

FISCAL NOTE
LEGISLATIVE FISCAL ANALYST ESTIMATE

| ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates) | | | | |
|-------------------------------------------------------------------------------------------------------|---------------------|----------------|---------------------|----------------|
| | FY 2013-14 | | FY 2014-15 | |
| | EXPENDITURES | REVENUE | EXPENDITURES | REVENUE |
| GENERAL FUNDS | | See Below | | See Below |
| CASH FUNDS | | See Below | | See Below |
| FEDERAL FUNDS | | | | |
| OTHER FUNDS | | | | |
| TOTAL FUNDS | | | | |

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

LB 479 relates to contractual rights to the proceeds of insurance. The bill prohibits the recovery of insurance proceeds from other sources that are purchased by an employee, including medical payments coverage, uninsured or underinsured motorist coverage, accident or disability income coverage, specific disease or illness coverage, hospital indemnity or other fixed indemnity coverage.

The Department of Administrative Services indicates the state currently recovers costs paid by the state health insurance plan from employees when an employee or dependent receives payment for the health service from another insurance carrier. The average amount recovered each year is about \$800,000, mostly in workers compensation claims. Since, the state pays 79% of the cost of the state employee health insurance plan, the decrease in revenue will have a fiscal impact in terms of the net cost of the state employee plan. The University of Nebraska also recovers some funds, mainly in the case of automobile accidents each year, but does not have a good estimate of the average annual recovery.

The fiscal impact of the bill will be a loss in revenue for the state and university insurance plans due to the inability to recover costs from other insurance providers. The revenue loss will vary annually, depending upon insurance claims that could be recovered. Likewise, it is assumed that other political subdivisions will also experience a loss in revenue.

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| ADMINISTRATIVE SERVICES-STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSES | | |
| LB: 479 | AM: | AGENCY/POLT. SUB: Dept. of Administrative Services |
| REVIEWED BY: Gary Bush | DATE: February 1, 2013 | PHONE: 471-4161 |
| COMMENTS: Agency's estimate of impact appears to be reasonable. | | |

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| ADMINISTRATIVE SERVICES-STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSES | | |
| LB: 479 | AM: | AGENCY/POLT. SUB: Dept. of Insurance |
| REVIEWED BY: Gary Bush | DATE: January 24, 2013 | PHONE: 471-4161 |
| COMMENTS: No basis to disagree with agency's estimate. | | |

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| ADMINISTRATIVE SERVICES-STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSES | | |
| LB: 479 | AM: | AGENCY/POLT. SUB: University of Nebraska |
| REVIEWED BY: Gary Bush | DATE: February 1, 2013 | PHONE: 471-4161 |
| COMMENTS: No basis to disagree with estimate of impact. | | |

2013 Legislative Bill Proposal Fiscal Note

Bill #: 479

State Agency: Administrative Services

Prepared by: Roger Wilson

Date Prepared: 1/28/2013

Phone: 402-471-1638

Estimate of Fiscal Impact – State Agencies

| | FY 2013-14 | | FY 2014-15 | |
|---------------|--------------|---------|--------------|---------|
| | Expenditures | Revenue | Expenditures | Revenue |
| General Funds | | | | |
| Cash Funds | | | | |
| Federal Funds | | | | |
| Other Funds | | | | |
| Total Funds | | | | |

Explanation of Estimate:

LB479 requires that the State shall not have the right to recover any of the proceeds of an employee or their covered dependents of any resources for which they have purchased, including medical payments coverage, uninsured or underinsured motorist coverage, accident or disability income coverage, specific disease or illness coverage, or hospital indemnity or other fixed indemnity coverage for services which the State health plans has previously paid.

The State currently recovers the costs for services our health plan paid where the employee or their dependent received payment for the same service by any another insurance carrier. We average approximately \$800,000 per year in this type of cost recovery. A majority of the payments (costs) recovered are due to Workers' Compensation related claims. Costs recovered due to fixed indemnity coverage are minimal at less than 0.1%. This would be negligible to the overall costs of our health plans and even less based on the State's 79% share of the total health plan costs.

Major Objects of Expenditure

Personal Services:

| Position Title: | Number of Positions | | | FY 2013-14 | FY 2014-15 |
|----------------------|---------------------|-------|--|--------------|--------------|
| | 13-14 | 14-15 | | Expenditures | Expenditures |
| Benefits | | | | | |
| Operating | | | | | |
| Travel | | | | | |
| Capital Outlay | | | | | |
| Aid | | | | | |
| Capital Improvements | | | | | |
| TOTAL | | | | | |

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

2013

LB⁽¹⁾ 479 FISCAL NOTE

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

Prepared by: ⁽³⁾ Eric Dunning Date Prepared: ⁽⁴⁾ 1-23-12 Phone: ⁽⁵⁾ 402-471-4650

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

| | <u>FY 2013-14</u> | | <u>FY 2014-15</u> | |
|--------------------|---------------------|----------------|---------------------|----------------|
| | <u>EXPENDITURES</u> | <u>REVENUE</u> | <u>EXPENDITURES</u> | <u>REVENUE</u> |
| GENERAL FUNDS | _____ | _____ | _____ | _____ |
| CASH FUNDS | _____ | _____ | _____ | _____ |
| FEDERAL FUNDS | _____ | _____ | _____ | _____ |
| OTHER FUNDS | _____ | _____ | _____ | _____ |
| TOTAL FUNDS | ===== | ===== | ===== | ===== |

Return by date specified or 72 hours prior to public hearing, whichever is earlier.

Explanation of Estimate:

No fiscal impact

MAJOR OBJECTS OF EXPENDITURE

Personal Services:

| <u>POSITION TITLE</u> | <u>NUMBER OF POSITIONS</u> | | <u>2013-14 EXPENDITURES</u> | <u>2014-15 EXPENDITURES</u> |
|---------------------------|----------------------------|--------------|---------------------------------|---------------------------------|
| | <u>13-14</u> | <u>14-15</u> | | |
| _____ | _____ | _____ | _____ | _____ |
| _____ | _____ | _____ | _____ | _____ |
| Benefits..... | | | | |
| Operating..... | | | | |
| Travel..... | | | | |
| Capital outlay..... | | | | |
| Aid..... | | | | |
| Capital improvements..... | | | | |
| TOTAL..... | | | | |

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

2013

LB⁽¹⁾ 479 FISCAL NOTE

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

Prepared by: ⁽³⁾ Michael Justus Date Prepared: ⁽⁴⁾ January 30, 2013 Phone: ⁽⁵⁾ 402-472-2191

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

| | <u>FY 2013-14</u> | | <u>FY 2014-15</u> | |
|--------------------|---------------------|----------------|---------------------|----------------|
| | <u>EXPENDITURES</u> | <u>REVENUE</u> | <u>EXPENDITURES</u> | <u>REVENUE</u> |
| GENERAL FUNDS | _____ | _____ | _____ | _____ |
| CASH FUNDS | _____ | _____ | _____ | _____ |
| FEDERAL FUNDS | _____ | _____ | _____ | _____ |
| OTHER FUNDS | _____ | _____ | _____ | _____ |
| TOTAL FUNDS | <u>_____</u> | <u>_____</u> | <u>_____</u> | <u>_____</u> |

Return by date specified or 72 hours prior to public hearing, whichever is earlier.

Explanation of Estimate:

Per our discussion with our plan administrator and our analysis of LB 479, we conclude that there would be no fiscal impact regarding claims. The financial impact is hard to quantify from claims or otherwise, because the bill limits future subrogation recoveries from individual policies.

MAJOR OBJECTS OF EXPENDITURE

Personal Services:

| <u>POSITION TITLE</u> | <u>NUMBER OF POSITIONS</u> | | <u>2013-14</u> | <u>2014-15</u> |
|---------------------------|----------------------------|--------------|---------------------|---------------------|
| | <u>13-14</u> | <u>14-15</u> | <u>EXPENDITURES</u> | <u>EXPENDITURES</u> |
| Benefits..... | _____ | _____ | _____ | _____ |
| Operating..... | _____ | _____ | _____ | _____ |
| Travel..... | _____ | _____ | _____ | _____ |
| Capital outlay..... | _____ | _____ | _____ | _____ |
| Aid..... | _____ | _____ | _____ | _____ |
| Capital improvements..... | _____ | _____ | _____ | _____ |
| TOTAL..... | _____ | _____ | _____ | _____ |