

**FISCAL NOTE**  
**LEGISLATIVE FISCAL ANALYST ESTIMATE**

<b>ESTIMATE OF FISCAL IMPACT – STATE AGENCIES</b> (See narrative for political subdivision estimates)				
	<b>FY 2014-15</b>		<b>FY 2015-16</b>	
	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 860 pertains to health insurance plans issued in the state. The bill adopts provisions in the federal Affordable Care Act relating to annual and lifetime limits, rescissions of coverage, preexisting conditions, reporting of expenditures, annual rebates, appeals processes, age of dependents eligible for coverage, and parameters for premium rate charges. The bill may have a fiscal impact for the Department of Insurance for the appeals process.

Appeals Process: The Department of Insurance (DOI) indicates the bill will require an additional Insurance Claims Investigator in the agency. LB 860 and federal law requires a health insurer to implement an appeals process. The appeals process must provide for an internal and external review of the determination of claims. The bill provides for insurers to inform enrollees of the availability of any applicable consumer assistance in the DOI to assist with the appeals process.

DOI currently answers questions regarding appeals and insurers are required to have an external appeals process in place. The external review process is overseen by the federal Department of Health and Human Services or by a contracted independent review organization. If the intent of the bill is to have an individual in the department assigned to help individuals with appeals, then an Insurance Claims Investigator will be needed at a cost of \$55,000 cash funds in FY2014-15 and \$52,500 cash funds in FY2015-16.

Rebates: The DOI indicates the provisions of the bill relating to the calculation of the medical loss ratio (MLR) and rebates to consumers will require an additional Analyst II. This fiscal note assumes the bill does not increase the workload of the department beyond what is currently required. Federal law currently provides that the DOI may request an adjustment in the MLR standard for a state if the Director of the DOI determines the application of the percentage destabilizes the individual market in the state. The bill merely restates this permissive language. The Legislature provided funding for an additional 15 FTE for DOI in FY2013-14. It is assumed the employees were added to implement the federal ACA, which includes the provisions of LB 860.

<b>ADMINISTRATIVE SERVICES-STATE BUDGET DIVISION: REVIEW OF AGENCY &amp; POLT. SUB. RESPONSES</b>			
LB: 860	AM:	AGENCY/POLT. SUB: Dept. of Administrative Services	
REVIEWED BY: Gary Bush		DATE: January 22, 2014	PHONE: 471-4161
COMMENTS: Concur with the agency's estimate of impact.			

<b>ADMINISTRATIVE SERVICES-STATE BUDGET DIVISION: REVIEW OF AGENCY &amp; POLT. SUB. RESPONSES</b>			
LB: 860	AM:	AGENCY/POLT. SUB: University of Nebraska	
REVIEWED BY: Gary Bush		DATE: January 22, 2014	PHONE: 471-4161
COMMENTS: No basis to disagree with the University's estimate of impact.			

<b>ADMINISTRATIVE SERVICES-STATE BUDGET DIVISION: REVIEW OF AGENCY &amp; POLT. SUB. RESPONSES</b>			
LB: 860	AM:	AGENCY/POLT. SUB: Dept. of Insurance	
REVIEWED BY: Gary Bush		DATE: January 21, 2014	PHONE: 471-4161
COMMENTS: The estimate of impact by the Dept. of Insurance appears to be reasonable.			

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

**2014**

**LB<sup>(1)</sup> 860**

**FISCAL  
NOTE**

State Agency OR Political Subdivision Name: <sup>(2)</sup> University of Nebraska

Prepared by: <sup>(3)</sup> Michael Justus Date Prepared: <sup>(4)</sup> \_\_\_\_\_ Phone: <sup>(5)</sup> 402-472-2191

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

	<u>FY 2014-15</u>		<u>FY 2015-16</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	_____	_____	_____	_____
CASH FUNDS	_____	_____	_____	_____
FEDERAL FUNDS	_____	_____	_____	_____
OTHER FUNDS	_____	_____	_____	_____
<b>TOTAL FUNDS</b>	<b>=====</b>	<b>=====</b>	<b>=====</b>	<b>=====</b>

Explanation of Estimate:

LB 860 appears to incorporate the ACA into Nebraska Statute and does not appear impact UNMC or the University's health plan.

**BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE**

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2014-15</u>	<u>2015-16</u>
	<u>14-15</u>	<u>15-16</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
Benefits.....			_____	_____
Operating.....			_____	_____
Travel.....			_____	_____
Capital outlay.....			_____	_____
Aid.....			_____	_____
Capital improvements.....			_____	_____
<b>TOTAL.....</b>			<b>=====</b>	<b>=====</b>

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

**2014**

**LB<sup>(1)</sup> 860**

**FISCAL NOTE**

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

Nebraska Department of Insurance

Prepared by: <sup>(3)</sup>

Krystle Ledvina Garcia

Date Prepared: <sup>(4)</sup>

1/17/2013

Phone: <sup>(5)</sup>

(402) 471-4637

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

	<u>FY 2014-15</u>		<u>FY 2015-16</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	\$119,000		\$117,000	
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
<b>TOTAL FUNDS</b>	<u>\$119,000</u>	<u>0</u>	<u>\$117,000</u>	<u>0</u>

**Explanation of Estimate:**

LB860 amends statutes governing health insurers by imposing additional restrictions and limitations. It will require increased resources to be devoted to the Department of Insurance in both the Examination division as well as the Consumer Affairs Division. This will result in the addition of two additional FTEs.

The two FTEs would be in addition to current staff. The bill adds a consumer affairs function not previously required under Nebraska or federal law of aiding a consumer through an external appeal process. While the Department has provided information in the past on the appeals process, the bill requires closer assistance for that function. The Examination division will require an FTE for purposes of determining whether or not the Medical Loss Ratio (MLR) calculation submitted by the company was correct and to ensure the proper rebates, if any, to a consumer. Currently, while the Department denotes that on forms that are filed with the Department, the federal government is the entity that enforces the MLR requirements pursuant to the Affordable Care Act (ACA). Thus, this would create an additional job duty within the Department.

Because these new duties are not billed to insurers, the funding should be appropriated from the general fund.

**BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE**

**Personal Services:**

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2014-15</u>	<u>2015-16</u>
	<u>14-15</u>	<u>15-16</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
Analyst II	1	1	\$48,000	\$50,000
Insurance Claims Investigator II	1	1	\$41,000	\$42,000
Benefits.....			\$25,000	\$25,000
Operating.....			\$5,000	
Travel.....				
Capital outlay.....				
Aid.....				
Capital improvements.....				
<b>TOTAL.....</b>			<u>\$119,000</u>	<u>\$117,000</u>

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

**2014**

**LB<sup>(1)</sup> 860**

**FISCAL  
NOTE**

State Agency OR Political Subdivision Name: <sup>(2)</sup> Administrative Services – State Personnel-Wellness and Benefits and Employee Relations

Prepared by: <sup>(3)</sup> Jeannie O'Meara Date Prepared: <sup>(4)</sup> 1-14-14 Phone: <sup>(5)</sup> 402-471-8292

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

	<u>FY 2014-15</u>		<u>FY 2015-16</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	_____	_____	_____	_____
CASH FUNDS	_____	_____	_____	_____
FEDERAL FUNDS	_____	_____	_____	_____
OTHER FUNDS	_____	_____	_____	_____
<b>TOTAL FUNDS</b>	<u>-0-</u>	<u>_____</u>	<u>-0-</u>	<u>_____</u>

**Explanation of Estimate:** LB860 would add requirements to health plans that would prohibit health plans from denying coverage based on pre-existing conditions, rescinding insurance coverage once an individual is enrolled and imposing annual and lifetime limits on insurance coverage. This legislation would also require insurers to spend at least 75% of premium dollars on providing care.

This bill has no fiscal impact.

**BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE**

**Personal Services:**

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2014-15</u>	<u>2015-16</u>
	<u>14-15</u>	<u>15-16</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
Benefits.....	_____	_____	_____	_____
Operating.....	_____	_____	_____	_____
Travel.....	_____	_____	_____	_____
Capital outlay.....	_____	_____	_____	_____
Aid.....	_____	_____	_____	_____
Capital improvements.....	_____	_____	_____	_____
<b>TOTAL.....</b>	_____	_____	_____	_____