Nikki Swope February 25, 2025 402-471-0042

LB 410

Revision: 00 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 | See below | | See below | | | | |
| 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 410 proposes to require coverage of prosthetics and orthotics at a minimum reimbursement equal to the coverage provided under the federal Medicare program as of January 1, 2024.

The Affordable Care Act (ACA) requires the defrayal of all costs of new state required benefits for ACA individual and small group plans as is mandated by LB 410. This is done either through reimbursement by the state to the issuer of a Qualified Health Plan (QHP) or the enrollee. Pursuant to the ACA, the insurer quantifies the cost attributable to the new required benefit and that cost is submitted too the state for reimbursement. Under the current Nebraska law, these defrayal costs would be paid under the state claims process.

Based on surveys conducted by the Department of Insurance (DOI), it is estimated that QHP insurers would have increased premium costs of \$75,000 annually. The cost could exceed this estimate depending upon actual utilization by all enrollees in each of the plans.

Both the University Systems and the State of Nebraska healthcare plans currently cover prosthetics and orthotics at the rates as outlined in the bill so there is no fiscal impact to these agencies.

| ADMIN | ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE | | | | | |
|---|---|--------------------------|---|--|--|--|
| LB: 410 | AM: | AGENCY/POLT. SUB: Depart | AGENCY/POLT. SUB: Department of Insurance | | | |
| REVIEWED | BY: Ryan Walton | DATE: 2/25/2025 | PHONE: (402) 471-4174 | | | |
| COMMENTS: The Department of Insurance's assessment of fiscal impact from LB 410 appears reasonable. | | | | | | |

| ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE | | | | | | |
|---|--|-------------------------|---|--|--|--|
| LB: 410 AM: | | AGENCY/POLT. SUB: Depar | AGENCY/POLT. SUB: Department of Administrative Services (DAS) | | | |
| REVIEWED E | BY: Ryan Walton | DATE: 2/12/2025 | PHONE: (402) 471-4174 | | | |
| COMMENTS | COMMENTS: DAS' assessment of no fiscal impact from LB 410, appears reasonable. | | | | | |

Please complete <u>ALL</u> (5) blanks in the first three lines.

| LB ⁽¹⁾ 410 | | | | I | FISCAL NOTE |
|-------------------------------------|----------------------------------|--|------------------|------------|--------------|
| State Agency OR Political S | Subdivision Name: ⁽²⁾ | Department of Adr Wellness & Benefi | | ces (DAS) | – Employee |
| Prepared by: ⁽³⁾ Jennif | er Norris | Date Prepared: ⁽⁴⁾ | 01/22/2025 | Phone: (5) | 402-471-4443 |
| | ESTIMATE PROVI | DED BY STATE AGEN | ICY OR POLITICAL | SUBDIVIS | ION |
| | FY | 2025-26 | | FY 2026- | -27 |
| | EXPENDITURES | <u>REVENUE</u> | EXPENDITU | | REVENUE |
| GENERAL FUNDS | | | | | |
| CASH FUNDS | | | | | |
| FEDERAL FUNDS REVOLVING FUNDS | | | | | |
| TOTAL FUNDS | | | | | |

Explanation of Estimate:

LB 410 requires coverage of prosthetics and orthotics under the State's health plan. It allows such coverage to be limited to the most appropriate prosthetic or orthotic deemed medically necessary, including repair or replacement if determined appropriate by the treating physician.

The State's current employee health plans provide this coverage.

LB 410 has no fiscal impact to the Department of Administrative Services.

| <u>BREAKI</u> | <u>DOWN BY MAJ</u> | OR OBJECTS O | <u>F EXPENDITURE</u> | |
|----------------------|---------------------------------------|--------------|----------------------|---------------------|
| Personal Services: | | | | |
| | NUMBER OF | POSITIONS | 2025-26 | 2026-27 |
| POSITION TITLE | 25-26 | 26-27 | EXPENDITURES | EXPENDITURES |
| | | | | |
| | · · · · · · · · · · · · · · · · · · · | | | |
| | | | | |
| Benefits | | | | |
| Operating | | | | |
| Travel | | | | |
| | | | | |
| Capital outlay | ••• | | | |
| Aid | | | | |
| Capital improvements | | | | |
| 1 1 | | | | |
| TOTAL | | | | |

Please complete <u>ALL</u> (5) blanks in the first three lines.

| LB ⁽¹⁾ 410 | | | | | FISCAL NOTE |
|-----------------------------------|---|-------------------------------|-------------------|------------|--------------|
| State Agency OR Political | Subdivision Name: (2) | Department of Inst | urance | | |
| Prepared by: ⁽³⁾ Jorda | an Blades | Date Prepared: ⁽⁴⁾ | 2/5/25 | Phone: (5) | 402-471-4638 |
| | FISCAL NOTE FISCAL NOTE Cal Subdivision Name: (2) Department of Insurance rdan Blades Date Prepared: (4) 2/5/25 Phone: (5) 402-471-4638 ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION FY 2025-26 FY 2026-27 FY 2026-27 EXPENDITURES REVENUE EXPENDITURES REVENUE 75,000 75,000 | | | | |
| | FY | 2025-26 | | FY 2026 | -97 |
| | | | EXPENDITUI | | |
| GENERAL FUNDS | 75,000 | | 75,000 | | |
| CASH FUNDS | | | | | |
| FEDERAL FUNDS | | | | | |
| OTHER FUNDS | | | | | |
| TOTAL FUNDS | 75,000 | | 75,000 | | |
| | | | | | |

Explanation of Estimate:

LB 410 would create a new state required benefit that health carriers provide coverage for prosthetics and orthotics that is at least equal to the coverage provided under the federal Medicare program, including coverage of prosthetics and orthotics and repairs/replacement of prosthetics and orthotics deemed medically necessary by the covered person's treating physician.

The Affordable Care Act (ACA) requires the defrayal of all costs of new state required benefits for ACA individual and small group plans. This is done either through reimbursement by the state to the issuer of a Qualified Health Plan (QHP), or the enrollee. Pursuant to the ACA, the insurer quantifies the cost attributable to the new required benefit and that cost is submitted to the state for reimbursement. Under current Nebraska law, these defrayal costs would be paid under the state claims process.

The benefits mandated by LB 410 mandates coverage beyond what is required by the Affordable Care Act, due to the inability of a QHP to review these claims for medical necessity.

The Department surveyed several QHP issuers to create a cost estimate for the benefits that would be required to be defrayed under this bill. The estimates from QHP issuers for increased premium costs to their plans totaled approximately \$75,000 annually. Please note that the defrayal costs are charged by each individual QHP insurer. Depending upon the relevant population of insureds that have coverage under that insurer. The costs could potentially exceed the estimate provided depending upon actual utilization by all eligible enrollees in the plans. In any instance, the amount spent, pursuant to the ACA, must be reimbursed by the state.

| BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE | | | | | |
|---|---------------------|-----------------------------|--|--|--|
| | | | | | |
| NUMBER OF POSITIONS | 2025-26 | 2026-27 | | | |
| <u>25-26</u> <u>26-27</u> | EXPENDITURES | EXPENDITURES | | | |
| - | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |
| | NUMBER OF POSITIONS | NUMBER OF POSITIONS 2025-26 | | | |

| Operating | |
|----------------------|------|
| Travel | |
| Capital outlay | |
| Aid | |
| Capital improvements | |
| TOTAL | |
| | |

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

LB ⁽¹⁾0410 Require insurance coverage of prosthetics and orthotics

| State Agency OR Political Subdivision Name: ⁽²⁾ University of Nebraska System | | | | |
|--|---------------|-------------------------------|----------------------|--------------------------------------|
| Prepared by: ⁽³⁾ Anne Ba | arnes | Date Prepared: ⁽⁴⁾ | 01/23/2025 | Phone: ⁽⁵⁾ (402) 559-6300 |
| | ESTIMATE PROV | IDED BY STATE AG | ENCY OR POLITICAL SU | BDIVISION |
| | | ′ 2025 - 26 | | FY 2026 - 27 |
| GENERAL FUNDS | EXPENDITURES | REVENUE 0.00 | EXPENDITURES | <u>REVENUE</u> 0.00 |
| CASH FUNDS | 0.00 | 0.00 | 0.00_ | 0.00 |
| FEDERAL FUNDS | 0.00 | 0.00_ | 0.00 | 0.00 |
| OTHER FUNDS | 0.00 | 0.00_ | 0.00 | 0.00 |
| TOTAL FUNDS | 0.00 | 0.00 | 0.00 | 0.00 |
| Explanation of Estimate: | | | | |

No Fiscal Impact

The University employee health insurance plans currently cover prosthetics and orthotics.

| Personal Services: BREA | AKDOWN BY M | AJOR OBJECTS | OF EXPENDITURE | |
|-------------------------|-----------------------------|-------------------------------|----------------------------------|----------------------------------|
| POSITION TITLE | NUMBER OI <u>25 - 26</u> | F POSITIONS <u>26 - 27</u> | 2025 - 26 <u>EXPENDITURES</u> | 2026 - 27 <u>EXPENDITURES</u> |
| | 0 | 0 | | |
| _ | 0 | 0 | | |
| Benefits | | | | |
| Operating | | | | |
| Travel | | | | |
| Capital outlay | | | | |
| Aid | | | | |
| Capital improvements | | | | |
| TOTAL | | | | |