

# OFFICE OF FISCAL ANALYSIS

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

HB-7117

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

### ***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 <sup>1</sup>	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

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<sup>1</sup>The 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.

Insurance Fund and a commensurate revenue gain and cost to the General Fund.<sup>2</sup>

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 installments<sup>3</sup> 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.<sup>4</sup>

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

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

<b>Agency Affected</b>	<b>Fund-Effect</b>	<b>FY 28 \$</b>	<b>FY 29 \$</b>	<b>FY 30 \$</b>
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

<sup>2</sup> Based on FY 25 appropriated public health fee revenue.

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

<sup>4</sup> 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.

Office of Health Strategy	GF - Cost	8,631,000	11,508,000	14,385,000
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