

# OFFICE OF FISCAL ANALYSIS

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sHB-5041

AN ACT CONCERNING A STUDY OF A CONNECTICUT OPTION FOR AFFORDABLE HEALTH CARE, HEALTH INSURER REQUIREMENTS FOR CERTAIN GENERIC DRUGS, TAX CREDITS FOR SMALL BUSINESS HEALTH CARE ARRANGEMENTS AND WORKER PORTABLE BENEFIT ACCOUNTS.

## **OFA Fiscal Note**

### **State Impact:**

Agency Affected	Fund-Effect	FY 27 \$	FY 28 \$
Social Services, Dept.	GF - Potential Savings	See Below	See Below
Policy & Mgmt., Off.	GF - Cost	1 million	None
Department of Revenue Services	GF - Revenue Loss	Up to 5 million	Up to 5 million
Department of Revenue Services	GF - Cost	Up to 30,000	None

Note: GF=General Fund

### **Municipal Impact:**

Municipalities	Effect	FY 27 \$	FY 28 \$
Various Municipalities	Potential Savings	See Below	See Below

### **Explanation**

The bill makes various changes to health insurance coverage which results in the impacts described below.

**Section 1** requires the Office of Policy and Management (OPM) to study the feasibility of establishing the Connecticut Option program and provide a report by January 15, 2027. This results in a one-time cost of \$1 million to OPM in FY 27 for a consultant to conduct the study and

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provide the report.

**Sections 2 and 3** require health plans to make certain generic and biosimilar prescription drugs available on formularies resulting in potential savings to fully insured municipalities to the extent the coverage lowers plans' overall drug spend beginning in FY 27. These sections do not result in a fiscal impact to the state employee or partnership plans as they currently meet the requirements of the bill.

**Section 4**, which establishes an Individual Coverage Health Reimbursement Arrangement (ICHRA) tax credit for certain businesses, results in a (1) General Fund revenue loss of up to \$5 million annually beginning in FY 27 and (2) one-time cost of up to \$30,000 to the Department of Revenue Services in FY 27 to establish/administer the credit, including developing and printing applications and certification letters.

**Section 5** allows hiring parties to contribute to a portable benefits account as a form of compensation which does not result in an impact to the state or municipalities.

**Section 6** may result in savings to the Department of Social Services (DSS) associated with allowing coverage modifications under the Covered Connecticut program. The bill generally gives DSS authority to make changes under the program to comply with waiver requirements for approval, renewal, or continuation. The bill specifically (1) modifies subsidy coverage for members from fully subsidized premiums and copays to fully subsidized premium coverage, and (2) allows rather than requires dental and non-emergency medical transportation (NEMT) coverage (on or after 1/1/27). For context, Covered Connecticut is estimated to support an average caseload of 61,200 individuals in FY 27 with state costs of approximately \$79.1 million, including \$3.7 million for dental and \$1.8 million for NEMT services.

The bill also allows but does not require DSS, in consultation with OPM, to explore, develop, or pursue approval of alternative program designs including a basic health plan (to enable coverage for applicants

with household incomes of up to 200% FPL).

***The Out Years***

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