

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

<b>ESTIMATE OF FISCAL IMPACT – STATE AGENCIES</b> (See narrative for political subdivision estimates)				
	<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	See below		See below	

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

LB 337 related to insurance and establishes the Step-Therapy Reform Act. The bill provides for a step-therapy plan for prescription drugs that establishes protocols for the specific sequence in which prescription drugs are prescribed. The bill provides for a process to request a step-therapy override exception within five calendar days after the receipt of the written request.

The State of Nebraska’s health plan currently provides a step-therapy plan, however, the bill proposes a timeframe that is shorter than the current timeline for an override exception. The State of Nebraska estimates that due to the shorter timeline, more prescription drugs as selected by the health care provider outside of the current step-plan protocol may be prescribed. The Department of Administrative Services (DAS) estimates an increase of \$50,000 per year, however due to the variability and the cost of prescription drugs the exact fiscal impact is unknown.

The State of Nebraska medical plans are self-insured thus DAS estimates that the changes proposed in the bill would result in a premium increase to the State’s and employee premium costs. The State pays 79% of the medical premiums. If the estimate of \$50,000 is utilized for the increases in the prescription costs, the fiscal impact would be \$39,500. See the following for the breakdown by funding source:

<b>Fund Type</b>	<b>Expenditures- FY22-23</b>	<b>Expenditures- FY21-23</b>
General Fund	\$20,469	\$20,469
Cash Fund	\$10,074	\$10,074
Federal Fund	\$7,322	\$7,322
Revolving Fund	\$1,635	\$1,635
<b>TOTAL</b>	<b>\$39,500</b>	<b>\$39,500</b>

The University of Nebraska currently has a Prior Authorization in place and an exception is available if the member cannot use the preferred prescription drug product. Additionally, the member and their prescribing physician have two levels of appeals available. The University does not anticipate a fiscal impact.

There is no fiscal impact for the Department of Insurance.

<b>ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY &amp; POLT. SUB. RESPONSE</b>		
LB: 337	AM:	AGENCY/POLT. SUB: Department of Administrative Services
REVIEWED BY: Neil Sullivan	DATE: 1/22/2021	PHONE: (402) 471-4179
COMMENTS: The Department of Administrative Services estimate of enterprise fiscal impact from LB 337 appears reasonable.		

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE		
LB: 337	AM:	AGENCY/POLT. SUB: University of Nebraska
REVIEWED BY: Neil Sullivan	DATE: 1/20/2021	PHONE: (402) 471-4179
COMMENTS: The University of Nebraska assessment of no fiscal impact from LB 337 appears reasonable.		

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE		
LB: 337	AM:	AGENCY/POLT. SUB: Department of Insurance
REVIEWED BY: Neil Sullivan	DATE: 1/27/2021	PHONE: (402) 471-4179
COMMENTS: The Department of Insurance assessment of no direct fiscal impact from LB 337 appears reasonable. An enterprise change in employee health plan premiums may impact the agency.		

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2021

LB<sup>(1)</sup> 337

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> 1/15/2021 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	\$20,469		\$20,469	
CASH FUNDS	\$10,074		\$10,074	
FEDERAL FUNDS	\$7,322		\$7,322	
REVOLVING FUNDS	\$1,635		\$1,635	
<b>TOTAL FUNDS</b>	<b>\$39,500</b>		<b>\$39,500</b>	

Explanation of Estimate:

LB 337 provides for a step-therapy plan relating to prescription drugs which establishes protocols for the specific sequence in which prescription drugs for a specified medical condition and what are medically appropriate for a covered person are covered under a pharmacy or medical benefit. The bill also provides for a process to request a step-therapy override exception.

The bill applies to any health benefit plans delivered, issued for delivery, or renewed on or after January 1, 2022. The State's current contract expires June 30, 2023.

The State of Nebraska's health plans currently provide a step-therapy plan. The bill provides for the approval or denial of a request for a step-therapy override exception within five (5) calendar days after the receipt of a complete, written request. This timeline is shorter than the current process. It is estimated that due to the reduced timeline, more second step prescriptions will be filled. The estimated increase is \$50,000 per year, however due to the variability of the mix and cost of drugs the exact fiscal impact is unknown.

The State's current medical plans are self-insured, and increased costs will result in increased premium costs, The State pays 79% of the premium and the employee 21%. The changes proposed in LB 337 would impact the State's and the employee's premium costs.

The State's estimated impact per fiscal year is \$39,500. (\$50,000 X 79% (State's Share) = \$39,500).

The table below summarizes the estimated impact by fund type of any premium increase. The allocation by fund type below is based on an average of Benefit expenditures over a four-year period (2017-2020).

Fund Type	Expenditures – FY21-22	Expenditures – FY22-23
General Fund	\$20,469	\$20,469
Cash Fund	\$10,074	\$10,074
Federal Fund	\$7,322	\$7,322
Revolving Fund	\$1,635	\$1,635
<b>Total</b>	<b>\$39,500</b>	<b>\$39,500</b>

**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>21-23</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
Benefits.....			\$39,500	\$39,500
Operating.....				
Travel.....				
Capital outlay.....				
Aid.....				
Capital improvements.....				
<b>TOTAL</b> .....			<b>\$39,500</b>	<b>\$39,500</b>

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**2021**

**LB<sup>(1)</sup> 337**

**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> January 14, 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	_____	_____	_____	_____
<b>TOTAL FUNDS</b>	<b>=====</b>	<b>=====</b>	<b>=====</b>	<b>=====</b>

**Explanation of Estimate:**

The University already has a Prior Authorization process in place and available if the member cannot use the preferred generic product. In addition to the Prior Authorization, if the Prior Authorization is denied, the member and their prescribing physician also have two levels of Appeals available to them. Since these are in place, there is no fiscal impact from the bill.

**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.....	_____	_____	_____	_____
<b>TOTAL.....</b>	<b>_____</b>	<b>_____</b>	<b>_____</b>	<b>_____</b>

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**2021**

**LB<sup>(1)</sup> 337**

**FISCAL NOTE**

State Agency OR Political Subdivision Name: <sup>(2)</sup> Insurance

Prepared by: <sup>(3)</sup> Thomas Green Date Prepared: <sup>(4)</sup> 1/27/2021 Phone: <sup>(5)</sup> 402-471-4650

**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:

No fiscal impact on the Department of Insurance is expected as a result of LB 337.

**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.....	_____	_____	_____	_____