

PREPARED BY: Nikki Swope
 DATE PREPARED: February 02, 2023
 PHONE: 402-471-0042

LB 779

Revision: 00

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				
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS				

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

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 per thirty-day supply, regardless of the amount or type of insulin needed to fulfill the covered individual's prescription.

Currently, the State of Nebraska's health care plans provides for a cost share of insulin prescriptions would have a minimal fiscal impact of \$3300 due to that the State's Third-Party Administrator would have to cover the difference between the cost of the prescription and the out-of-pocket limit. Healthcare plans in in future years would need to continue to provide the same limit on the costs for prescription insulin drugs. Re-negotiations may increase the cost of premiums in future years.

The University of Nebraska's and pharmacy plan currently covers individuals' costs for insulin products at or under thirty-five dollars that are on the University plan's formulary drug list. However, certain insulin drugs are not currently covered under the University plan's formulary and may cost over thirty-five dollars. If the bill intends to provide coverage for these drugs that are not included in the University's formulary, the University anticipates a minimal fiscal impact due to a small number of claims that would be impacted.

LB 779 would have a minimal fiscal impact to the State. There is no basis to disagree with these estimates.

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE			
LB: 779	AM:	AGENCY/POLT. SUB: University of Nebraska System	
REVIEWED BY: Ryan Walton	DATE: 1/23/2023	PHONE: (402) 471-4174	
COMMENTS: No basis to disagree with the University of Nebraska System assessment of fiscal impact to the agency from LB 779.			

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE			
LB: 779	AM:	AGENCY/POLT. SUB: Department of Administrative Services (DAS)	
REVIEWED BY: Ryan Walton	DATE: 2/6/2023	PHONE: (402) 471-4174	
COMMENTS: The Department of Administrative Services assessment of fiscal impact to the agency from LB 779 appears reasonable.			

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

2023

LB ⁽¹⁾ 0779 Limit the amount an insured pays for prescription insulin drugs

FISCAL NOTE

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

Prepared by:⁽³⁾ Chris Kabourek Date Prepared:⁽⁴⁾ 01/23/2023 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>0.00</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>0.00</u>	<u>0.00</u>

Explanation of Estimate:

Based on the current University of Nebraska System's pharmacy plan we would cover any insulin products that are on the formulary, which would include providing a price under \$35 a month, as required by LB 779.

In instances where an insulin drug is not on our formulary, the University pharmacy plan would offer a reasonable alternative.

LB 779 applies to all types of insulin products, including those not on the University's pharmacy plan preferred formulary.

The most recent year of data available highlights a very small number of insulin claims that would be impacted and the adjusted costs to the plan would be minimal.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

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

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

2023

LB⁽¹⁾ 779

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⁾ 1/19/2023 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 779 proposes to limit the out-of-pocket cost of prescription insulin drugs to a covered individual. The bill as introduced limits insulin cost 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. If LB 779 had been enacted during the previous benefit plan year of 7/1/2021 to 6/30/2022, the State's Third-Party Administrator (TPA) estimates there would have been an increased total cost to the State of Nebraska's medical plan of approximately \$3,300 as a result of having 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 estimated increase / 2 [1/2 fiscal year] = \$1,650 x 79% [State's share] = \$1,304) and for FY24-25 \$2,607 (\$3,300 X 79% [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.

LB779 as introduced has an estimated fiscal impact of \$3,300 on the State of Nebraska medical 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.....	_____	_____	_____	_____

