
21 reduction shall be an additional one-fifth increment from the previous
22 fiscal year. On and after July 1, 2029, the entire amount of the public
23 health fee shall be deposited in the General Fund.

24 (3) (A) Not later than September first, annually, each such insurer or
25 health care center shall report to the Insurance Commissioner, in the
26 form and manner prescribed by the commissioner, the number of
27 insured or enrolled lives in this state as of May first immediately
28 preceding the date for which such insurer or health care center is
29 providing health insurance that provides coverage of the types specified
30 in subdivisions (1), (2), (4), (11) and (12) of section 38a-469. Such number
31 shall not include lives enrolled in Medicare, any medical assistance
32 program administered by the Department of Social Services, workers'
33 compensation insurance or Medicare Part C plans. The commissioner
34 may require each such insurer or health care center or any other person
35 to submit to the commissioner any records that are in such insurer's,
36 health care center's or other person's possession if such records were
37 used to prepare such insurer's or health care center's annual report
38 submitted pursuant to this subparagraph.

39 (B) Each such insurer or health care center that fails to timely submit
40 an annual report pursuant to subparagraph (A) of this subdivision shall
41 pay to the Insurance Commissioner, in the form and manner prescribed
42 by the commissioner, a late filing fee of one hundred dollars per day for
43 each day from the date that the annual report was due.

44 (C) If the Insurance Commissioner determines that there is a
45 discrepancy, other than a good faith discrepancy, between the number
46 of insured or enrolled lives that the insurer or health care center

47 reported to the commissioner pursuant to subparagraph (A) of this
 48 subdivision and the number of such lives that the insurer or health care
 49 center should have reported to the commissioner pursuant to said
 50 subparagraph (A), the insurer or health care center shall be liable for a
 51 civil penalty of not more than fifteen thousand dollars.

52 Sec. 2. (NEW) (*Effective July 1, 2025*) Notwithstanding the provisions
 53 of sections 38a-47 and 38a-48 of the general statutes, the Insurance
 54 Commissioner, in consultation with the Office of Policy and
 55 Management and the Commissioner of Revenue Services, shall transfer
 56 payment for the Office of Health Strategy over a five-year period,
 57 commencing July 1, 2025, from the Insurance Fund to the General Fund,
 58 with any required adjustments to assessments on domestic insurance
 59 companies or other domestic entities adjusted by the Insurance
 60 Commissioner accordingly. Such transfer shall be in increasing one-fifth
 61 increments over such five-year period.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>from passage</i>	19a-7p(b)
Sec. 2	<i>July 1, 2025</i>	New section

Section 1	<i>from passage</i>	19a-7p(b)
Sec. 2	<i>July 1, 2025</i>	New section

INS *Joint Favorable*

The following Fiscal Impact Statement and Bill Analysis are prepared for the benefit of the members of the General Assembly, solely for purposes of information, summarization and explanation and do not represent the intent of the General Assembly or either chamber thereof for any purpose. In general, fiscal impacts are based upon a variety of informational sources, including the analyst's professional knowledge. Whenever applicable, agency data is consulted as part of the analysis, however final products do not necessarily reflect an assessment from any specific department.

OFA Fiscal Note

State Impact:

Agency Affected	Fund-Effect	FY 26 \$	FY 27 \$
Public Health, Dept.	GF - Cost	2,556,000	5,111,000
Public Health, Dept.	IF - Savings	2,556,000	5,111,000
Office of Health Strategy	GF - Cost	2,877,000	5,754,000
State Comptroller - Fringe Benefits ¹	GF - Cost	153,000	306,000
Office of Health Strategy	IF - Savings	3,190,000	6,380,000
Resources of the Insurance Fund	IF - Revenue Loss	5,746,000	11,491,000
Resources of the General Fund	GF - Revenue Gain	2,556,000	5,111,000

Note: IF=Insurance Fund; GF=General Fund

Municipal Impact: None

Explanation

The bill makes changes to the funding streams of certain accounts currently funded by the Insurance Fund, with fiscal impacts as described below.

Section 1 transfers the public health fee revenue from the Insurance Fund to the General Fund over a five-year period, beginning in FY 26 and increasing by one-fifth annually thereafter, until the public health fee is fully transferred in FY 30. This results in an estimated revenue loss and savings of \$2,556,000 in FY 26 and \$5,111,000 in FY 27 to the Insurance Fund and a commensurate revenue gain and cost to the

¹The fringe benefit costs for most state employees are budgeted centrally in accounts administered by the Comptroller. The estimated active employee fringe benefit cost associated with most personnel changes is 40.71% of payroll in FY 26.

General Fund.²

The section does not change the public health fee (i.e., the Public Health Assessment), which is collected from health carriers. It is anticipated that the Department of Public Health accounts funded by this fee would be funded jointly by the Insurance and General Funds in FY 26 through FY 29 and then only by the General Fund beginning in FY 30.

Section 2 transfers all Insurance Fund expenditures for the Office of Health Strategy (OHS) to the General Fund in equal installments³ over a five-year period, which results in the following fiscal impacts.

The Insurance Fund will experience savings of approximately \$3.19 million in FY 26 and \$6.38 million in FY 27 resulting from OHS's funding moving to the General Fund. The Insurance Fund will experience matching revenue losses in each year through FY 30, as insurance companies will no longer be assessed for these costs.

Additionally, the General Fund will experience a cost of approximately \$2.88 million in FY 26 and \$5.75 million in FY 27 associated with the funding change. There is also an estimated cost of \$153,000 in FY 26 and \$306,000 in FY 27 to the State Comptroller associated with fringe benefits for OHS staff.⁴

The Out Years

State Impact:

Agency Affected	Fund-Effect	FY 28 \$	FY 29 \$	FY 30 \$
Public Health, Dept.	GF - Cost	7,667,000	10,222,000	12,778,000
Public Health, Dept.	IF - Savings	7,667,000	10,222,000	12,778,000
Office of Health Strategy	GF - Cost	8,631,000	11,508,000	14,385,000

² Based on FY 25 appropriated public health fee revenue.

³ Assuming a 3% year-over-year increases to OHS's Insurance Fund costs.

⁴ The estimated fringe benefit rates are lower for employees paid out of the General Fund compared to those paid out of the Insurance Fund, so the cost to the Comptroller in the General Fund is less than the savings to OHS in the Insurance Fund.

State Comptroller - Fringe Benefits	GF - Cost	459,000	612,000	765,000
Office of Health Strategy	IF - Savings	9,570,000	12,760,000	15,950,000
Resources of the Insurance Fund	IF - Revenue Loss	17,237,000	22,982,000	28,728,000
Resources of the General Fund	GF - Revenue Gain	7,667,000	10,222,000	12,778,000

Note: IF=Insurance Fund; GF=General Fund

The Section 1 fiscal impacts increase annually through FY 30, when the public health fee revenue has entirely moved to the General Fund.

All fiscal impacts in Section 2 will increase by the same magnitude as listed in FY 26 for the next five consecutive years (FY 30) until the agency is fully transitioned onto the General Fund.

Municipal Impact: None

OLR Bill Analysis**HB 7117*****AN ACT CONCERNING THE RECOMMENDATIONS OF THE INSURANCE FUND WORKING GROUP.*****SUMMARY**

This bill requires the insurance commissioner to transfer, over a five-year period, the public health fee deposits from the Insurance Fund to the General Fund. By law, the insurance commissioner assesses domestic health carriers (i.e. insurers and HMOs) for the public health fee, which pays for various Department of Public Health programs, including syringe services, AIDS services, breast and cervical cancer detection and treatment, x-ray screening and tuberculosis care, sexually transmitted disease control, and children's health initiatives.

Specifically, the bill requires the commissioner, beginning July 1, 2025, until July 1, 2029, to reduce the amount of the public health fee deposited in the Insurance Fund by one fifth of the total amount paid each fiscal year and deposit the remainder in the General Fund. He must make adjustments to the carriers' assessments as needed. Beginning July 1, 2029, he must deposit all public health fees in the General Fund.

Additionally, the bill requires the insurance commissioner to transfer funding for the Office of Health Strategy (OHS) from the Insurance Fund to the General Fund over a five-year period, beginning July 1, 2025, and in one fifth increments. He must (1) do this transfer in consultation with the Office of Policy and Management and the revenue services commissioner and (2) make adjustments to the health carriers' assessments as needed. Currently, insurers are assessed for some, but not all, costs of OHS, with the balance generally paid for from the General Fund.

EFFECTIVE DATE: Upon passage, except the provisions transferring

funding for OHS to the General Fund are effective July 1, 2025.

COMMITTEE ACTION

Insurance and Real Estate Committee

Joint Favorable

Yea 10 Nay 3 (03/11/2025)