OFFICE OF FISCAL ANALYSIS

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SB-11
AN ACT CONCERNING PRESCRIPTION DRUG ACCESS AND AFFORDABILITY.

OFA Fiscal Note

State Impact:

Agency Affected	Fund-Effect	FY 26 $	FY 27 $
Social Services, Dept.	GF - Cost	at least $97 million	at least $185 million
Consumer Protection, Dept.	GF - Cost	373,552	266,052
Public Health, Dept.	GF - Cost	134,700	130,750
Department of Revenue Services	GF - Cost	32,990	131,958
Consumer Protection, Dept.	GF - Potential Cost	None	84,010
State Comptroller - Fringe Benefits[1]	GF - Cost	208,383	248,673
State Comptroller - Fringe Benefits	GF - Potential Cost	See Below	At least 31,147
Social Services, Dept.	GF - Revenue Gain	at least 125,000	See Below
Resources of the General Fund	GF - Potential Revenue Gain	See Below	See Below
Correction, Dept.; Judicial Dept. (Probation)	GF - Potential Cost	Minimal	Minimal
Treasurer, Debt Serv.	GF - Potential Cost	See Below	See Below
Social Services, Dept.	GF - Potential Savings	See Below	See Below
UConn Health Ctr.	GF - Potential Savings	See Below	See Below
Various State Agencies	GF - Potential Savings	See Below	See Below

Note: GF=General Fund

[1]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.

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Reviewer: PR

Municipal Impact:

Municipalities	Effect	FY 26 $	FY 27 $
Various Municipalities	Cost	Potential	Potential

Explanation

The bill makes various changes regarding prescription drugs resulting in the impacts described below.

Sections 1 and 2 establish a prescription drug cost containment initiative to be administered by the Department of Revenue Services (DRS). This results in a General Fund cost of $46,420 in FY 26 (partial year) and $185,678 in FY 27. The cost is associated with two Revenue Examiner positions within DRS to administer the program ($65,979 and $26,860 each for salary and fringe benefit costs, respectively).

Section 2 imposes a civil penalty for violation of the price cap provision which results in a potential General Fund revenue gain beginning in FY 26, the magnitude of which is dependent on the violator's price differential in excess of the price cap.

Section 2 also creates a new class D felony for willfully providing certain false or fraudulent material, which results in a potential cost to the Department of Correction and the Judicial Department for incarceration or probation and a potential revenue gain to the General Fund from fines. On average, the marginal cost to the state for incarcerating an offender for the year is $3,300[2] while the average marginal cost for supervision in the community is less than $600[3] each

[2]Inmate marginal cost is based on increased consumables (e.g., food, clothing, water, sewage, living supplies, etc.) This does not include a change in staffing costs or utility expenses because these would only be realized if a unit or facility opened.

[3]Probation marginal cost is based on services provided by private providers and only includes costs that increase with each additional participant. This does not include a cost for additional supervision by a probation officer unless a new offense is anticipated to result in enough additional offenders to require additional probation officers.

year for adults.

Sections 3 and 19 make requirements regarding withdrawing a prescription drug from sale in the state and requiring a manufacturer to report pay to delay agreements resulting in a cost to the Department of Consumer Protection (DCP). To meet the requirements of these sections DCP will need to hire one processing technician for a salary and other expenses cost of $57,748 in FY 26 and $55,248 in FY 27, along with associated fringe benefit costs of $22,491 per year.

Section 3 also creates a civil penalty of $500,000 for violations resulting in a potential revenue gain to the state to the extent that violations occur.

Sections 4 – 5 result in potential savings annually beginning in FY 26 to UConn Health Center, the Judicial Department, and the Departments of Mental Health and Addiction Services, Children and Families (DCF), Developmental Services and Public Health (which the bill terms "drug purchasing agencies"). Section 4 requires UConn Health to negotiate bulk prescription drug purchases on behalf of such agencies. Section 5 additionally allows such agencies to join interstate prescription drug purchasing compacts.

To the extent that bulk prescription drug purchasing results in lower prescription drug costs to drug purchasing agencies, there is a savings that will vary based on the amount of drugs purchased, and the change in per unit costs.

It should be noted that DCF does not operate a stand-alone pharmacy. Rather, the agency obtains medicines utilized at the Solnit Children's Center through a state contract that includes pharmacist services. Under this contract a combined cost of approximately $682,600 was incurred in FY 24 for medications, pharmacy services and distribution. A need for DCF to reestablish pharmacist services may result from the bill, should it be deemed that a new drug procurement system will be cost beneficial for the agency. This would require either retention of direct outside professional services or the creation of an in-house pharmacy. As discussed above, associated costs would be mitigated to the extent that savings are achieved through lower prescription drug prices, as well as from ending current contractual obligations.

Development of an in-house pharmacy would require DCF to hire at a minimum 1.5 FTE Pharmacists, at an annualized salary of $140,000 combined. Additional minimal salary costs would be incurred for 24/7 on-call coverage. Other expenses, which could be significant in magnitude, would be associated with installation of an automated medication dispensing and inventory management system, disposal of expired medicines, and enhanced security around drug storage. Annualized fringe benefits costs of $57,000 would be incurred by the Office of the State Comptroller.

Section 6 establishes a Prescription Drug Affordability Council to advise the UConn Health Center on bulk prescription drug purchasing efforts and provide annual reports. This has no fiscal impact, as it is anticipated the council can complete its duties with existing resources.

Section 7 results in a cost to the Department of Social Services (DSS) associated with requiring nursing homes to spend at least 80% of payment sources, including Medicaid and Medicare, on direct care. DSS will incur costs to reflect an additional associate accounts examiner (annual salary of $90,300 with associated fringe of approximately $36,800) to meet the requirements of the bill. To the extent DSS requires system modifications, the agency could experience additional costs.

Beginning in FY 28, DSS may incur savings related to lower Medicaid rates paid to any nursing homes not meeting the provisions of the bill. For context, the state share of Medicaid payments to nursing homes is approximately $700 million annually.

Section 8 results in a cost to the Department of Social Services (DSS) associated with expanding coverage of emergency Medicaid services and requiring DSS to establish an administrative system for individuals to apply in advance for emergency Medicaid coverage by 7/1/26.

DSS will incur administrative costs of at least $250,000 in FY 26 to establish a registration system for individuals with qualifying emergency medical conditions that can be treated in outpatient settings rather than in hospital emergency departments. These costs are anticipated to be funded under Other Expenses and eligible for federal reimbursement, resulting in a federal grants revenue gain of at least $125,000.

The fiscal impact of expanding the definition of emergency medical condition cannot be determined at this time. For context, the state currently spends approximately $27.5 million on emergency Medicaid services (representing a 50% share of total expenditures), which are generally emergent in nature and include outpatient dialysis for individuals with end-stage renal disease. Emergency Medicaid coverage is available to all individuals, regardless of immigration status, who meet Medicaid income and asset limits.

Section 9 results in a cost to the Department of Social Services (DSS) of approximately $42 million in FY 26 and $150 million in FY 27 associated with expanding eligibility for HUSKY C. The bill increases the asset limit each year until eliminating the threshold on 7/1/29. Currently, the asset limit for HUSKY C is $1,600 for an individual and $2,400 for a married couple. The bill increases the asset limit to $10,000 for an individual and $15,000 for a couple effective 7/1/25, and to $25,000 and $40,000, respectively, effective 7/1/26. Estimates are based on coverage of similar members in other states and used as a proxy for estimating the potential increase in coverage for Connecticut. For context, this assumes an average cost of approximately $570 per member per month. This also assumes costs of approximately $1.2 million in FY 26 and $200,000 in FY 27 to support system change and maintenance costs, which result in a federal grants revenue gain of at least $600,000 in FY 26 and $100,000 in FY 27.

Sections 10 – 11 result in a potential revenue gain to UConn Health Center annually beginning in FY 26. The sections prohibit insurance companies from putting time limits on covered anesthesia for specific procedures. To the extent such time limits are used currently, there is a revenue gain that would vary based on the procedures, and the reimbursement rates paid by insurers.

Sections 10-11 prohibit health insurance policies from placing time limits on general anesthesia coverage which does not result in a fiscal impact to the state or municipalities because carriers do not currently impose these restrictions.

Section 12 sets stop loss requirements for self-funded employee health benefit plans and does not result in a fiscal impact to the state because the state employee health plan meets the requirements outlined in the bill. Municipalities with self-funded employee health benefit plans face an indeterminate fiscal impact dependent on their current stop-loss policy or current coverage levels and how the outlined requirements impact premiums.

Sections 13 – 15 make changes to DSS policies regarding Medicaid coverage for glucagon-like peptide (GLP-1) prescription drugs approved by the federal Food and Drug Administration (FDA) to treat obesity or diabetes. Under current practice, DSS covers weight loss drugs for Medicaid members with type 2 diabetes and Wegovy when prescribed to reduce the risk of a major adverse cardiac event.

Section 15 specifies that DSS cover weight loss drugs and requires such coverage to continue for beneficiaries, with physician approval, if their body mass index (BMI) drops below 35. State Medicaid costs for drugs used solely for the purpose of weight loss is anticipated to cost at least $55 million in FY 26 and $35 million in FY 27. As this reflects costs for members with a BMI of 35 and above, the actual costs will be higher after considering members whose BMI drops below that level and remain eligible.

Section 13 requires DSS to petition the federal Department of Health and Human Services to authorize generic, lower cost forms of GLP-1 prescription drugs to treat obesity or diabetes. If approved, the bill requires DSS to contract for such generic GLP-1 drugs to support

HUSKY Health members. DSS will experience a savings to the extent a generic form of drugs otherwise utilized for those purposes are approved.

Section 14, which establishes an advisory committee to study ways to maximize access to cost-effective, FDA approved prescription drugs for the treatment of obesity and make recommendations, has no fiscal impact.

Sections 17-18 require DCP to regulate the 340b marketplace resulting in a cost to the state. DCP does not currently regulate this marketplace or have the expertise to do so and will have to hire two employees to meet the requirements of the bill. DCP will need to hire one drug control agent and one staff attorney for a salary and other expenses cost of $215,804 in FY 26 and $210,804 in FY 27, along with associated fringe benefit costs of $82,562 per year.

Section 18 also creates a civil penalty of $50,000 for every violation resulting in a potential revenue gain to the state to the extent that violations occur.

Sections 17 – 18 results in a potential savings to UConn Health Center annually beginning in FY 26. The sections restrict the ability of prescription drug manufacturers to limit the purchasing of 340B drugs by covered entities, which includes UConn Health. Any savings will vary based on any increase in the purchase of 340B drugs that occurs as a result of the bill. In FY 22, UConn Health saved $13 million via the purchase of 340B drugs.

Sections 20-22 result in a potential cost to fully insured municipalities that currently impose cost sharing on insulin products to the extent cost sharing is imposed. Additional costs to municipalities can be incurred if they do not offer insulin products at the lowest wholesale acquisition cost. There is no fiscal impact to the state to impose these provisions as insulin products are currently covered under the state employee health plan with no cost sharing.

Sections 26-35 create a Canadian Prescription Drug Importation Program (CPDIP) resulting in costs to the DCP and the Office of the State Comptroller (OSC). The bill requires DCP to hire a consultant to study the feasibility of establishing a CPDIP resulting in a cost of $100,000 in FY 26.

If the consultant reports that it's feasible to establish the CPDIP and the program is approved by the federal Food and Drug Administration there is a cost to DCP and OSC. To run the program, DCP will need to hire two drug control agents and one staff attorney beginning in the last three months of FY 27, for a partial year salary and other expenses costs of $84,010 along with associated fringe benefit costs of $31,147 in FY 27.

Section 36 creates an emergency preparedness and mitigation strategies for prescription drug shortages task force resulting in no fiscal impact to the state because the task force has the expertise to meet the requirements of the bill.

Section 37 expands the Strategic Supply Chain Initiative program, which is funded by General Obligation (GO) bond funds, to include efforts to prevent or mitigate prescription drug shortages.

Future General Fund debt service costs may be incurred sooner under the bill to the degree that it causes authorized GO bond funds to be expended more rapidly than they otherwise would have been.

As of March 1, 2025, there is $25 million in previously allocated bond funds from Manufacturing Assistance Act program that have been set aside by the Department of Economic and Community Development to fund the Strategic Supply Chain Initiative program.

The bill does not change GO bond authorizations relevant to the program.

Section 38 requires the Department of Public Health (DPH) to convene a Vaccines and Related Biological Products Advisory Committee to coordinate seasonal vaccine production and annually issue a report to the legislature.

DPH will incur costs of $134,700 in FY 26 and $130,750 in FY 27 (and annually thereafter), with an estimated cost to the Office of the State Comptroller for associated fringe benefits of $53,100 in both FY 26 and FY 27 (and annually thereafter). The Department does not currently have the staff necessary to support this advisory committee and would need to hire additional personnel to meet the bill's requirements.[4]

The costs to DPH reflect the need for one new full-time Epidemiologist 3 to administer the Advisory Committee, at an annualized salary of $87,000 (plus $35,400 annualized fringe benefits). Additionally, a half-time (0.5 FTE) Epidemiologist 3 will be responsible for gathering, reviewing, analyzing, and preparing the requisite information needed by the Committee to address the proposed legislation, at an annualized salary of $43,500 (plus $17,700 annualized fringe benefits). Further costs associated with these positions are: (1) a one-time equipment cost of $3,950 in FY 26 for a laptop and related hardware; and (2) an ongoing cost of $250 in both FY 26 and FY 27 for general office supplies (which continues with inflation into the out years).

The bill also makes various other prescription drug related changes resulting in no fiscal impact to the state.

The Out Years

The full-year potential costs to run the CPDIP (see sections 26-35 above) will begin in FY 28. To run the program there is a potential annual cost to DCP of $313,538 for salaries and other expenses, along with an associated fringe benefit potential cost of $124,588.

The annualized ongoing fiscal impact identified above would continue into the future subject to if the CPDIP is implemented, to Medicaid coverage and associated utilization of GLP-1 prescription drugs, emergency Medicaid services, and qualifying individuals under

[4] It should be noted that current DPH Immunization Program staff are funded through either federal grants or the Insurance Fund. The activities required by the bill are outside the scope of allowable work for these funding sources.

HUSKY C, the number of violations, and inflation.