



# Senate

General Assembly

**File No. 44**

January Session, 2015

Senate Bill No. 234

*Senate, March 10, 2015*

The Committee on Insurance and Real Estate reported through SEN. CRISCO of the 17th Dist., Chairperson of the Committee on the part of the Senate, that the bill ought to pass.

## **AN ACT REQUIRING HEALTH INSURANCE COVERAGE FOR THE PURCHASE OF ASSISTANCE DOGS.**

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

1 Section 1. (NEW) (*Effective January 1, 2016*) Each individual health  
2 insurance policy providing coverage of the type specified in  
3 subdivisions (1), (2), (4), (11) and (12) of section 38a-469 of the general  
4 statutes delivered, issued for delivery, renewed, amended or  
5 continued in this state, shall provide coverage for the purchase of an  
6 assistance dog that is specially trained to assist blind, deaf or mobility  
7 impaired persons or persons with a disability that is other than  
8 physical, including, but not limited to, anxiety disorders and post-  
9 traumatic stress disorder, provided the insured's treating health care  
10 provider certifies in writing that such assistance dog is medically  
11 necessary. Any such assistance dog shall be purchased from a  
12 nonprofit organization that is established for the training of such dogs  
13 and is an accredited member of a professional association of guide dog  
14 or assistance dog organizations.

15       Sec. 2. (NEW) (*Effective January 1, 2016*) Each group health insurance  
 16 policy providing coverage of the type specified in subdivisions (1), (2),  
 17 (4), (11) and (12) of section 38a-469 of the general statutes delivered,  
 18 issued for delivery, renewed, amended or continued in this state, shall  
 19 provide coverage for the purchase of an assistance dog that is specially  
 20 trained to assist blind, deaf or mobility impaired persons or persons  
 21 with a disability that is other than physical, including, but not limited  
 22 to, anxiety disorders and post-traumatic stress disorder, provided the  
 23 insured's treating health care provider certifies in writing that such  
 24 assistance dog is medically necessary. Any such assistance dog shall be  
 25 purchased from a nonprofit organization that is established for the  
 26 training of such dogs and is an accredited member of a professional  
 27 association of guide dog or assistance dog organizations.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>January 1, 2016</i>	New section
Sec. 2	<i>January 1, 2016</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:**

<b>Agency Affected</b>	<b>Fund-Effect</b>	<b>FY 16 \$</b>	<b>FY 17 \$</b>
State Comptroller - Fringe Benefits (State Employee and Retiree Health Accounts)	GF, TF - Cost	Approximately \$150,296	Approximately \$300,593
The State	Indeterminate - Cost	Approximately \$74,165	Approximately \$148,330

GF & TF = General Fund and Special Transportation Fund

**Municipal Impact:**

<b>Municipalities</b>	<b>Effect</b>	<b>FY 16 \$</b>	<b>FY 17 \$</b>
Various Municipalities	STATE MANDATE - Cost	Approximately \$91,423	Approximately \$182,845

**Explanation**

The bill will result in a cost to the state employee and retiree health plan<sup>1</sup>, municipalities, and the state, for providing coverage for the purchase of assistance dogs for certain individuals, where the physician has deemed the dog medically necessary. The total estimated cost to the state in FY 16 is approximately \$224,461 and \$448,923 in FY 17. This cost is attributable to (1) the estimated cost to the state plan in FY 16 and FY 17 of approximately \$150,296 and \$300,593 respectively and (2) the cost to the state pursuant to the federal Affordable Care Act (ACA) (see below) in FY 16 and FY 17 of approximately \$74,165 and \$148,330 respectively. The cost to fully insured municipalities in FY 16 and FY 17 is approximately \$91,423

<sup>1</sup> The state employee and retiree health plan is a self-insured health plan. Pursuant to federal law, self-insured health plans are exempt from state health mandates. However, the state has traditionally adopted all state health mandates.

and \$182,845 respectively.<sup>2</sup>

The actual cost to the state plan to provide coverage for the purchase of medically necessary assistance dogs will depend on the actual utilization of services. Secondly, the cost to the state pursuant to the ACA may be underrepresented as it is uncertain if the enrollment information reported reflects the total number of covered lives by exchange plans or the number of individuals who purchased a policy.

### **Municipal Impact**

As previously stated, the bill may increase costs to certain fully insured municipal plans that do not currently provide coverage for the purchase of assistance dogs for certain individual where the physician has deemed the dog medically necessary. The coverage requirements may result in increased premium costs when municipalities enter into new health insurance contracts after January 1, 2016. In addition, many municipal health plans are recognized as “grandfathered” health plans under the ACA.<sup>3</sup> It is unclear what effect the adoption of certain health mandates will have on the grandfathered status of certain municipal plans under ACA. Pursuant to federal law, self-insured health plans are exempt from state health mandates.

### **The State and the federal ACA**

Lastly, the ACA requires that, the state’s health exchange’s qualified health plans (QHPs)<sup>4</sup>, include a federally defined essential health benefits package (EHB). The federal government is allowing states to

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<sup>2</sup> The estimated cost is based on a per member per month (PMPM) of \$0.12. The cost estimate for the state employee plan is based on membership as of January 2015; municipal impact is based on Dept. of Labor employment information as of December 31, 2014; state impact based on Exchange enrollment is as of February 2015. Exchange enrollment excludes Medicaid enrollees totaling 382,021.

<sup>3</sup> Grandfathered plans include most group insurance plans and some individual health plans created or purchased on or before March 23, 2010.

<sup>4</sup> The state’s health exchange, Access Health CT, opened its marketplace for Connecticut residents to purchase QHPs from carriers, with coverage starting January 1, 2014.

choose a benchmark plan<sup>5</sup> to serve as the EHB until 2016 when the federal government is anticipated to revisit the EHB.

While states are allowed to mandate benefits in excess of the EHB, the federal law requires the state to defray the cost of any such additional mandated benefits for all plans sold in the exchange, by reimbursing the carrier or the insured for the excess coverage. State mandated benefits enacted after December 31, 2011 cannot be considered part of the EHB for 2014-2015 unless they are already part of the benchmark plan<sup>6</sup>. However, neither the agency nor the mechanism for the state to pay these costs has been established.

### ***The Out Years***

The annualized ongoing fiscal impact identified above would continue into the future subject to 1) inflation 2) the number of covered lives in the state, municipal and exchange health plans, and 3) the utilization of services.

Sources: Department of Labor  
Office of the State Comptroller  
Office of the State Comptroller State Health Plan, Health Benefit Document as of July 2013

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<sup>5</sup> The state's benchmark plan is the Connecticare HMO plan with supplemental coverage for pediatric dental and vision care as required by the ACA.

<sup>6</sup> Source: Dept. of Health and Human Services. *Frequently Asked Questions on Essential Health Benefits Bulletin* (February 21, 2012).

**OLR Bill Analysis****SB 234*****AN ACT REQUIRING HEALTH INSURANCE COVERAGE FOR THE PURCHASE OF ASSISTANCE DOGS.*****SUMMARY:**

This bill requires certain health insurance policies to cover the purchase of assistance dogs specially trained to assist individuals who (1) are blind, deaf, or have impaired mobility or (2) have nonphysical disabilities, including anxiety disorders and post-traumatic stress disorders. For the insured to get the coverage, his or her treating health care provider must certify, in writing, that the dog is medically necessary.

Under the bill, assistance dogs must be purchased from a nonprofit organization that is (1) established to train such dogs and (2) an accredited member of a professional association of guide dogs or assistance dog organizations.

The bill applies to individual and group health insurance policies delivered, issued, renewed, amended, or continued in Connecticut that cover (1) basic hospital expenses, (2) basic medical-surgical expenses, (3) major medical expenses, or (4) hospital or medical services, including those provided under an HMO plan. Due to the federal Employee Retirement Income Security Act, state insurance benefit mandates do not apply to self-insured benefit plans.

EFFECTIVE DATE: January 1, 2016

**BACKGROUND*****Related Federal Law***

Under the federal Patient Protection and Affordable Care Act (P.L. 111-148), a state may require health plans sold through the state's

health insurance exchange to offer benefits beyond those included in the required “essential health benefits,” provided the state defrays the cost of those additional benefits. The requirement applies to benefit mandates enacted by a state after December 31, 2011. Thus, the state is required to pay the insurance carrier or enrollee to defray the cost of any new benefits mandated after that date.

**COMMITTEE ACTION**

Insurance and Real Estate Committee

Joint Favorable

Yea 17 Nay 0 (02/25/2015)