

Revised based on amendments adopted through 3-22-2021

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

<b>ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)</b>				
	<b>FY 2021-22</b>		<b>FY 2022-23</b>	
	<b>EXPENDITURES</b>	<b>REVENUE</b>	<b>EXPENDITURES</b>	<b>REVENUE</b>
GENERAL FUNDS				
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.**

This bill prohibits Medicaid from using a Medicare reimbursement methodology for certain therapies: physical, occupational and speech-pathology that pays the highest rate for the first unit and a reduce rate for subsequent units to the same patient on the same day.

The reimbursement process described in the bill is in limited use by the Medicaid managed care organizations (MCOs). The department does not anticipate a change in the MCO rate as a result of this restriction. There is not fiscal impact.

The bill as amended would require that any individual or group health insurance policy or any self-funded employee benefit plan that includes coverage for a self-administered hormonal contraceptive to reimburse an in-network health care provider or dispensing entity for up to a three-month supply for the first prescription and up to a six-month supply for subsequent refills. The same provisions apply to the Medicaid Program. The bill further amends certain provisions of the Medical Assistance Act to note that the bill, if enacted, would not be construed to limit a recipient’s ability to choose or change the method of family planning regardless whether the recipient has exhausted a previously dispensed supply of contraceptives.

The University of Nebraska provides insurance coverage for certain contraceptives which are currently covered under the self-insurance plan for up to a 12-month supply. There is no fiscal impact to the University.

The Department of Administrative Services’ self-insured plan currently covers one-month and three-month supplies of self-administered hormonal contraceptives prescriptions at an annual cost of \$504,000. While the cost could increase due to members leaving State employment or changing medications before the prior prescription is depleted, the cost impact is expected to be nominal.

The average length of Medicaid eligibility is 8.9 months for females in the age range of 16 to 50 years who would be prescribed contraceptives. The monthly cost per prescription is \$38.11 per recipient. The federal match rate for family planning services is 90%. The state’s cost per prescription is \$3.11. In FY 2020, 2,438 recipients filled prescriptions for contraceptives. The vast majority of those prescriptions will fall within this timeframe. The cost for the small number of prescriptions beyond a person’s eligibility period would be nominal. .

The Department of Banking will handle increased enforcement requirements within existing resources.

<b>ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY &amp; POLT. SUB. RESPONSE</b>				
LB: 100	AM: 653	AGENCY/POLT. SUB: Nebraska Department of Health and Human Services		
REVIEWED BY: Ann Linneman	DATE: 3-26-2021	PHONE: (402) 471-4180		
COMMENTS: The Nebraska Department of Health and Human Services’ analysis and estimate of fiscal impact to the department appears reasonable.				

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE			
LB: 100	AM: 653	AGENCY/POLT. SUB: University of Nebraska	
REVIEWED BY: Ann Linneman	DATE: 3-26-2021	PHONE: (402) 471-4180	
COMMENTS: No basis to disagree with the University of Nebraska's assessment of no fiscal impact.			

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE			
LB: 100	AM: 653	AGENCY/POLT. SUB: Nebraska Department of Administrative Services	
REVIEWED BY: Ann Linneman	DATE: 3-26-2021	PHONE: (402) 471-4180	
COMMENTS: No basis to disagree with the Nebraska Department of Administrative Services' assessment of fiscal impact.			

**ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION**

State Agency or Political Subdivision Name:(2) Department of Health and Human Services

Prepared by: (3) Mike Michalski

Date Prepared 3-26-21

Phone: (5) 471-6719

	<u>FY 2021-2022</u>		<u>FY 2022-2023</u>	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
<b>GENERAL FUNDS</b>	\$49,219		\$62,013	
<b>CASH FUNDS</b>				
<b>FEDERAL FUNDS</b>	\$442,972		\$558,113	
<b>OTHER FUNDS</b>				
<b>TOTAL FUNDS</b>	\$492,191		\$620,126	

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

**Explanation of Estimate:**

LB100 AM653 will change coverage of prescribed contraceptives to allow for a six month supply of self-administered contraceptives at initial fill of a prescription. This changes the opportunity for pharmacist counseling which could increase potential drug interaction and adverse effects. Pharmacists are required by law to offer counseling at every dispensing encounter. Because of change in enrollment, patients could receive prescribed medicine when they would normally not be eligible for Medicaid. By filling a year worth of prescriptions, costs for the Division of Medicaid and Long Term Care (MLTC) in the Department of Health and Human Services (DHHS) will increase. Changing the length of the prescription from 12 months to 6 months (as the original LB 20 stated) does not change the anticipated fiscal impact of AM653.

During SFY 2020, an average of 2,438 female members between the ages of 16 – 50 years of age filled a prescription of self-administered hormone contraceptives per month. The average months of eligibility for females in this age range is 8.9 months leading to an average 3 months of increased dosages being dispensed per year. Applying the same percentage and assumption of current patients receiving contraceptives to the actuarial Heritage Health Adult (HHA) Program estimate for year 1 female expansion members, an additional 1,867 members could also fit into the same category. The total estimated members who would receive an extra three month supply could be 4,305 members. Due to the anticipated HHA increase in enrollment in year two, the HHA population receiving the extra contraceptives will increase to 2,986. The population will grow to 3,174 in year 3 of this program.

The average prescription cost for self-administered contraception is \$38.11 per month for a 1 month supply. Family planning prescriptions are 90/10 FFP.

The fiscal impact will be \$492,191 total funds (\$49,219 general funds and \$442,972 federal funds) in year 1. The cost will be \$620,126 (\$62,013 GF and \$558,113 FF) for year 2.

There are also other indeterminable fiscal impacts for costs related to patients that need to switch brands after already receiving a year's supply. Patients regularly change medications for medical reasons.

**MAJOR OBJECTS OF EXPENDITURE**

PERSONAL SERVICES:	POSITION TITLE	NUMBER OF POSITIONS		2021-2022	2022-2023
		21-22	22-23	EXPENDITURES	EXPENDITURES

Benefits.....		
Operating.....		
Travel.....		
Capital Outlay.....		
Aid.....	\$492,191	\$620,126
Capital Improvements.....		
<b>TOTAL.....</b>	<b>\$492,191</b>	<b>\$620,126</b>

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

**2021**

**LB<sup>(1)</sup> 100 AM 653**

**FISCAL NOTE**

State Agency OR Political Subdivision Name: <sup>(2)</sup> University of Nebraska

Prepared by: <sup>(3)</sup> Michael Justus Date Prepared: <sup>(4)</sup> March 26, 2021 Phone: <sup>(5)</sup> 402-472-7109

**ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION**

	<u>FY 2021-22</u>		<u>FY 2022-23</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	_____	_____	_____	_____
CASH FUNDS	_____	_____	_____	_____
FEDERAL FUNDS	_____	_____	_____	_____
OTHER FUNDS	_____	_____	_____	_____
TOTAL FUNDS	=====	=====	=====	=====

Explanation of Estimate:

The amendment to the bill would exclude the University's health insurance plan and would therefore have no fiscal impact.

**BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE**

**Personal Services:**

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2021-22</u>	<u>2022-23</u>
	<u>21-22</u>	<u>22-23</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
Benefits.....	_____	_____	_____	_____
Operating.....	_____	_____	_____	_____
Travel.....	_____	_____	_____	_____
Capital outlay.....	_____	_____	_____	_____
Aid.....	_____	_____	_____	_____
Capital improvements.....	_____	_____	_____	_____
TOTAL.....	_____	_____	_____	_____

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

2021

LB<sup>(1)</sup> 100 AM 653

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> 3/22/2021 Phone: <sup>(5)</sup> 402-471-4443

**ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION**

	FY 2021-22		FY 2022-23	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
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:**

AM 653 to LB 100 would require any self-funded employee benefit plan, to the extent not preempted by federal law, to include coverage for a self-administered hormonal contraceptive and shall reimburse an in-network health care provider or dispensing entity on a per-unit basis for dispensing a supply of such contraceptives to a covered individual for the first prescription of at least up to a three-month supply and for subsequent refills up to a six-month supply.

One-month and three-month supplies of self-administered hormonal contraceptives are currently covered under the State's self-insured health plans at an estimated annual cost of \$504,000 (1,500 members utilizing contraceptives x 6 [average refill is two months] x \$56 per fill = \$504,000).

This bill could increase the annual plan cost for the following reasons:

1. A member receives a six-month supply and then leaves State employment.
2. A member changes medications before the prior meds are used and cannot be charged.

It is not possible to truly estimate the potential cost impact to the State, however, it is expected to be less than 10% of the current annual cost of covered contraceptives, therefore, less than \$35,000.

Pharmacy total cost of for Benefit Plan Year 2019-2020 was \$48,819,000. The State of Nebraska is responsible for 79% of the cost of health/pharmacy insurance plans while the member pays 21%.

The estimated fiscal impact of LB 100 AM 653 is minimal.

**BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE**

**Personal Services:**

POSITION TITLE	NUMBER OF POSITIONS		2021-22	2022-23
	21-22	21-23	EXPENDITURES	EXPENDITURES
Benefits.....	_____	_____	_____	_____
Operating.....	_____	_____	_____	_____
Travel.....	_____	_____	_____	_____
Capital outlay.....	_____	_____	_____	_____
Aid.....	_____	_____	_____	_____
Capital improvements.....	_____	_____	_____	_____
TOTAL.....	_____	_____	_____	_____