

FISCAL NOTE
LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)				
	FY 2019-20		FY 2020-21	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS	\$38,200		\$77,720	
CASH FUNDS	\$10,800		\$22,680	
FEDERAL FUNDS	\$12,000		\$25,200	
OTHER FUNDS	\$24,000		\$50,400	
TOTAL FUNDS	\$85,000		\$176,000	

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

LB 15 is the Children of Nebraska Hearing Aid Act. Beginning January 1, 2020, the bill requires that any individual or group health insurance policy issued or renewed in the state shall provide coverage for children which includes hearing aids and hearing aid related services. LB 15 caps the benefits paid for hearing aid items and services during the prior two year period at \$3,000. Health insurance plans may be exempt from the act for a plan year, if the cost of coverage will exceed 1% of all premiums collected under the plan. The bill allows the Department of Insurance to develop rules and regulations to carry out the bill.

State Employee Health Insurance Plan: The Department of Administrative Services indicates the state employee health insurance plan currently covers children for hearing aids and testing at 80% (in network) to 70% or 60% (out of network depending on plan choice) after deductible, at a maximum of \$3,500 every three years. So, the bill has no fiscal impact for the health insurance plan for state employees.

University of Nebraska Health Insurance Plan: The University indicates the health insurance plan for university employees does not cover hearing aids and hearing aid services for children. The vendor for the insurance plan indicates the cost of coverage will increase by about \$120,000 on an annual basis beginning in FY2019-20.

Assuming the increased cost for hearing aids and services are reflected in plan premiums, the estimated fiscal impact of the bill for the university is \$60,000 in FY2019-20 and \$126,000 in FY2020-21. The funding sources for the University health insurance plan are: general funds (22%); cash funds (18%); federal funds (20%); and, revolving funds (40%).

Health Insurance Exchange Plans: LB 15 will have a fiscal impact for the state to cover insurance costs for hearing aids and related services for children through the health insurance exchange. The Department of Insurance (DOI) indicates that under the Affordable Care Act if state law mandates insurers to cover benefits that are not included as an essential benefit in the final U. S. Health and Human Services essential benefits list, then any costs for benefits that are not on the list must be paid by the state.

The essential benefits list does not cover the costs of hearing aids and related services for children. The DOI projects that expenditures for hearing aids and services will increase premiums for health insurance plans issued to Nebraskans purchasing policies through the exchange by about \$50,000 per year.

It is assumed the cost to provide insurance benefits to persons pursuant to LB 15 will be funded with general funds rather than cash funds from the Department of Insurance Cash Fund because the expenditure of funds for insurance benefits for individuals would not be a permissible use of this cash fund. The DOI assumes that insurers' will ask for payment by filing a miscellaneous claim with the state. The required coverage will apply to plans issued beginning January 1, 2020, which means there will be an estimated general fund fiscal impact of \$25,000 in FY20 and \$50,000 in FY21.

Department of Insurance: The department may opt to develop rules and regulations to carry out the bill. The department indicates that any workload increase related to rule development and administration of the bill can be handled with existing staff and resources of the agency.

The tables on the following page summarize the fiscal impact of the bill for the University health insurance plan and the Nebraska insurance exchange plans:

		2019-20	
Funds	University of Nebr. Ins. Plan	Nebr. Ins. Exchange Plan	Fiscal Impact
General	13,200	25,000	38,200
Cash	10,800		10,800
Federal	12,000		12,000
Revolving	24,000		24,000
Total	\$60,000	\$25,000	\$85,000

		2020-21	
Funds	University of Nebr. Ins. Plan	Nebr. Ins. Exchange Plan	Fiscal Impact
General	27,720	50,000	77,720
Cash	22,680		22,680
Federal	25,200		25,200
Revolving	50,400		50,400
Total	\$126,000	\$50,000	\$176,000

Other Political Subdivisions: It is possible the bill will also have a fiscal impact for other political subdivisions which offer health insurance to their employees. Any additional costs are not able to be determined.

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE			
LB: 15	AM:	AGENCY/POLT. SUB: Department of Administrative Services	
REVIEWED BY: Neil Sullivan		DATE: 1/23/2019	PHONE: (402) 471-4179
COMMENTS: No basis to disagree with the Department of Administrative Services estimate of no fiscal impact from LB 15.			

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE			
LB: 15	AM:	AGENCY/POLT. SUB: University of Nebraska	
REVIEWED BY: Neil Sullivan		DATE: 1/24/2019	PHONE: (402) 471-4179
COMMENTS: No basis to disagree with the University of Nebraska assessment of fiscal impact from LB 15.			

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE

LB: 15 AM: AGENCY/POLT. SUB: Department of Insurance

REVIEWED BY: Neil Sullivan DATE: 1/23/2019 PHONE: (402) 471-4179

COMMENTS: No basis to disagree with the Department of Insurance assessment of fiscal impact from LB 15.

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

2019

LB⁽¹⁾ 15

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⁾ 1/14/2019 Phone: ⁽⁵⁾ 402/471-4147

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2019-20</u>		<u>FY 2020-21</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	_____	_____	_____	_____
CASH FUNDS	_____	_____	_____	_____
FEDERAL FUNDS	_____	_____	_____	_____
OTHER FUNDS	_____	_____	_____	_____
TOTAL FUNDS	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>

Explanation of Estimate:

LB 15 would require any health insurance plan beginning January 1, 2020, to provide coverage for a hearing aid, evaluation, etc., repairs, follow up adjustments, etc. Coverage provided would be subject to the same deductible, copayment and coinsurance as similarly covered items and services under the current health plan. The items are covered on a continual basis to the extent that benefits paid for such items and service during the immediately preceding forty-eight month period have not exceeded \$3,000.

All current State of Nebraska Employee Wellness & Benefits Health Care plans cover insured employees and dependents for hearing aids and testing at 80% (in network) to 70% or 60% (out of network-depending on plan choice) after deductible, at a maximum of \$3,500.00 every three plan years. Bone conduction surgeries are covered under the regular in-patient and outpatient hospitalization.

LB15 has no fiscal impact to the State of Nebraska Employee Wellness & Benefits Health Care Plans.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2019-20 EXPENDITURES</u>	<u>2020-21 EXPENDITURES</u>
	<u>19-20</u>	<u>20-21</u>		
Benefits.....	_____	_____	_____	_____
Operating.....	_____	_____	_____	_____
Travel.....	_____	_____	_____	_____
Capital outlay.....	_____	_____	_____	_____
Aid.....	_____	_____	_____	_____
Capital improvements.....	_____	_____	_____	_____
TOTAL.....	_____	_____	_____	_____

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

2019

LB⁽¹⁾ 15

FISCAL NOTE

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

Prepared by: ⁽³⁾ Michael Justus Date Prepared: ⁽⁴⁾ January 16, 2019 Phone: ⁽⁵⁾ 402-472-7109

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2019-20</u>		<u>FY 2020-21</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	\$26,400		\$27,720	
CASH FUNDS	21,600		22,680	
FEDERAL FUNDS	24,000		25,200	
OTHER FUNDS	48,000		50,400	
TOTAL FUNDS	\$120,000		\$126,000	

Explanation of Estimate:

This bill would require healthcare coverage for hearing aids for children. We believe this would increase the costs to our current Healthcare Plan by \$120,000 in FY 20.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2019-20</u>	<u>2020-21</u>
	<u>19-20</u>	<u>20-21</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
Benefits.....			\$120,000	\$126,000
Operating.....				
Travel.....				
Capital outlay.....				
Aid.....				
Capital improvements.....				
TOTAL.....			\$120,000	\$126,000

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

2019

LB⁽¹⁾ 15

FISCAL NOTE

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

Prepared by: ⁽³⁾ Matt Holman Date Prepared: ⁽⁴⁾ 1/17/19 Phone: ⁽⁵⁾ 402-471-4503

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2019-20</u>		<u>FY 2020-21</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	\$25,000		\$50,000	
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	<u>\$25,000</u>		<u>\$50,000</u>	

Explanation of Estimate:

Legislative Bill 15 requires any individual or large group sickness and accident insurance policy or self-funded employee benefit plan to provide hearing aid coverage for each insured child under nineteen years of age. Such benefits must include, for each ear affected by hearing impairment, the costs of: a hearing aid device; evaluation; fitting; programming; verification; repairs; adjustments; ear molds; and auditory rehabilitation and training. Benefits are capped at \$3,000 in a forty-eight month period.

42 U.S.C. § 18031(d)(3)(B), a section of the Affordable Care Act (ACA), provides that beginning January 1, 2014, if a state law mandates insurers cover benefits on a health insurance exchange that are not included in the final United States Health and Human Services "essential benefits" list, the state will pay any additional costs for those benefits for enrollees for any individual or small group plan issued on or after January 1, 2014. The payment by the state would be either to the insurer offering the coverage or the individual purchasing such plan.

Because hearing aid coverage is not included in the essential benefits list, this new mandated benefit will be a cost to the State of Nebraska to defray the costs associated with any insurer offering qualified health plans in the individual market in Nebraska. The Department of Insurance estimates that in 2018 approximately 95,500 members were covered by qualified health plans in the individual market.

Medica Insurance Company was the only licensed insurer writing qualified health plans in the individual market in Nebraska in 2018. Based on similar mandates in Minnesota and Wisconsin, and accounting for the age and aggregate benefit restrictions of LB 15, Medica conservatively estimates the cost of LB 15 to be \$30,000 in the individual market and as high as \$70,000 in a plan year. Median expenditure estimate for the State of Nebraska is \$50,000 per fiscal year.

Federal regulation, specifically 45 CFR § 155.170(b), requires insurers to calculate the actual costs of the new mandate and report it to the state. The state would then make payment to the insurer or individual enrollees in the health plan. The Department presumes that the insurer would ask for the payment by filing a miscellaneous claim against the State of Nebraska.

Presuming the new mandate would begin for qualified plans issued for the new plan year beginning January 1, 2020, the estimated costs associated with LB 15 triggering 42 U.S.C. § 18031(d)(3)(B) for the State of Nebraska would be \$25,000 in FY 2019-20 and \$50,000 in FY 2020-21.

Any additional regulatory responsibilities of LB 15 on the Department of Insurance, including the possible promulgation of rules and regulations, will be handled by existing staff and resources.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2019-20</u> <u>EXPENDITURES</u>	<u>2020-21</u> <u>EXPENDITURES</u>
	<u>19-20</u>	<u>20-21</u>		
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
Benefits.....			_____	_____
Operating.....			_____	_____
Travel.....			_____	_____
Capital outlay.....			_____	_____
Aid.....			_____	_____
Capital improvements.....			_____	_____
TOTAL.....			_____	_____