PREPARED BY: Sandy Sostad
DATE PREPARED: February 27, 2013
PHONE: 471-0054

LB 228

Revision: 00

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	192,877		202,521	
CASH FUNDS	201,299		211,364	
FEDERAL FUNDS	96,185		100,994	
OTHER FUNDS	107,050		112,403	
TOTAL FUNDS	$597,411		$627,282	

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

LB 228 changes requirements for health insurance plans issued in the state. The bill provides that an insurer may not charge a copayment, coinsurance or deductible for services rendered by a licensed physical therapist, occupational therapist, audiologist, or speech-language pathologist for each date of service that is greater than the copayment, coinsurance or deductible charge for the services of a primary care physician or osteopath licensed for such services.

State Employee Health Insurance Plan: The Department of Administrative Services classifies the services in the bill as rehabilitation services which will be required to have the same copayments, coinsurance and deductibles as services provided by a physician. The state has four health plans that cover physician, osteopathic physician and rehabilitation visits. The Wellness plan currently has the same copay for the use of in-network providers for physician and rehabilitation services visits. The other three plans cover in-network providers for physician and osteopathic physician visits with a co-pay and rehabilitation services with deductibles and coinsurance. All four of the plans cover out-of-network providers of all of the services using the same deductibles and coinsurance.

The bill means the state plan will have to convert rehabilitation services (PT, OT, Audiology, and Speech Pathology) for in-network services in three plans from deductibles and coinsurance to copayments. An actuarial analysis estimates the annual cost to the plan to convert to copayments for these services is $756,217. This assumes the number of rehabilitation visits will be unlimited as are physician visits currently.

The state pays 79% of premiums for the health insurance plan. The state health insurance plan is self-insured, with 79% of the premium being paid by the state. Assuming the increased cost to convert to copayments for rehabilitation services are reflected in plan premiums, the estimated fiscal impact of the bill is $597,411 in FY14 and $627,282 in FY15. The funding sources for the state health insurance plan are: general funds (32%); cash funds (34%); federal funds (16%); and, revolving funds (18%).

University of Nebraska Health Insurance Plan: The University indicates the health insurance plan is currently in compliance with the bill, so there is no fiscal impact.

Health Insurance Exchange Plans: The Department of Insurance indicates, under current rules provided by the federal government pertaining to health insurance plans, the parity provisions of this bill will not be deemed a state mandated benefit, so the state will not be required to pay additional costs for the benefits for persons purchasing insurance through the exchange.

ADMINISTRATIVE SERVICES-STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSES			
LB: 228	AM:	AGENCY/POLT. SUB: Dept. of Insurance	
REVIEWED BY: Gary Bush		DATE: February 7, 2013	PHONE: 471-4161
COMMENTS: Agree with the Dept. of Insurance estimate of impact.			

ADMINISTRATIVE SERVICES-STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSES			
LB: 228	AM:	AGENCY/POLT. SUB: University of Nebraska	
REVIEWED BY: Gary Bush		DATE: January 23, 2013	PHONE: 471-4161
COMMENTS: No basis to disagree with estimate of impact.			

Please complete ALL (5) blanks in the first three lines. **2013**

LB[1] 228 FISCAL NOTE

State Agency OR Political Subdivision Name: [2] University of Nebraska

Prepared by: [3] Michael Justus **Date Prepared:** [4] January 22, 2013 **Phone:** [5] 402-472-2191

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	FY 2013-14		FY 2014-15	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS				
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS				

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

Explanation of Estimate:

The bill requires a group to cover PT, OT, ST, etc. at the same level as the PCP. Our Plan already provides that feature. There is no fiscal impact.

MAJOR OBJECTS OF EXPENDITURE

Personal Services:

POSITION TITLE	NUMBER OF POSITIONS 13-14	14-15	2013-14 EXPENDITURES	2014-15 EXPENDITURES
Benefits				
Operating				
Travel				
Capital outlay				
Aid				
Capital improvements				
TOTAL				

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

2013

LB(1) 228 FISCAL NOTE

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

Prepared by: (3) Eric Dunning Date Prepared: (4) 2-1-12 Phone: (5) 402-471-4650

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	FY 2013-14		FY 2014-15	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS				
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	0	0	0	0

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. LB 228 specifies that an insurer may not charge a different copayment, coinsurance, or deductible by a physical therapist, occupational therapist, audiologist, or speech language pathologist greater than that charged for the services of a primary care physician or an osteopath. Under the current notice of public rulemaking published by the federal government such payment parity provisions do not come within the meaning of state mandated benefit. Therefore, there is no fiscal impact.

MAJOR OBJECTS OF EXPENDITURE

Personal Services:

POSITION TITLE	NUMBER OF POSITIONS 13-14	14-15	2013-14 EXPENDITURES	2014-15 EXPENDITURES
Benefits				
Operating				
Travel				
Capital outlay				
Aid				
Capital improvements				
TOTAL				

2013 Legislative Bill Proposal
Fiscal Note

Bill #: 228
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	$597,411		$627,282	
Total Funds	$597,411		$627,282	

Explanation of Estimate:
LB228 requires an insurer not to charge an insured a copayment, coinsurance, or deductible for services under a health benefit plan rendered for each date of service by a physical therapist, occupational therapist, audiologist, or speech-language pathologist (rehabilitation services) licensed under the Uniform Credentialing Act that is greater than the copayment, coinsurance, or deductible charged to the insured for the services of a primary care physician (PCP) or an osteopath licensed under the act for such services.

The State has four health plans that provide for PCP and osteopath office visits and rehabilitation services. The Wellness health plan for "in network" providers currently covers PCP and osteopath office visits the same as rehabilitation services; co-pay. The other three health plans cover "in-network" providers for PCP and osteopath office visits with a co-pay and rehabilitation services with deductible and coinsurance. All four health plans cover "out of network" providers for PCP and osteopath office visit versus rehabilitation visits the same; deductible and coinsurance.

An analysis of State health plans to convert rehabilitation services from deductible and co-insurance to copayments as covered for PCP or osteopath office visit shows that the State's health plan would pay more costs. An actuarial analysis for converting rehabilitation services from deductible and coinsurance to copayments is estimated at $756,217. It is assumed that since the number of Primary Care Physician visits is unlimited, the same would hold true of rehabilitation service visits, also unlimited.

The State contributes 79% of premiums to cover all health plan costs. Thus the impact to the State for the increased costs to convert rehabilitation services from deductible and co-insurance to copayment is $597,411 ($756,217 x 79% = $597,411). This amount will increase each year due to the cost of health insurance increases. The State's impact projection in the second year is $627,282 ($597,411 x 5% = $627,282) based on an estimated 5% health cost increase.

The table below summarizes the impact by fund type of the increased premiums to the State. The allocation by fund type is based on total FY11-12 operational expenditures.

	FY2013-14	FY2014-15
	Expenditures	Expenditures
General Funds	$192,877	$202,521
Cash Funds	$201,299	$211,364
Federal Funds	$ 96,185	$100,994
Revolving Funds	$107,050	$112,403
Total Funds	$597,411	$627,282

The employees contribute 21% of premiums to cover all health plan costs. Employee projected costs would increase $158,806 ($756,217 x 21% = $158,806) the first year and $131,729 ($627,282 x 21% = $131,729 in the second year.

Major Objects of Expenditure

Personal Services:

	Number of Positions			FY 2013-14	FYY 2014-15
Position Title:	**13-14**	**14-15**		**Expenditures**	**Expenditures**
Benefits					
Operating				$597,411	$627,282
Travel					
Capital Outlay					
Aid					
Capital Improvements					
TOTAL				$597,411	$627,282