



# House of Representatives

General Assembly

**File No. 320**

January Session, 2025

House Bill No. 7117

*House of Representatives, March 27, 2025*

The Committee on Insurance and Real Estate reported through REP. WOOD of the 29th Dist., Chairperson of the Committee on the part of the House, that the bill ought to pass.

## **AN ACT CONCERNING THE RECOMMENDATIONS OF THE INSURANCE FUND WORKING GROUP.**

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Subsection (b) of section 19a-7p of the general statutes is  
2 repealed and the following is substituted in lieu thereof (*Effective from*  
3 *passage*):

4 (b) (1) As used in this section: (A) "Health insurance" means health  
5 insurance of the types specified in subdivisions (1), (2), (4), (11) and (12)  
6 of section 38a-469; and (B) "health care center" has the same meaning as  
7 provided in section 38a-175.

8 (2) [Each] (A) Except as provided in subparagraph (B) of this  
9 subdivision, each domestic insurer or domestic health care center doing  
10 health insurance business in this state shall annually pay to the  
11 Insurance Commissioner, for deposit in the Insurance Fund established  
12 under section 38a-52a, a public health fee assessed by the Insurance  
13 Commissioner pursuant to this section.

14     (B) The Insurance Commissioner, commencing July 1, 2025, shall  
15     reduce the amount of the public health fee deposited in the Insurance  
16     Fund by one-fifth of the total amount paid each fiscal year with the  
17     remainder of such fee to be deposited in the General Fund, with any  
18     required adjustments to such fee on domestic insurers or domestic  
19     health care centers adjusted by the Insurance Commissioner  
20     accordingly. For each subsequent fiscal year, through July 1, 2029, such  
21     reduction shall be an additional one-fifth increment from the previous  
22     fiscal year. On and after July 1, 2029, the entire amount of the public  
23     health fee shall be deposited in the General Fund.

24     (3) (A) Not later than September first, annually, each such insurer or  
25     health care center shall report to the Insurance Commissioner, in the  
26     form and manner prescribed by the commissioner, the number of  
27     insured or enrolled lives in this state as of May first immediately  
28     preceding the date for which such insurer or health care center is  
29     providing health insurance that provides coverage of the types specified  
30     in subdivisions (1), (2), (4), (11) and (12) of section 38a-469. Such number  
31     shall not include lives enrolled in Medicare, any medical assistance  
32     program administered by the Department of Social Services, workers'  
33     compensation insurance or Medicare Part C plans. The commissioner  
34     may require each such insurer or health care center or any other person  
35     to submit to the commissioner any records that are in such insurer's,  
36     health care center's or other person's possession if such records were  
37     used to prepare such insurer's or health care center's annual report  
38     submitted pursuant to this subparagraph.

39     (B) Each such insurer or health care center that fails to timely submit  
40     an annual report pursuant to subparagraph (A) of this subdivision shall  
41     pay to the Insurance Commissioner, in the form and manner prescribed  
42     by the commissioner, a late filing fee of one hundred dollars per day for  
43     each day from the date that the annual report was due.

44     (C) If the Insurance Commissioner determines that there is a  
45     discrepancy, other than a good faith discrepancy, between the number  
46     of insured or enrolled lives that the insurer or health care center

47 reported to the commissioner pursuant to subparagraph (A) of this  
48 subdivision and the number of such lives that the insurer or health care  
49 center should have reported to the commissioner pursuant to said  
50 subparagraph (A), the insurer or health care center shall be liable for a  
51 civil penalty of not more than fifteen thousand dollars.

52 Sec. 2. (NEW) (*Effective July 1, 2025*) Notwithstanding the provisions  
53 of sections 38a-47 and 38a-48 of the general statutes, the Insurance  
54 Commissioner, in consultation with the Office of Policy and  
55 Management and the Commissioner of Revenue Services, shall transfer  
56 payment for the Office of Health Strategy over a five-year period,  
57 commencing July 1, 2025, from the Insurance Fund to the General Fund,  
58 with any required adjustments to assessments on domestic insurance  
59 companies or other domestic entities adjusted by the Insurance  
60 Commissioner accordingly. Such transfer shall be in increasing one-fifth  
61 increments over such five-year period.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>from passage</i>	19a-7p(b)
Sec. 2	<i>July 1, 2025</i>	New section

**INS**      *Joint Favorable*

*The following Fiscal Impact Statement and Bill Analysis are prepared for the benefit of the members of the General Assembly, solely for purposes of information, summarization and explanation and do 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.*

## **OFA Fiscal Note**

### **State Impact:**

Agency Affected	Fund-Effect	FY 26 \$	FY 27 \$
Public Health, Dept.	GF - Cost	2,556,000	5,111,000
Public Health, Dept.	IF - Savings	2,556,000	5,111,000
Office of Health Strategy	GF - Cost	2,877,000	5,754,000
State Comptroller - Fringe Benefits <sup>1</sup>	GF - Cost	153,000	306,000
Office of Health Strategy	IF - Savings	3,190,000	6,380,000
Resources of the Insurance Fund	IF - Revenue Loss	5,746,000	11,491,000
Resources of the General Fund	GF - Revenue Gain	2,556,000	5,111,000

Note: IF=Insurance Fund; GF=General Fund

### **Municipal Impact:** None

### **Explanation**

The bill makes changes to the funding streams of certain accounts currently funded by the Insurance Fund, with fiscal impacts as described below.

**Section 1** transfers the public health fee revenue from the Insurance Fund to the General Fund over a five-year period, beginning in FY 26 and increasing by one-fifth annually thereafter, until the public health fee is fully transferred in FY 30. This results in an estimated revenue loss and savings of \$2,556,000 in FY 26 and \$5,111,000 in FY 27 to the Insurance Fund and a commensurate revenue gain and cost to the

<sup>1</sup>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.

## General Fund.<sup>2</sup>

The section does not change the public health fee (i.e., the Public Health Assessment), which is collected from health carriers. It is anticipated that the Department of Public Health accounts funded by this fee would be funded jointly by the Insurance and General Funds in FY 26 through FY 29 and then only by the General Fund beginning in FY 30.

**Section 2** transfers all Insurance Fund expenditures for the Office of Health Strategy (OHS) to the General Fund in equal installments<sup>3</sup> over a five-year period, which results in the following fiscal impacts.

The Insurance Fund will experience savings of approximately \$3.19 million in FY 26 and \$6.38 million in FY 27 resulting from OHS's funding moving to the General Fund. The Insurance Fund will experience matching revenue losses in each year through FY 30, as insurance companies will no longer be assessed for these costs.

Additionally, the General Fund will experience a cost of approximately \$2.88 million in FY 26 and \$5.75 million in FY 27 associated with the funding change. There is also an estimated cost of \$153,000 in FY 26 and \$306,000 in FY 27 to the State Comptroller associated with fringe benefits for OHS staff.<sup>4</sup>

## The Out Years

### State Impact:

Agency Affected	Fund-Effect	FY 28 \$	FY 29 \$	FY 30 \$
Public Health, Dept.	GF - Cost	7,667,000	10,222,000	12,778,000
Public Health, Dept.	IF - Savings	7,667,000	10,222,000	12,778,000
Office of Health Strategy	GF - Cost	8,631,000	11,508,000	14,385,000

<sup>2</sup> Based on FY 25 appropriated public health fee revenue.

<sup>3</sup> Assuming a 3% year-over-year increases to OHS's Insurance Fund costs.

<sup>4</sup> The estimated fringe benefit rates are lower for employees paid out of the General Fund compared to those paid out of the Insurance Fund, so the cost to the Comptroller in the General Fund is less than the savings to OHS in the Insurance Fund.

State Comptroller - Fringe Benefits	GF - Cost	459,000	612,000	765,000
Office of Health Strategy	IF - Savings	9,570,000	12,760,000	15,950,000
Resources of the Insurance Fund	IF - Revenue Loss	17,237,000	22,982,000	28,728,000
Resources of the General Fund	GF - Revenue Gain	7,667,000	10,222,000	12,778,000

Note: IF=Insurance Fund; GF=General Fund

The Section 1 fiscal impacts increase annually through FY 30, when the public health fee revenue has entirely moved to the General Fund.

All fiscal impacts in Section 2 will increase by the same magnitude as listed in FY 26 for the next five consecutive years (FY 30) until the agency is fully transitioned onto the General Fund.

***Municipal Impact:*** None

**OLR Bill Analysis****HB 7117*****AN ACT CONCERNING THE RECOMMENDATIONS OF THE INSURANCE FUND WORKING GROUP.*****SUMMARY**

This bill requires the insurance commissioner to transfer, over a five-year period, the public health fee deposits from the Insurance Fund to the General Fund. By law, the insurance commissioner assesses domestic health carriers (i.e. insurers and HMOs) for the public health fee, which pays for various Department of Public Health programs, including syringe services, AIDS services, breast and cervical cancer detection and treatment, x-ray screening and tuberculosis care, sexually transmitted disease control, and children's health initiatives.

Specifically, the bill requires the commissioner, beginning July 1, 2025, until July 1, 2029, to reduce the amount of the public health fee deposited in the Insurance Fund by one fifth of the total amount paid each fiscal year and deposit the remainder in the General Fund. He must make adjustments to the carriers' assessments as needed. Beginning July 1, 2029, he must deposit all public health fees in the General Fund.

Additionally, the bill requires the insurance commissioner to transfer funding for the Office of Health Strategy (OHS) from the Insurance Fund to the General Fund over a five-year period, beginning July 1, 2025, and in one fifth increments. He must (1) do this transfer in consultation with the Office of Policy and Management and the revenue services commissioner and (2) make adjustments to the health carriers' assessments as needed. Currently, insurers are assessed for some, but not all, costs of OHS, with the balance generally paid for from the General Fund.

EFFECTIVE DATE: Upon passage, except the provisions transferring

funding for OHS to the General Fund are effective July 1, 2025.

**COMMITTEE ACTION**

Insurance and Real Estate Committee

Joint Favorable

Yea    10    Nay    3    (03/11/2025)