



GOVERNOR'S OFFICE OF  
BUDGET AND PROGRAM PLANNING

## Fiscal Note 2025 Biennium

**Bill information:**

HB0612 - Revise insurance requirements for diabetes self-management (Bertoglio, Marta )

**Status:** As Introduced

- |   |  |  |
|---|--|--|
| <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

	<b>FY 2024 Difference</b>	<b>FY 2025 Difference</b>	<b>FY 2026 Difference</b>	<b>FY 2027 Difference</b>
<b>Expenditures:</b>				
General Fund	\$0	\$0	\$0	\$0
Other	\$59,735	\$127,236	\$135,506	\$144,316
<b>Revenue:</b>				
General Fund	\$0	\$0	\$0	\$0
Other	\$0	\$0	\$0	\$0
<b>Net Impact-General Fund Balance:</b>	\$0	\$0	\$0	\$0

**Description of fiscal impact:** HB 612 requires the State Employee Group Benefits Plan (SOM Plan) and the Montana University System Group Benefits Plan (MUS Plan) to provide up to 10 hours of outpatient self-management training and education for a diagnosed diabetic who has not yet received training, and up to six hours for follow-up education and training in subsequent years. Costs for both plans to implement the requirements of this proposed legislation are estimated at \$186,971 for the 2025 biennium and \$279,822 for the 2027 biennium.

### FISCAL ANALYSIS

**Assumptions:**

**Department of Administration**

1. HB 612 contains an effective date of January 1, 2024, so this coverage would be in place for only half of fiscal year 2024.
2. From 2020 through 2022, the State Employee Group Benefits Plan (SOM Plan) had an average of 1,807 members with diabetes diagnosis codes and an average of 79 new members with diabetes.
3. The SOM Plan currently provides diabetic education coverage that includes three visits per year. It is assumed that each visit equals 30 minutes of training or education. Utilization averaged 5% from 2020 through 2022.

4. The SOM Plan will need to pay for an additional 17 visits for new diabetic members (10 visits x .50 hour per visit = 20 visits less three visits already provided under the plan).
5. The SOM Plan will need to pay for an additional nine visits for existing diabetic members (Six visits x .50 hour per visit = 12 visits less three visits already provided under the plan).
6. The SOM Plan paid \$12,077 for 127 visits in Plan Year 2022 for an average visit cost of \$95 (\$12,077/127).
7. Per the Aon Global Medical Trend Rates Report, the medical cost trend in the United States for 2021 was 7.0% and for 2022 was 6.5%. Assuming a 6.5% annual cost trend for the next five years, the average cost per visit will be as follows:

2022 Cost per Visit	Medical Cost Trend	2023 Cost per Visit	2024 Cost per Visit	2025 Cost per Visit	2026 Cost per Visit	2027 Cost per Visit
\$95.00	6.5%	\$101.28	\$107.68	\$114.87	\$122.34	\$130.29

8. It is assumed that 5% of members who have either been newly diagnosed or have an ongoing diagnosis of diabetes will fully utilize this benefit:

Fiscal Year	5% New Diabetic Members (Average of 79 * 5%)	5% Existing Diabetic Members (Average of 1,807 * 5%)	Average Cost per Visit	Coverage for Additional 17 Visits - New	Coverage for Additional 9 Visits – Ongoing	Total Additional Cost
2024	4	90	\$107.86	\$3,667.18	\$43,682.60	\$47,349.78
2025	4	90	\$114.87	\$7,811.10	\$93,043.94	\$100,855.04
2026	4	90	\$122.34	\$8,318.82	\$99,091.80	\$107,410.62
2027	4	90	\$130.29	\$8,859.54	\$105,532.77	\$114,392.31

**Montana University System**

9. From 2020 through 2022, the Montana University System Group Benefits Plan (MUS Plan) had an average of 814 members with diabetes diagnosis codes and an average of 49 new members with diabetes.
10. The MUS Plan currently provides diabetic education coverage that includes eight visits per year. It is assumed that each visit equals 30 minutes of training or education. Utilization averaged 6% from 2020 through 2022.
11. The MUS Plan will need to pay for an additional 12 visits for new diabetic members (10 visits x .50 hour per visit = 20 visits less eight visits already provided under the plan).
12. The MUS Plan will need to pay for an additional four visits for existing diabetic members (Six visits x .50 hour per visit = 12 visits less eight visits already provided under the plan).
13. The MUS Plan paid \$5,272 for the 56 visits in Plan Year 2022, for an average visit cost of \$94.14 (\$5,272/56).
14. Per the Aon Global Medical Trend Rates Report, the medical cost trend in the United States for 2021 was 7.0% and for 2022 was 6.5%. Assuming a 6.5% annual cost trend for the next five years, it is assumed the average cost per visit will be as follows:

2022 Cost per Visit	Medical Cost Trend	2023 Cost per Visit	2024 Cost per Visit	2025 Cost per Visit	2026 Cost per Visit	2027 Cost per Visit
\$94.14	6.5%	\$100.26	\$106.77	\$113.71	\$121.10	\$128.98

15. 6% of members who have either been newly diagnosed or have an ongoing diagnosis of diabetes will fully utilize this benefit:

Fiscal Year	6% New Diabetic Members (Average of 49 * 6%)	6% Existing Diabetic Members (Average of 814 * 6%)	Average Cost per Visit	Coverage for Additional 12 Visits - New	Coverage for Additional 4 Visits – Ongoing	Total Additional Cost
2024	3	49	\$106.77	\$1,921.86	\$10,463.46	\$12,385.32
2025	3	49	\$113.71	\$4,093.56	\$22,287.16	\$26,380.72
2026	3	49	\$121.10	\$4,359.60	\$23,735.60	\$28,095.20
2027	3	49	\$128.98	\$4,643.28	\$25,280.08	\$29,923.36

	<u>FY 2024 Difference</u>	<u>FY 2025 Difference</u>	<u>FY 2026 Difference</u>	<u>FY 2027 Difference</u>
<b><u>Fiscal Impact:</u></b>				
FTE	0.00	0.00	0.00	0.00
<b><u>Expenditures:</u></b>				
Personal Services	\$0	\$0	\$0	\$0
Operating Expenses	\$0	\$0	\$0	\$0
Benefits	\$59,735	\$127,236	\$135,506	\$144,316
<b>TOTAL Expenditures</b>	<u>\$59,735</u>	<u>\$127,236</u>	<u>\$135,506</u>	<u>\$144,316</u>
<b><u>Funding of Expenditures:</u></b>				
General Fund (01)	\$0	\$0	\$0	\$0
Other	\$59,735	\$127,236	\$135,506	\$144,316
<b>TOTAL Funding of Exp.</b>	<u>\$59,735</u>	<u>\$127,236</u>	<u>\$135,506</u>	<u>\$144,316</u>
<b><u>Revenues:</u></b>				
General Fund (01)	\$0	\$0	\$0	\$0
Other	\$0	\$0	\$0	\$0
<b>TOTAL Revenues</b>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<b><u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures):</u></b>				
General Fund (01)	\$0	\$0	\$0	\$0
Other	(\$59,735)	(\$127,236)	(\$135,506)	(\$144,316)

**NOT SIGNED BY SPONSOR**

_____	_____	_____	_____
Sponsor's Initials	Date	Budget Director's Initials	Date



2-27-23