

As amended by AM1984

FISCAL NOTE
LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)				
	FY 2023-24		FY 2024-25	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS	\$26,930		\$133,950	
CASH FUNDS	\$47,433		\$49,235	
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	\$74,363		\$183,185	

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

LB 92 eliminates the requirement that title insurers conduct their annual investigations of title agents solely onsite. No fiscal impact.

There have been several amendments to LB 92, which are described below.

LB 92 was amended by **AM 1364** which contained the following bills:

LB 145 expands breast cancer screening coverage to women under the age of 40 and who have a family history of breast cancer. The bill further allows for defined interval examinations considered medically necessary by the patient’s healthcare provider for women of all ages.

This expansion will have a fiscal impact for the state for breast cancer screening coverage 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 breast cancer screenings for women under the age of 40 and for certain types of screenings as defined by the bill.

The Department contacted several insurers and asked for an initial estimate of the costs associated with coverage of the new mandated benefits as proposed in AM1364. The estimates from insurers for increased premium costs for their plans varied from \$0 per member per month to \$0.83 per member per month, with approximately 100,000 enrollees in the ACA marketplace. These estimates are based upon projected utilization and relevant enrollee population. These costs are indeterminable; however, utilizing these projections, the DOI anticipates that expenditures for these services will increase premiums for health insurance plans issued to Nebraskans purchasing policies through the exchange by about \$470,000 per year based on an average of the estimates.

It is assumed the cost to provide insurance benefits to persons pursuant to LB 92 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, 2024, which means there will be an estimated general fund fiscal impact of \$235,000 in FY24 and \$470,000 in FY25.

LB 383 would change provisions relating to coverage for screenings for colorectal cancer to include stool-based preventative tests and to prohibit insurance policies from imposing deductibles, co-insurance, or cost-sharing requirements for these types of screening services. There will be an indeterminable, but likely insignificant, fiscal impact for health insurance plan rates for the State of Nebraska and University System employees.

LB 437 would change the renewal period for insurance producer agencies from an annual to biennial basis, with the licenses renewing in April of each odd-numbered year. The bill has an operative date of 4/30/24. The Department of Insurance (DOI) currently has ten thousand two hundred eighty-five agency licenses with an annual fee of \$50 per agency. In odd-numbered years, the DOI would not be processing these renewals. This would result in a revenue loss in FY 2024-25 of (\$514.250) and would have a continued revenue loss in the odd-numbered years in the future biennia.

LB 779 would require that any individual or group health insurance policy or any self-funded employee benefit plan, to the extent not preempted by federal law, and limit the total amount covered individuals are required to pay for prescription insulin drugs at an amount not to exceed thirty-five dollars per thirty-day supply, regardless of the amount or type of insulin needed to fulfill the covered individual's prescription. There will be an indeterminable, but likely insignificant, fiscal impact for health insurance plan rates for the State of Nebraska and University System employees.

LB 392 would authorize the electronic delivery of health plan documents and to define the terms. No fiscal impact.

LB 536 changes provisions relating to investment by insurers in preferred and common stock. No fiscal impact.

LB 587 would create the Insurance Regulatory Sandbox Act. The Act would create a regulatory "sandbox" program within the Nebraska Department of Insurance (NDOI), which would allow a participant to temporarily test an innovative insurance product or service without obtaining a license or other authorization that otherwise might be required. The bill provides duties and obligations to NDOI as outlined in the bill. NDOI anticipates a need for a .5 FTE financial examiner that would be dedicated to monitoring sandbox applicants and participants. NDOI also anticipates annual revenue from the collection of \$50 per application filing fee as established by the bill; however, the revenue would be minimal and indeterminate. NDOI anticipates a need for a .5 FTE financial examiner that would be dedicated to monitoring sandbox applicants and participants. The fiscal impact for the Department of Insurance: \$47,433 in Cash Funds for FY 2023-24 and \$49,235 in FY 2024-25.

LB 3 changes duties and requirements regarding the levying of bonds. Also, LB 3 adds that if the legal voters of a political subdivision have approved a bond since the last time taxable values were certified, the governing body of the political subdivision is to file a copy of the bond language approved by the voters and a full legal description of the property subject to the bond with the county assessor. No fiscal impact.

LB 207 would clarify that notices announcing the future sale of trust property could also be posted in buildings where county offices are held. No fiscal impact.

LB 674 would make changes to the Nebraska Banking Act and the Nebraska Financial Innovation Act. No fiscal impact.

LB 669 would allow the Director of Banking and Finance to prescribe conditions on banks, trust companies, credit unions, building and loan associations, savings and loan associations and digital asset depositories as part of any written order, decision, or determination required to be made pursuant to the Nebraska Banking Act, Chapter 8, article 3, the Credit Union Act, and the Nebraska Financial Innovation Act. No fiscal impact.

LB 68, as amended by AM 371, relates to the Nebraska Hospital-Medical Liability Act (NHMA). The bill proposes increasing the minimum amount of proof of financial responsibility of medical malpractice liability for all healthcare providers, effective January 1, 2025. The bill, as amended, proposes a loss limit increase from \$500,000 to \$8,000,000 under the Excess Liability Fund. Furthermore, the bill would increase aggregate limits for professional liability insurance from \$1,000,000 to \$3,000,000 for physicians and nurse anesthetists. The amount of aggregate liability insurance would remain the same at \$3,000,000. Under AM1364, the insured's Medical Malpractice policy would pay the portion per occurrence between \$500,000 and \$800,000, that is currently being paid by the Excess Liability Fund.

Nebraska Department of Insurance (NDOI)

The NDOI anticipates that the reduced expenditures in the Excess Liability Fund would range from \$500,000 to \$800,000 per occurrence which is estimated to be \$2,810,000 annually beginning in FY 2025. AM1364 would also have an indeterminate effect on the Excess Liability Fund's revenue. NDOI expects that amount of premium paid to increase, which would result in an increase in surcharge revenue to the fund. However, if the revenue collected exceeds the amount necessary to maintain the Fund, the surcharge must be reduced. This results in an indeterminate effect on revenue.

University System (UNMC):

The University of Nebraska Medical Center (UNMC) is currently contributing at the 50% maximum rate as established by the Excess Liability Fund thus the University utilized their current rate to estimate the increased cost. The University notes that UNMC's insurer does not have an increase-limit-factor filed for this unusual amount of limits, so an actuarial team would need to develop the factor and for it to be approved by the Nebraska Department of Insurance prior to being issued. A more complete analysis would need to be conducted but it is anticipated that the University of Nebraska Medical Center's projected market increase, absent any exposure increase, is expected to be 8%. It is anticipated that the general fund impact would be \$106,000 annually beginning in FY 2025.

There will be an indeterminable, but likely insignificant, fiscal impact for health insurance plan rates for the State of Nebraska and University System employees.

LB 93 updates requirements regarding security deposits made by insurers for the benefit of policyholders to include creditors in the same manner as policyholders. No fiscal impact.

LB 214 updates state statute to adhere to federal law relating to banking and finance, change provisions relating to the Nebraska Installment Loan Act and loan brokerage agreements, and provides clarification on terms. LB 214 was also amended by AM 81 which removes language stating what loans shall be subject to the Act and who shall be required to be licensed under the Act, based upon a compromise between the Nebraska Bankers Association and the Nebraska Department of Banking and Finance. No fiscal impact.

LB 669 which would allow the Director of Banking and Finance to prescribe conditions on banks, trust companies, credit unions, building and loan associations, savings and loan associations and digital asset depositories as part of any written order, decision, or determination required to be made pursuant to the Nebraska Banking Act, Chapter 8, article 3, the Credit Union Act, and the Nebraska Financial Innovation Act.

LB 674 which would make changes to the Nebraska Banking Act and the Nebraska Financial Innovation Act. LB 674 proposes replacing certain language and redefining terms. The bill also requires that a branch of digital asset depository institutions in another state is subject to the laws of the host state, requires that digital asset depository shall make a public file available to any person on request or mobile application, requires financial literacy programs provided to Nebraska students include knowledge of digital assets, provides the right for digital asset depository to substitute securities upon approval of the director and pay the fees prescribed in statute, and allows a financial institution operating a digital asset depository department surrender its charter under certain provisions.

LB 92 was further amended by AM 1383:

The amendment included the provisions of LB 278. LB278 amends Sec. 58-201 directing NIFA and DED to obtain state and federal grants for the purpose of obtaining Olmstead Plan grants and directing collaboration with DHHS in obtaining the grants.

The Department of Economic Development, who would be tasked with researching and writing the additional grant applications, would be \$26,930 of general funds in FY 2023-24 and \$27,950 in FY 2024-25 for personnel costs for a .25 Economic Development Business Consultant I.

LB 92 was further amended by AM 1379. This amendment related to the Creating Helpful Incentives to produce Semiconductors (CHIPS) Act. This was subsequently amended by AM 1767 to change provisions that had an unintended negative fiscal impact:

AM 1767 strikes sections 81 and 82 and replaces these sections with the changes to the ImagiNE Nebraska Act to provide for eligible Nebraska-based entities to make an application for incentives under the CHIPS Act.

The bill defines the total incentives, refunds, and credits that shall be earned through the Act to equal twenty-five percent of the taxpayer's investment in qualified activities relating to the production of microchips. There is a stipulation that such credits create no additional obligation upon the General Fund.

The bill also excepts some provisions for eligible entities except that the annual credits and incentives redeemed by the taxpayer may be limited to one-fifteenth of the total credits over a fifteen-year performance period. Incentives may not be carried over past the performance period.

The bill also defines the demonstration requirements to obtain the refund from the state for credits earned. The bill also defines the requirements to make necessary investments in the semiconductor industry to provide for grants for the establishment of private sector entities for such purposes within eligible economically disadvantaged areas in Nebraska. The bill also defines that of the state funds awarded to a qualifying project, five-tenths of one percent of the state award is to be set aside for an educational institution to meet federal obligations as defined in the federal CHIPS Act.

DED anticipates a potential need for additional staff to manage the program and make the awards. However, it is currently unknown how many eligible entities may apply for the refunds and credits. DED will evaluate the staffing need as the program progresses. The request for additional staffing, if determined to be needed, will be included in subsequent legislation required to address some technical changes.

DED further anticipates a significant revenue reduction beginning in FY 2033-34 that has the potential to have a negative general fund impact as shown in the table included in the agency's attached fiscal note.

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE		
LB: 92	AM: 1364	AGENCY/POLT. SUB: Department of Banking & Finance
REVIEWED BY: Ryan Walton	DATE: 4/24/2023	PHONE: (402) 471-4174
COMMENTS: No basis to disagree with the Department of Banking & Finance assessment of fiscal impact from LB 92, as amended by AM1364.		

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE		
LB: 92	AM: 1364	AGENCY/POLT. SUB: Department of Administrative Services (DAS)
REVIEWED BY: Ryan Walton	DATE: 4/24/2023	PHONE: (402) 471-4174
COMMENTS: No basis to disagree with the Department of Administrative Services assessment of fiscal impact from LB 92, as amended by AM1364.		

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE		
LB: 92	AM: 1364	AGENCY/POLT. SUB: University of Nebraska Systems
REVIEWED BY: Ryan Walton	DATE: 4/24/2023	PHONE: (402) 471-4174
COMMENTS: No basis to disagree with the University of Nebraska Systems estimate provided from LB 92, as amended by AM1364. Estimated General Fund costs is to be about 50% or \$53,000.		

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2023

LB⁽¹⁾ 92 AM 1364

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⁾ 3/8/2023 Phone: ⁽⁵⁾ 402-480-9728

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2023-24</u>		<u>FY 2024-25</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	_____	_____	_____	_____
CASH FUNDS	_____	_____	_____	_____
FEDERAL FUNDS	_____	_____	_____	_____
REVOLVING FUNDS	_____	_____	_____	_____
TOTAL FUNDS	=====	=====	=====	=====

Explanation of Estimate:

LB 92 AM 1364, Section 54 provides for additional insurance coverage for screening mammography and breast examinations for women at certain ages and meeting certain criteria as detailed in the legislation. Section 55 provides coverage for screenings for colorectal cancer. The State of Nebraska health plans currently provide these types of coverage, and therefore, those sections have no fiscal impact to the State's health plans.

Sections 57 through 62 relates to the Nebraska Hospital-Medical Liability Act. An exact fiscal impact to providers is indeterminable; however, it is anticipated that the cost of insurance to such medical providers will increase, and such increase would be passed along in an ultimate increase in the cost of services. Any increases in service costs impacts the cost of claims paid by the State's Health Plans, requiring increases in premiums.

The medical plans for the State of Nebraska are self-insured. The medical plan premiums are paid by the State of Nebraska (79%) and employees (21%).

The table below summarizes the estimated impact by fund type of any premium increase. The allocation by fund type is based on a four (4) year [2019 - 2022] average of health insurance premium expenditures.

Fund Type	Percentage by Fund Type
General Fund	50%
Cash Fund	25%
Federal Fund	20%
Revolving Fund	5%
Total	100%

Any impact to a covered provider in a Dental or Vision Plan could result in increased costs and increased premiums. The Vision and Dental plan premiums are wholly paid by State of Nebraska employees.

The State of Nebraska – Employee Wellness & Benefits does not purchase malpractice liability insurance.

Section 79 proposes to limit the out-of-pocket cost of prescription insulin drugs to a covered individual to \$35 for a 30-day supply, beginning January 1, 2024. Most insulin drugs are on a preventive drug list or a lower Prescription Drug List (PDL) tier copay. Utilizing the previous benefit plan year of 7/1/2021 to 6/30/2022, the State's Third-Party Administrator (TPA) estimates there would be an increase of approximately \$3,300 to the State total medical plan costs to cover the difference between the cost of the prescription and the out-of-pocket limit. The total net

pharmacy paid during this time was \$54.3 million.

The State of Nebraska medical plans are self-insured. Any increases in costs could need to be covered by an increase in premiums. The State of Nebraska pays 79% of the premiums for State of Nebraska teammates and the teammate pays 21%.

The estimated increase in FY23-24 is \$1,304 ($\$3,300 \text{ estimated increase} / 2 \text{ [1/2 fiscal year]} = \$1,650 \times 79\% \text{ [State's share]} = \$1,304$) and for FY24-25 \$2,607 ($\$3,300 \times 79\% \text{ [State's share]} = \$2,607$)

The State's health plans use trust funds; thus, no additional appropriation is being requested. If there is an increase in premiums, an A bill would be necessary to provide the additional appropriation to state agencies.

Section 79 has an estimated fiscal impact of \$3,300 on the State of Nebraska medical plans.

Section 80 allows electronic delivery of certain health benefit plan documents. This section has no fiscal impact to the State's health plans.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2023-24</u>	<u>2024-25</u>
	<u>23-24</u>	<u>24-25</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.

2023

LB⁽¹⁾ 92, AM1364

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾ Department of Banking and Finance

Prepared by: ⁽³⁾ Margo Sawyer Date Prepared: ⁽⁴⁾ 4/18/2023 Phone: ⁽⁵⁾ 402-471-4954

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2023-24</u>		<u>FY 2024-25</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:

Minimal fiscal impact as staff time will be re-allocated, and the cost of paper and files is estimated to be \$150/year.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2023-24</u>	<u>2024-25</u>
	<u>23-24</u>	<u>24-25</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.

2023

LB⁽¹⁾ 278

FISCAL NOTE

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

Prepared by: ⁽³⁾ Dave Dearmont Date Prepared: ⁽⁴⁾ 01/20/2023 Phone: ⁽⁵⁾ 402-471-3777

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2023-24</u>		<u>FY 2024-25</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	\$26,930		\$27,950	
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	<u>\$26,930</u>		<u>\$27,950</u>	

Explanation of Estimate:

LB278 affirms that NDED “shall use its best efforts to obtain state and federal grants for the purpose of building safe, affordable, and accessible housing for individuals with disabilities”.

The bill would require DED to research further grant opportunities and write grant applications. It is expected that this would require the services of 0.25 Economic Development Business Consultant I.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2023-24</u>	<u>2024-25</u>
	<u>23-24</u>	<u>24-25</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
A49012 Econ Dev Bus Consultant I	0.25	0.25	\$15,460	\$16,070
Benefits.....			\$6,180	\$6,430
Operating.....			\$3,810	\$3,930
Travel.....			\$1,480	\$1,520
Capital outlay.....				
Aid.....				
Capital improvements.....				
TOTAL.....			<u>\$26,930</u>	<u>\$27,950</u>

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

2023

LB⁽¹⁾ 92—AM1984

FISCAL NOTE

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

Prepared by: ⁽³⁾ Dave Dearthmont Date Prepared: ⁽⁴⁾ 5/25/2023 Phone: ⁽⁵⁾ 402-471-3777

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2023-24</u>		<u>FY 2024-25</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	\$126,290		\$140,410	
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	<u>\$126,290</u>		<u>\$140,410</u>	

Explanation of Estimate:

LB92 as amended by AM1984 would add three sections to the ImagiNE Nebraska Act to include incentives to taxpayers who are qualified for federal assistance under the CHIPs Act (Public Law 116-283). Section 82 of LB92 as amended, would allow a such a taxpayer to apply for ImagiNE and receive a written agreement within 30 days of receipt of a completed application. The agreement would contain total incentives, refunds, and credits earned through the ImagiNE act sufficient to equal 25% of the taxpayer’s investment. The DED Director is required to issue an agreement “conforming to the requirements of section 77-6828 and section 83 and 84 of this act.” The director is also required to ensure that the agreement creates no additional obligation upon the General Fund. The annual amount of the incentive received would be one-fifteenth of the total credits and incentive eligible to be earned during a 15-year performance period.

It is unknown at this time how large a qualified chips facility would be located in Nebraska; however, based on information for a qualifying facility investing approximately \$6.7 billion and adding approximately 4,700 jobs, a taxpayer could earn approximately \$1,160.5 million in ImagiNE refunds and tax credits over a 15-year period, assuming that 95% of the investment and wage credits could be used. Under the 15-year annual payout based on 25% of the \$6.7 billion investment, a qualified applicant would receive approximately \$111.7 million per year, or \$1,675.5 million in total. DED estimates that the cumulative impact on the General Fund after the ImagiNE benefits are paid out are in the table below.

Assuming one project qualifies for benefits under the provisions of LB92, as amended, DED will require the services of an ED Manager to manage the program and make the awards. DED estimates that total administration costs, including PSL, would be \$126,360 and \$140,410 in FY2023-24 and FY2024-25, respectively. Included in the operating costs are approximately \$11,370 annually for software licenses and programming costs, and \$2,660 for additional office space rental.

Fiscal Year	Imagine Credits, Exemptions, & Refunds (millions)	LB92 Refunds (millions)	Difference (millions)	Cumulative Difference (millions)	Annual General Fund Impact (millions)
FY2026-27	521.5	111.7	409.8	409.8	-
FY2027-28	60.8	111.7	(50.9)	358.9	-
FY2028-29	24.7	111.7	(87.0)	271.9	-
FY2029-30	30.0	111.7	(81.7)	190.2	-
FY2030-31	37.0	111.7	(74.7)	115.5	-
FY2031-32	46.7	111.7	(65.0)	50.6	-
FY2032-33	56.5	111.7	(55.2)	(4.7)	(4.7)
FY2033-34	42.8	111.7	(68.9)	(73.6)	(68.9)
FY2034-35	40.9	111.7	(70.8)	(144.4)	(70.8)
FY2035-36	41.9	111.7	(69.8)	(214.2)	(69.8)
FY2036-37	43.0	111.7	(68.7)	(282.9)	(68.7)
FY2037-38	53.7	111.7	(58.0)	(340.9)	(58.0)
FY2038-39	64.5	111.7	(47.2)	(388.1)	(47.2)
FY2039-40	49.4	111.7	(62.3)	(450.3)	(62.3)
FY2040-41	47.3	111.7	(64.4)	(514.7)	(64.4)
Total	1,160.8	1,675.5	(514.7)	(514.7)	(514.7)

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

POSITION TITLE	NUMBER OF POSITIONS		2023-24	2024-25
	<u>23-24</u>	<u>24-25</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
G49550 Econ Dev Manager	0.75	1.00	\$53,930	\$74,790
Benefits.....			28,760	29,070
Operating.....			27,810	29,070
Travel.....			7,190	7,480
Capital outlay.....			8,600	
Aid.....				
Capital improvements.....				
TOTAL.....			\$126,290	\$140,410

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

2023

LB⁽¹⁾ 92 AM1364

FISCAL NOTE

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

Prepared by: ⁽³⁾ Jordan Blades Date Prepared: ⁽⁴⁾ 4/18/2023 Phone: ⁽⁵⁾ 402-471-1432

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2023-24</u>		<u>FY 2024-25</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	<u>See Below</u>	<u>—</u>	<u>See Below</u>	<u>—</u>
CASH FUNDS	<u>47,433</u>	<u>—</u>	<u>49,235</u>	<u>(514,250)</u>
FEDERAL FUNDS	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
OTHER FUNDS	<u>—</u>	<u>—</u>	<u>(2,810,000)</u>	<u>See Below</u>
TOTAL FUNDS	<u>See Below</u>	<u>—</u>	<u>See Below</u>	<u>(514,250)</u>

Explanation of Estimate:

The Department does not anticipate any fiscal impact from Sections 1-53, 55, 56, 63, and Sections 65-80 at this time.

Section 54 of LB 92 as amended by AM1364 would create a new health insurance mandate requiring insurers cover mammograms for certain women under 40 at least once per year. This section would also require insurers cover one digital breast tomosynthesis, one bilateral whole breast ultrasound, and one diagnostic magnetic resonance imaging for certain women, who meet the requirements in AM1364 for the specified service, per year. The insurer may not apply cost-sharing requirements for any of these services except for diagnostic magnetic resonance imaging for a woman based on heterogeneous or dense breast tissue.

The Affordable Care Act (ACA) requires the defrayal of all costs of newly created health insurance mandates by a state. This is done either through reimbursement by the state to the issuer of a Qualified Health Plan (QHP) (hereinafter “insurer”) or enrollee. Pursuant to the ACA, the insurer quantifies the cost attributable to the new mandated benefit and that cost is submitted to the state for reimbursement.

The Department contacted several insurers and asked for an initial estimate of the costs associated with coverage of the new mandated benefits as proposed in AM1364. The estimates from insurers for increased premium costs for their plans varied from \$0 per member per month to \$0.83 per member per month, with approximately 100,000 enrollees in the ACA marketplace. These estimates are based upon projected utilization and relevant enrollee population. Please note that the defrayal costs are charged by each individual QHP insurer, depending upon the relevant population of insureds that have coverage under that insurer. In any instance, the amount spent, pursuant to the ACA, must be reimbursed by the state. Based on the wide range of estimates from insurers the Department concluded that the fiscal impact of the defrayal costs is indeterminate.

Sections 57 through 62 of LB 92 as amended by AM1364 would increase the minimum amount of proof of financial responsibility that health care providers are required to obtain in order to qualify for coverage under the Excess Liability Fund from \$500,000 to \$800,000 per occurrence. AM1364 would increase aggregate limits for professional liability insurance from \$1,000,000 to \$3,000,000 for physicians and nurse anesthetists. Hospitals currently have an aggregate liability amount of \$3,000,000 which would remain the same under the bill. As amended, these changes would be effective January 1, 2025.

Currently the insured’s policy pays up to \$500,000 per occurrence and the Excess Liability Fund pays the

amount remaining up to the Fund limit of \$2,250,000 per occurrence. Under AM1364, the insured’s Medical Malpractice policy would pay the portion per occurrence between \$500,000 and \$800,000, that is currently being paid by the Excess Liability Fund. The reduced expenditures above show the average amount paid by the Excess Liability Fund in that range from \$500,000 to \$800,000 per occurrence over the last 3 years.

AM1364 Would have an indeterminate effect on the Excess Liability Fund’s revenue. The surcharge levied on health care providers is currently set at the statutory maximum of 50% of the premium paid by the health care provider for maintenance of financial responsibility. We expect that amount of premium paid to increase, which would result in an increase in surcharge revenue to the fund. However, if the revenue collected exceeds the amount necessary to maintain the Fund, the surcharge must be reduced. This results in an indeterminate effect on revenue.

Section 64 of LB 92 as amended by AM1364 would change the renewal period for insurance producer agencies from annual to biennial, with the licenses renewing in April of each even numbered year.

The Department currently has 10,285 agencies licensed with an annual fee of \$50 per agency. During odd numbered years we would no longer be processing any of these agency renewals, which would result in a revenue loss of \$514,250 to the Department during each odd numbered year.

Sections 81 through 90 of LB 92 as amended by AM1364 would create a “sandbox program” within the Department of Insurance, which would allow a participant to temporarily test an innovative insurance product or service without obtaining a license or other authorization that otherwise might be required.

NDOI is primarily a solvency regulator which applies specific regulatory standards adopted to avoid financial insolvency. NDOI has a dedicated financial examination team which reviews applications, those same individuals also monitor the continued financial solvency of the company.

In order to review the applicants for the sandbox program and monitor the solvency of participants, NDOI would need a 0.5 FTE financial examiner that would be dedicated to monitoring sandbox applicants and participants.

The department would also anticipate a small amount of revenue collected based on the \$50 application filing fee and participation fee established in AM1364.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2023-24</u>	<u>2024-25</u>
	<u>23-24</u>	<u>24-25</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
Financial Examiner II	0.5	0.5	29,643	31,125
Benefits.....			15,666	15,890
Operating.....			2,124	2,220
Travel.....				
Capital outlay.....				
Aid.....				
Capital improvements.....				
TOTAL.....			47,433	49,235

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

2023

LB ⁽¹⁾0092 Eliminate the requirement that an annual review of a title insurance agent's practices be onsite AM1364

FISCAL NOTE

State Agency OR Political Subdivision Name:⁽²⁾ University of Nebraska System
 Prepared by:⁽³⁾ Chris Kabourek Date Prepared:⁽⁴⁾ 04/21/2023 Phone:⁽⁵⁾ (402) 472-7102

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	FY 2023 - 24		FY 2024 - 25	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	<u>0.00</u>	<u>0.00</u>	<u>106,000.00</u>	<u>0.00</u>
CASH FUNDS	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
FEDERAL FUNDS	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
OTHER FUNDS	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
TOTAL FUNDS	<u>0.00</u>	<u>0.00</u>	<u>106,000.00</u>	<u>0.00</u>

Explanation of Estimate:

Similar to LB 68 AM 371, it does not appear to amend the contribution rate outlined in section 44-2829. Since UNMC is already contributing at the 50% maximum rate specified in section 44-2829, we used the same rate to develop the estimated payment to the NEFL. It also does not appear to amend the total amount recoverable under the Nebraska Hospital-Medical Liability Act from any and all health care providers and the Excess Liability Fund for any occurrence resulting in any injury or death of a patient outlined in section limit 44-2825, therefore, we used the same rate to develop the estimated payment to the NEFL.

Since the proposed limit is rather unusual, UNMC's insurer (MMIC) does not have an increase-limit-factor (ILF) filed for this limit, therefore, it would all need to be completely developed by the actuarial team and submitted to the regulators (i.e. go through regulatory environments) and be approved by the Nebraska Department of Insurance prior to MMIC being able to use the ILF (reflected in the above premium estimates) or before being able to issue a policy with the proposed limit. MMIC would need the final approved legislation to ensure the increase is being accounted for correctly.

If the proposed legislation is passed, MMIC's actuarial team would need to complete a more thorough analysis, which may cause the premium estimate to change.

The above premium estimate reflects only the changes associated with medical malpractice liability and the Nebraska Hospital-Medical Liability Act changes in limit proposed by LB92 AM1364. The projected market increase, absent any exposure increase, is expected to be approximately 7.5-10% per year for upcoming renewals, which is deemed reasonable given the adverse medical loss experience in the State over the past several years. The estimate noted is for the six month period of January through June 2025.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

POSITION TITLE	NUMBER OF POSITIONS		2023 - 24 <u>EXPENDITURES</u>	2024 - 25 <u>EXPENDITURES</u>
	<u>23 - 24</u>	<u>24 - 25</u>		
	<u>0</u>	<u>0</u>		
	<u>0</u>	<u>0</u>		
Benefits.....				
Operating.....				<u>106,000.00</u>
Travel.....				
Capital outlay.....				
Aid.....				
Capital improvements.....				
TOTAL.....				<u>106,000.00</u>