

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	\$203,362		\$438,624	
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	\$203,362		\$438,624	

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

LB 71 requires that individual and group sickness and accident insurance policies issued or renewed in the state include coverage for single or bilateral cochlear implants for persons diagnosed with severe to profound hearing impairment. The bill will have no fiscal impact for state agencies or the University of Nebraska because health insurance plans for state and university employees currently cover cochlear implants.

The bill will have a fiscal impact for the state to cover insurance costs for cochlear implants 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 covers two cochlear implants in a five year period. LB 71 does not have a limitation on the number of cochlear implants. DOI indicates the bill will have a fiscal impact because the coverage required by LB 71 exceeds the essential benefits in the small group insurance plan. Based upon information provided by health insurers, DOI projects that costs to cover an unlimited number of cochlear implants pursuant to LB 71, 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 71 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: 71	AM:	AGENCY/POLT. SUB: Dept. of Administrative Services	
REVIEWED BY: Gary Bush		DATE: January 17, 2013	PHONE: 471-4161
COMMENTS: Concur.			

ADMINISTRATIVE SERVICES-STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSES			
LB: 71	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: 71	AM:	AGENCY/POLT. SUB: University of Nebraska	
REVIEWED BY: Gary Bush		DATE: January 18, 2013	PHONE: 471-4161
COMMENTS: No basis to disagree with estimate of impact.			

2013 Legislative Bill Proposal Fiscal Note

Bill #: 71

State Agency: Administrative Services – Wellness and Benefits

Prepared by: Roger Wilson

Date Prepared: January 15, 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	0	0	0	0

Explanation of Estimate:

LB 71 requires the State's health insurance plan to provide coverage for single or bilateral cochlear implants for persons diagnosed with severe to profound hearing impairment. The State's health plans currently cover single and bilateral cochlear implants as stated.

There is no fiscal impact to the State.

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					

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	<u>\$203,362</u>		<u>\$438,624</u>	

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 covers two cochlear implants in a five year period. LB 71 mandates coverage for cochlear implants, but is silent whether limitations would be allowed. This fiscal note assumes that such limitations would not be allowed under LB 71 and that as coverage would exceed the essential benefit, LB 71 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.....	<u> </u>	<u> </u>
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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State Agency OR Political Subdivision Name: ⁽²⁾ University of Nebraska

Prepared by: ⁽³⁾ Michael Justus Date Prepared: ⁽⁴⁾ January 17, 2013 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	_____	_____	_____	_____
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:

Cochlear implants are currently covered by our plan and would therefore have no fiscal impact.

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.....	_____	_____	_____	_____
Aid.....	_____	_____	_____	_____
Capital improvements.....	_____	_____	_____	_____
TOTAL.....	_____	_____	_____	_____