

**FISCAL NOTE**  
 LEGISLATIVE FISCAL ANALYST ESTIMATE

<b>ESTIMATE OF FISCAL IMPACT – STATE AGENCIES</b> (See narrative for political subdivision estimates)				
	<b>FY 2025-26</b>		<b>FY 2026-27</b>	
	<b>EXPENDITURES</b>	<b>REVENUE</b>	<b>EXPENDITURES</b>	<b>REVENUE</b>
GENERAL FUNDS				
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
<b>TOTAL FUNDS</b>	See below		See below	

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

LB 109 would prohibit certain provisions in insurance policies and health plans relating to clinician-administered drugs; to prohibit pharmacy benefit managers from taking certain actions; to change provisions relating to a pharmacy benefit manager's specialty pharmacy network; to provide severability; and to repeal the original sections.

**Department of Administrative Services:**

LB 109 would have a significant impact on the State of Nebraska's self-insured, medical insurance plans. The legislation would impact medication sourcing programs, pharmacy rebates and could impact the outcome of any current cost guarantees in place for clinician-administered drugs.

The State applies available pharmacy rebates back into the State Employees Insurance Fund (Fund) as revenue which increases the Fund's balance. This trust Fund's balance is used to pay for current claims and impacts decisions regarding possible increases in premiums, co-pays and deductibles in plan changes.

It is estimated that the removal of restrictions on clinician-administered drugs could increase the total medical expenditures by 4%, resulting in a loss of revenues of \$6,960,000 based on the past healthcare plan year in the State Employees Insurance Fund. The estimate utilizes expenditures of members using both in-network and out-of-network providers; however, members may begin using out-of-network providers at a higher utilization rate due to this legislation. The State of Nebraska's employee health plans utilize trust funds; thus, no additional appropriation is being requested.

It is anticipated this would result in an increase in the premium costs for the State of Nebraska healthcare plans. The State's estimated fiscal impact is \$4,582,000 in FY 2025-26 and \$5,498,400 in FY 2026-27. The State of Nebraska pays 79% of the premium costs for healthcare plans and employees pay the remaining 21%. Following is a breakdown of the total cost by funding types:

**Department of Administrative Services**

<b>Fund Type</b>	<b>Estimated Expenditures FY 2025-26</b>	<b>Estimated Expenditures FY 2026-27</b>
General Fund	\$2,373,037	\$2,847,645
Cash Fund	\$1,134,326	\$1,361,191
Federal Fund	\$860,147	\$1,032,176
Revolving Fund	\$214,490	\$257,388
<b>Total</b>	<b>\$4,582,000</b>	<b>\$5,498,400</b>

**The University of Nebraska Systems:**

LB 109 would also have a significant impact on the University Systems self-insured, medical insurance plans. The University of Nebraska Systems health insurance plan has three tiers of providers that have varying deductibles, co-insurance, and out-of-pocket maximums. The three tiers of providers allow the healthcare plan to guide participants to in-network providers that provide significant contractual savings to both members and the healthcare plan. Were the legislation to pass, it may be more likely that plan members utilize out-of-network providers that do not have a contractual savings of the current healthcare plan network.

The University Systems estimated an increased cost of \$29,584 for FY 2025-26 and \$59,168 in FY 2026-27 based on the past plan year for plan members that utilized clinician-administered drugs. It is anticipated that if the legislation were to become law, members using these medications would have the cost sharing arrangements in the plan's lowest cost-sharing tier.

It is anticipated this would result in an annual fiscal impact of \$74,896 to the University Systems health plan. The University Systems pays 79% of the premium costs for healthcare plans and employees pay the remaining 21%. Following is a breakdown of the total cost by funding types:

<b>University Systems</b>		
Fund Type	<b>Estimated Expenditures FY 2025-26</b>	<b>Estimated Expenditures FY 2026-27</b>
General Fund	\$10,946	\$21,892
Cash Fund	\$6,213	\$12,425
Federal Fund	\$1,183	\$2,367
Revolving Fund	\$11,242	\$22,484
<b>Total</b>	<b>\$29,584</b>	<b>\$59,168</b>

There is no basis to disagree with these estimates.

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE		
LB: 109	AM:	AGENCY/POLT. SUB: Department of Administrative Services
REVIEWED BY: Ryan Walton	DATE: 1/23/2025	PHONE: (402) 471-4174
COMMENTS: The Department of Administrative Service's assessment of fiscal impact from LB 109, appears reasonable.		

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**2025**

**LB<sup>(1)</sup> 109**

**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> 01/13/2025 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>_____</u>	<u>See Below</u>	<u>_____</u>

**Explanation of Estimate:**

LB 109 as introduced prohibits certain provisions in insurance policies and health plans relating to clinician-administered drugs, prohibits pharmacy benefit managers from taking certain actions and change provisions relating to a pharmacy benefit manager’s specialty pharmacy network.

This would have significant impact on the State of Nebraska medical plans on the clinician administered drugs (medical specialty drugs). This legislation would impact medication sourcing program, pharmacy rebates, and could impact the outcome of any current cost guarantees in place. It is estimated that the removal of restrictions on clinician-administered drugs could cause a potential impact of up to 4% of total medical spent, which would be approximately \$6,960,000 (based on past plan year of medical spent of \$174,000,000).

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

The State applies available rebates back into the State Employees Insurance Fund as a reduction in claims that increases the fund’s balance. The fund’s existing balance is used for current claims, and impacts decisions regarding possible increases in premiums and increases in copays and deductibles through plan changes.

As the State’s current medical plans are self-insured, a reduction of savings/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 109 would impact the State’s and the employee’s premium costs.

The State’s estimated impact is \$4,582,000 in FY25-26 and \$5,498,400 in FY26-27. (\$6,960,000 in estimated increased costs/lost savings x 79% = \$5,498,400). The FY25-26 amount assumes an effective date of September 2026.

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 Benefit expenditures over a five-year period (2020-2024).

<b>Fund Type</b>	<b>Expenditures – FY25-26</b>	<b>Expenditures – FY26-27</b>
General Fund	\$2,373,037	\$2,847,645
Cash Fund	\$1,134,326	\$1,361,191
Federal Fund	\$860,147	\$1,032,176
Revolving Fund	\$214,490	257,388
<b>Total</b>	<b>\$4,582,000</b>	<b>\$5,498,400</b>

**BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE**

**Personal Services:**

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

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**LB (1) 0109 Prohibit certain provisions in insurance policies and health plans relating to clinician-administered drugs and change provisions relating to pharmacy benefit managers** **FISCAL NOTE**

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>10,946.00</u>	<u>0.00</u>	<u>21,892.00</u>	<u>0.00</u>
CASH FUNDS	<u>6,213.00</u>	<u>0.00</u>	<u>12,425.00</u>	<u>0.00</u>
FEDERAL FUNDS	<u>1,183.00</u>	<u>0.00</u>	<u>2,367.00</u>	<u>0.00</u>
OTHER FUNDS	<u>11,242.00</u>	<u>0.00</u>	<u>22,484.00</u>	<u>0.00</u>
TOTAL FUNDS	<u>29,584.00</u>	<u>0.00</u>	<u>59,168.00</u>	<u>0.00</u>

**Explanation of Estimate:**

The University of Nebraska System believes the following language in Section 1 of the bill would result in increased cost to the employee self-funded 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 tiers of providers that have 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 plan by using the Blue Cross and Blue Shield network savings. If the bill passes it is likely that plan members will utilize out-of-network providers that do not have the contractual savings of the Blue Cross and Blue Shield of Nebraska 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 previous year costs of medications incurred by our health plan that were infused or could not be self-administered by the member. We believe that if the bill becomes law that members using these medications would have the cost sharing arrangements in our lowest cost sharing tier.

We estimate a \$74,896 annual fiscal impact to the University health plan. The University pays 79% of the premium and the employee pays 21% of the premium for the employee health insurance plan. The total annual fiscal impact to the University is \$59,168 (79% of the \$74,896 total annual cost). Premium rates have been established for calendar year 2025, so the earliest premiums would increase would be January 1, 2026.

**BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE**

Personal Services:

POSITION TITLE	NUMBER OF POSITIONS		2025 - 26 <u>EXPENDITURES</u>	2026 - 27 <u>EXPENDITURES</u>
	<u>25 - 26</u>	<u>26 - 27</u>		
	<u>0</u>	<u>0</u>		
	<u>0</u>	<u>0</u>		
Benefits.....			<u>29,584.00</u>	<u>59,168.00</u>
Operating.....				
Travel.....				
Capital outlay.....				
Aid.....				
Capital improvements.....				
TOTAL.....			<u>29,584.00</u>	<u>59,168.00</u>