

As amended by AM1201 and AM1229

# FISCAL NOTE

LEGISLATIVE FISCAL ANALYST ESTIMATE

## ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)

	FY 2025-26		FY 2026-27	
	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 198 relates to the Pharmacy Benefit Manager Licensure and Regulation Act (Act). The bill would require a pharmacy benefit manager to allow a pharmacy appeal process if the maximum allowable cost list pricing is below the pharmacy's acquisition cost and prohibits the pharmacy benefit manager from requiring accreditation or using spread pricing. LB 198 further requires the pharmacy benefit manager to reimburse all pharmacies at the same level as any pharmacy benefit manager affiliated or owned pharmacy.

AM 1201 and AM 1229 provides language to clarify definitions. Furthermore, the amendments specify requirements for Pharmacy Benefit Managers, specialty pharmacies, and health benefit plans.

The State of Nebraska may be required to renegotiate the contract to meet the requirements of the Act which is anticipated to have increased costs. Any such increased costs would be covered by increased premiums. LB 198 would have a fiscal impact to the Department of Administrative Services; however, these costs are indeterminable until the contract is renegotiated. The State's health plans utilize trust funds thus no additional appropriation would be required.

The Department of Health and Human Services anticipates an increase of total annual pharmacy related expenses as a result of LB 198, which will eliminate incentives for pricing negotiations. Estimates from the Managed Care Organizations (MCOs) in Nebraska have estimated that the bill would increase expenses by \$5,250,000 for all three current MCOs in Nebraska. The blended rate would increase the federal funds (65%) by \$3,412,500 and increase general funds (35%) by \$1,837,500. The additional expenses would be passed along to the Medicaid program via higher capitation rates. However, these are estimates based on current contracts and new contracts would be required to be renegotiated to determine the actual fiscal impact.

Additionally, the Department of Health and Human Services cannot determine a fiscal impact on fee-for service (FFS) pharmacy expenses; however, the impact is anticipated to be lessor than that of the fiscal impact of the MCOs due to the lower volume of FFS usage.

The University Systems current pharmacy benefit manager does not utilize spread pricing or a pharmacy benefit manager affiliate. No fiscal impact.

The Department of Insurance (DOI) activities would be expanded by the bill. LB 198 mandates the Department promulgate rules and draft the new regulations as prescribed by the bill. The Department anticipates a slight increase in new complaints requiring investigation due to the expansion of activities covered by the Act. These would be one-time costs and could be absorbed within the Department's resources.

### ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE

LB: 198	AM: 1229	AGENCY/POLT. SUB: Department of Insurance	
REVIEWED BY: Ryan Walton		DATE: 5/5/2025	PHONE: (402) 471-4174
COMMENTS: The Department of Insurance's assessment of fiscal impact from LB 198, as amended by AM 1229, appears reasonable.			

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

Prepared by: <sup>(3)</sup> Jordan Blades

Date Prepared: <sup>(4)</sup> 1/22/24

Phone: <sup>(5)</sup> 402-471-4638

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	FY 2025-26		FY 2026-27	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS				
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS				

Explanation of Estimate:

LB 198 amends the Pharmacy Benefit Manager (PBM) Licensure and Regulation Act (the Act) to expand the scope of activities regulated by the Department of Insurance regarding specialty pharmacies, clinician-administered drugs, consumer choice, and spread pricing. The Department presumes these changes apply to all pharmacy benefit managers licensed by the Department to the extent not preempted by Federal law.

The Department of Insurance (DOI) anticipates a slight increase in new complaints requiring investigation due to the expansion of activities covered by the Act. These costs will be absorbed within the Department’s current resources.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE				
Personal Services:				
POSITION TITLE	NUMBER OF POSITIONS		2025-26	2026-27
	25-26	26-27	EXPENDITURES	EXPENDITURES
Benefits.....				
Operating.....				
Travel.....				
Capital outlay.....				
Aid.....				
Capital improvements.....				
TOTAL.....				

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2025

LB <sup>(1)</sup>0198 Change provisions of the Pharmacy Benefit Manager Licensure and AM1201 A Regulation Act

FISCAL NOTE

State Agency OR Political Subdivision Name:<sup>(2)</sup> University of Nebraska System  
Prepared by:<sup>(3)</sup> Anne Barnes Date Prepared:<sup>(4)</sup> 05/07/2025 Phone:<sup>(5)</sup> (402) 472-2191

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	FY 2025 - 26		FY 2026 - 27	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
CASH FUNDS	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
FEDERAL FUNDS	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
OTHER FUNDS	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
TOTAL FUNDS	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>

Explanation of Estimate:

No Fiscal Impact.

Amendment 1201 incorporates some of the provisions that were proposed in LB 533. The University previously responded that LB 533 would not have a fiscal impact.

Amendment 1201 does have additional requirements for health benefit plans, health carriers, pharmacy benefit managers, mail order operations, and retail pharmacies. The bill and amendments may require changes to business practices managed by our prescription drug benefit manager, but we anticipate these changes can be made with little or no fiscal impact to the University of Nebraska. The University's existing contract with our pharmacy benefit manager is valid through 2028. Future costs could impacted by the additional requirements, but that is unknown at this time.

Amendment 1229 would not have a fiscal impact.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2025 - 26</u>	<u>2026 - 27</u>
	<u>25 - 26</u>	<u>26 - 27</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
	<u>0</u>	<u>0</u>		
	<u>0</u>	<u>0</u>		
Benefits.....				
Operating.....				
Travel.....				
Capital outlay.....				
Aid.....				
Capital improvements.....				
TOTAL.....				