

FISCAL NOTE
LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)				
	FY 2023-24		FY 2024-25	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS				
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	See below		See below	

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

LB 448 would prohibit an insurer from refusing to authorize, approve, or pay a participating provider for providing covered clinician-administered drugs or requiring an enrollee to pay an additional fee, higher co-pay or higher coinsurance for covered clinician-administered drugs, whether in or out of network. The bill also allows clinician-administered drugs to be provided by a pharmacy that is not in the insurers' network.

The State of Nebraska and the University of Nebraska both have multiple healthcare plans with varying deductibles, co-insurance and out-of-pocket maximums. The healthcare plans also have contractual savings for utilizing in-network providers. Both the State of Nebraska and the University of Nebraska healthcare plans anticipate an increase in the costs to their medical plans but the actual amounts are indeterminable due to unknown factors such as the percentage of the insurance plan members who may choose to use providers that are out-of-network.

The State of Nebraska and the University of Nebraska healthcare plans are self-insured. The medical plan costs are split between State/University (79%) and employees (21%).

Based on the current costs for these types of drugs, the University of Nebraska estimates an increased cost of approximately .8% which is an estimate of the number of insurance plan members that may seek these drugs from an out-of-pocket provider.

Similarly, the State of Nebraska self-insured healthcare plans estimates a 10% increase of the health insurance premiums if this bill was enacted.

The State of Nebraska's health plans utilize trust funds; thus, no additional appropriation is being requested of those funds. However, costs for the increase in the state's contribution to each state agency that has employees covered under the state's healthcare plan would need to be reconciled in an A-bill for LB 448.

See the following for a cost by fund breakdown for the anticipated increase in premiums borne by the State/University:

Department of Administrative Services:

Fund Type	Estimated Expenditures FY 2023-24	Estimated Expenditures FY 2024-25
General Fund	\$424,768	\$424,768
Cash Fund	\$218,691	\$218,691
Federal Fund	\$170,677	\$170,677
Revolving Fund	\$39,064	\$39,064
Total	\$853,200	\$853,200

University of Nebraska Systems:

Fund Type	Estimated Expenditures FY 2023-24	Estimated Expenditures FY 2024-25
General Fund	\$194,317	\$388,633
Cash Fund	\$115,264	\$230,528
Federal Fund	\$22,951	\$45,902
Revolving Fund	\$177,486	\$354,972
Total	\$510,018	\$1,020,035

There is no basis to disagree with these estimates.

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE		
LB: 448	AM:	AGENCY/POLT. SUB: Department of Administrative Services (DAS)
REVIEWED BY: Ryan Walton	DATE: 2/23/2023	PHONE: (402) 471-4174
COMMENTS: No basis to disagree with the Department of Administrative Services assessment of fiscal impact from LB 448.		

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE		
LB: 448	AM:	AGENCY/POLT. SUB: University of Nebraska System
REVIEWED BY: Ryan Walton	DATE: 1/23/2023	PHONE: (402) 471-4174
COMMENTS: No basis to disagree with the University of Nebraska System assessment of fiscal impact to the agency from LB 448.		

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2023

LB⁽¹⁾ 448

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⁾ 1/19/2023 Phone: ⁽⁵⁾ 402/480-9728

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2023-24</u>		<u>FY 2024-25</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 448 as introduced would prohibit an insurer from refusing to authorize, approve or pay a participating provider for providing covered clinician-administered drugs and related services and from imposing coverage or benefit limitations or requiring an enrollee to pay an additional fee, higher copay, or higher coinsurance. LB 448 also allows clinician-administered drugs to be provided by a pharmacy, etc., that isn't a participating provider in the insurer's network (under contract). The bill also prohibits the insurer from requiring an enrollee to pay a higher copay, coinsurance, etc. when using an out-of-network provider.

LB 448 could increase the costs of clinician-administered drugs provided by a patient's provider or pharmacy that isn't under contract, as costs could be higher, and the enrollee couldn't be charged a higher copay, coinsurance, or deductible.

Specialty medications are drugs handled through the medical plan and not the pharmacy plan. For example, transfusions or oncology visits. Without available data from non-contracting providers and many unknown factors – including the number of teammates who would use an out-of-network source or the impact on the drug rebates the program currently receives, the State's Third-Party Administrator (TPA) believes that a 10% increase in the plans medical specialty spend is a fair estimate.

The total costs for these types of drugs in the prior plan years has been approximately \$10.8 million. A 10 percent increase would be \$1,080,000.

Any increases in service costs would impact the cost of claims paid by the State's health plans, which has the potential to increase premiums.

The medical plans for the State of Nebraska are self-insured. The medical plan premiums are paid by the State of Nebraska (79%) and employees (21%).

The State's share of \$1,080,000 is \$853,200 ($\$1,080,000 \times 79\% = \$853,3000$).

The State's health plans utilize trust funds; thus, no additional appropriation is being requested.

An increase in the State's contribution would increase the costs to each agency by an unknown amount that would need to be reconciled in a subsequent A bill.

The table below summarizes the estimated impact by fund type of any estimated premium increase. The allocation by fund type is based on a four (4) year [2019 -2022] average of health insurance premium expenditures.

Fund Type	Estimated Expenditures - 10% Increase	Estimated Expenditures - 10% Increase
General Fund	\$424,768	\$424,768
Cash Fund	\$218,691	\$218,691
Federal Fund	\$170,677	\$170,677
Revolving Fund	\$39,064	\$39,064
Total	\$853,200	\$853,200

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2023-24</u>	<u>2024-25</u>
	<u>23-24</u>	<u>24-25</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
Benefits.....				
Operating.....				
Travel.....				
Capital outlay.....				
Aid.....				
Capital improvements.....				
TOTAL.....				

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LB ⁽¹⁾0448 Prohibit certain provisions in a health plan in relation to clinician-administered drugs

State Agency OR Political Subdivision Name:⁽²⁾ University of Nebraska System
 Prepared by:⁽³⁾ Chris Kabourek Date Prepared:⁽⁴⁾ 01/20/2023 Phone:⁽⁵⁾ (402) 472-7102

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	FY 2023 - 24		FY 2024 - 25	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	<u>194,317.00</u>	<u>0.00</u>	<u>388,633.00</u>	<u>0.00</u>
CASH FUNDS	<u>115,264.00</u>	<u>0.00</u>	<u>230,528.00</u>	<u>0.00</u>
FEDERAL FUNDS	<u>22,951.00</u>	<u>0.00</u>	<u>45,902.00</u>	<u>0.00</u>
OTHER FUNDS	<u>177,486.00</u>	<u>0.00</u>	<u>354,972.00</u>	<u>0.00</u>
TOTAL FUNDS	<u>510,018.00</u>	<u>0.00</u>	<u>1,020,035.00</u>	<u>0.00</u>

Explanation of Estimate:

The University of Nebraska System believes the following language in Section 1 of LB448 would impact our existing health insurance plan.

"any self-funded employee benefit plan to the extent not preempted by federal law, shall not:

- (b) Impose coverage or benefit limitations or require an enrollee to pay an additional fee, higher copay, higher coinsurance, second copay, second coinsurance, or other penalty when obtaining clinician-administered drugs from a health care provider authorized under the laws of this state to administer clinician-administered drugs or a pharmacy;
- (c) Interfere with the right of a patient to choose to obtain a clinician-administered drug from such patient's provider such as through inducement, steering, or offering financial or other incentives;";

The University of Nebraska health insurance plan has three provider tiers: varying deductibles, co-insurance, and out-of-pocket maximums. The three tiers of providers allow the health plan to guide participants to in-network providers that provide significant contractual savings for both members and the self-funded plan by using the UMR network savings. If LB448 becomes law as written, plan members will likely utilize out-of-network providers that do not have the contractual savings of the UMR network.

The fiscal impact of this bill is difficult to predict. We do not have a reasonable method to predict the number of members that would utilize an out-of-network provider. For a rough estimate, we examined the previous year's costs of medications incurred by our health plan that was infused or could not be self-administered by the member. We believe that if LB448 becomes law, members using these medications would have the cost-sharing arrangements in our lowest cost-sharing tier. These calculations only include the cost of the medications, and it is likely there is an administrative cost incurred by the plan and participants for the use of these medications that would increase the fiscal impact of the bill.

We estimate the bill would result in an 0.8% increase in our health plan premiums resulting in an estimated \$1,291,184 annual fiscal impact to the University health plan. The University pays 79% of the premium and the employee pays 21%. The total annual fiscal impact to the University is \$1,020,035 (79% of the \$1,291,184 total annual cost). Premium rates have been established for the calendar year 2023, so the earliest premiums would increase would be January 1, 2024.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

POSITION TITLE	NUMBER OF POSITIONS		2023 - 24 <u>EXPENDITURES</u>	2024 - 25 <u>EXPENDITURES</u>
	<u>23 - 24</u>	<u>24 - 25</u>		
	<u>0</u>	<u>0</u>		
	<u>0</u>	<u>0</u>		
Benefits.....			<u>510,018.00</u>	<u>1,020,035.00</u>
Operating.....				
Travel.....				
Capital outlay.....				
Aid.....				
Capital improvements.....				
TOTAL.....			<u>510,018.00</u>	<u>1,020,035.00</u>