

FISCAL NOTE
LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)				
	FY 2015-16		FY 2016-17	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS				
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS			See Below	

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

LB 124 requires that individual and group sickness and accident insurance policies issued or renewed in the state after January 1, 2016 shall not charge an insured a copayment, coinsurance or deductible for services of a physical therapist, occupational therapist, audiologist, speech-language pathologist, or chiropractor or chiropractic physician that is greater than a copayment, coinsurance or deductible charged for services of a medical doctor, osteopath or osteopathic physician.

State of Nebraska Employee Health Insurance Plans: The Department of Administrative Services (DAS) indicates the bill will require changes to the regular health insurance plan, high deductible and wellness plans offered to state employees. The regular and high deductible plans will need to have a copay for the services of a physical therapist, occupational therapist, audiologist, speech-language pathologist, or chiropractor or chiropractic physician rather than charge the cost of the services to the employee's deductible and coinsurance. The wellness plan will have to be revised to reduce the copayment for chiropractors.

DAS indicates the bill will have a minimal fiscal impact on the three plans affected by the bill. The fiscal impact ranges from a savings of \$400,000 to a cost of \$200,000 for health insurance plans with total expenses of \$166 million in FY14. The benefits consultant for the plans estimates a cost savings based upon the current utilization of the plans by employees. The employee's cost of coinsurance will be less than the medical copayment, after the deductible is met, so the plan would pay less in the aggregate for the services. Based upon a straight claims analysis by the health insurance administrator, there would be a minimal .1% increase in costs. Any changes in the expenses for the plans will begin in July, 2016.

University of Nebraska Employee Health Insurance Plans: The University indicates the changes in the bill for the self-insured health plan offered to employees will have very little or no fiscal impact for the plan.

ADMINISTRATIVE SERVICES-STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSES			
LB: 124	AM:	AGENCY/POLT. SUB: University of Nebraska	
REVIEWED BY: Robin Kilgore		DATE: 1-22-15	PHONE: 471-4180
COMMENTS: Concur with estimate of fiscal impact.			

ADMINISTRATIVE SERVICES-STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSES			
LB: 124	AM:	AGENCY/POLT. SUB: Dept. of Insurance	
REVIEWED BY: Robin Kilgore		DATE: 1-20-15	PHONE: 471-4180
COMMENTS: Concur with agency's estimate of no fiscal impact.			

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

2015

LB⁽¹⁾ 124

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾

Department of Insurance

Prepared by: ⁽³⁾ Robert M. Bell

Date Prepared: ⁽⁴⁾ 1/14/15

Phone: ⁽⁵⁾ 402-471-4650

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2015-16</u>		<u>FY 2016-17</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:

No fiscal impact on the Department of Insurance.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2015-16</u>	<u>2016-17</u>
	<u>15-16</u>	<u>16-17</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.

2015

LB⁽¹⁾ 124

FISCAL NOTE

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

Prepared by: ⁽³⁾ Michael Justus Date Prepared: ⁽⁴⁾ January 20, 2015 Phone: ⁽⁵⁾ 472-7109

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2015-16</u>		<u>FY 2016-17</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:

LB 124 dealing with providing certain services under our self-insured health plan would have very little to no fiscal impact.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2015-16</u>	<u>2016-17</u>
	<u>15-16</u>	<u>16-17</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.

2015

LB⁽¹⁾ 124

FISCAL
NOTE

State Agency OR Political Subdivision Name: ⁽²⁾ AS – Personnel-Wellness & Benefits

Prepared by: ⁽³⁾ Crystal Meyer Date Prepared: ⁽⁴⁾ 1-15-15 Phone: ⁽⁵⁾ 402-471-2832

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2015-16</u>		<u>FY 2016-17</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: LB124 would require individual and group sickness and accident insurance policies (including self-funded employee benefit plans) in the State of Nebraska to charge a copayment, coinsurance, or deductible for services under a health benefit plan received from a physical therapist, occupational therapist, audiologist, speech-language pathologist, or chiropractor that would be no greater than the copayment, coinsurance or deductible charged by the plan for services received from a primary care physician (PCP) or an osteopath or osteopathic physician (DO).

The State currently offers four health plans – the Wellness Plan, the Regular Plan, the High Deductible Plan and the Consumer Focused Plan. The Regular Plan and High Deductible Plan currently apply costs for physical therapist, occupational therapist, audiologist, speech-language pathologist, and chiropractor services to the employee’s deductible and coinsurance, whereas primary care physician visits are covered by a copayment. Applying costs to the employee’s deductible and coinsurance results in a higher upfront cost to the employee (until the deductible and/or coinsurance are met). Copayments are applied to PCP/DO visits on the Wellness, Regular and High Deductible Plans. The Consumer Focused Plan does not have PCP/DO copayments and would not be affected by LB124.

Based on AS-Personnel-Wellness & Benefits’ interpretation of LB124, the State would be required to add copays for physical therapist, occupational therapist, audiologist, speech-language pathologist, or chiropractor services to the Regular and High Deductible Plans. The Wellness Plan would be adjusted to reduce the copayment for chiropractors, as the copayment for that service on the Wellness Plan is currently higher than than the copayment charged for a PCP/DO visit.

Varying projections by benefits partners calculate the financial impact differently.

Our benefits consultant estimates the fiscal impact to the health plan overall would be a 0.2% savings, or about \$400,000. The savings estimate is based upon the current plan pattern of utilization by employees. After the employee meets the deductible, the employee’s coinsurance cost would be less than the PCP/DO copayment, thus the plan would pay less for the services on an aggregate basis.

Our health insurance administrator estimates a 0.1% cost to the plan, or about \$200,000, based on a straight claims analysis of current expenses.

This would affect our health plans beginning July 1, 2016.

Based on 2013-14 total health plan expenses of \$166 million, the potential impact on plan costs and premiums would be negligible.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2015-16</u>	<u>2016-17</u>
	<u>15-16</u>	<u>16-17</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
Benefits.....				
Operating.....				
Travel.....				
Capital outlay.....				
Aid.....				
Capital improvements.....				
TOTAL.....				