

OFFICE OF FISCAL ANALYSIS

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SB-10

AN ACT CONCERNING HEALTH INSURANCE AND PATIENT PROTECTION.

AMENDMENT

LCO No.: 8638

File Copy No.: 419

Senate Calendar No.: 241

OFA Fiscal Note

State Impact:

Agency Affected	Fund-Effect	FY 26 \$	FY 27 \$
State Comptroller - Fringe Benefits; Various State Agencies	App Fund - Potential Cost	645,000 - 1.6M	1.3M - 3.2M
State Comptroller - Fringe Benefits; Various State Agencies	App Fund - Potential Savings	See Below	See Below
Insurance Dept.	GF - Potential Revenue Gain	See Below	See Below
UConn Health Ctr.	OF - Revenue Loss	See Below	See Below
Consumer Protection, Dept.	GF - Potential Cost	92,500	185,000
State Comptroller - Fringe Benefits ¹	GF - Potential Cost	35,078	70,155

Note: App Fund=All Appropriated Funds; GF=General Fund; OF=Operating Fund

Municipal Impact:

Municipalities	Effect	FY 26 \$	FY 27 \$
Various Municipalities	Potential Cost	See Below	See Below
Various Municipalities	Potential Savings	See Below	See Below

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.

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Explanation

The amendment strikes the underlying bill and its associated fiscal impacts. The amendment results in various fiscal impacts described by section below.

Sections 1 and 2 require each health carrier to annually certify their review of compliance with mental health and substance use disorder benefit reporting requirements to the Insurance Commissioner, who must make these reports, including the names of health carriers, public. These procedural changes result in no fiscal impact.

Section 3 allows the Insurance Department to impose civil penalties on health carriers for failing to comply with certain specified reporting and mental health parity requirements. Health carriers can be fined \$100 per participant, up to \$1 million in aggregate annually, resulting in a potential revenue gain to the General Fund, beginning in FY 26 and annually thereafter. Health carriers may also be fined for late filings. The resulting revenue gain will depend on the number of violations and the department's discretion to pursue civil penalties. The section additionally allows the Insurance Department to order payment to cover the department's reasonable expenses for proceedings, which is expected to defray any such costs.

Sections 4 and 5 prohibit the use of step therapy for the treatment of: (1) multiple sclerosis, (2) rheumatoid arthritis, or (3) a mental or behavioral health condition.

There is a potential half-year cost ranging from \$645,000 – \$1.6 million in FY 26, annualized in FY 27 between \$1.3 – \$3.2 million (and annually thereafter) across various state funds for the restriction of step therapy on prescriptions used to treat multiple sclerosis or rheumatoid arthritis on the state employee health plan (SEHP). Approximately \$361,000 – \$896,000 in FY 26 and \$722,000 – \$1.8 million in FY 27 (and annually thereafter) of these costs are borne by the State Comptroller – Fringe Benefits account within General Fund. Actual costs are dependent on the impact to premiums for the SEHP resulting from increased

prescription drug costs. The use of specialty drugs is a significant cost driver of the state employee health plan and state partnership plan (SPP). The restriction on prescription drugs used to treat a mental or behavioral health condition does not result in a fiscal impact as the plan does not currently use step therapy on these conditions.

These sections also result in potential costs to various municipalities that either have fully insured health plans or participate in the SPP to the extent higher utilization and prescription drug costs increase plan premiums. The SPP would face costs commensurate with the increase to the state employee health plan based on their enrollment.

Sections 6 and 7 give the commissioner of the Insurance Department the authority to reduce insurance rate premiums for certain fully insured plans and Exchange plans if the increase is above the health care cost growth benchmark, which results in no fiscal impact to the state. This is a procedural change within the existing rate review process.

Sections 8 and 9 prohibit health insurance policies from placing certain limitations 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 10 expands an existing prohibition on certain facility fees charged by health care providers and makes a violation of the prohibition on facility fees an unfair trade practice.

It results in: (1) a revenue loss annually beginning in FY 26 to the UConn Health Center; (2) a potential salary and other expenses cost to the Department of Consumer Protection (DCP) of \$92,500 in FY 26², and \$185,000 in FY 27 along with a potential fringe benefit cost of \$35,078 in FY 26 and \$70,155 in FY 27; and (3) potential savings beginning in FY 26, annualized in FY 27 (and annually thereafter), to the SEHP, SPP, and municipal plans to the extent providers were imposing facility fees on

² Costs in FY 26 reflect six months of expenditures due to the amendment's January 1, 2026, effective date.

these plans.

The revenue loss to UConn Health will vary based on its current facility fee schedule. Currently, the SEHP and SPP incur minimal facility fees.

DCP may need to hire one special investigator and one staff attorney. The cost to DCP will vary based on the number and complexity of the complaints and investigations required.

The preceding Fiscal Impact statement is prepared for the benefit of the members of the General Assembly, solely for the purposes of information, summarization and explanation and does 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.