

PREPARED BY: Nikki Swope
 DATE PREPARED: February 05, 2024
 PHONE: 402-471-0042

LB 1110

Revision: 00

FISCAL NOTE
 LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)				
	FY 2024-25		FY 2025-26	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS				
CASH FUNDS			\$11,000	
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS			\$11,000	

Any Fiscal Notes received from state agencies and political subdivisions are attached following the Legislative Fiscal Analyst Estimate.

LB 1110 would require dental plan carriers to meet a minimum dental loss ratio of 85% beginning on January 1, 2025. Premium costs in excess of the ratio would be required to be returned to the insured.

There is no fiscal impact on healthcare insurance plans for the State of Nebraska or University System as the full costs of dental premiums are carried by the insured.

LB 1110 also requires that carriers report their loss ratios to the Department of Insurance (Department) beginning on January 1, 2026 in a manner described by the Department. The Department would be tasked to develop a method to calculate the loss ratio and refund calculation. The Department would need to contract with an actuarial firm to create these reporting requirements as outlined in the bill. The department estimates a one-time need for 50 hours of contracted work at \$220 per hour in Cash Funds for a total of \$11,000.

There is no basis to disagree with these estimates.

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE			
LB: 1110	AM:	AGENCY/POLT. SUB: Department of Insurance	
REVIEWED BY: Ryan Walton	DATE: 2/2/2024	PHONE: (402) 471-4174	
COMMENTS: The Department of Insurance's assessment of fiscal impact from LB 1110 appears reasonable.			

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE			
LB: 1110	AM:	AGENCY/POLT. SUB: University of Nebraska System	
REVIEWED BY: Ryan Walton	DATE: 1/22/2024	PHONE: (402) 471-4174	
COMMENTS: The University of Nebraska System's assessment of no fiscal impact from LB 1110 appears reasonable.			

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE			
LB: 1110	AM:	AGENCY/POLT. SUB: Department of Administrative Services (DAS)	
REVIEWED BY: Ryan Walton	DATE: 1/24/2024	PHONE: (402) 471-4174	
COMMENTS: The DAS assessment of no fiscal impact from LB 1110 appears reasonable.			

Please complete ALL (5) blanks in the first three lines.

2024

LB⁽¹⁾ 1110

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾ Department of Administrative Services (DAS)
 -Employee Wellness & Benefits

Prepared by: ⁽³⁾ Jennifer Norris Date Prepared: ⁽⁴⁾ 1/15/2024 Phone: ⁽⁵⁾ 402/480-9728

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2024-25</u>		<u>FY 2025-26</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	_____	_____	_____	_____
CASH FUNDS	_____	_____	_____	_____
FEDERAL FUNDS	_____	_____	_____	_____
REVOLVING FUNDS	_____	_____	_____	_____
TOTAL FUNDS	=====	=====	=====	=====

Explanation of Estimate:

LB 1110 will require dental plan carriers to meet a minimum dental loss ratio of 85% beginning January 1, 2025, and provide an annual report to the Department of Insurance beginning January 1, 2026, as prescribed. If the minimum dental loss ratio is not met, the dental plan carrier is to return the excess premiums to its insureds.

The State of Nebraska pays no part of premiums for special coverages, which includes dental coverage. The dental plan premiums are paid 100% by the enrolled State of Nebraska employees. Any return of excess premiums or any increase in premium costs would impact the employees enrolled in the dental plans.

LB 1110, as introduced, has no fiscal impact to the State of Nebraska dental plans.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2024-25</u>	<u>2025-26</u>
	<u>24-25</u>	<u>25-26</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
Benefits.....	_____	_____	_____	_____
Operating.....	_____	_____	_____	_____
Travel.....	_____	_____	_____	_____
Capital outlay.....	_____	_____	_____	_____
Aid.....	_____	_____	_____	_____
Capital improvements.....	_____	_____	_____	_____
TOTAL.....	_____	_____	_____	_____

Please complete ALL (5) blanks in the first three lines.

2024

LB⁽¹⁾ 1110

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾ Department of Insurance

Prepared by: ⁽³⁾ Jordan Blades Date Prepared: ⁽⁴⁾ 1/12/2024 Phone: ⁽⁵⁾ 402-471-4638

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2024-25</u>		<u>FY 2025-26</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	_____	_____	_____	_____
CASH FUNDS	_____	_____	11,000	_____
FEDERAL FUNDS	_____	_____	_____	_____
OTHER FUNDS	_____	_____	_____	_____
TOTAL FUNDS	=====	=====	11,000	=====

Explanation of Estimate:

LB 1110 would require dental carriers to maintain a minimum loss ratio of 85%. If a carrier does not meet this minimum requirement it must return excess premiums to its insureds.

LB 1110 also requires that carriers report their loss ratios to the Department of Insurance in a manner prescribed by the Department. A standardized annual loss ratio report and refund calculation which lays out the exact method for calculating loss ratio and the exact data needed to support the calculation would need to be developed. The Department will need to contract with an actuarial firm to create these reporting requirements. We anticipate a one-time need for 50 hours of contracted work at a rate of \$220 per hour.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2024-25</u>	<u>2025-26</u>
	<u>24-25</u>	<u>25-26</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
Benefits.....	_____	_____	_____	_____
Operating.....	_____	_____	_____	_____
Travel.....	_____	_____	_____	_____
Capital outlay.....	_____	_____	_____	_____
Aid.....	_____	_____	_____	_____
Capital improvements.....	_____	_____	_____	_____
TOTAL.....	_____	_____	_____	_____

Please complete ALL (5) blanks in the first three lines.

2024

LB ⁽¹⁾ 1110 Require dental plan carriers to meet a minimum dental loss ratio and provide a report to the Department of Insurance as prescribed

FISCAL NOTE

State Agency OR Political Subdivision Name:⁽²⁾ University of Nebraska System

Prepared by:⁽³⁾ Chris Kabourek Date Prepared:⁽⁴⁾ 01/17/2024 Phone:⁽⁵⁾ (402) 472-7102

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	FY 2024 - 25		FY 2025 - 26	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
CASH FUNDS	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
FEDERAL FUNDS	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
OTHER FUNDS	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
TOTAL FUNDS	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>

Explanation of Estimate:

No Fiscal Impact.

If LB 1110 were to pass and become law we would work with our dental insurance carrier to make sure we comply with the law.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2024 - 25 EXPENDITURES</u>	<u>2025 - 26 EXPENDITURES</u>
	<u>24 - 25</u>	<u>25 - 26</u>		
	<u>0</u>	<u>0</u>		
	<u>0</u>	<u>0</u>		
Benefits.....				
Operating.....				
Travel.....				
Capital outlay.....				
Aid.....				
Capital improvements.....				
TOTAL.....				