

FISCAL NOTE
LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)				
	FY 2024-25		FY 2025-26	
	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 1353 changes provisions relating to coverage for screening mammography and breast examinations as outlined in the bill. The effective date is January 1, 2025. Due to the effective date, estimated costs associated with the bill would only be applicable to the second half of FY 2024-25 and for the entirety of FY 2025-26.

Both the State of Nebraska and the University System healthcare plans provide coverage for preventative examinations and mammograms as provided through the Patient Protection and Affordable Care Act (PPACA) without any cost sharing by the member. The bill extends the healthcare coverage to full diagnostic procedures and mammogram frequency that are not covered by the PPACA.

The State of Nebraska estimates the total of the increased costs to be between \$2 million and \$2.5 million annually. The State of Nebraska pays 79% of the premiums for State of Nebraska employees with the employees paying the remaining 21% of the premium. The Department of Administrative Services estimates the low end and the high end of the estimated increases, by funding type, as follows:

Department of Administrative Services:

Fund Type	Low-End Estimated Expenditures FY 2024-25	High-End Estimated Expenditures FY 2024-25	Low-End Estimated Expenditures FY 2025-26	High-End Estimated Expenditures FY 2025-26
General Fund	\$401,812	\$502,265	\$803,624	\$1,004,530
Cash Fund	\$198,131	\$247,664	\$396,262	\$495,328
Federal Fund	\$152,489	\$190,612	\$304,979	\$381,224
Revolving Fund	\$37,568	\$46,959	\$75,135	\$93,918
Total	\$790,000	\$987,500	\$1,580,000	\$1,975,000

The University Systems estimates healthcare premiums to increase to \$144,570 annually. The University Systems also pay 79% of the premiums for University System employees with the employees paying the remaining 21% of the premium. The University System estimates the estimated increases, by funding type, as follows:

University of Nebraska Systems:

Fund Type	Estimated Expenditures FY 2024-25	Estimated Expenditures FY 2025-26
General Fund	\$27,468	\$544,936
Cash Fund	\$15,180	\$30,360
Federal Fund	\$2,891	\$5,783
Revolving Fund	\$26,746	\$53,491
Total	\$72,285	\$634,570

Under the Affordable Care Act (ACA), when a state passes a law that mandates a new health benefit that was not in existence prior to December 31, 2011, the state must make payments to the impacted individual or to a qualified health plan insurer to defray the cost of the additional required benefits. This is done either through reimbursement by the state to the issuer of a Qualified Health Plan (QHP) insurer or the enrollee. Pursuant to the ACA, the insurer quantifies the cost attributable to the new required benefit and that cost is submitted to the state for reimbursement.

As the benefits mandated by LB 1353 exceeds coverage beyond what is provided by the ACA, the issuers of Qualified Health Plans estimates that the increased premium costs to their plans would be approximately \$280,000 for FY 2024-25 and \$560,000 in FY 2025-26 for plans other than for that which provide coverage for State and University System employees.

Under current Nebraska law, these defrayal costs would be paid under the state claims process. These funds would not be appropriated to the Department of Insurance unless other legislation was passed to require the Department of Insurance to account for and pay out these costs.

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE			
LB: 1353	AM: 1391	AGENCY/POLT. SUB: University of Nebraska Systems	
REVIEWED BY: Ryan Walton		DATE: 1/26/2024	PHONE: (402) 471-4174
COMMENTS: The University of Nebraska Systems' assessment of fiscal impact from LB 1353 appears reasonable.			

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE			
LB: 1353	AM:	AGENCY/POLT. SUB: Department of Insurance	
REVIEWED BY: Ryan Walton		DATE: 2/9/2024	PHONE: (402) 471-4174
COMMENTS: The Department of Insurance's assessment of fiscal impact from LB 1353 appears reasonable.			

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE			
LB: 1353	AM:	AGENCY/POLT. SUB: Department of Administrative Services (DAS)	
REVIEWED BY: Ryan Walton		DATE: 1/31/2024	PHONE: (402) 471-4174
COMMENTS: The DAS assessment of fiscal impact from LB 1353 appears reasonable.			

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2024

LB⁽¹⁾ 1353

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⁾ 1/22/2024 Phone: ⁽⁵⁾ 402/480-9728

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2024-25</u>		<u>FY 2025-26</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 1353 as introduced changes provisions relating to coverage for screening mammography and breast examinations effective January 1, 2025.

Currently all State of Nebraska health plans match the Patient Protection and Affordable Care Act (PPACA) Section 223 requirement for 100% coverage for preventative examinations including mammograms.

LB 1353 extends the full coverage to diagnostic procedures and changes the allowed frequency. Full coverage of the diagnostic procedures, etc. will increase costs between \$2 million to \$2.5 million annually or roughly one and one-half percent (1.5%) of total health plan paid claims. The estimated increase is based on a two-year average of claims paid on breast examinations.

The State of Nebraska’s medical plans are self-insured. Any increases in costs will need to be covered by an increase in premiums. The State of Nebraska pays 79% of the premiums for State of Nebraska employees and the employee pays 21%.

Estimated increased costs to the State could be between \$1.58 million and \$1.975 million for a complete fiscal year (\$2,000,000 x 79% = \$1,580,000 and \$2,500,000 x 79% = \$1,975,000). This bill would not be effective until the second half of FY24-25 for an estimated increase of between \$790,000 and \$987,500 (\$1,580,000 x 50% = \$790,000 and \$1,975,000 x 50 = \$987,500).

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 Health & Life Insurance expenditures over a four-year period (2020-2023).

Fund Type	Low-End Estimated Expenditure Range FY24-25	High-End Estimated Expenditure Range FY24-25	Low-End Estimated Expenditure Range FY25-26	High-End Estimated Expenditure Range FY25-26
General Fund	\$401,812	\$502,265	\$803,624	\$1,004,530
Cash Fund	\$198,131	\$247,664	\$396,262	\$495,328
Federal Fund	\$152,489	\$190,612	\$304,979	\$381,224
Revolving Fund	\$37,568	\$46,959	\$75,135	\$93,918
Total	\$790,000	\$987,500	\$1,580,000	\$1,975,000

The State's health plans utilize trust funds; thus, no additional appropriation is being requested.

The State's contribution would increase the costs of each agency by an unknown amount that would need to be reconciled in a subsequent A bill.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2024-25</u>	<u>2025-26</u>
	<u>24-25</u>	<u>25-26</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
Benefits.....				
Operating.....				
Travel.....				
Capital outlay.....				
Aid.....				
Capital improvements.....				
TOTAL.....				

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2024

LB⁽¹⁾ 1353

FISCAL NOTE

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

Prepared by: ⁽³⁾ Jordan Blades Date Prepared: ⁽⁴⁾ 2/7/2024 Phone: ⁽⁵⁾ 402-471-4638

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2024-25</u>		<u>FY 2025-26</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	<u>280,000</u>	<u> </u>	<u>560,000</u>	<u> </u>
CASH FUNDS	<u> </u>	<u> </u>	<u> </u>	<u> </u>
FEDERAL FUNDS	<u> </u>	<u> </u>	<u> </u>	<u> </u>
OTHER FUNDS	<u> </u>	<u> </u>	<u> </u>	<u> </u>
TOTAL FUNDS	<u><u>280,000</u></u>	<u><u> </u></u>	<u><u>560,000</u></u>	<u><u> </u></u>

Explanation of Estimate:

LB 1353 would mandate that health carriers provide coverage for contrast-enhanced mammography, and diagnostic MRI's for women based on heterogeneous or dense breast tissue at no cost-sharing. As well as additional diagnostic breast examinations as necessary.

The Affordable Care Act (ACA) requires the defrayal of all costs of new state required benefits for ACA individual and small group plans. This is done either through reimbursement by the state to the issuer of a Qualified Health Plan (QHP), or the enrollee. Pursuant to the ACA, the insurer quantifies the cost attributable to the new required benefit and that cost is submitted to the state for reimbursement. Under current Nebraska law, these defrayal costs would be paid under the state claims process.

The benefits mandated by LB 1353 constitute a new state required benefit pursuant to the ACA and the costs resulting from these benefits would need to be defrayed.

The Department surveyed several QHP issuers to create a cost estimate for the benefits that would be required to be defrayed under this bill. The estimates from QHP issuers for increased premium costs to their plans totaled approximately \$560,000 annually. The bill has an operative date of January 1, 2025 Therefore, the benefits would only be mandated for half of FY 2024-25, resulting in an estimate of \$280,000 for FY 24-25.

Please note that the defrayal costs are charged by each individual QHP insurer. Depending upon the relevant population of insureds that have coverage under that insurer. The costs could potentially exceed the estimate provided depending upon actual utilization by all eligible enrollees in the plans. In any instance, the amount spent, pursuant to the ACA, must be reimbursed by the state.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

POSITION TITLE	NUMBER OF POSITIONS		2024-25	2025-26
	<u>24-25</u>	<u>25-26</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.

2024

LB ⁽¹⁾ 1353 Change provisions relating to insurance coverage for screening mammography and breast examinations

FISCAL NOTE

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

Prepared by:⁽³⁾ Chris Kabourek Date Prepared:⁽⁴⁾ 01/25/2024 Phone:⁽⁵⁾ (402) 472-7102

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	FY 2024 - 25		FY 2025 - 26	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	<u>27,468.00</u>	<u>0.00</u>	<u>54,936.00</u>	<u>0.00</u>
CASH FUNDS	<u>15,180.00</u>	<u>0.00</u>	<u>30,360.00</u>	<u>0.00</u>
FEDERAL FUNDS	<u>2,891.00</u>	<u>0.00</u>	<u>5,783.00</u>	<u>0.00</u>
OTHER FUNDS	<u>26,746.00</u>	<u>0.00</u>	<u>53,491.00</u>	<u>0.00</u>
TOTAL FUNDS	<u>72,285.00</u>	<u>0.00</u>	<u>144,570.00</u>	<u>0.00</u>

Explanation of Estimate:

LB 1353 would require coverage for more than one mammogram if necessary to be covered by the University health plan without any member cost sharing requirements (deductible or coinsurance) for female members age 40 years or older. The University health plan currently covers one mammogram every year without any member cost sharing.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

POSITION TITLE	NUMBER OF POSITIONS		2024 - 25 <u>EXPENDITURES</u>	2025 - 26 <u>EXPENDITURES</u>
	<u>24 - 25</u>	<u>25 - 26</u>		
	<u>0</u>	<u>0</u>		
	<u>0</u>	<u>0</u>		
Benefits.....			<u>72,285.00</u>	<u>144,570.00</u>
Operating.....				
Travel.....				
Capital outlay.....				
Aid.....				
Capital improvements.....				
TOTAL.....			<u>72,285.00</u>	<u>144,570.00</u>