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 DATE PREPARED: February 26, 2007
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LB 647

Revision: 00

FISCAL NOTE

LEGISLATIVE FISCAL ANALYST ESTIMATE

| ESTIMATE OF FISCAL IMPACT – STATE AGENCIES * | | | | |
|---|---------------------|---------|---------------------|---------|
| | FY 2007-08 | | FY 2008-09 | |
| | EXPENDITURES | REVENUE | EXPENDITURES | REVENUE |
| GENERAL FUNDS | (See Below) | | (See Below) | |
| CASH FUNDS | | | | |
| FEDERAL FUNDS | (See Below) | | (See Below) | |
| OTHER FUNDS | \$116,865 - Unknown | | \$233,730 - Unknown | |
| TOTAL FUNDS | See Below | | See Below | |

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

LB 647 provides parity in health insurance plans for mental health conditions. The bill provides that deductibles, co-payments and coinsurance shall be the same for physical and mental health conditions. The definition of a mental health condition is changed to include alcohol and substance abuse and mental health professionals are expanded to include advanced practice registered nurses and alcohol and drug counselors. The operative date of the bill is January 1, 2008.

The Department of Administrative Services (DAS) indicates the bill will have a fiscal impact for the health insurance plan provided to state employees. It is estimated the requirement to have the same co-payment for physical and mental health visits will increase the annual cost of the state plan by \$109,230 because the co-pay for mental health visits is currently \$5 more than the co-pay for a regular medical visit. The estimated increase in expenses for the state plan in 2007-08 is \$54,615 and in 2008-09 is \$109,230.

DAS also projects at least a \$124,500 annual increase in plan costs due to the requirement for a limit on the number of inpatient mental health days to be the same as the limit for other health conditions. Currently, there is a limit of thirty days in a calendar year for inpatient mental health treatment. Three persons exceeded the thirty day maximum in 2006, which would have cost and estimated \$124,500. Since the bill is effective on January 1, 2008, the projected increase in costs is \$62,250 in 2007-08 and \$139,440 in 2008-09. It is assumed these estimates represent the minimum in increased costs. It is likely there will be considerably more days of mental health treatment provided if the expanded coverage is provided in the state plan. The number of days is not able to be projected.

The University of Nebraska indicates the bill will have no fiscal impact for the University's insurance plan. The Department of Health and Human Services anticipates the bill may reduce expenditures by an unknown amount for persons receiving services in the Medicaid program and the regional centers, if private insurance plans pay for a greater share of mental health treatment costs.

DEPARTMENT OF ADMINISTRATIVE SERVICES

| REVIEWED BY | Joe Wilcox | DATE | 2/6/07 | PHONE | 471-2526 |
|--|------------|------|--------|-------|----------|
| COMMENTS | | | | | |
| DEPARTMENT OF HEALTH AND HUMAN SERVICES: Do not disagree with agency assessment but no impact defined. | | | | | |
| DEPARTMENT OF HEALTH AND HUMAN SERVICES FINANCE AND SUPPORT: Do not disagree with agency assessment but no impact defined. | | | | | |
| DEPARTMENT OF INSURANCE: Concur with agency analysis. | | | | | |
| UNIVERSITY OF NEBRASKA: No basis to disagree with agency assertion. | | | | | |