

**FISCAL NOTE**  
 LEGISLATIVE FISCAL ANALYST ESTIMATE

<b>ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)</b>				
	<b>FY 2022-23</b>		<b>FY 2023-24</b>	
	<b>EXPENDITURES</b>	<b>REVENUE</b>	<b>EXPENDITURES</b>	<b>REVENUE</b>
GENERAL FUNDS	\$726,677 to \$1,744,789		\$726,677 to \$1,744,789	
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	\$726,677 to \$1,744,789		\$726,677 to \$1,744,789	

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

This bill requires free contraceptives to be distributed through Title X clinics, family planning clinics, public health clinics, hospitals and pharmacies. The contraceptives would be paid from state General Funds.

No agency is designated to implement and pay for the free contraceptives. For purpose of this fiscal note, it is assumed the Department of Health and Human Services would managed the program. DHHS currently distributes federal family planning funding.

The department estimates the average annual cost per recipient would be \$388. This estimate appears to be reasonable.

The department’s fiscal note estimates that 10,500 women would access free contraceptives. The department arrived at that estimate through a combination for the following: 1) using a study by Statista that estimated 7% of Nebraskans did not have health care coverage in 2020 and 2) using the assumption that the approximately 150,000 women who are currently not using contraceptives would access the free contraceptives.

The 10,500 estimate seems high for two reasons: 1) Medicaid Expansion: The Statista study estimated 7 percent of Nebraskans were uninsured in 2020. Since Medicaid Expansion did not start coverage until October of that year, the impact of Medicaid Expansion may not have been reflected in the 7% estimate. Even if the study did recognize that Medicaid Expansion had been implemented, the under age 49 enrollment has more than doubled since the end of 2020. At the end of 2020, there were 23,697 individuals under age 49 enrolled in Medicaid Expansion; by January 2022, the number under age 49 grew to 49,009. A 2021 Kaiser Family Foundation analysis, Medicaid expansion reduced the number of uninsured by half <https://www.kff.org/medicaid/issue-brief/the-coverage-gap-uninsured-poor-adults-in-states-that-do-not-expand-medicaid/> 2) The assumption that the 35% of women currently not using contraceptives would all start to use contraceptives once access is free seems unlikely. Although the cost may prevent some in this group from using contraceptives, it is not the only factor considered.

Although the department’s estimate of 10,500 individuals who would access free contraceptives seems high for the above stated reasons, it is difficult to determine the number of individuals who want to use contraceptives but lack access due to being uninsured. Based on the Kaiser study that Medicaid Expansion reduced the number of uninsured by half and assuming 25% to 75% of the women not using contraceptives would access free contraceptives, the cost could range from \$509,444 to \$1,527,556 annually.

A program manager would be needed to administer the program and two administrative technicians would be needed to process the claims. The cost would be \$217,233.

<b>ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY &amp; POLT. SUB. RESPONSE</b>			
LB:	1129	AM:	AGENCY/POLT. SUB: Nebraska Department of Health and Human Services
REVIEWED BY:	Ann Linneman	DATE:	2-22-2022
		PHONE:	(402) 471-4180
COMMENTS: No basis to disagree with the Nebraska Department of Health and Human Services’ analysis and estimate of fiscal impact.			

**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 1-20-2022

Phone: (5) 471-6719

	<u>FY 2022-2023</u>		<u>FY 2023-2024</u>	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
<b>GENERAL FUNDS</b>	\$4,403,684	\$0	\$4,311,247	\$0
<b>CASH FUNDS</b>				
<b>FEDERAL FUNDS</b>				
<b>OTHER FUNDS</b>				
<b>TOTAL FUNDS</b>	\$4,403,684	\$0	\$4,311,247	\$0

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

**Explanation of Estimate:**

LB 1129 does not designate a State Agency to implement this bill. However, should the Department of Health and Human Services be responsible for this bill, several assumptions would need to be made in order to provide an estimated fiscal impact.

The Federal Food and Drug Administration (FDA) currently has 18 methods of contraception approved for use. For the purposes of this fiscal note, we are only including costs associated with the use of birth control pills, patches, injections and over the counter products. The costs associated with provider visits, examinations and implant placements are not included.

The cost of distributing the contraceptives will also vary with distribution method chosen. This fiscal note does not include costs to store and distribute products. Instead, this fiscal note assumes that the product would be purchased by the direct distributor with cost submitted to DHHS for reimbursement on products provided at no cost to the consumer.

According to the Centers for Disease Control (CDC) 2017-2019 National Survey of Family Growth, 65% of women aged 15-49 were currently using contraceptives. Nebraska had an estimated female population aged 15-49 of 428,673 in 2020. Therefore, the estimated number of women in Nebraska using a contraceptive method is 278,637. This leaves approximately 150,000 women who do not use contraception methods. Also, according to Statista, approximately 7% of Nebraska residents did not have any health insurance in 2020. The Affordable Care Act requires that all health insurers must provide any FDA approved birth control method at no cost to the insured. Therefore, it is estimated that approximately 10,500 women in Nebraska would be aged 15-49, not using contraceptives and not covered by health care insurance.

References: <https://www.cdc.gov/nchs/products/databriefs/db388.htm#Summary>  
<https://www.statista.com/statistics/238782/health-insurance-status-of-the-total-population-of-nebraska/>

According to <https://www.goodrx.com/conditions/birth-control/annual-cost-of-birth-control>, the average cost for contraceptives in the form of birth control pills, patches, injections and over the counter products is \$388 per year.

The estimated fiscal impact to provide reimbursement of contraceptive products to distributors is

$$10,500 \times \$388 = \$4,074,000.$$

DHHS would require additional staff to administer the new program. It is estimated that 1.0 FTE Program Manager I, and 2.0 FTE Administrative Technicians would be needed in order to implement and administer the new program on a continuing basis. It is estimated that 1.0 FTE Community Health Educator/ Senior would be needed to assist with the procedural development, implementation and coordination with distributors for the first year only.

The administrative portion of the program should be funded under Program 033 – Program 262 Public Health Administration. The health aid portion of the program should be funded under Program 514 – Health Aid.

<b>MAJOR OBJECTS OF EXPENDITURE</b>				
PERSONAL SERVICES:				
POSITION TITLE	NUMBER OF POSITIONS		2022-2023	2023-2024
	22-23	23-24	EXPENDITURES	EXPENDITURES
DHHS Program Manager I	1.0	1.0	\$58,248	\$58,248
Administrative Specialist	2.0	2.0	\$78,978	\$78,978
Community Health Educator / Senior	1.0	0.0	\$53,466	\$0
Benefits.....			\$65,274	\$46,972
Operating.....			\$73,718	\$53,049
Travel.....				
Capital Outlay.....				
Aid.....			\$4,074,000	\$4,074,000
Capital Improvements.....				
<b>TOTAL.....</b>			<b>\$4,403,684</b>	<b>\$4,311,247</b>