



GOVERNOR'S OFFICE OF
BUDGET AND PROGRAM PLANNING

Fiscal Note 2023 Biennium

Bill # HB0299

Title: Revise insurance requirements for diabetes self-management education

Primary Sponsor: Dunwell, Mary Ann

Status: As Amended

- Significant Local Gov Impact
 Needs to be included in HB 2
 Technical Concerns
 Included in the Executive Budget
 Significant Long-Term Impacts
 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>
Expenditures:				
General Fund	\$0	\$0	\$0	\$0
Other	\$41,626	\$65,442	\$69,589	\$73,999
Revenue:				
General Fund	\$0	\$0	\$0	\$0
Other	\$0	\$0	\$0	\$0
Net Impact-General Fund Balance:	<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.

FISCAL ANALYSIS

Assumptions:

Department of Administration

- HB 299 would require the State Employee Group Benefits Plan (Plan) to provide up to 20 visits, 30 minutes each, of comprehensive education or training for a newly diagnosed diabetic, and up to four visits, 30 minutes each, per year of comprehensive education and training each year thereafter.
- 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 30 minutes 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 17 Visits - New	Coverage for Additional 1 Visit - Ongoing	Total Additional Cost
2022	6	125	182.61	\$ 9,313.11	\$ 11,413.13	\$ 20,726.24
2023	6	125	194.48	\$ 19,836.96	\$ 24,310.00	\$ 44,146.96
2024	6	125	207.12	\$ 21,126.24	\$ 25,890.00	\$ 47,016.24
2025	6	125	220.58	\$ 22,499.16	\$ 27,572.50	\$ 50,071.66

Montana University System

7. The Montana University System (MUS) Group Insurance plan provides eight visits of diabetes education and training. There would be a need to fund an additional 12 visits to meet the 20 visits required in the bill.
 8. In fiscal year 2020, the MUS Group Insurance plan had 73 enrolled participants who 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	\$18,953
FY 2022	\$167	10	\$20,090
FY 2023	\$177	10	\$21,295
FY 2024	\$188	10	\$22,573
FY 2025	\$199	10	\$23,927

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.*

Fiscal Impact:

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Expenditures:

Benefits - State Plan	\$20,726	\$44,147	\$47,016	\$50,072
Benefits - MUS Group Insurance	\$20,900	\$21,295	\$22,573	\$23,927
TOTAL Expenditures	\$41,626	\$65,442	\$69,589	\$73,999

Funding of Expenditures:

General Fund (01)	\$0	\$0	\$0	\$0
Other	\$41,626	\$65,442	\$69,589	\$73,999
TOTAL Funding of Exp.	\$41,626	\$65,442	\$69,589	\$73,999

Revenues:

General Fund (01)	\$0	\$0	\$0	\$0
Other	\$0	\$0	\$0	\$0
TOTAL Revenues	\$0	\$0	\$0	\$0

Net Impact to Fund Balance (Revenue minus Funding of Expenditures):

General Fund (01)	\$0	\$0	\$0	\$0
Other	(\$41,626)	(\$65,442)	(\$69,589)	(\$73,999)

NOT SIGNED BY SPONSOR

Sponsor’s Initials

2/17/21
Date

KA
Budget Director’s Initials

2/17/21
Date