

Revised on 3/25/19 based on revised fiscal note submitted by the University

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	See Below		See Below	
CASH FUNDS	See Below		See Below	
FEDERAL FUNDS	See Below		See Below	
OTHER FUNDS	See Below		See Below	
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 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 agency revised its original fiscal note based on additional information on the number of children who would likely require coverage for hearing aids. The revised estimate shows an increase in premiums of \$16,700 (\$3,700 General, \$3,000 Cash, \$3,300 Federal and \$6,700 Revolving Funds) in FY2019-20 and \$5,500 (\$1,200 General, \$1,000 Cash, \$1,100 Federal and \$2,200 Revolving Funds) in FY2020-21 and thereafter. It is assumed the University can handle the small increase in expenses for the bill with existing resources.

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.

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: 3/25/2019	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 REVISED

FISCAL NOTE

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

Prepared by: ⁽³⁾ Michael Justus Date Prepared: ⁽⁴⁾ March 13, 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	\$3,700		\$1,200	
CASH FUNDS	3,000		1,000	
FEDERAL FUNDS	3,300		1,100	
OTHER FUNDS	6,700		2,200	
TOTAL FUNDS	\$16,700		\$5,500	

Explanation of Estimate:

We have revised our fiscal note, based on additional information on the likely number of children who would be covered under the bill. This bill would require healthcare coverage for hearing aids for children. We believe this would increase the costs to our current Healthcare Plan by about \$5,500/year (only \$1,200 of General Funds) after the first year of coverage when the rolling four years begins.

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.....			\$16,700	\$5,500
Operating.....				
Travel.....				
Capital outlay.....				
Aid.....				
Capital improvements.....				
TOTAL.....			\$16,700	\$5,500

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	<u>\$25,000</u>	<u></u>	<u>\$50,000</u>	<u></u>
CASH FUNDS	<u></u>	<u></u>	<u></u>	<u></u>
FEDERAL FUNDS	<u></u>	<u></u>	<u></u>	<u></u>
OTHER FUNDS	<u></u>	<u></u>	<u></u>	<u></u>
TOTAL FUNDS	<u>\$25,000</u>	<u></u>	<u>\$50,000</u>	<u></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.....				