

FISCAL NOTE
LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)					
EXPENDITURES	GENERAL	CASH	FEDERAL	REVOLVING	TOTAL
FY2025-2026	0	0	0	0	0
FY2026-2027	SEE BELOW	0	0	0	SEE BELOW
FY2027-2028	SEE BELOW	0	0	0	SEE BELOW
FY2028-2029	SEE BELOW	0	0	0	SEE BELOW
REVENUE	GENERAL	CASH	FEDERAL	REVOLVING	TOTAL
FY2025-2026	0	0	0	0	0
FY2026-2027	0	0	0	0	0
FY2027-2028	0	0	0	0	0
FY2028-2029	0	0	0	0	0

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

LB 1222 would require insurance coverage for medically necessary treatment relating to, or as a result of, an acquired brain injury effective no later than January 1, 2027. The bill outlines limitation of brain injury rehabilitation services and defines terms.

The Department of Insurance would need to create a process to permit expedited appeals to be resolved within 5 business days of the date the appeal was filed. The department would also have to publish an annual report on its website summarizing coverage determinations, coverage denials, and appeals related to the denial of coverage for acquired brain injury services.

LB 1222 would also require insurance and Medicaid coverage for medically necessary diagnostic testing and treatment or medication prescribed to slow the progression of Alzheimer's disease or another related dementia effective no later than January 1, 2028. Coverage of the treatment and medication shall not be subject to step therapy.

The Department of Health and Human Services (DHHS) indicates no fiscal impact this year due to there being two Food and Drug Administration (FDA) approved medications used to slow the progression of Alzheimer's disease or another related dementia covered by Medicaid without step therapy. However, there may be potential future fiscal impact in the next few years with there being several medications currently in the pipeline to be approved by FDA that could warrant step therapy.

An estimated 3,300 Medicaid members have Alzheimer's disease or dementia diagnosis. A potential increase in drug costs of \$14,000,000 annually over the next 5-10 years could ensue if the following were to occur:

- 1% of pipeline drugs are approved and 1% of members qualify for new agents, it is estimated that there will be \$1,000,000-\$2,000,000 in annual spending if step therapy is removed for all agents.
- Glucagon-Like Peptide-1 (GLP-1) agents are approved for treatment of early-stage Alzheimer's disease, a fiscal impact of \$12,000,000 is expected if 30% of currently diagnosed members qualify for treatment.

Additionally, there could be possible fiscal impact from increased utilization of diagnostic testing, imaging, infusion-related services, and ongoing monitoring associated with new therapies. Therefore, there are significant long-term fiscal risks to the Medicaid program contingent upon future FDA approvals and treatment uptake.

University of Nebraska estimates that the bill would increase costs for the employee health insurance plan by \$1,100,000 with 79% fiscal support totaling \$869,000 across all fund types. Costs to the General Fund are estimated at \$321,530 per year. The reason for the cost increase is the significant range of severity in the umbrella term "accidental brain injury". Blue Cross Blue Shield of Nebraska's (BCBSNE) analysis uses national averages applied to their book of business. The analysis assumes that the definition aligns to what the bill's language is ~1.7% of total medical costs are attributed to brain injury, assuming as well that this covers the full range of severity from minor concussions/sporting accidents to traumatic brain injuries. Using the above % as the baseline, BCBSNE assumes an increase in related costs as part of the bill's requirement that Nebraska insurers remove limitations on annual and/or lifetime therapy sessions.

The Department of Administrative Services indicates the State of Nebraska employee health plans already include this coverage, thus estimates no fiscal impact.

The Department of Insurance indicates that LB 1222 would establish a new state-required benefit pursuant to the Affordable Care Act and the costs would need to be defrayed. The Department surveyed several QHP issuers to create an estimate for the increased premium cost to their plans which totaled approximately \$4,642,000 annually. The total cost associated with the provision relating to the coverage of treatment for acquired brain injuries is approximately \$3,305,000 with an estimate of \$1,652,500 for FY 2026-2027 due to the operative date being January 1, 2027. The total cost associated with the provision relating to the coverage of treatments for Alzheimer's disease and other related dementias is approximately \$1,337,000 with an estimate of \$668,500 for FY 2027-2028 due to the operative date being January 1, 2028.

Additionally, the Department would be required under LB 1222 to create a process to permit an expedite appeal of an adverse determination by an insurer for services covered under Section 1 of the bill and publish a report that summarizes coverage denials and appeals related to the denial of coverage. Any

costs associated with these new requirements would be absorbed by current resources.

The Affordable Care Act (ACA) requires the defrayal of all costs of new state required benefits for ACA individual and small group plans. This is done either through reimbursement by the state to the issuer of a Qualified Health Plan (QHP), or the enrollee. Pursuant to the ACA, the insurer quantifies the cost attributable to the new required benefit and that cost is submitted to the state for reimbursement. Under current Nebraska law, these defrayal costs would be paid under the state claims process.

The defrayal costs are charged by each individual QHP insurer. Depending upon the relevant population of insureds that have coverage under that insurer, the costs could potentially exceed the estimate provided depending upon actual utilization by all eligible enrollees in the plans. In any instance, the amount spent, pursuant to the ACA, must be reimbursed by the state.

No basis to disagree with these estimates.

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2026

LB⁽¹⁾ 1222

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾ Department of Administrative Services (DAS) – State Personnel Wellness & Benefits

Prepared by: ⁽³⁾ Jennifer Norris Date Prepared: ⁽⁴⁾ 1/23/26 Phone: ⁽⁵⁾ 402 480 9728

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2026-27</u>		<u>FY 2027-28</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 1222 would require insurance coverage for medically necessary treatment related to, or as a result of, an acquired brain injury as defined, which occurs after birth and can be caused by an infectious disease, a metabolic disorder, an endocrine disorder, diminished oxygen, a brain tumor, a toxin, a disease that affects the blood supply to the brain, a stroke, or a traumatic brain injury, no later than January 1, 2027.

Further, LB 1222 would require insurance coverage for all diagnostic testing, treatment, and medication approved by the FDA prescribed to slow the progression of Alzheimer’s or another related dementia beginning no later than January 1, 2028.

The State of Nebraska current policies already include this coverage for medically necessary treatment related to, or as a result of, an acquired brain injury, including rehabilitations services (inpatient/skilled nursing and outpatient – which are listed separately and have separate limits).

There is no fiscal impact to the State of Nebraska’s health or prescription plans.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2026-27 EXPENDITURES</u>	<u>2027-28 EXPENDITURES</u>
	<u>26-27</u>	<u>27-28</u>		
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
Benefits.....	_____	_____	_____	_____
Operating.....	_____	_____	_____	_____
Travel.....	_____	_____	_____	_____
Capital outlay.....	_____	_____	_____	_____
Aid.....	_____	_____	_____	_____
Capital improvements.....	_____	_____	_____	_____
TOTAL.....	_____	_____	_____	_____

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

State Agency or Political Subdivision Name:(2) Department of Health and Human Services

Prepared by: (3) John Meals

Date Prepared 2-19-2026

Phone: (5) 471-6719

	<u>FY 2026-2027</u>		<u>FY 2027-2028</u>	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS				
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS				
	\$0	\$0	\$0	\$0

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

Explanation of Estimate:

LB1222 requires insurance coverage of acquired brain injury services, as well as requiring insurance and Medicaid coverage of certain testing and treatments for Alzheimer’s disease and related dementia. The bill requires that, no later than January 1, 2028, the medical assistance program provide coverage for all medically necessary diagnostic testing and treatment or medication approved by the Food and Drug Administration (FDA) that is prescribed to slow the progression of Alzheimer’s disease or another related dementia. Coverage of the treatment and medication shall not be subject to step therapy.

Currently, there are two Food and Drug Administration (FDA) approved medications used to slow the progression of Alzheimer’s disease or another related dementia that Medicaid covers without step therapy, so there would be no additional cost to the program this year if the bill were passed implemented. However, there are several medications currently in the pipeline to be approved by the FDA to slow the progression of Alzheimer’s disease that could warrant step therapy between now and January 1, 2028, and several more in the years after January 1, 2028. The Department of Health and Human Services (DHHS) would need to provide a new fiscal impact to the state to obtain additional appropriations if these medications cannot be subject to step therapy.

It is estimated that around 3,300 Medicaid members have an Alzheimer’s disease or dementia diagnosis. Assuming 1% of pipeline drugs are approved and 1% of members qualify for new agents, it is estimated that there will be 1 to 2 million dollars in annual spend if step therapy is removed for all agents. In addition, if glucagon-like peptide-1 (GLP-1) agents are approved, a fiscal impact of 12 million is expected if 30% of currently diagnosed members qualify for treatment.

If this bill passes, there is a potential increase in drug costs of \$14,000,000 annually over the next five to ten years if glucagon-like peptide-1 (GLP-1) agents are approved for treatment of early-state Alzheimer’s disease, other newer agents are approved. Additional fiscal exposure may also result from increased utilization of diagnostic testing, imaging, infusion-related services, and ongoing monitoring associated with new therapies. While there is no immediate fiscal impact under current coverage and available therapies, the bill creates significant long-term fiscal risk to the Medicaid program contingent upon future FDA approvals and treatment uptake.

MAJOR OBJECTS OF EXPENDITURE

PERSONAL SERVICES:

POSITION TITLE	NUMBER OF POSITIONS		2026-2027 EXPENDITURES	2027-2028 EXPENDITURES
	26-27	27-28		

Benefits.....		
Operating.....		
Travel.....		
Capital Outlay.....		
Aid.....		
Capital Improvements.....		
TOTAL.....	\$0	\$0

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

2026

LB⁽¹⁾ 1222

FISCAL NOTE

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

Prepared by: ⁽³⁾ Jordan Blades Date Prepared: ⁽⁴⁾ 2/11/26 Phone: ⁽⁵⁾ 402-471-4638

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2026-27</u>		<u>FY 2027-28</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	<u>1,652,500</u>	<u> </u>	<u>3,973,500</u>	<u> </u>
CASH FUNDS	<u> </u>	<u> </u>	<u> </u>	<u> </u>
FEDERAL FUNDS	<u> </u>	<u> </u>	<u> </u>	<u> </u>
OTHER FUNDS	<u> </u>	<u> </u>	<u> </u>	<u> </u>
TOTAL FUNDS	<u>1,652,500</u>	<u> </u>	<u>3,973,500</u>	<u> </u>

Explanation of Estimate:

LB 1222 would mandate that health carriers provide coverage for treatment related to, or as a result of, an acquired brain injury beginning on January 1, 2027. Additionally, the bill would require health carriers to provide coverage of testing and treatment or medication approved by the federal Food and Drug Administration prescribed to slow the progression of Alzheimer's disease or another related dementia beginning on January 1, 2028.

The Affordable Care Act (ACA) requires the defrayal of all costs of new state required benefits for ACA individual and small group plans. This is done either through reimbursement by the state to the issuer of a Qualified Health Plan (QHP), or the enrollee. Pursuant to the ACA, the insurer quantifies the cost attributable to the new required benefit and that cost is submitted to the state for reimbursement. Under current Nebraska law, these defrayal costs would be paid under the state claims process.

The benefits mandated by LB 1222 constitute a new state-required benefit pursuant to the ACA and the costs resulting from these benefits would need to be defrayed.

The Department surveyed several QHP issuers to create a cost estimate for the benefits that would be required to be defrayed under this bill. The estimates from QHP issuers for increased premium costs to their plans totaled approximately \$4,642,000 annually. The mandate for coverage of treatment related to acquired brain injuries has an operative date of January 1, 2027. The total cost associated with this provision is approximately \$3,305,000. Since the benefits are only mandated for half of FY 2026-2026 the estimated cost for that year is \$1,652,500. The operative date of the mandate for coverage of treatments for Alzheimer's disease and other related dementias is January 1, 2028. The estimated cost associated with this provision is \$1,337,000, with only half of that estimate applying to FY 2027-2028. The total cost estimate for FY 2027-2028 is \$3,973,500 (\$3,305,000 for coverage for treatment of acquired brain injuries, and \$668,500 for coverage for treatment of Alzheimer's disease and other related dementias).

Please note that the defrayal costs are charged by each individual QHP insurer. Depending upon the relevant population of insureds that have coverage under that insurer. The costs could potentially exceed the estimate provided depending upon actual utilization by all eligible enrollees in the plans. In any instance, the amount spent, pursuant to the ACA, must be reimbursed by the state.

Additionally, LB 1222 would require the Department to create a process to permit an expedite appeal of an adverse determination by an insurer for services covered under section one of the bill and publish a report that summarizes coverage denials and appeals related to the denial of coverage for services covered under section one of the bill. Any appeal filed as a result of this bill would be handled by the Department's external review program. Any cost associated with publishing the report would be absorbed by the Department's current resources

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2026-27</u>	<u>2027-28</u>
	<u>26-27</u>	<u>27-28</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) 1222 Require insurance coverage of acquired brain injury services and require insurance and medicaid coverage of certain testing and treatments for Alzheimer's disease and related dementia **FISCAL NOTE**

State Agency OR Political Subdivision Name:⁽²⁾ University of Nebraska System
 Prepared by:⁽³⁾ Anne Barnes Date Prepared:⁽⁴⁾ 01/28/2026 Phone:⁽⁵⁾ (402) 472-2191

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	FY 2026 - 27		FY 2027 - 28	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	<u>160,765.00</u>	<u>0.00</u>	<u>321,530.00</u>	<u>0.00</u>
CASH FUNDS	<u>91,245.00</u>	<u>0.00</u>	<u>182,490.00</u>	<u>0.00</u>
FEDERAL FUNDS	<u>17,380.00</u>	<u>0.00</u>	<u>34,760.00</u>	<u>0.00</u>
OTHER FUNDS	<u>165,110.00</u>	<u>0.00</u>	<u>330,220.00</u>	<u>0.00</u>
TOTAL FUNDS	<u>434,500.00</u>	<u>0.00</u>	<u>869,000.00</u>	<u>0.00</u>

Explanation of Estimate:

Blue Cross and Blue Shield of Nebraska (BCBSNE) is the third party administrator of the University of Nebraska's self funded employee health insurance plan. BCBSNE estimates that if this bill were to pass it would annually increase costs for the University of Nebraska employee health insurance plan by \$1,100,000.

The reason for this increase costs is as follows:

- # The significant range of severity in the umbrella term #accidental brain injury#. BCBSNE's analysis uses national averages applied to their book of business. The analysis assumes that the definition aligns to what the bill's language is ~1.7% of total medical costs are attributed to brain injury, assuming as well that this covers the full range of severity from minor concussions/sporting accidents to traumatic brain injuries.
- # Using the above % as the baseline, BCBSNE assumes an increase in related costs as part of the bill's requirement that Nebraska insurers remove limitations on annual and/or lifetime therapy sessions.

The fiscal impact submitted assumes 79% fiscal support provided by the University for the self funded employee health insurance plan. The fiscal impact assumes a start date of January 1, 2027.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2026 - 27 EXPENDITURES</u>	<u>2027 - 28 EXPENDITURES</u>
	<u>26 - 27</u>	<u>27 - 28</u>		
	<u>0</u>	<u>0</u>		
	<u>0</u>	<u>0</u>		
Benefits.....			<u>434,500.00</u>	<u>869,000.00</u>
Operating.....				
Travel.....				
Capital outlay.....				
Aid.....				
Capital improvements.....				
TOTAL.....			<u>434,500.00</u>	<u>869,000.00</u>