

# FISCAL NOTE

LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES *				
	FY 2012-13		FY 2013-14	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS	See Below		See Below	
CASH FUNDS	See Below	\$500,000	See Below	\$1,000,000
FEDERAL FUNDS	See Below		See Below	
OTHER FUNDS	See Below		See Below	
TOTAL FUNDS	See Below	\$500,000	See Below	\$1,000,000

\*Does not include any impact on political subdivisions. See narrative for political subdivision estimates.

LB 1129 requires health insurance plans sold in the state on or after January 1, 2013 to provide coverage for the screening, diagnosis, and treatment of autism spectrum disorder for persons under age 21. Except as noted below, coverage shall not be subject to any limits on the number of visits and not be subject to dollar limits, deductibles, copayments or coinsurance provisions that are less favorable than equivalent provisions applying to a physical illness.

Coverage for behavioral health treatment is subject to a maximum benefit of \$70,000 per year for persons nine years of age or under and \$20,000 for persons over nine years of age, up to age 21. The Director of Insurance is to adjust the maximum benefit for inflation on an annual basis beginning in January, 2014. Insurers may request a review of the treatment of a person with autism spectrum disorder not more than once every twelve months and shall pay the cost of such review.

State Health Insurance Plan: The fiscal note submitted by the Department of Administrative Services indicates there are currently 25 children diagnosed with autism on the state health insurance plan. Eleven of the children are age 9 or younger and 14 are age 10 to 21. According to the state's health care provider, the costs for applied behavior analysis services for children can range from \$200-\$1,000 for basic caregiver education; up to \$5,000 per year for therapist-in-training caregivers; or, up to \$50,000 per year for a full-time trained therapist assigned to a child.

It is unknown what benefits would accrue to the 25 children currently enrolled in the state plan. The costs could range from a minimum of \$200 to a maximum of \$70,000 for children under age 9 or to \$20,000 for children over age 9 to age 21. Assuming each child enrolled in the plan receives some service, the estimated range of expenditures for both groups of children is \$5,000 to \$1,050,000.

The state health insurance plan is self-insured, with 79% of the premium being paid by the state. So, the fiscal impact of the bill could range from \$3,950 to \$829,500 for the state. The funding sources for the state health insurance plan are: general funds (37%); cash funds (30%); federal funds (23%); and, revolving funds (10%). Only half of the estimated fiscal impact will be incurred in FY13 due to the effective date of coverage in the bill.

University of Nebraska Health Insurance Plan: The University of Nebraska estimates the bill may impact coverage provided to 16 children. It is unknown what benefits would accrue to the 16 children currently enrolled in the University plan. The estimated cost could be minimal \$3,200 (\$200 per child) or range up to \$800,000 (\$50,000 per child).

The University indicates that 82% of the premium for the health care plan is paid by the University. So, the fiscal impact of the bill will range from \$2,624 to \$656,000 for the University. The funding sources for the University health insurance plan are: general funds (22%); cash funds (17%); federal funds (24%); and, other funds (37%). Only half of the estimated fiscal impact will be incurred in FY13 due to the effective date of coverage in the bill.

University of Nebraska Medical Center: UNMC anticipates an increase in services provided to children with autism pursuant to the bill because individuals will have insurance coverage for the disorder. UNMC projects the addition of 13.0 FTE to provide services and support at an annual cost of \$887,840 in FY2013-14. Estimated expenditures in FY2012-13 will be \$434,800 due to the effective date of the required insurance coverage. It is estimated cash fund revenue of approximately \$1 million will be sufficient to fund the additional FTE.

DEPARTMENT OF ADMINISTRATIVE SERVICES

REVIEWED BY	Gary Bush	DATE 1/30/12	PHONE 471-2526
COMMENTS			
ADMINISTRATIVE SERVICES: Agency's estimate of impact appears to be reasonable.			
DEPARTMENT OF INSURANCE: Concur.			
UNIVERSITY OF NEBRASKA: No basis to disagree with estimate for UNMC. No basis to disagree with estimate to the self-insurance plan. The University has other funding sources available so the impact to the General Fund would likely be less.			

# 2012 Legislative Bill Proposal Fiscal Note

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LEGISLATIVE FISCAL

**Bill #: 1129**

**State Agency: Administrative Services**

**Prepared by: Paula Fankhauser**

**Date Prepared: 01/23/2012**

**Phone: 402-471-2832**

**Approved by:**

## Estimate of Fiscal Impact – State Agencies

	FY 2012-13		FY 2013-14	
	Expenditure Range (See below)	Revenue	Expenditure Range (See below)	Revenue
General Funds				
Cash Funds				
Federal Funds				
Other Funds				
<b>Total Funds</b>	<b>\$1,975-\$414,750</b>		<b>\$3,950-\$829,500</b>	

**Explanation of Estimate:**

LB 1129 requires autism spectrum disorders to be covered as medical and pharmacy benefits under the plan. The bill further specifies a maximum benefit of seventy thousand dollars (\$70,000) per year for an insured nine years of age or younger and twenty thousand dollars (\$20,000) per year for an insured ten years of age up to age twenty one.

Prescription Drugs provided to patients with this condition are currently covered under the State's health plans and will have no additional cost impact.

The costs for adding Applied Behavior Analysis (ABA) services to the State of Nebraska health plan could range from

- 1.) \$200-\$1,000 for basic caregiver education or,
- 2.) up to \$5,000 per year for therapist-in-training caregivers giving in home care or,
- 3.) up to \$50,000 per year for a full time ABA trained therapist devoted to the child. This amount is based on information provided by our medical health plan administrator. LB1129 allows for a maximum of \$70,000 for children nine years of age or younger. It is likely that the maximum of \$70,000 for ABA services will be utilized as allowed by this bill. Thus our fiscal impact will use the \$70,000 amount allowed for this analysis

Based on the limits as indicated in the bill and current known costs charged by providers, the cost for the group nine years of age or younger could range from \$200 to \$70,000 per year, per child. The cost for the group ten years of age up to age twenty one could range from \$200 to \$20,000 per year, per child.

The State of Nebraska currently has 30 individuals diagnosed with Autism. Of this total group, 5 are twenty one years of age or older, 11 are nine years of age or younger and 14 are ten years of age up to age twenty one.

**Cost impact for children nine years of age or younger:**

The total estimated costs to the State health plan could range from \$2,200 to \$770,000 annually for 11 children. (11 children X \$200.00 annual costs = \$2,200 total costs - 11 children X \$70,000 annual costs = \$770,000 annual costs).

**Cost impact for children ten years of age up to age twenty one:**

The total estimated costs to the State health plan could be \$2,800 to \$280,000 annually for 14 children. (14 children X \$200.00 annual costs = \$2,800 total costs - 14 children X \$20,000 annual costs = \$280,000 annual costs).

The total cost impact for both age groups ranges \$5,000 - \$1,050,000 (\$2,800 + \$2,200 = \$5,000 and \$280,000 + \$770,000 = \$1,050,000). The State's health plan is self-insured in which costs directly impact premium contributions. The State contributes 79% of the health plan premiums. The range of the total cost impact to the State is \$3,950 - \$829,500. (\$5,000 x 79% = \$3,950) – (\$1,050,000 x 79% = \$829,500)

The effective date of the proposed changes in the bill is January 1, 2013. The State's share of the estimated cost range in FY12-13 is calculated to be one half of the annual estimated amounts calculated above. ( $\$3,950 / 2 = \$1,975$ ) – ( $\$829,500 / 2 = \$414,750$ )

The table below summarizes the impact by fund type of the estimated additional health premium contributions. The allocation by fund type is based on total FY10-11 operational expenditures.

Funds	FY2012-13		FY2013-14	
	Low	High	Low	High
	Expenditures	Expenditures	Expenditures	Expenditures
General Funds	730	153,457	1,461	306,915
Cash Funds	593	124,425	1,185	248,850
Federal Funds	454	95,393	909	190,785
Revolving Funds	198	41,475	395	82,950
<b>Total Funds</b>	<b>1,975</b>	<b>414,750</b>	<b>3,950</b>	<b>829,500</b>

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### Major Objects of Expenditure

#### Personal Services:

Position Title:	Number of Positions			2012-13	2013-14
	12-13	13-14		Expenditures	Expenditures
Benefits					
Operating					
Travel					
Capital Outlay					
Aid					
Capital Improvements					
<b>TOTAL</b>					

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LB<sup>(1)</sup> 1129 FISCAL NOTE

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

Prepared by: (3) Eric Dunning Date Prepared: (4) 1-20-12 Phone: (5) 1-4650

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	FY 2012-2013		FY 2013-2014	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS	_____	_____	_____	_____
CASH FUNDS	_____	_____	_____	_____
FEDERAL FUNDS	_____	_____	_____	_____
OTHER FUNDS	_____	_____	_____	_____
TOTAL FUNDS	=====	=====	=====	=====

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

Explanation of Estimate:

No fiscal impact

MAJOR OBJECTS OF EXPENDITURE

Personal Services:

POSITION TITLE	NUMBER OF POSITIONS		2012-2013	2013-2014
	12-13	13-14	EXPENDITURES	EXPENDITURES
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
Benefits.....	_____	_____	_____	_____
Operating.....	_____	_____	_____	_____
Travel.....	_____	_____	_____	_____
Capital outlay.....	_____	_____	_____	_____
Aid.....	_____	_____	_____	_____
Capital improvements.....	_____	_____	_____	_____
TOTAL.....	_____	_____	_____	_____

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LB<sup>(1)</sup> 1129  
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State Agency OR Political Subdivision Name: University of Nebraska

Prepared by: <sup>(3)</sup> Mike Justus Date Prepared: <sup>(4)</sup> February 6, 2012 Phone: <sup>(5)</sup> 402-472-2191

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	FY 2012-2013		FY 2013-2014	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS	800,000		800,000	
CASH FUNDS	869,600	1,000,000	887,840	1,000,000
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	1,669,600	1,000,000	1,687,840	1,000,000

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

There are two impacts to this bill. The first is to our self-insurance plan. Based on our discussions with BCBS, the potential impact would range from minimal to \$800,000.

The second impact would be to UNMC who anticipate an increase in services provided with additional insurance funding available to clients. We expect the demand might actually exceed this, but limitations on staff and space needs would impact our ability to provide more services.

MAJOR OBJECTS OF EXPENDITURE

Personal Services:

POSITION TITLE	NUMBER OF POSITIONS		2012-2013	2013-2014
	12-13	13-14	EXPENDITURES	EXPENDITURES
Senior Faculty	1	1	90,000	92,250
Junior Faculty	1	1	65,000	66,625
Techs	10	10	380,000	389,500
Billing/Support	1	1	35,000	35,875
Benefits.....			159,600	163,590
Operating.....			130,000	130,000
Travel.....			10,000	10,000
Capital outlay.....				
Aid.....				
Capital improvements.....				
TOTAL.....	13	13	869,600	887,840