

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	270,028		283,530	
CASH FUNDS	281,819		295,910	
FEDERAL FUNDS	134,659		141,391	
REVOLVING FUNDS	149,870		157,364	
TOTAL FUNDS	\$836,376		\$878,195	

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

LB 523 changes requirements for health insurance plans issued in the state. The bill provides that an insurer may not charge a copayment, coinsurance or deductible for services rendered by a licensed physical therapist, occupational therapist, audiologist, speech-language pathologist, chiropractor or chiropractic physician for each date of service or office visit that is greater than the copayment, coinsurance or deductible charge for the services of a physician or osteopathic physician licensed for such services.

State Employee Health Insurance Plan: The Department of Administrative Services classifies the services in the bill as rehabilitation services which will be required to have the same copayments, coinsurance and deductibles as services provided by a physician. The state has four health plans that cover physician, osteopathic physician and rehabilitation visits. The Wellness plan currently has the same copay for the use of in-network providers for physician and rehabilitation services visits. The other three plans cover in-network providers for physician and osteopathic physician visits with a co-pay and rehabilitation services with deductibles and coinsurance. All four of the plans cover out-of-network providers of all of the services using the same deductibles and coinsurance.

The bill means the state plan will have to convert rehabilitation services (PT, OT, Audiology, Speech, Chiropractor, and Chiropractic Physician) for in-network services in three plans from deductibles and coinsurance to copayments. An actuarial analysis estimates the annual cost to the plan to convert to copayments for these services is \$1,058,704. This assumes the number of rehabilitation visits will be unlimited as are physician visits currently.

The state pays 79% of premiums for the health insurance plan. The state health insurance plan is self-insured, with 79% of the premium being paid by the state. Assuming the increased cost to convert to copayments for rehabilitation services are reflected in plan premiums, the estimated fiscal impact of the bill is \$836,376 in FY14 and \$878,195 in FY15. The funding sources for the state health insurance plan are: general funds (32%); cash funds (34%); federal funds (16%); and, revolving funds (18%).

University of Nebraska Health Insurance Plan: The University indicates the health insurance plan is currently in compliance with the bill, so there is no fiscal impact.

Health Insurance Exchange Plans: The Department of Insurance indicates, under current rules provided by the federal government pertaining to health insurance plans, the parity provisions of this bill will not be deemed a state mandated benefit, so the state will not be required to pay additional costs for the benefits for persons purchasing insurance through the exchange.

ADMINISTRATIVE SERVICES-STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSES			
LB: 523	AM:	AGENCY/POLT. SUB: Dept. of Administrative Services	
REVIEWED BY: Gary Bush		DATE: February 1, 2013	PHONE: 471-4161
COMMENTS: Agree with agency's estimate of impact to the state and to the agency.			

ADMINISTRATIVE SERVICES-STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSES			
LB: 523	AM:	AGENCY/POLT. SUB: Dept. of Insurance	
REVIEWED BY: Gary Bush		DATE: February 7, 2013	PHONE: 471-4161
COMMENTS: Agree with the Dept. of Insurance estimate of impact.			

ADMINISTRATIVE SERVICES-STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSES			
LB: 523	AM:	AGENCY/POLT. SUB: University of Nebraska	
REVIEWED BY: Gary Bush		DATE: February 5, 2013	PHONE: 471-4161
COMMENTS: No basis to disagree with the University of Nebraska's estimate of impact.			

2013 Legislative Bill Proposal Fiscal Note

Bill #: 523

State Agency: Administrative Services – Wellness & Benefits

Prepared by: Roger Wilson

Date Prepared: 01/28/2013

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	836,376		878,195	
Total Funds	836,376		878,195	

Explanation of Estimate:

LB523 requires an insurer not to charge an insured a copayment, coinsurance, or deductible for services under a health benefit plan rendered for each date of service by a physical therapist, occupational therapist, audiologist, speech-language pathologist, chiropractor, or chiropractic physician (rehabilitation services) licensed under the Uniform Credentialing Act that is greater than the copayment, coinsurance, or deductible charged to the insured for the services of a primary care physician (PCP) or an osteopath licensed under the act for such services.

The State has four health plans that provide for PCP and osteopath office visits and rehabilitation services. The Wellness health plan for “in network” providers currently covers PCP and osteopath office visits the same as rehabilitation services; co-pay. The other three health plans cover “in-network” providers for PCP and osteopath office visits with a co-pay and rehabilitation services with deductible and coinsurance. All four health plans cover “out of network” providers for PCP and osteopath office visit versus rehabilitation visits the same; deductible and coinsurance.

An analysis of State health plans to convert rehabilitation services from deductible and co-insurance to copayments as covered for PCP or osteopath office visit shows that the State’s health plan would pay more costs. An actuarial analysis for converting rehabilitation services from deductible and coinsurance to copayments is estimated at \$1,058,704. It is assumed that since the number of Primary Care Physician visits is unlimited, the same would hold true of rehabilitation service visits, also unlimited.

The State contributes 79% of premiums to cover all health plan costs. Thus the impact to the State for the increased costs to convert rehabilitation services from deductible and co-insurance to copayment is \$836,376 ($\$1,058,704 \times 79\% = \$836,376$). This amount will increase each year due to the cost of health insurance increases. The State’s impact projection in the second year is \$878,195 ($\$836,195 \times 1.05 = \$878,195$) based on an estimated 5% health cost increase.

The table below summarizes the impact by fund type of the increased premiums to the State. The allocation by fund type is based on total FY11-12 operational expenditures.

	FY2013-14	FY2014-15
	Expenditures	Expenditures
General Funds	270,028	283,530
Cash Funds	281,819	295,910
Federal Funds	134,659	141,391
Revolving Funds	149,870	157,364
Total Funds	836,376	878,195

The employees contribute 21% of premiums to cover all health plan costs. Employee projected costs would increase \$222,328 ($\$1,058,704 \times 21\% = \$222,328$) the first year and \$233,444 ($\$222,328 \times 1.05 = \$233,444$) in the second year based on a 5% health cost increase.

Major Objects of Expenditure

Personal Services:

Position Title:	Number of Positions			FY 2013-14	FYY 2014-15
	13-14	14-15		Expenditures	Expenditures
Benefits					
Operating				836,376	878,195
Travel					
Capital Outlay					
Aid					
Capital Improvements					
TOTAL				836,376	878,195

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2013

LB⁽¹⁾ 523 FISCAL NOTE

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

Prepared by: ⁽³⁾ Eric Dunning Date Prepared: ⁽⁴⁾ 2-1-12 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	_____	_____	_____	_____
CASH FUNDS	_____	_____	_____	_____
FEDERAL FUNDS	_____	_____	_____	_____
OTHER FUNDS	_____	_____	_____	_____
TOTAL FUNDS	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</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.

LB 523 specifies that an insurer may not charge a different copayment, coinsurance, or deductible by a physical therapist, occupational therapist, audiologist, speech language pathologist, chiropractor, or chiropractic physician greater than that charged for the services of a physician or an osteopathic physician. Under the current notice of public rulemaking published by the federal government such payment parity provisions do not come within the meaning of state mandated benefit. Therefore, there is no fiscal impact.

MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2013-14 EXPENDITURES</u>	<u>2014-15 EXPENDITURES</u>
	<u>13-14</u>	<u>14-15</u>		
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
Benefits.....	_____	_____	_____	_____
Operating.....	_____	_____	_____	_____
Travel.....	_____	_____	_____	_____
Capital outlay.....	_____	_____	_____	_____
Aid.....	_____	_____	_____	_____
Capital improvements.....	_____	_____	_____	_____
TOTAL.....	_____	_____	_____	_____

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2013

LB⁽¹⁾ 523 FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾ University of Nebraska

Prepared by: ⁽³⁾ Michael Justus Date Prepared: ⁽⁴⁾ January 28, 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:

No fiscal impact, this is already consistent with the University Plan.

MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2013-14 EXPENDITURES</u>	<u>2014-15 EXPENDITURES</u>
	<u>13-14</u>	<u>14-15</u>		
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
Benefits.....	_____	_____	_____	_____
Operating.....	_____	_____	_____	_____
Travel.....	_____	_____	_____	_____
Capital outlay.....	_____	_____	_____	_____
Aid.....	_____	_____	_____	_____
Capital improvements.....	_____	_____	_____	_____
TOTAL.....	_____	_____	_____	_____