

**FISCAL NOTE**  
**LEGISLATIVE FISCAL ANALYST ESTIMATE**

<b>ESTIMATE OF FISCAL IMPACT – STATE AGENCIES</b> (See narrative for political subdivision estimates)				
	<b>FY 2018-19</b>		<b>FY 2019-20</b>	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS	See Below		See Below	
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS				

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

LB1119 creates the Direct Primary Care Pilot Program for state employees eligible to participate in the Nebraska State Insurance Program. The Nebraska State Insurance Program is to include direct primary care health options. The Pilot Program is to begin in FY2019-20 and continue through FY2021-22. The Nebraska State Insurance Program excludes employees of the University of Nebraska, the state colleges, and the community colleges.

LB1119 would increase employee costs. According to 71-9504, a direct primary care agreement does not constitute insurance and is not a medical plan that provides health insurance coverage for the purposes of any federal mandates. This direct primary care agreement only provides for the primary care services described in the agreement. It is recommended that insurance be obtained to cover medical services not provided for under this direct primary care agreement. The employee would have to pay the cost of the direct primary care agreement plus the cost of health insurance not covered by the agreement.

It is not clear whether the direct primary care agreement would be allowed by the IRS as a pre-tax benefit. If it see a post-tax benefit, it will increase costs for both the state and the employee.

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2018

LB<sup>(1)</sup> 1119 – Revised Fiscal Note

FISCAL NOTE

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

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ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	FY 2018-19		FY 2019-20	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS	_____	_____	_____	_____
CASH FUNDS	_____	_____	_____	_____
FEDERAL FUNDS	_____	_____	_____	_____
OTHER FUNDS	_____	_____	_____	_____
TOTAL FUNDS	<u>See Below</u>	<u>_____</u>	<u>See Below</u>	<u>_____</u>

Explanation of Estimate:

LB 1119 proposes to establish a Direct Primary Care Pilot Program within the Nebraska State Insurance Program beginning with the fiscal year 2019-20 and continuing through fiscal year 2021-22, which is to include at least two different direct primary care health plans including a high-deductible option and a low-deductible option.

Pursuant to Section 71-9502, "The purpose of the Direct Primary Care Agreement Act is to confirm that direct primary care agreements that meet the requirements of the act do not constitute insurance or function as a qualified health plan pursuant to any federal mandates."

As this Direct Primary Care Pilot Program would not constitute insurance, it will increase costs to State employees since the State would not be responsible for any of the costs of the direct primary care and all costs would be paid by the employee.

In speaking with the State's third party health insurance administrator, they have indicated that they have no experience with these types of plans as they are not considered insurance, and are unable to estimate the start-up costs associated with managing a compliant plan for the State.

Additional funding would be required to cover the start-up costs of such Program. It is impossible at this time to determine what those cost would be. The table below uses a four year average of the total benefits paid by fund type as a percentage of the total and reflects the possible impact by fund type of any start-up costs for such a program.

General Funds	51.17%
Cash Funds	25.16%
Federal Funds	19.95%
Revolving Funds	3.72
Total	100%

**BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE**

**Personal Services:**

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2018-19 EXPENDITURES</u>	<u>2019-20 EXPENDITURES</u>
	<u>18-19</u>	<u>19-20</u>		
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
Benefits.....				
Operating.....				
Travel.....				
Capital outlay.....				
Aid.....				
Capital improvements.....				
TOTAL.....				