

As amended to date.

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				

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

LB 1073 changes provisions relating to onsite audits of the operations of third-party administrators. No fiscal impact.

LB 1073, as amended by the committee amendment **AM 2568**, contains the provisions of LB 1073 and incorporates provisions of nine other bills. Those provisions of the amendment of bills are as follows:

LB 885, as amended by **AM 2106**, requires that no insurance policy shall impose a deductible, co-insurance or cost-sharing requirement for lung cancer screenings for members aged 50 to aged 80. The effective date is January 1, 2025. The amendment includes additional clarification language regarding eligibility requirements.

The State of Nebraska employee medical plans cover lung cancer screenings per the Patient Protection and Affordable Care Act guidelines and the US Preventative Services Task Force. Screenings for in-network providers are covered at 100% for members. There is no fiscal impact to the Department of Administrative Services for state employees' health plans.

The University of Nebraska System health plan is a grandfathered plan for Affordable Care Act Purposes and does impose a deductible, co-insurance or cost-sharing requirement for preventative services. However, the University does provide plan participants an allowance for coverage of preventative and/or screening services. Plan members may choose to utilize this allowance for other services and as a result may have to pay some out of pocket expenses for the screenings as outlined in the bill. As a result, there would be incurred costs by the University of Nebraska System. Due to the amendment language, the University System anticipates a reduction of the fiscal impact to a minimal amount.

LB 1227 changes provisions related to the Professional Employer Organization Registration Act by prohibiting a professional employer organization from offering its covered employees any health plan that is not in compliance with the registration requirements of the Multiple Employer Welfare Arrangement Act and the federal Employee Retirement Income Security Act of 1974.

As amended by **AM 3286**, employers are further prohibited from providing coverage for self-funded health care plans. No fiscal impact.

LB 1147, as amended by **AM 2277**, provides certain requirements and exceptions relating to index-linked variable annuities. The amendment removes the exemption from the Standard Nonforfeiture Law for Individual Deferred Annuities. No fiscal impact.

LB 873, as amended by **AM 2272**, expands the definition of funds that can be used in a real estate transaction to include instant payment services, either the "FedNow Service" of the US Federal Reserve system or the RTP network of The Clearing House Payments Company L.L.C. The bill increases the amount of money that can be directly paid from one party to another during a real estate transaction without having to go through a federally insured institution from \$500 to \$5000. The amendment includes language for the allowance for insurance agents to make disbursements as outlined in the amendment. No fiscal impact

LB 1148 would change requirements relating to step-therapy, specifically to define the terms biosimilar as defined in 42 U.S.C. 262(i)(2) or interchangeable biological product as defined in 42 U.S.C. 262(i)(3). No fiscal impact.

LB 1135 prohibits the use of long term right to list contracts, making them a violation of the Nebraska Real Estate License Act and the Uniform Deceptive Trade Practices Act The bill prohibits recording such agreements. Per the commission, there are no companies or individuals in Nebraska currently engaged in this practice. If the bill would pass it may increase disciplinary action by the commission but these costs will be absorbed within current budget. No fiscal impact.

As amended by **AM 3286** strikes the original language in the bill and provides the definition of the Right-to-list home sale agreements. No fiscal impact.

LB 1136 increases the civil fine allowable for violations of the Nebraska Real Estate License Act from \$2500 to \$5000 or the commission earned during the transaction for which the violation occurred. The bill clarifies the requirements for errors and omissions insurance. Pursuant to Article VII, Section 5 of the Nebraska Constitution all fines levied by the commission will be distributed to schools in accordance with the constitutional provision. In FY23, there were \$ 17,800 in fines levied. It is anticipated that the fines would increase with this bill; however, the total amount is unknown but not likely significant. No fiscal impact.

LB 1409, as amended by AM 2433, amends the Nebraska Condominium Act. It clarifies how an executive board of an organization of unit owners is permitted to receive approval from its members for specified actions affecting the organization. The amendment makes changes to enforceable restrictions and changes terms. No fiscal impact.

LB 1024 relates to the Health Carrier External Review Act. No fiscal impact.

LB 1073 was also amended by **AM 3085**, which was divided into **AM 3285** and **AM 3286**.

AM 3285 contains some of the provisions of **LB 446**. **AM 3286** contains some of the provisions of **LB 990**.

The amendments also include additional clarifying language to **LB 1135** and **LB 1227**. The amendment language is included above in the relevant section relating to the bills.

The provisions of the additional bills included in **AM 3285** and **AM 3286** are as follows:

LB446 adopts the Peer-to-Peer Vehicle Sharing Program Act. This bill sets provisions such as liability and financial responsibility of the business platforms for vehicles shared in this program, insurance coverage required for shared vehicles, lien holder issues, and the required collection and retention of records relating to both the vehicles shared and the drivers. This bill sets an operative date of January 1, 2024. No fiscal impact.

LB 990 makes several amendments to the Pharmacy Benefit Manager Licensure and Regulation Act (Act). The bill expands the types of plans subject to the Act to include Medicaid Prescription Drug Act, self-insured governmental (such as those offered to the State of Nebraska and University System employees) and self-funded Employee Retirement Income Security Act (ERISA).

The Department of Insurance (DOI) anticipates that the number of complaints requiring investigation would increase due to the expansion of the type of plans and the number of Nebraskans that would be covered by the Act. DOI anticipates that this will result in the need for an additional FTE Market Conduct Examiner. However, DOI's existing legal staff would review any new applications resulting in the expansion and the Department has current funding and PSL for the additional Market Conduct Examiner.

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE			
LB: 1073	AM: 2568	AGENCY/POLT. SUB: Department of Insurance	
REVIEWED BY: Ryan Walton		DATE: 4/2/2024	PHONE: (402) 471-4174
COMMENTS: The Department of Insurance's assessment of fiscal impact from LB 1073, as amended by AM2568, appears reasonable.			

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE			
LB: 1073	AM: 2568	AGENCY/POLT. SUB: University of Nebraska System	
REVIEWED BY: Ryan Walton		DATE: 4/2/2024	PHONE: (402) 471-4174
COMMENTS: The University of Nebraska System's assessment of no fiscal impact from LB 1073, as amended by AM2568, appears reasonable.			

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE			
LB: 1073	AM: 2568	AGENCY/POLT. SUB: Department of Administrative Services (DAS)	
REVIEWED BY: Ryan Walton		DATE: 3/11/2024	PHONE: (402) 471-4174
COMMENTS: The DAS' assessment of no fiscal impact from LB 1073, as amended by AM2568, appears reasonable.			

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2024

LB⁽¹⁾ 1073 AM2568 & AM3085

FISCAL NOTE

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

Prepared by: ⁽³⁾ Jordan Blades Date Prepared: ⁽⁴⁾ 3/28/2024 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	_____	_____	_____	_____
CASH FUNDS	_____	_____	_____	_____
FEDERAL FUNDS	_____	_____	_____	_____
OTHER FUNDS	_____	_____	_____	_____
TOTAL FUNDS	=====	=====	=====	=====

Explanation of Estimate:

LB1073 as amended by AM2568 and AM3085 amends the Pharmacy Benefit Manager (PBM) Licensure and Regulation Act to expand the types of plans subject to the act.

The bill amends the definition of “health benefit plan” to include self-funded employee benefit plans to the extent not preempted by federal law. As self-funded plans are currently regulated by federal law, and not the Department of Insurance, an estimate of the total number of self-funded plans is not available. However, in 2021 an estimated 55.3% of Nebraskans were covered by employer sponsored plans, of which, approximately 73% were self-funded.

With the increased number of Nebraskans in plans covered by the Act, the Department estimates the number of complaints requiring investigation will increase. This will result in the need for an FTE market conduct examiner. Increased investigations may increase the number of enforcement actions by the Department, but the amount is indeterminable. The Department’s existing legal staff would review any new applications resulting from the expansion of the types of plans regulated. The Department currently has sufficient funding for PSL and does not need additional funds to accommodate the need for a market conduct examiner.

LB 1073 as amended by AM2568 and AM3085 also includes the provisions of several other bills. None of which are anticipated to generate any fiscal impact to the Department at this time.

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⁾ 1073 AM 2568

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⁾ 1/5/2024 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 1073 AM 2568 would provide requirements for coverage of lung cancer screenings as prescribed, beginning January 1, 2025.

The current State of Nebraska employee medical plans cover lung cancer screenings per the Patient Protection and Affordable Care Act (PPACA) guidelines and the US Preventative Services Task Force. Screenings for in-network providers are covered at 100%.

LB 1073 AM 2568, as introduced, has no fiscal impact to the State of Nebraska health plans.

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.....	_____	_____	_____	_____

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

**LB ⁽¹⁾ 1073 Change provisions relating to onsite audits of the operations of
AM2568 third-party administrators of insurers**

State Agency OR Political Subdivision Name:⁽²⁾ University of Nebraska System
 Prepared by:⁽³⁾ Chris Kabourek Date Prepared:⁽⁴⁾ 03/06/2024 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>13,509.00</u>	<u>0.00</u>	<u>27,018.00</u>	<u>0.00</u>
CASH FUNDS	<u>7,466.00</u>	<u>0.00</u>	<u>14,931.00</u>	<u>0.00</u>
FEDERAL FUNDS	<u>1,422.00</u>	<u>0.00</u>	<u>2,844.00</u>	<u>0.00</u>
OTHER FUNDS	<u>13,153.00</u>	<u>0.00</u>	<u>26,307.00</u>	<u>0.00</u>
TOTAL FUNDS	<u>35,550.00</u>	<u>0.00</u>	<u>71,100.00</u>	<u>0.00</u>

Explanation of Estimate:

The amendments to LB 1073 includes language that was originally introduced as LB 885. However, the amendment includes new language that limits the insurance coverage and prohibitions on member cost sharing for lung cancer screening to health plan members who have a twenty-pack-per-year smoking history and currently smokes or who have quit smoking within the past fifteen years. The amendment language also states the section shall not apply if an individual has not smoked for fifteen years, develops a health problem that substantially limits life expectancy, or is preparing to have curative lung surgery.

The University does not have existing data on the number of health insurance plan members that currently smoke or have smoked within the past fifteen. Additionally, the University does not have existing information on health insurance plan members that have a health problem that substantially limits life expectancy. The amendment language would limit the applicability of LB 885 and reduce the University's fiscal impact estimate.

To provide an estimate on the impact on the amendment the University reduced the fiscal estimate from LB 885 by 50%.

Here is the University's explanation of estimate for LB 885:

LB 885 requires starting January 1, 2025 that no insurance policy shall impose deductible, co-insurance, or cost-sharing requirements for lung cancer screenings for health plan members age 50 to age 80. The University health plan is a grandfathered plan for Affordable Care Act purposes and does impose deductibles, co-insurance, and cost-sharing for these types of services. The University health plan does provide plan participants with a preventative allowance, but some plan members use this allowance for other services and as a result do have to pay some out-of-pocket expenses for lung cancer screenings.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2024 - 25 EXPENDITURES</u>	<u>2025 - 26 EXPENDITURES</u>
	<u>24 - 25</u>	<u>25 - 26</u>		
	<u>0</u>	<u>0</u>		
	<u>0</u>	<u>0</u>		
Benefits.....			<u>35,550.00</u>	<u>71,100.00</u>
Operating.....				
Travel.....				
Capital outlay.....				
Aid.....				
Capital improvements.....				
TOTAL.....			<u>35,550.00</u>	<u>71,100.00</u>