

OFFICE OF FISCAL ANALYSIS

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SB-342

AN ACT CONCERNING HEALTH COVERAGE. AMENDMENT

LCO No.: 5518

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Senate Calendar No.: 178

OFA Fiscal Note

State Impact:

Agency Affected	Fund-Effect	FY 27 \$	FY 28 \$
State Comptroller - Fringe Benefits	Various - Potential Cost	Up to 25.6 million	Up to 34.1 million
UConn Health Ctr.	OF - Potential Revenue Gain	See Below	See Below
Insurance Dept.	GF - Potential Revenue Gain	Minimal	Minimal

Note: GF=General Fund; Various=Various; OF=Other Funds

Municipal Impact:

Municipalities	Effect	FY 27 \$	FY 28 \$
Various Municipalities	Potential Cost	Up to 12.5 million	Up to 16.7 million

Explanation

The amendment strikes the underlying bill and its associated fiscal impacts, resulting in the impacts described below.

The amendment prohibits health carriers from using software tools to automatically downcode or deny a health insurance claim without being reviewed by a clinical peer, resulting in: (1) a potential cost annually beginning in FY 27 to the SEHP and the SPP; (2) a potential revenue gain annually beginning in FY 27 to the UCHC; and (3) a

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potential minimum revenue gain to the General Fund beginning in FY 27.

There is a potential cost to the state employee health plan up to \$25.6 million beginning in FY 27, annualized to \$34.1 million in FY 28, and to municipalities enrolled in state Partnership plans up to \$12.5 million beginning in FY 27, annualized to \$16.7 million in FY 28.

These increases are associated with a 1.8% increase in plan premiums based on current enrollment. The estimate is reflective of the impacts of inappropriate coding, duplicative work, clinical appropriateness, and deterrents of other items ensuring accurate claims payment. It does not include any cost-sharing or offsets related to revisions by carriers to claims coding within the scope of the bill.

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.

There is a potential minimal revenue gain to the General Fund beginning in FY 27 to the extent additional fines or penalties are assessed for violations of the Connecticut Unfair Insurance Practices Act (CUIPA). The amendment makes downcoding or claim denial actions a violation of CUIPA. CUIPA fines can range from \$5,000 per violation up to a maximum of \$250,000 in aggregate penalties per entity in any six-month period.

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.