

# FISCAL NOTE

LEGISLATIVE FISCAL ANALYST ESTIMATE

## ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)

	FY 2025-26		FY 2026-27	
	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 158 would require a health carrier or pharmacy benefit manager to include amounts paid by a health benefit plan enrollee or paid on behalf of an enrollee by another person for the purpose of calculating the enrollee's overall contribution to any out-of-pocket maximum or cost-sharing requirement under a health benefit plan. The bill has an enactment date of January 1, 2026.

LB 158 would require third-party co-pay assistance payments to be applied to health plan participants out-of-pocket copays prior to offsetting plan costs. This would result in the reduction of co-pays paid by health plan participants but would result in increased health plan costs.

### Department of Administrative Services:

LB 158 would result in an estimated health plan increase of \$900,000 per plan year to the State of Nebraska. However, the State of Nebraska's employee health plans utilize trust funds; thus, no additional appropriation is being requested.

The State of Nebraska pays 79% of the premium costs for healthcare plans and employees pay the remaining 21% thus the increased cost is \$355,500 in FY 2025-26 for the partial year and \$711,000 in FY 2026-27. (79% of \$900,000). Following is a breakdown of the total cost by funding types:

### Department of Administrative Services

Fund Type	Estimated Expenditures FY 2025-26	Estimated Expenditures FY 2026-27
General Fund	\$184,115	\$368,230
Cash Fund	\$88,008	\$176,016
Federal Fund	\$66,736	\$133,471
Revolving Fund	\$16,641	\$33,283
<b>Total</b>	<b>\$355,500</b>	<b>\$711,000</b>

The impact of LB 158 would result in a health plan increase of \$4,654 per plan year to the University. The University System pays 79% of the premium costs for healthcare plans and employees pay the remaining 21% thus the increased cost is \$166,848 in FY 2025-26 for the partial year and \$33,696 in FY 2026-27. (79% of \$42,654). Following is a breakdown of the total cost by funding types:

### University Systems

Fund Type	Estimated Expenditures FY 2025-26	Estimated Expenditures FY 2026-27
General Fund	\$6,334	\$12,468
Cash Fund	\$3,538	\$7,076
Federal Fund	\$674	\$1,347
Revolving Fund	\$6,402	\$12,805
<b>Total</b>	<b>\$16,848</b>	<b>\$33,696</b>

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE
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LB: 158	AM:	AGENCY/POLT. SUB: Department of Administrative Services
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REVIEWED BY: Ryan Walton	DATE: 1/23/2025	PHONE: (402) 471-4174
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COMMENTS: The Department of Administrative Service's assessment of fiscal impact from LB 158, appears reasonable.
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ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE
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LB: 152	AM:	AGENCY/POLT. SUB: Nebraska Association of County Officials
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REVIEWED BY: Ryan Yang	DATE: 1/15/2025	PHONE: (402) 471-4178
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COMMENTS: No basis to disagree with the Nebraska Association of County Officials assessment of fiscal impact from LB 152.
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**2025**

**LB<sup>(1)</sup> 158**

**FISCAL NOTE**

State Agency OR Political Subdivision Name: <sup>(2)</sup> Department of Administrative Services (DAS) – Employee Wellness & Benefits

Prepared by: <sup>(3)</sup> Jennifer Norris Date Prepared: <sup>(4)</sup> 01/14/2025 Phone: <sup>(5)</sup> 402-471-4443

**ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION**

	<u>FY 2025-26</u>		<u>FY 2026-27</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS				
CASH FUNDS				
FEDERAL FUNDS				
REVOLVING FUNDS				
TOTAL FUNDS	<u>See Below</u>	<u>See Below</u>	<u>See Below</u>	<u>See Below</u>

**Explanation of Estimate:**

LB 158 as introduced provides that for any health benefit plan entered into, amended, extended, or renewed on or after January 1, 2026, a health carrier or pharmacy benefit manager is to include any amount paid by a plan enrollee for purposes of calculating the enrollee's overall contribution to any out-of-pocket maximum or cost-sharing requirement under the plan.

Implementation of LB 158 would end the Accumulator Adjustment Program for the State of Nebraska medical plans. Currently, manufacturer sponsored copay cards, coupons or rebates are applied towards pharmacy costs, then the actual amount covered by the employee is applied towards the member's deductible and out-of-pocket maximum. Adding these outside payments allows the maximum to be reached sooner, leaving the State of Nebraska to cover the costs over the maximum.

LB158 would increase the cost of the State of Nebraska medical plans by approximately \$900,000 per plan year.

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

As the State's current medical plans are self-insured, an increase in claims would result in an increase in premium costs. The State pays 79% of the premium and the employee pays 21%. The changes proposed in LB 158 would impact the State's and the employee's premium costs.

The State's estimated impact is \$355,500 in FY25-26 and \$711,000 in FY26-27. (\$900,000 in estimated increased costs x 79% = \$711,000). The effective date of the bill is January 2026 – a partial fiscal year.

The table below summarizes the estimated impact by fund type of any premium increases. The allocation by fund type is based on an average for Health Insurance expenditures over a five-year period (2020-2024).

<b>Fund Type</b>	<b>Expenditures – FY25-26</b>	<b>Expenditures – FY26-27</b>
General Fund	\$184,115	\$368,230
Cash Fund	\$88,008	\$176,016
Federal Fund	\$66,736	\$133,471
Revolving Fund	\$16,641	\$33,283
<b>Total</b>	<b>\$355,500</b>	<b>\$711,000</b>

**BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE**

**Personal Services:**

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2025-26</u>	<u>2026-27</u>
	<u>25-26</u>	<u>26-27</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
Benefits.....				
Operating.....				
Travel.....				
Capital outlay.....				
Aid.....				
Capital improvements.....				
TOTAL.....				

State Agency OR Political Subdivision Name:<sup>(2)</sup> University of Nebraska System

Prepared by:<sup>(3)</sup> Anne Barnes Date Prepared:<sup>(4)</sup> 01/17/2025 Phone:<sup>(5)</sup> (402) 559-6300

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	FY 2025 - 26		FY 2026 - 27	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	<u>6,234.00</u>	<u>0.00</u>	<u>12,468.00</u>	<u>0.00</u>
CASH FUNDS	<u>3,538.00</u>	<u>0.00</u>	<u>7,076.00</u>	<u>0.00</u>
FEDERAL FUNDS	<u>674.00</u>	<u>0.00</u>	<u>1,347.00</u>	<u>0.00</u>
OTHER FUNDS	<u>6,402.00</u>	<u>0.00</u>	<u>12,805.00</u>	<u>0.00</u>
TOTAL FUNDS	<u>16,848.00</u>	<u>0.00</u>	<u>33,696.00</u>	<u>0.00</u>

Explanation of Estimate:

The University of Nebraska self-insured employee health insurance plan utilizes third party co-pay assistance programs to offset prescription drug costs to the health insurance plan. Legislative Bill 158 would require the third-party co-pay assistance payments to be applied to health plan participants out-of-pocket co-pays prior to offsetting plan costs. This would reduce health plan co-pays paid by the health plan participants and would increase plan costs. The fiscal impact is calculated based on calendar year 2024 activity. The total plan cost increase would be \$42,654.

The University pays 79% of the premiums and employee pays 21% of the premiums for the health insurance plan. The total annual fiscal impact to the University is \$33,696 (79% of the \$42,654 total annual cost). The requirements of the legislative bill would be on or after January 1, 2026.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:				
POSITION TITLE	NUMBER OF POSITIONS		2025 - 26	2026 - 27
	<u>25 - 26</u>	<u>26 - 27</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
	<u>0</u>	<u>0</u>		
	<u>0</u>	<u>0</u>		
Benefits.....			<u>16,848.00</u>	<u>33,696.00</u>
Operating.....				
Travel.....				
Capital outlay.....				
Aid.....				
Capital improvements.....				
TOTAL.....			<u>16,848.00</u>	<u>33,696.00</u>