

OFFICE OF FISCAL ANALYSIS

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sHB-5374

AN ACT CONCERNING HEALTH COVERAGE MANDATES FOR CERTAIN HEALTH CONDITIONS.

OFA Fiscal Note

State Impact:

| Agency Affected | Fund-Effect | FY 27 \$ | FY 28 \$ |
|---------------------------------------|---------------------|----------|----------|
| Connecticut Health Insurance Exchange | GF - Potential Cost | 39,000 | 78,000 |
| Social Services, Dept. | GF - Potential Cost | 19,000 | 38,000 |

Note: GF=General Fund

Municipal Impact:

| Municipalities | Effect | FY 27 \$ | FY 28 \$ |
|------------------------|---|-----------|-----------|
| Various Municipalities | STATE MANDATE ¹ - Potential Cost | See Below | See Below |

Explanation

The bill mandates coverage for: (1) Pediatric Autoimmune Neuropsychiatric Disorders Associated with Streptococcal Infections (PANDAS) and Pediatric Acute-onset Neuropsychiatric Syndrome (PANS) treatments, (2) scalp cooling systems associated with chemotherapy, (3) prosthetic devices used for athletic purposes, and (4) infertility treatment, which results in the potential costs described below.

¹ State mandate is defined in Sec. 2-32b(2) of the Connecticut General Statutes, "state mandate" means any state initiated constitutional, statutory or executive action that requires a local government to establish, expand or modify its activities in such a way as to necessitate additional expenditures from local revenues.

Exchange and Covered Connecticut

Sections 2 through 5 result in a potential cost to the state of \$58,000 for the partial year coverage in FY 27 and \$116,000 annually thereafter to defray additional premium costs for enrollees purchasing health insurance on the state's exchange. This cost is potential as it is incurred to the extent the new coverage requirements for PANS/PANDAS treatment and scalp cooling systems are determined to increase premiums and constitute new state benefit mandates under the federal Affordable Care Act (ACA).

Under the ACA, states are allowed to mandate benefits beyond the essential health benefits but must pay for that excess coverage. Federal regulations require the state to defray the cost of additional benefits related to specific care, treatment or services mandated by state action after December 31, 2011 (except to comply with federal requirements) for all plans sold on the exchange.²

There are currently 157,246 enrollees in qualified health plans on the exchange, including 51,629 in Covered Connecticut. The Department of Social Services would incur approximately 33% of defrayal costs on behalf of Covered Connecticut enrollees, to the extent the bill raises premiums for those enrollees. It is not clear how or when the ACA defrayal rules will be enforced for the state's exchange.

Insurance coverage for PANS/PANDAS treatments and scalp cooling is estimated to increase premiums by up to \$0.03 per member per month (PMPM) each. The actual increase to premiums will be calculated by insurers offering exchange plans and will depend on utilization rates.³ At \$0.03 PMPM, the total state defrayal cost for the partial year in FY 27 would be \$31,000 and \$27,000, and \$62,000 and \$54,000 annually thereafter for the coverage of PANS/PANDAS and scalp cooling, respectively.

² 45 CFR 155.170

³ Utilization rate of 0.009% and 0.006% was used for PANS/PANDAS and scalp cooling, respectively. Figures are based on claims incurred during calendar year 2025 for the state employee and partnership health plans.

Coverage for prosthetics and infertility treatments result in no impact to the state since both are currently covered.

Municipalities

Municipalities with fully insured health plans will face costs to the extent their plans do not currently offer coverage for the provisions outlined above. Due to federal law, the coverage requirements will not apply to self-insured municipalities, as they are exempt under Employee Retirement Income Security Act (ERISA).

State Health Plans

There is no fiscal impact to the state employee health plan or the state partnership plan, as both currently cover all treatment requirements outlined in the bill.⁴

The Out Years

The annualized ongoing fiscal impact identified above would continue into the future subject to (1) inflation, (2) enrollment, and (3) utilization of services.

⁴ In calendar year 2025, the state plan covered 220 claims for PANS/PANDAS treatment, totaling \$85,000. The out-of-pocket cost for claimants was \$1,600. The bill does not comment on removing cost sharing related to this treatment. Fourteen claims were processed during the same period related to scalp cooling systems, averaging \$5,400 per claimant. Prosthetics are currently covered under the plan, and the bill makes a clarifying change. The bill additionally codifies the removal of certain limitations on medically necessary infertility diagnosis and treatment coverage, which was previously issued as guidance by the Department of Insurance.