

**FISCAL NOTE**  
**LEGISLATIVE FISCAL ANALYST ESTIMATE**

<b>ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)</b>				
	<b>FY 2020-21</b>		<b>FY 2021-22</b>	
	<b>EXPENDITURES</b>	<b>REVENUE</b>	<b>EXPENDITURES</b>	<b>REVENUE</b>
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.**

LB949 would require that any individual or group health insurance policy or any self-funded employee benefit plan, to the extent not preemptive by federal law, to limit the total amount covered individuals are required to pay for prescription insulin drugs at an amount not to exceed one hundred dollars per thirty day supply, regardless of the amount or type of insulin needed to fulfill the covered individual's prescription. This bill has an effective date of January 1, 2021 and terminates July 1, 2030.

The State of Nebraska's pharmacy plans divide prescription drugs into 3 tiers with an assigned corresponding deductible or copay. The Department of Administrative Services (DAS) has analyzed data for future costs for the plans that have historical data available. DAS estimates that the fiscal impact of the bill as proposed would be minimal. It is estimated that the shift of the state employee's costs to the State of Nebraska Pharmacy plan would have an annual costs of \$10,000, with an estimated increase in FY20-21 of \$5,000.

The University of Nebraska's pharmacy plan currently covers individuals' costs for insulin products at or under one hundred dollars as required by the bill that are on the University plan's formulary drug list. However, certain insulin drugs are not currently covered under the University plan's formulary thus if the bill intends to provide coverage these drugs, it is possible that the cost for these products could exceed the maximum amount of one hundred dollars per month. If the bill intends to include drugs that are not included in the University's formulary, there could be an indeterminate amount of fiscal impact on the University.

Pursuant to an email from DHHS, there would be no fiscal impact for the Medicaid/Medicare programs.

The Department of Insurance anticipates no fiscal impact. No expected duties are expected of the Department, however, should there be any increased enforcement, such duties will be absorbed by available resources.

There is no basis to disagree with these estimates.

<b>ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY &amp; POLT. SUB. RESPONSE</b>			
LB: 949	AM:	AGENCY/POLT. SUB: Department of Insurance	
REVIEWED BY: Neil Sullivan	DATE: 2/7/2020	PHONE: (402) 471-4179	
COMMENTS: The Department of Insurance assessment of no fiscal impact from LB 949 appears reasonable.			

<b>ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY &amp; POLT. SUB. RESPONSE</b>			
LB: 949	AM:	AGENCY/POLT. SUB: Department of Administrative Services	
REVIEWED BY: Neil Sullivan	DATE: 1/22/2020	PHONE: (402) 471-4179	
COMMENTS: The Department of Administrative Services assessment of impact to premiums from LB 949 appears reasonable.			

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE		
LB: 949	AM:	AGENCY/POLT. SUB: University of Nebraska
REVIEWED BY: Neil Sullivan	DATE: 2/10/2020	PHONE: (402) 471-4179
COMMENTS: No basis to disagree with the University of Nebraska indeterminate assessment of fiscal impact to premiums from LB 949.		

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

**2020**

**LB<sup>(1)</sup> 949**

**FISCAL NOTE**

State Agency OR Political Subdivision Name: <sup>(2)</sup> Department of Insurance

Prepared by: <sup>(3)</sup> Thomas Green II Date Prepared: <sup>(4)</sup> 2/4/2020 Phone: <sup>(5)</sup> 402-471-4650

**ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION**

	<u>FY 2020-21</u>		<u>FY 2021-22</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	_____	_____	_____	_____
CASH FUNDS	_____	_____	_____	_____
FEDERAL FUNDS	_____	_____	_____	_____
OTHER FUNDS	_____	_____	_____	_____
<b>TOTAL FUNDS</b>	<b>=====</b>	<b>=====</b>	<b>=====</b>	<b>=====</b>

**Explanation of Estimate:**

LB 949 requires any individual or group sickness and accident insurance policy, any hospital, medical, or surgical expense-incurred policy, and any self-funded employee benefit plan to the extent not preempted by federal law, which provides reimbursement for prescription insulin drugs to limit the total amount that a covered individual is required to pay for covered prescription insulin drugs of any type at an amount not to exceed one hundred dollars per 30 day supply, unless the cost would of implementation would exceed three percent of all premiums collected under such contract, plan or policy for such contract, plan or policy year.

The Department anticipates no fiscal impact as a result of LB 949. No increased duties are expected of the Department, however, should there be any increased enforcement requirements as a result of LB 949, such duties will be absorbed by existing resources.

**BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE**

**Personal Services:**

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2020-21</u>	<u>2021-22</u>
	<u>20-21</u>	<u>21-22</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
Benefits.....	_____	_____	_____	_____
Operating.....	_____	_____	_____	_____
Travel.....	_____	_____	_____	_____
Capital outlay.....	_____	_____	_____	_____
Aid.....	_____	_____	_____	_____
Capital improvements.....	_____	_____	_____	_____
<b>TOTAL.....</b>	_____	_____	_____	_____

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

2020

LB<sup>(1)</sup> 949

FISCAL NOTE

State Agency OR Political Subdivision Name: <sup>(2)</sup> Department of Administrative Services (DAS) - Employee Wellness & Benefits

Prepared by: <sup>(3)</sup> Jennifer Norris Date Prepared: <sup>(4)</sup> 1/15/2020 Phone: <sup>(5)</sup> 402/471-4443

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	FY 2020-21		FY 2021-22	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS	_____	_____	_____	_____
CASH FUNDS	_____	_____	_____	_____
FEDERAL FUNDS	_____	_____	_____	_____
REVOLVING FUNDS	_____	_____	_____	_____
TOTAL FUNDS	<u>See Below</u>	<u>_____</u>	<u>See Below</u>	<u>_____</u>

Explanation of Estimate:

LB 949 as introduced would require, effective January 1, 2021, any self-funded employee benefit plans to the extent not preempted by federal law, which provides reimbursement for prescription insulin drugs, to limit the amount that a covered individual is required to pay for a covered prescription insulin drug at an amount not to exceed one hundred dollars per thirty-day supply of insulin, regardless of the amount or type of insulin needed to fill the covered individuals prescription. This section would terminate in July 1, 2030.

The State of Nebraska pharmacy plans divide drugs into three tiers. Each tier for each plan has an assigned deductible or copay. The WellNebraska with Incentive, the WellNebraska without Incentive and the Regular Health Plans contain set copays for each tier. The WellNebraska with Incentive and the Consumer Focused Health Plans offer a separate tier for Preventive Medication Drug List Plans (see below). The Direct Primary Care Pilot Program pharmacy plans (depending on option elected) costs a State of Nebraska teammate 20% or 30% after deductible is met. The Direct Primary Care doctors can independently negotiate a lower cost for a patient.

The Plan Year 2018/2019 pharmacy data was analyzed and projected for future costs. With exception, there is no historical data for the Direct Primary Care Pilot Program Plans (pilot program effective 7/1/2019) thus these plans' costs have been estimated based usage for the past 6 months. These costs have been combined to project for future claims costs.

The State of Nebraska averages 15,000 teammates enrolled in a medical plan with pharmacy. There is an average of 150 teammates enrolled in the Direct Primary Care Plans. There are few claims with multiple insulin prescriptions with a total monthly claims over \$100.00 or from the Direct Primary Care Plans with claims over \$100.00. These claims over the \$100.00 maximum would shift from the teammate costs to the State of Nebraska Pharmacy plan costs.

Medical and Pharmacy Benefits for the State of Nebraska are self-insured. Any increase in claims will be reflected into the cost of premiums. The State of Nebraska pays 79% premiums with the teammate paying 21%.

For fiscal year 2018/2019, the pharmacy claims paid for the State of Nebraska health plans totaled \$35,470,040.

To apply LB 949 as a monthly limit of \$100.00 total for all insulin prescriptions, it is estimated as an annual increase in claims paid of \$10,000.00, with an estimated increase in FY20-21 of \$5,000.00.

The possible increased cost for insulin prescriptions of \$5,000 in FY20-21 and \$10,000.00 in FY21-22 would have a limited fiscal impact on the State of Nebraska medical and pharmacy plans.

Chart of Tiers for State of Nebraska Medical with Pharmacy Plans.

For the current State of Nebraska Pharmacy plans per prescription:

WellNebraska with Incentive for Preventative Medications

Tier 1: No copay  
 Tier 2: \$15 copay  
 Tier 3: \$30 copay

WellNebraska without Incentive and Regular Health Plan

Tier 1: \$5 copay  
 Tier 2: \$40 copay  
 Tier 3: \$60 copay

Consumer Focus Health Plan (H.S.A. eligible) for Preventative Medications

Tier 1: No copay  
 Tier 2: \$25 copay  
 Tier 3: \$50 copay

Direct Primary Care Pilot Program –Select

Tier 1: 20% after deductible  
 Tier 2: 20% after deductible  
 Tier 3: 20% after deductible

Direct Primary Care Pilot Program –Standard

Tier 1: 30% after deductible  
 Tier 2: 30% after deductible  
 Tier 3: 30% after deductible

**BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE**

**Personal Services:**

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2020-21 EXPENDITURES</u>	<u>2021-22 EXPENDITURES</u>
	<u>20-21</u>	<u>21-22</u>		
Benefits.....				
Operating.....				
Travel.....				
Capital outlay.....				
Aid.....				
Capital improvements.....				
<b>TOTAL.....</b>				

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

**2020**

**LB<sup>(1)</sup> 949**

**FISCAL NOTE**

State Agency OR Political Subdivision Name: <sup>(2)</sup> University of Nebraska

Prepared by: <sup>(3)</sup> Michael Justus Date Prepared: <sup>(4)</sup> January 21, 2020 Phone: <sup>(5)</sup> 402-472-7109

**ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION**

	<u>FY 2020-21</u>		<u>FY 2021-22</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	_____	_____	_____	_____
CASH FUNDS	_____	_____	_____	_____
FEDERAL FUNDS	_____	_____	_____	_____
OTHER FUNDS	_____	_____	_____	_____
<b>TOTAL FUNDS</b>	<b>=====</b>	<b>=====</b>	<b>=====</b>	<b>=====</b>

**Explanation of Estimate:**

Based on the University of Nebraska’s Plan we would cover any insulin products that are on the formulary, which would include providing a price under \$100 a month, as required by the bill.

The University covers the following insulin drugs as part of its formulary:

BASAGLAR, FIASP, HUMULIN R U-500, LEVEMIR, NOVOLIN 70/30, NOVOLIN N, NOVOLIN R, NOVLOG, NOVOLG MIX 70/30, TRESIBA.

In instances where an insulin drug is not on our formulary, we offer a reasonable alternative for example RELION INSULIN is not on our formulary, but NOVOLIN INSULIN is provided as a preferred formulary option in our plan.

Where the possible fiscal impact lies is with the fact that the bill does not specifically state that this applies to only drugs covered by a plan’s formulary. If it includes drugs outside of the University’s formulary, such as Relion Insulin in the example above, it is possible that it would exceed the \$100/month and therefore could have a fiscal impact on the University.

**BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE**

**Personal Services:**

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2020-21 EXPENDITURES</u>	<u>2021-22 EXPENDITURES</u>
	<u>20-21</u>	<u>21-22</u>		
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
Benefits.....	_____	_____	_____	_____
Operating.....	_____	_____	_____	_____
Travel.....	_____	_____	_____	_____
Capital outlay.....	_____	_____	_____	_____
Aid.....	_____	_____	_____	_____
Capital improvements.....	_____	_____	_____	_____
<b>TOTAL.....</b>	<b>_____</b>	<b>_____</b>	<b>_____</b>	<b>_____</b>