

FISCAL NOTE
LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)				
	FY 2013-14		FY 2014-15	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS	See Below		See Below	
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 218 requires that individual and group sickness and accident insurance policies issued or renewed in the state include coverage for the provisions of amino acid-based formulas for the treatment of an eosinophilic disorder or short bowel syndrome. The coverage is to be provided to any person born on or after January 1, 2012, who is less than five years of age, when a physician states the formula is medically necessary and is the sole or primary nutrition for the patient.

State Health Insurance Plan: The health insurance plan provided for state employees does not currently cover these formulas for any condition. The Department of Administrative Services indicates that children with eosinophilic disorder or short bowel syndrome will probably require treatment with these formulas on an on-going basis until the child is five years old. The cost of the formula varies based upon the age, weight and eating habits of a child. DAS does not know how many children will be required to be covered by the state plan pursuant to the bill, but indicates there will be an unknown fiscal impact for the plan. The state pays 79% of the premium costs.

University Health Insurance Plan: The University health insurance plan also does not cover the provision of amino acid-based formulas. The plan administrator estimates the annual increase in cost to cover the formulas will be \$240,000 per year. The University pays 82% of the premium costs of the plan.

Costs for Persons Insured through the Exchange: The bill will have a fiscal impact for the state to cover insurance costs for amino acid-based formulas for persons buying insurance through the health insurance exchange beginning January 1, 2014. The Department of Insurance (DOI) indicates that coverage provided by Nebraska's largest small group insurance policy has been selected as the essential benefits which must be covered in policies issued through the exchange under the federal Patient Protection and Affordable Care Act (ACA). Any costs for benefits that are mandated by the state that are in excess of the essential benefits must be paid by the state.

The essential benefits selected for Nebraska does not cover the costs of amino acid-based formulas for the treatment of eosinophilic disorders or short bowel syndrome for children. DOI indicates the bill will have a fiscal impact because the coverage required by LB 218 exceeds the essential benefits in the small group insurance plan. Based upon information provided by health insurers, DOI projects that costs to cover the formulas pursuant to the bill will increase overall premium costs by .25%.

DOI projects that 50% of Nebraskans will purchase insurance through the exchange in 2014 and 59% will purchase insurance in 2015. Health insurance premium costs totaled \$319 million in 2011. If the state picks up .25% of premiums pursuant to the bill, increased costs will be about \$203,362 in FY14 and \$438,624 in FY15.

It is assumed the cost to provide insurance benefits to persons pursuant to LB 218 will be funded with general funds rather than cash funds from the Department of Insurance Cash Fund because the expenditure of funds for insurance benefits for individuals would not be a permissible use of the department cash fund.

ADMINISTRATIVE SERVICES-STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSES

LB: 218	AM:	AGENCY/POLT. SUB: Dept. of Insurance.
REVIEWED BY: Gary Bush	DATE: February 22, 2013	PHONE: 471-4161
COMMENTS: The Dept. of Insurance's estimate of impact to the State of Nebraska for a state mandated coverage that exceeds the essential benefits, as defined by the federal Department of Health and Human Services.		

ADMINISTRATIVE SERVICES-STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSES

LB: 218	AM:	AGENCY/POLT. SUB: University of Nebraska
REVIEWED BY: Gary Bush	DATE: January 25, 2013	PHONE: 471-4161
COMMENTS: Estimate of impact of the proposed change to the University Health Plan appears to be reasonable. The FY2012-13 budget for the University System totaled \$2.3 billion dollars. State-aided funds are \$802 million dollar or approximately 35% of the total budget. Any increase in costs to the health plans could be absorbed within this existing budget. Additionally, the balance of the University Health Care Trust fund, which could be used to pay for additional costs, is reported to be approximately \$100 million dollars.		

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

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

Prepared by: (3) Eric Dunning Date Prepared: (4) 2-21-13 Phone: (5) 402-471-4650

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2013-14</u>		<u>FY 2014-15</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	\$203,362		\$438,624	
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	\$203,362		\$438,624	

Return by date specified or 72 hours prior to public hearing, whichever is earlier.

Explanation of Estimate:

Under Section 1311(d)(3)(B) of the federal Patient Protection and Affordable Care Act beginning January 1, 2014, if state laws mandate insurers cover benefits on a health insurance exchange that are not included in the final HHS "essential benefits" list, the state will pay any additional costs for those benefits for exchange enrollees. According to the final regulation released on February 20, 2013, the amount of this payment is based upon the insurer quantification of the cost and based upon generally accepted actuarial principles and methodologies conducted by a member of the American Academy of Actuaries and reported to the exchange.

As the cost of providing insurance coverage to individuals is not for supervision, control or regulation of the business of insurance in Nebraska, they are not subject to expenditure from the Department of Insurance Cash Fund under Neb.Rev.Stat. § 44-157.

The Secretary of the United States Department of Health and Human Services adopted Nebraska's largest small group insurance policy as the basis for coverage in Nebraska. This policy does not provide coverage as required under LB 218. LB 218 mandates coverage for provision of amino acid-based formulas for the treatment of an eosinophilic disorder or short bowel syndrome to patients born on or after January 1, 2012 who are less than five years of age. LB 218 would have a fiscal impact on the State of Nebraska on the basis of Section 1311(d)(3)(B) of the affordable care act.

In 2011, the most recent year for which the Department has data available, individual health insurance premium paid by Nebraskans was \$319,000,000. After January 1, 2014, coverage will be available under the health insurance exchanges with approximately 51% of Nebraskans obtaining fully insured coverage through the exchange in 2014, 59% in 2015 and 64% in 2016. Based upon information from insurers, the Department believes that coverage without limitation will yield a cost of up to .25 percent in increased premium overall, for total amounts as shown above.

MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2013-14</u>	<u>2014-15</u>
	<u>13-14</u>	<u>14-15</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
Benefits.....				
Operating.....				
Travel.....				

Capital outlay.....	<u> </u>	<u> </u>
Aid.....	<u> \$203,362 </u>	<u> \$438,624 </u>
Capital improvements.....	<u> </u>	<u> </u>
TOTAL.....	<u> \$203,362 </u>	<u> \$438,624 </u>

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

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LB⁽¹⁾ 218 FISCAL NOTE

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

Prepared by: ⁽³⁾ Michael Justus Date Prepared: ⁽⁴⁾ _____ Phone: ⁽⁵⁾ 402-472-2191

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2013-14</u>		<u>FY 2014-15</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	<u>\$240,000</u>	_____	<u>\$240,000</u>	_____
CASH FUNDS	_____	_____	_____	_____
FEDERAL FUNDS	_____	_____	_____	_____
OTHER FUNDS	_____	_____	_____	_____
TOTAL FUNDS	<u><u>\$240,000</u></u>	_____	<u><u>\$240,000</u></u>	_____

Return by date specified or 72 hours prior to public hearing, whichever is earlier.

Explanation of Estimate:

This bill would require the University Health Plan to provide coverage for the provision of amino acid Based formulas for the treatment of an eosinophilic disorder or short bowel syndrome.

Based on communications with our plan administrator, we believe this would increase the cost of our plan by approximately \$240,000/yr.

MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2013-14 EXPENDITURES</u>	<u>2014-15 EXPENDITURES</u>
	<u>13-14</u>	<u>14-15</u>		
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
Benefits.....	_____	_____	_____	_____
Operating.....	_____	_____	<u>\$240,000</u>	<u>\$240,000</u>
Travel.....	_____	_____	_____	_____
Capital outlay.....	_____	_____	_____	_____
Aid.....	_____	_____	_____	_____
Capital improvements.....	_____	_____	_____	_____
TOTAL.....	_____	_____	<u><u>\$240,000</u></u>	<u><u>\$240,000</u></u>

2013 Legislative Bill Proposal Fiscal Note

Bill #: 218

State Agency: Administrative Services – Wellness & Benefits

Prepared by: Roger Wilson

Date Prepared: 01/17/2013

Phone: 402-471-1638

Estimate of Fiscal Impact – State Agencies

	FY 2013-14		FY 2014-15	
	Expenditures	Revenue	Expenditures	Revenue
General Funds				
Cash Funds				
Federal Funds				
Other Funds				
Total Funds				

Explanation of Estimate:

LB218 requires coverage to be provided for amino acid based formulas for the treatment of an eosinophilic disorder or short bowel syndrome. Such coverage shall be provided to any patient born on or after January 1, 2012, who is less than five years of age and whose prescribing physician has issued a written order stating that the formula is medically necessary and is the sole or primary source of nutrition for the patient.

The State's health plans currently do not cover these formulas for any condition. Patients with eosinophilic disorder or short bowel syndrome are likely to require treatment with such formulas on an ongoing basis up to 5 years of age.

The cost on an annual basis for formulas will vary with age, weight and eating habits of each child with this condition.

It is not known how many children, currently covered by the State's health plans, have been diagnosed with this condition. LB218, as written, will create the potential for an indeterminate increased cost to the plans.

Major Objects of Expenditure

Personal Services:

Position Title:	Number of Positions			FY 2013-14	FY 2014-15
	13-14	14-15		Expenditures	Expenditures
Benefits					
Operating					
Travel					
Capital Outlay					
Aid					
Capital Improvements					
TOTAL					