

PREPARED BY: Nikki Swope  
 DATE PREPARED: February 09, 2024  
 PHONE: 402-471-0042

**LB 917**

Revision: 00

**FISCAL NOTE**  
 LEGISLATIVE FISCAL ANALYST ESTIMATE

| <b>ESTIMATE OF FISCAL IMPACT – STATE AGENCIES</b> (See narrative for political subdivision estimates) |                   |         |                   |         |
|---|-------------------|---------|-------------------|---------|
|   | <b>FY 2024-25</b> |         | <b>FY 2025-26</b> |         |
|   | EXPENDITURES      | REVENUE | EXPENDITURES      | REVENUE |
| GENERAL FUNDS   |                   |         |                   |         |
| CASH FUNDS  | \$39,521          |         | \$40,757          |         |
| FEDERAL FUNDS   |                   |         |                   |         |
| OTHER FUNDS   |                   |         |                   |         |
| <b>TOTAL FUNDS</b>  | <b>\$39,521</b>   |         | <b>\$40,757</b>   |         |

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

LB 917 would require the Department of Insurance (Department) to promulgate rules and regulations and to establish a prior authorization process to include the following requirements, as outlined in the bill:

- Allow health care providers to submit a prior authorization request electronically to health carriers and pharmacy benefit managers
- Provide that approval of a prior authorization request made to health carriers and pharmacy benefit managers shall be valid for a minimum length of time in accordance with the rules and regulations.
- Require that health carriers and pharmacy benefit managers publish prior authorization requirements, clinical criteria for prior authorizations and standards for submitting requests on their websites.
- Provide a process for providers to appeal a prior authorization.
- Approve a method to standardize prior authorization forms for each insurance company and pharmacy benefit managers.
- Establish a timeframe for an insurance company or pharmacy benefit manager to review and respond to prior authorization requests.

The Department anticipates a need for a .5 FTE Insurance Analyst II to review contracts and forms to ensure compliance with the prior authorization process as outlined in the LB 917. The personnel costs are \$38,270 and operations costs are \$1,251 for a total of \$39,521 Cash Funds in FY 2024-25. The personnel costs are \$39,419 and operations costs are \$1,338 for a total of \$40,757 Cash Funds in FY 2025-26.

There is no reason to disagree with this estimate.

|   |                |   |
|---|----------------|---|
| <b>ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY &amp; POLT. SUB. RESPONSE</b>    |                |   |
| LB: 917   | AM:            | AGENCY/POLT. SUB: Department of Insurance |
| REVIEWED BY: Ryan Walton  | DATE: 2/7/2024 | PHONE: (402) 471-4174                     |
| COMMENTS: The Department of Insurance's assessment of fiscal impact from LB 917 appears reasonable. |                |   |

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

**2024**

**LB<sup>(1)</sup> 917**

**FISCAL NOTE**

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

Prepared by: <sup>(3)</sup> Jordan Blades Date Prepared: <sup>(4)</sup> 2/1/2024 Phone: <sup>(5)</sup> 402-471-4638

**ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION**

|               | <u>FY 2024-25</u>   |                | <u>FY 2025-26</u>   |                |
|---------------|---------------------|----------------|---------------------|----------------|
|               | <u>EXPENDITURES</u> | <u>REVENUE</u> | <u>EXPENDITURES</u> | <u>REVENUE</u> |
| GENERAL FUNDS | _____               | _____          | _____               | _____          |
| CASH FUNDS    | 39,521              | _____          | 40,757              | _____          |
| FEDERAL FUNDS | _____               | _____          | _____               | _____          |
| OTHER FUNDS   | _____               | _____          | _____               | _____          |
| TOTAL FUNDS   | <u>39,521</u>       | _____          | <u>40,757</u>       | _____          |

**Explanation of Estimate:**

LB 917 would require the Department of Insurance to issue regulations to establish a standard prior authorization process.

The requirements for this process include:

- Electronic submission of prior authorization requests by health care providers.
- A minimum timeframe for the validity of a prior authorizations, which must be set by the Department.
- Publication of prior authorization requirements and restrictions, clinical criteria for prior authorizations and standards for submitting and considering requests on the insurance company or pharmacy benefit manager's (PBM) website.
- A Process for providers to appeal a prior authorization.
- The submission of a standard prior authorization form by each insurance company or PBM to be approved by the Department.
- A Maximum timeframe for an insurance company or PBM to review and respond to a prior authorization request.

The Department anticipates a need for a 0.5 FTE form analyst to review the contracts of the insurance companies and PBM's to ensure compliance with the prior authorization process created under LB 917, as well as the forms that are required to be submitted to the Department for review.

**BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE**

**Personal Services:**

| <b>POSITION TITLE</b>     | <b>NUMBER OF POSITIONS</b> |                     | <b>2024-25</b>             | <b>2025-26</b>             |
|---------------------------|----------------------------|---------------------|----------------------------|----------------------------|
|                           | <b><u>24-25</u></b>        | <b><u>25-26</u></b> | <b><u>EXPENDITURES</u></b> | <b><u>EXPENDITURES</u></b> |
| Insurance Analyst II      | 0.5                        | 0.5                 | 22,853                     | 23,539                     |
| Benefits.....             |                            |                     | 15,417                     | 15,880                     |
| Operating.....            |                            |                     | 1,251                      | 1,338                      |
| Travel.....               |                            |                     |                            |                            |
| Capital outlay.....       |                            |                     |                            |                            |
| Aid.....                  |                            |                     |                            |                            |
| Capital improvements..... |                            |                     |                            |                            |
| <b>TOTAL.....</b>         |                            |                     | <b>39,521</b>              | <b>40,757</b>              |