

# OFFICE OF FISCAL ANALYSIS

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

SB-342

AN ACT CONCERNING HEALTH COVERAGE.

## **OFA Fiscal Note**

### **State Impact:**

Agency Affected	Fund-Effect	FY 27 \$	FY 28 \$
State Comptroller - Fringe Benefits	Various - Potential Cost	67.3 million	130 million
State Comptroller - Fringe Benefits	Various - Indeterminate	See Below	See Below
UConn Health Ctr.	OF - Revenue Gain	See Below	See Below
UConn Health Ctr.	OF - Indeterminate	See Below	See Below

Note: Various=Various; OF=Other Funds

### **Municipal Impact:**

Municipalities	Effect	FY 27 \$	FY 28 \$
Various Municipalities	Potential Cost	See Below	See Below
Various Municipalities	Indeterminate	See Below	See Below

### **Explanation**

The bill makes various changes regarding health insurance and patient protection, including establishing a rebuttable presumption or utilization review, which would likely result in a cost of \$67.3 million across various funds beginning in FY 27, annualized to \$130 million in FY 28. The bill makes various other changes anticipated to result in the fiscal impacts described below.

**Section 1** results in an indeterminate cost annually beginning in FY 27 to the state employee health plan (SEHP), municipalities on the state partnership plan (SPP), and UConn Health Center (UCHC). It requires

Primary Analyst: NN  
Contributing Analyst(s): AB, DD  
Reviewer: RW

3/30/26

health carriers and preferred provider networks that contract with health care providers to pay equal reimbursement rates for certain outpatient services regardless of the facility where the services occur.

The impact to the SEHP and the SPP will depend on the rates set by health carriers and preferred provider networks. The bill does not specify these rates. The fiscal impact to UCHC will depend on: (1) the difference between the UCHC's current reimbursement rates in hospital-based settings and those set pursuant to the bill; and (2) the number of procedures performed.

**Section 4** results in: (1) a potential cost annually beginning in FY 27 to the SEHP and the SPP; and (2) a potential revenue gain annually beginning in FY 27 to the UCHC. The section prohibits carriers from using software tools to automatically downcode or deny a health insurance claim without being reviewed by a clinical peer.

The potential cost to the SEHP and the SPP will depend on the extent to which more expensive and frequent claims impact premiums. The extent of the potential revenue gain to the UCHC will depend on: (1) the reimbursement gain that occurs by preventing downcoding, and (2) the number of health insurance claims paid out that would have otherwise been denied.

**Sections 6 and 7** result in: (1) a potential cost to the state beginning in FY 27 of \$60.5 million across various funds, annualized to \$121 million in FY 28; (2) a potential cost to fully insured municipalities and those enrolled in the SPP; and (3) a potential revenue gain annually beginning in FY 27 to UCHC. The sections establish a rebuttable presumption that a health care service undergoing utilization review is medically necessary if ordered by a health care professional in the highest tier of their network.

The cost to the state is associated with increased pharmacy and medical utilization for the SEHP. Medical claims costs are expected to increase by approximately 20% as more services are deemed "medically necessary" resulting from the change in utilization review methodology.

This annualized impact is estimated to be \$92 million. The annualized impact of the change in utilization review on pharmacy benefits is estimated to be \$29 million, largely driven by costs related to specialty drugs.

Fully insured municipalities and those participating in the SPP are likely to see an increase in premiums to the extent carriers expect to see higher utilization of services. Municipalities enrolled in the SPP will likely see costs commensurate with the increase to the SEHP based on their enrollment.

The revenue gain to the UCHC will depend on the extent to which the rebuttable presumption results in an increase in insurance claims paid out.

**Sections 8 and 9** result in: (1) a potential cost to the state beginning in FY 27 of \$6.75 million across various funds, annualized to \$9 million in FY 28 for increased premiums for the SEHP; and (2) a potential cost to fully insured municipalities and those enrolled in the SPP. The sections restrict the use of step therapy on prescription drugs used to treat disabling or life-threatening chronic diseases.

Step therapy is used as a cost management tool, and its prohibition for prescription drugs to treat disabling or life-threatening chronic diseases is likely to be reflected in higher premiums through an increased per member per month cost. These restrictions are estimated to increase costs related to the differential between the lower cost alternative and the drug available after step therapy, as well as overall higher prescription drug spend.

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 SEHP based on their enrollment.

Additionally, **Section 2** clarifies "anti-steering" clauses by adding

utilization management to the definition resulting in no fiscal impact. **Section 3** requires the Insurance Department to conduct a study concerning revisions to the insurance statutes, which results in no fiscal impact as the department has the expertise to meet the requirements.

***The Out Years***

The annualized ongoing fiscal impact identified above would continue into the future subject to inflation.