

FISCAL NOTE
 LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)				
	FY 2022-23		FY 2023-24	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
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 943 would prohibit certain provisions in a health plan in relation to clinician-administered drugs and defines the term for a clinician-administered drug.

The Department of Insurance may incur minimal costs to facilitate arbitration under the 2022 No Surprises Act for clinician-administered drugs.

The Department of Administrative Services (DAS) anticipates a negative fiscal impact but the actual increased costs for the state's medical plan are indeterminable. Based on the total costs from the past fiscal year, DAS used a 1.5% increase in costs to provide an estimate for the fiscal impact of LB 943. The estimated increase is \$135,000. The State's current medical plans are self-insured and increased costs would result in increased premium costs. The State's plan pays 79% of the premium and employees pay 21%. The allocation by fund type is as follows:

Fund Type	Percentage by Fund Type	Estimated Expenditures FY 2022-23	Estimated Expenditures FY 2023-24
General Fund	51%	\$21,485	\$42,969
Cash Fund	26%	\$10,953	\$21,906
Federal Fund	19%	\$8,004	\$16,008
Other Fund	4%	\$1,685	\$3,370
Total	100%	\$42,127	\$84,254

The University of Nebraska System also anticipates a negative fiscal impact, however, the increased premium costs for the University's health insurance plan are indeterminable. The University reviewed the previous year costs of the medications and anticipates an increase of .08% of the premium costs which was used to calculate the fiscal impact of the bill. The estimated increase is a total of \$1,255,947, of which the university pays 79% of the increase in premium cost and university employees pay the remaining 21%. The allocation by fund type is as follows:

Fund Type	Percentage by Fund Type	Estimated Expenditures FY 2022-23	Estimated Expenditures FY 2023-24
General Fund	36%	\$178,596	\$357,191
Cash Fund	23%	\$114,103	\$228,206
Federal Fund	4%	\$19,844	\$39,688
Other Fund	37%	\$183,556	\$367,113
Total	100%	\$496,099	\$992,198

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE		
LB: 943	AM:	AGENCY/POLT. SUB: Department of Insurance
REVIEWED BY: Neil Sullivan	DATE: 1/19/2022	PHONE: (402) 471-4179
COMMENTS: The Department of Insurance assessment of minimal fiscal impact from LB 943 appears reasonable.		

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE		
LB: 943	AM:	AGENCY/POLT. SUB: Department of Administrative Services
REVIEWED BY: Neil Sullivan	DATE: 2/1/2022	PHONE: (402) 471-4179
COMMENTS: No basis to disagree with the Department of Administrative Services assessment of indeterminate fiscal impact from LB 943.		

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE		
LB: 943	AM:	AGENCY/POLT. SUB: University of Nebraska
REVIEWED BY: Neil Sullivan	DATE: 2/4/2022	PHONE: (402) 471-4179
COMMENTS: No basis to disagree with the University of Nebraska assessment of fiscal impact from LB 943.		

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

2022

LB⁽¹⁾ 943

FISCAL NOTE

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

Prepared by: ⁽³⁾ Michael W. Anderson Date Prepared: ⁽⁴⁾ 1/12/22 Phone: ⁽⁵⁾ 402-471-4649

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2022-23</u>		<u>FY 2023-24</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 943 prohibits certain provisions in a health plan in relation to clinician-administered drugs and defines the term "clinician-administered drug".

There may be a minimal cost to the Department to facilitate arbitration under the No Surprises Act for any services for clinician-administrated drugs provided by an out-of-network provider at an in-network hospital or other in-network facility.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2022-23</u>	<u>2023-24</u>
	<u>22-23</u>	<u>23-24</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
Benefits.....	_____	_____	_____	_____
Operating.....	_____	_____	_____	_____
Travel.....	_____	_____	_____	_____
Capital outlay.....	_____	_____	_____	_____
Aid.....	_____	_____	_____	_____
Capital improvements.....	_____	_____	_____	_____
TOTAL.....	_____	_____	_____	_____

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2022

LB⁽¹⁾ 943

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⁾ 01/12/2022 Phone: ⁽⁵⁾ 402/471-4443

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2022-23</u>		<u>FY 2023-24</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	_____	_____	_____	_____
CASH FUNDS	_____	_____	_____	_____
FEDERAL FUNDS	_____	_____	_____	_____
OTHER FUNDS	_____	_____	_____	_____
TOTAL FUNDS	<u>See Below</u>	<u>See Below</u>	<u>See Below</u>	<u>See Below</u>

Explanation of Estimate:

LB 943 as introduced would prohibit a provider from refusing to authorize, approve or pay a participating provider for providing covered clinician-administered drugs and related services and from imposing coverage or benefit limitations or requiring an enrollee to pay an additional fee, higher copay, or higher coinsurance. LB 943 also allows clinician-administered drugs to be provided by a pharmacy, etc., that isn't a participating provider in the insurer's network (under contract). The bill also prohibits the insurer from requiring an enrollee to pay a higher copay, coinsurance, etc. when using an out-of-network provider.

LB 943 could increase costs of clinician-administered drugs provided by a patient's provider or pharmacy that isn't under contract, as costs could be higher, and the enrollee couldn't be charged a higher copay, coinsurance, or deductible.

The State's Third-Party Administrator (TPA) United Health Care (UHC) confirmed that the increased costs to the State's medical plans are undeterminable at this time. Total costs for these types of drugs in prior plan years has been approximately \$9 million. For example, if the increase was 1.5% of prior year expenditures the increase would be \$135,000 (\$9M x 1.5% = \$135,000).

The State's current medical plans are self-insured, and any increased costs will result in increased premium costs. The State pays 79% of the premium and the employee pays 21%. The changes proposed in LB 943 would impact the State's and employee's premium costs. The State's share of an estimated \$135,000 increase would be \$106,650 (\$135,000 X 79% = \$106,650).

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 (2018-2021).

Fund Type	Percentage by Fund Type
General Fund	51%
Cash Fund	25%
Federal Fund	20%
Revolving Fund	4%
Total	100%

LB 943, as introduced, has a fiscal impact on the State of Nebraska health plans of an unknown amount as it is impossible to determine the costs from non-contracted providers.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2022-23</u>	<u>2023-24</u>
	<u>22-23</u>	<u>23-24</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
Benefits.....				
Operating.....				
Travel.....				
Capital outlay.....				
Aid.....				
Capital improvements.....				
TOTAL.....				

LB ⁽¹⁾ 0943 Prohibit certain provisions in a health plan in relation to clinician-administered drugs

FISCAL NOTE

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

Prepared by:⁽³⁾ Chris Kabourek

Date Prepared:⁽⁴⁾ 01/18/2022

Phone:⁽⁵⁾ (402) 472-7102

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2022-23</u>		<u>FY 2023-24</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	178,596.00	0.00	357,191.00	0.00
CASH FUNDS	114,103.00	0.00	228,206.00	0.00
FEDERAL FUNDS	19,844.00	0.00	39,688.00	0.00
OTHER FUNDS	183,556.00	0.00	367,113.00	0.00
TOTAL FUNDS	496,099.00	0.00	992,198.00	0.00

Explanation of Estimate:

The University of Nebraska system and UMR, our third party health plan administrator, believe the following language in Section 1 of the bill would significantly impact our health insurance plan.

"any self-funded employee benefit plan to the extent not preempted by federal law, shall not:

(b) Impose coverage or benefit limitations or require an enrollee to pay an additional fee, higher copay, higher coinsurance, second copay, second coinsurance, or other penalty when obtaining clinician administered drugs from a health care provider authorized under the laws of this state to administer clinician-administered drugs or a pharmacy;

(c) Interfere with the right of a patient to choose to obtain a clinician-administered drug from such patient's provider or pharmacy of choice such as through inducement, steering, or offering financial or other incentives"

The University of Nebraska health insurance plan has three tiers of providers that have varying deductibles, co-insurance, and out-of-pocket maximums. The three tiers of providers allow the health plan to guide participants to in-network providers that provide significant contractual savings for both members and the plan by using the UMR network savings. If the bill passes it is likely that plan members will utilize out-of-network providers that do not have the contractual savings of the UMR network.

The fiscal impact of this bill is difficult to predict. We do not have a reasonable method to predict the number of members that would utilize an out-of-network provider. For a rough estimate we examined previous year costs of medications incurred by our health plan that were infused or could not be self-administered by the member. We believe that if the bill becomes law that members using these medications would have the cost sharing arrangements in our lowest cost sharing tier. These calculations only include the cost of the medications and it is likely there is an administrative cost incurred by the plan and participants for the use of these medications that would increase the fiscal impact of the bill.

The bill would require a 0.8% increase in our health plan premiums for the estimated \$1,255,947 annual fiscal impact to the University health plan. The University pays 79% of the premium and the employee pays 21%. The total annual fiscal impact to the University is \$992,198 (79% of the \$1,255,947 total annual cost). Premium rates have been established for calendar year 2022, so the earliest premiums would increase would be January 1, 2023. The table below summarizes the estimated impact by fund type of the premium increase.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

POSITION TITLE	NUMBER OF POSITIONS		2022-23	2023-24
	22-23	23-24	EXPENDITURES	EXPENDITURES
	0	0		
	0	0		
Benefits.....			496,099.00	992,198.00
Operating.....				
Travel.....				
Capital outlay.....				
Aid.....				
Capital improvements.....				
TOTAL.....			496,099.00	992,198.00