



GOVERNOR'S OFFICE OF  
BUDGET AND PROGRAM PLANNING

## Fiscal Note 2023 Biennium

<b>Bill #</b>	HB0299
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<b>Title:</b>	Revise insurance requirements for diabetes self-management education
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<b>Primary Sponsor:</b>	Dunwell, Mary Ann
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<b>Status:</b>	As Introduced
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|---|--|--|
| <input type="checkbox"/> Significant Local Gov Impact     | <input type="checkbox"/> Needs to be included in HB 2  | <input type="checkbox"/> Technical Concerns              |
| <input type="checkbox"/> Included in the Executive Budget | <input type="checkbox"/> Significant Long-Term Impacts | <input type="checkbox"/> Dedicated Revenue Form Attached |

### FISCAL SUMMARY

	<u>FY 2022</u> <u>Difference</u>	<u>FY 2023</u> <u>Difference</u>	<u>FY 2024</u> <u>Difference</u>	<u>FY 2025</u> <u>Difference</u>
<b>Expenditures:</b>				
General Fund	\$0	\$0	\$0	\$0
Other	\$18,596*	\$36,027*	\$38,351*	*40,825*
<b>Revenue:</b>				
General Fund	\$0	\$0	\$0	\$0
Other	\$0	\$0	\$0	\$0
<b>Net Impact-General Fund Balance:</b>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

**Description of fiscal impact:** HB 299 outlines coverage requirements for the self-management training and education for members with diabetes. Since both the State Employee Group Benefits Plan and the Montana University System Group Insurance Plan will provide additional benefits under this bill, there is a fiscal impact to the state.

\* HB299 is also a new state mandate, requiring insurance carriers to provide a benefit not currently required in the Essential Health Benefit benchmark plan. As a result, the state will have to defray the entire cost of the additional benefit as noted in assumptions 12 - 15.

### FISCAL ANALYSIS

#### Assumptions:

#### **Department of Administration**

- HB 299 would require the State Employee Group Benefits Plan (Plan) to provide up to 10 hours of comprehensive education or training for newly diagnosed diabetic, and up to 4 hours per year of comprehensive education and training each year thereafter.

2. The Plan had the following members with a diabetes diagnosis code, including a breakout of newly diagnosed members each year:

Plan Year	Members with Diabetes Diagnosis Code	New Members with Diabetes
2018	1,697	81
2019	1,799	106
2020	1,866	67
Average	1,787	85

3. The Plan currently provides diabetic education coverage that includes 3 visits per year. It is assumed that each visit equals one hour of training or education. The Plan has had experienced the following utilization of this benefit over the past three Plan years:

Plan Year	Unique Members	Visit Count	Member Participation	Average Visit Count per Member
2018	134	197	8%	1.5
2019	151	222	8%	1.5
2020	105	143	6%	1.4
Average	130	187	7%	1.5

4. The Plan paid \$22,993 for the 143 visits in Plan Year 2020, for an average visit cost of \$161 (\$22,993/143).  
 5. Per the Aon Global Medical Trend Rates Report, the medical cost trend in the United States for 2019 and 2020 was 6.5%. Assuming this annual cost trend continues, it is assumed the average cost per visit will be as follows:

2020 Cost per Visit	Medical Cost Trend	2021 Cost per Visit	2022 Cost Per Visit	2023 Cost per Visit	2024 Cost per Visit	2025 Cost per Visit
\$ 161.00	6.5%	\$ 171.47	\$ 182.61	\$ 194.48	\$ 207.12	\$ 220.58

6. If an average of 7% of the members, both newly diagnosed and with an ongoing diagnosis of diabetes, fully utilized this benefit, the estimated additional cost to the Plan is as follows. Please note, HB 299 contains an effective date of January 1, 2022. Therefore, this coverage would be in place for half of fiscal year 2022.

Fiscal Year	7% New Diabetic Members (Average of 85 * 7%)	7% Ongoing Diabetic Members (Average of 1,787 * 7%)	Average Cost per Visit	Coverage for Additional 7 Visits - New	Coverage for Additional 1 Visit - Ongoing	Total Additional Cost
2022	6	125	182.61	\$ 3,834.81	\$ 11,413.13	\$ 15,247.94
2023	6	125	194.48	\$ 8,168.16	\$ 24,310.00	\$ 32,478.16
2024	6	125	207.12	\$ 8,699.04	\$ 25,890.00	\$ 34,589.04
2025	6	125	220.58	\$ 9,264.36	\$ 27,572.50	\$ 36,836.86

**Montana University System**

7. The Montana University System Group Insurance plan provides 8 hours of diabetes education and training. There would be a need to fund an additional 2 hours to meet the 10 hours required in the bill.  
 8. In fiscal year 2020, the MUS Group Insurance plan had 73 enrolled participants which qualified for these benefits. It is projected there will be 10 new enrolled participants qualifying for benefits annually.  
 9. Since it is unknown when plan participants would be diagnosed with diabetes, the full 10 new participants are all included in the fiscal year 2022 projection.

10. In fiscal year 2020, the average cost per medical visit was \$149. Utilizing a 6% medical trend increase, based on actuarial analysis for future costs per medical visit, results in the following projections:

Year	Cost Per Medical Visit	New Participants	Additional Costs to Plan
FY 2021	\$158	10	\$3,159
FY 2022	\$167	10	\$3,348
FY 2023	\$177	10	\$3,549
FY 2024	\$188	10	\$3,762
FY 2025	\$199	10	\$3,988

**State Auditor’s Office**

11. There is no financial impact to the State Auditor’s Office from HB 299; there is likely to be a rate increase that will affect consumers, but that increase is not estimable.
12. This would be a new state mandate, which is above the current Essential Health Benefit (EHB) benchmark plan.
13. The Affordable Care Act requires non-grandfathered health plans in the individual and small group markets to cover essential health benefits (EHB), which include items and services in the following ten benefit categories: (1) ambulatory patient services; (2) emergency services; (3) hospitalization; (4) maternity and newborn care; (5) mental health and substance use disorder services including behavioral health treatment; (6) prescription drugs; (7) rehabilitative and habilitative services and devices; (8) laboratory services; (9) preventive and wellness services and chronic disease management; and (10) pediatric services, including oral and vision care.
14. Per 45 CFR § 155.170, the state will have to defray the entire cost of the additional benefit. Additionally, since some diabetes care is already covered under the state’s current EHB, the change in this benefit may trigger the federal requirement wherein the diabetes coverage in the EHB would no longer be a part of the benchmark plan, and states would have to defray the entire cost of the benefit, not just the new benefits. *This cost to the state is unknown and insurance carriers will have to provide an estimate on the annual fiscal impact.*
15. To prevent federal dollars going to state benefit mandates, the referenced statute requires states to defray the cost of benefits required by state law in excess of essential health benefits for individuals enrolled in any plan offered through an Exchange.

	<u>FY 2022</u> <u>Difference</u>	<u>FY 2023</u> <u>Difference</u>	<u>FY 2024</u> <u>Difference</u>	<u>FY 2025</u> <u>Difference</u>
<b><u>Fiscal Impact:</u></b>				
FTE	0.00	0.00	0.00	0.00
<b><u>Expenditures:</u></b>				
Benefits - State Plan	\$15,248	\$32,478	\$34,589	\$36,837
Benefits - MUS Group Insurance	\$3,348	\$3,549	\$3,762	\$3,988
<b>TOTAL Expenditures</b>	<b>\$18,596</b>	<b>\$36,027</b>	<b>\$38,351</b>	<b>\$40,825</b>
<b><u>Funding of Expenditures:</u></b>				
General Fund (01)	\$0	\$0	\$0	\$0
Other	\$18,596	\$36,027	\$38,351	\$40,825
<b>TOTAL Funding of Exp.</b>	<b>\$18,596</b>	<b>\$36,027</b>	<b>\$38,351</b>	<b>\$40,825</b>
<b><u>Revenues:</u></b>				
General Fund (01)	\$0	\$0	\$0	\$0
Other	\$0	\$0	\$0	\$0
<b>TOTAL Revenues</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b><u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures):</u></b>				
General Fund (01)	\$0	\$0	\$0	\$0
Other	(\$18,596)	(\$36,027)	(\$38,351)	(\$40,825)

**NOT SIGNED BY SPONSOR**

\_\_\_\_\_ 2/11/21 \_\_\_\_\_ KA \_\_\_\_\_ 2/10/21  
 Sponsor's Initials Date Budget Director's Initials Date