

FISCAL NOTE
LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)				
	FY 2021-22		FY 2022-23	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS				
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.

LB 20 would require that any individual or group health insurance policy or any self-funded employee benefit plan to include coverage for a self-administered hormonal contraceptive that is approved by the federal Food and Drug Administration and reimburse an in-network health care provider or dispensing entity for up to a three-month supply for the first prescription and up to a twelve-month supply for subsequent refills. The bill further amends certain provisions of the Medical Assistance Act to note that the bill, if enacted, would not be construed to limit a recipient's ability to choose or change the method of family planning regardless whether the recipient has exhausted a previously dispensed supply of contraceptives.

The University of Nebraska requires insurance coverage for certain contraceptives which are currently covered under the self-insurance plan, including a 12 month supply if prescribed. There is no fiscal impact to the University.

The Department of Administrative Services' self-insured plan currently covers one-month and three-month supplies of self-administered hormonal contraceptives prescriptions at an annual cost of \$504,000. While the cost could increase due to members leaving State employment or changing medications before the prior prescription is depleted, the cost impact is expected to be less than 10% of the current contraceptives (less than \$50,000), thus the estimated fiscal impact of LB 20 is minimal.

The Department of Health and Human Services (DHHS) assesses that patients could continue to receive prescribed medicine when they would normally not be eligible for Medicaid due to attrition. During SFY 2020, an average of 2,438 female members between the ages of 16 – 50 years of age filled a prescription of self-administered hormone contraceptives per month. The average months of Medicaid eligibility for females in this age range is 8.9 months leading to an average 3 months of increased dosages being dispensed per year. It is estimated that with expansion of the Medicaid Heritage Health Adult (HHA) Program, an additional 1,867 members in year one and 2,986 in year two would be eligible with the expansion. The total estimated members who would receive an extra three month supply could be 4,305 members for year one and 5,424 for year two.

Per DHHS estimates, the average prescription cost for self-administered contraception is \$38.11 per month for a 1 month supply. DHHS estimates the fiscal impact will be \$492,191 total funds (\$49,219 general funds and \$442,972 federal funds) in year one. The cost will be \$620,126 (\$62,013 GF and \$558,113 FF) for year two. The DHHS estimate assumes provision of a 12 month supply of oral contraceptive for every Medicaid eligible member who currently are prescribed self-administered hormone contraceptives. It is unclear how many of the individuals would be prescribed the initial 3 month supply or request a shorter number of months of prescription but the revision of the estimate would negligibly reduce the fiscal impact.

Multiple studies and data from 19 other states (including DC) that have already enacted legislation similar to LB 20 have cited that women who received a 12-month supply of birth control, when compared to a 1 or 3 month supply, is associated with a reduction in conceiving an unplanned pregnancy. The General Fund spending on healthcare costs for unintended pregnancies overwhelmingly outweighs the expense of the additional prescription benefits for Medicaid members.

The Department of Banking does not anticipate any fiscal impact as the result of LB20. Any increased enforcement requirements will be absorbed by existing resources.

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE				
LB: 20	AM:	AGENCY/POLT. SUB: University of Nebraska		
REVIEWED BY:	Ann Linneman	DATE:	1-21-2021	PHONE: (402) 471-4180
COMMENTS: No basis to disagree with the University of Nebraska's assessment of no fiscal impact.				

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE				
LB: 20	AM:	AGENCY/POLT. SUB: Nebraska Department of Administrative Services		
REVIEWED BY:	Ann Linneman	DATE:	1-21-2021	PHONE: (402) 471-4180
COMMENTS: No basis to disagree with the Nebraska Department of Administrative Services' assessment of fiscal impact.				

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE				
LB: 20	AM:	AGENCY/POLT. SUB: Nebraska Department of Health and Human Services		
REVIEWED BY:	Ann Linneman	DATE:	1-28-2021	PHONE: (402) 471-4180
COMMENTS: The Nebraska Department of Health and Human Services' analysis and estimate of fiscal impact to the department appears reasonable.				

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE				
LB: 20	AM:	AGENCY/POLT. SUB: Nebraska Department of Insurance		
REVIEWED BY:	Ann Linneman	DATE:	2-23-2021	PHONE: (402) 471-4180
COMMENTS: No basis to disagree with the Nebraska Department of Insurance's assessment of no fiscal impact.				

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

2021

LB⁽¹⁾ 20

FISCAL NOTE

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

Prepared by: ⁽³⁾ Michael Justus Date Prepared: ⁽⁴⁾ January 19, 2021 Phone: ⁽⁵⁾ 402-472-7109

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2021-22</u>		<u>FY 2022-23</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:

The bill requires insurance coverage for certain contraceptives, which are already covered under our self-insurance plan. There is no fiscal impact to the University.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2021-22</u>	<u>2022-23</u>
	<u>21-22</u>	<u>22-23</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.

2021

LB⁽¹⁾ 20

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⁾ 1/11/2021 Phone: ⁽⁵⁾ 402/471-4443

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2021-22</u>		<u>FY 2022-23</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	_____	_____	_____	_____
CASH FUNDS	_____	_____	_____	_____
FEDERAL FUNDS	_____	_____	_____	_____
REVOLVING FUNDS	_____	_____	_____	_____
TOTAL FUNDS	<u>See Below</u>	_____	<u>See below</u>	_____

Explanation of Estimate:

LB 20 as introduced would require any self-funded employee benefit plan, to the extent not preempted by federal law, to include coverage for a self-administered hormonal contraceptive and shall reimburse an in-network health care provider or dispensing entity on a per-unit basis for dispensing a supply of such contraceptives to a covered individual for the first prescription of at least up to a three-month supply and for subsequent refills up to a twelve-month supply.

One-month and three-month supplies of self-administered hormonal contraceptives are currently covered under the State's self-insured health plans at an estimated annual cost of \$504,000 (1,500 members utilizing contraceptives x 6 [average refill is two months] x \$56 per fill = \$504,000).

This bill could increase the annual plan cost for the following reasons:

1. A member receives a 12-month supply and then leaves State employment.
2. A member changes medications before the prior meds are used and cannot be charged.

It is not possible to truly estimate the potential cost impact to the State, however, it is expected to be less than 10% of the current annual cost of covered contraceptives, therefore, less than \$50,000.

Pharmacy total cost of for Benefit Plan Year 2019-2020 was \$48,819,000. The State of Nebraska is responsible for 79% of the cost of health/pharmacy insurance plans while the member pays 21%.

The estimated fiscal impact of LB 20 is minimal.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2021-22</u>	<u>2022-23</u>
	<u>21-22</u>	<u>21-23</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</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) Mike Michalski

Date Prepared 1-26-2021

Phone: (5) 471-6719

	<u>FY 2021-2022</u>		<u>FY 2022-2023</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	\$49,219		\$62,013	
CASH FUNDS				
FEDERAL FUNDS	\$442,972		\$558,113	
OTHER FUNDS				
TOTAL FUNDS	\$492,191		\$620,126	

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

Explanation of Estimate:

LB20 will change coverage of prescribed contraceptives to allow for a twelve month supply of self-administered contraceptives at initial fill of a prescription. This changes the opportunity for pharmacist counseling which could increase potential drug interaction and adverse effects. Pharmacists are required by law to offer counseling at every dispensing encounter. Because of change in enrollment, patients could receive prescribed medicine when they would normally not be eligible for Medicaid. By filling a year worth of prescriptions, costs for the Division of Medicaid and Long Term Care (MLTC) in the Department of Health and Human Services (DHHS) will increase.

During SFY 2020, an average of 2,438 female members between the ages of 16 – 50 years of age filled a prescription of self-administered hormone contraceptives per month. The average months of eligibility for females in this age range is 8.9 months leading to an average 3 months of increased dosages being dispensed per year. Applying the same percentage and assumption of current patients receiving contraceptives to the actuarial Heritage Health Adult (HHA) Program estimate for year 1 female expansion members, an additional 1,867 members could also fit into the same category. The total estimated members who would receive an extra three month supply could be 4,305 members. Due to the anticipated HHA increase in enrollment in year two, the HHA population receiving the extra contraceptives will increase to 2,986. The population will grow to 3,174 in year 3 of this program.

The average prescription cost for self-administered contraception is \$38.11 per month for a 1 month supply. Family planning prescriptions are 90/10 FFP.

The fiscal impact will be \$492,191 total funds (\$49,219 general funds and \$442,972 federal funds) in year 1. The cost will be \$620,126 (\$62,013 GF and \$558,113 FF) for year 2.

There are also other indeterminable fiscal impacts for costs related to patients that need to switch brands after already receiving a year’s supply. Patients regularly change medications for medical reasons.

MAJOR OBJECTS OF EXPENDITURE

PERSONAL SERVICES:	POSITION TITLE	NUMBER OF POSITIONS		2021-2022	2022-2023
		21-22	22-23	EXPENDITURES	EXPENDITURES

Benefits.....		
Operating.....		
Travel.....		
Capital Outlay.....		
Aid.....	\$492,191	\$620,126
Capital Improvements.....		
TOTAL.....	\$492,191	\$620,126

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

2021

LB⁽¹⁾ 20

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾ Insurance

Prepared by: ⁽³⁾ Thomas Green Date Prepared: ⁽⁴⁾ 2/19/2021 Phone: ⁽⁵⁾ 402-471-4650

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2021-22</u>		<u>FY 2022-23</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:

LB 20 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, to include coverage of, and reimburse in-network health care providers or dispensing entities for, self-administered hormonal contraceptives.

The Department anticipates no fiscal impact as a result of LB 20. No increased duties are expected of the Department, however, should there be any increased enforcement requirements as a result of LB 20, 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>2021-22</u>	<u>2022-23</u>
	<u>21-22</u>	<u>22-23</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
Benefits.....	_____	_____	_____	_____
Operating.....	_____	_____	_____	_____
Travel.....	_____	_____	_____	_____
Capital outlay.....	_____	_____	_____	_____
Aid.....	_____	_____	_____	_____
Capital improvements.....	_____	_____	_____	_____
TOTAL.....	_____	_____	_____	_____