

HF3204 - 2E - "Require Coverage Breast Cancer Screening"

Chief Author: **Roz Peterson**
 Committee: **Health and Human Services Finance**
 Date Completed: **04/16/2018**
 Lead Agency: **Commerce Dept**
 Other Agencies: **Health Dept** **Minn Management and Budget**

State Fiscal Impact	Yes	No
Expenditures	X	
Fee/Departmental Earnings		X
Tax Revenue		X
Information Technology		X
Local Fiscal Impact	X	

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions shown in the parentheses.

State Cost (Savings)	Biennium			Biennium		
	Dollars in Thousands	FY2017	FY2018	FY2019	FY2020	FY2021
Minn Management and Budget						
General Fund	-	-	63	126	126	
All Other Funds	-	-	134	269	269	
State Total						
General Fund	-	-	63	126	126	
All Other Funds	-	-	134	269	269	
Total	-	-	197	395	395	
Biennial Total			197		790	

Full Time Equivalent Positions (FTE)	Biennium			Biennium	
	FY2017	FY2018	FY2019	FY2020	FY2021
Minn Management and Budget					
General Fund	-	-	-	-	-
All Other Funds	-	-	-	-	-
Total	-	-	-	-	-

Lead Executive Budget Officer's Comment

I have reviewed this fiscal note for reasonableness of content and consistency with MMB's Fiscal Note policies.

EBO Signature: Marianne Conboy Date: 04/16/2018
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State Cost (Savings) Calculation Details

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions are shown in parentheses.

*Transfers In/Out and Absorbed Costs are only displayed when reported.

State Cost (Savings) = 1-2		Biennium			Biennium	
Dollars in Thousands		FY2017	FY2018	FY2019	FY2020	FY2021
Minn Management and Budget						
General Fund		-	-	63	126	126
All Other Funds		-	-	134	269	269
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1 - Expenditures, Absorbed Costs*, Transfers Out*						
Minn Management and Budget						
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All Other Funds		-	-	134	269	269
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2 - Revenues, Transfers In*						
Minn Management and Budget						
General Fund		-	-	-	-	-
All Other Funds		-	-	-	-	-
Total		-	-	-	-	-
Biennial Total				-		-

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Expenditures		X
Fee/Departmental Earnings		X
Tax Revenue		X
Information Technology		X
Local Fiscal Impact		X

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Total	-	-	-	-	-	-
Biennial Total			-			-

Full Time Equivalent Positions (FTE)	Biennium			Biennium		
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Total	-	-	-	-	-	-

Executive Budget Officer's Comment

I have reviewed this fiscal note for reasonableness of content and consistency with MMB's Fiscal Note policies.

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Biennial Total				-		-
1 - Expenditures, Absorbed Costs*, Transfers Out*						
Total		-	-	-	-	-
Biennial Total				-		-
2 - Revenues, Transfers In*						
Total		-	-	-	-	-
Biennial Total				-		-

Bill Description

HF 3204-2E clarifies that insurance coverage for annual mammogram screenings include a type of mammogram procedure called Digital Breast Tomosynthesis (DBT) for individuals at risk of breast cancer. This procedure provides three-dimensional images of the breast and is used to screen for cancer. A plan enrollee can select DBT screening at no extra cost, which provides three-dimensional images of the breast and is used to screen for cancer. The bill has an effective date of August 1, 2018 and applies to health plans with policy dates on or after that date.

Assumptions

Per Section 1311(d)(3) of the Affordable Care Act, new benefit mandates not included as essential health benefits specified under section 1302(b) added by state law after December 31, 2012 require the state to defray health plan costs associated with providing coverage to enrollees.

Under Minn. Stat. §62A.30, health insurance policies are required to include coverage for routine, preventative screening procedures for cancer, like mammograms; and the office or facility visit. House File 3204-2E clarifies that the coverage requirement in this section includes annual DBT mammograms for certain individuals who are at risk for breast cancer. Existing Minnesota law already requires coverage for routine screenings (including coverage for mammograms), and HF 3204-2E does not require additional mammogram screenings or diagnostics beyond annual, routine screenings, therefore, Commerce assumes this is not a new mandated benefit.

Commerce's assumption is consistent with recent laws and guidance in other states:

In 2015, Pennsylvania clarified that existing state law first passed in 1989 (40 P.S. § 764c) treats three-dimensional mammograms in the same manner as two-dimensional mammograms.

In 2015, Illinois passed SB54, clarifying that required coverage included DBT for mammogram screenings.

In 2017, the Vermont Division of Insurance issued a bulletin prohibiting health insurers from denying coverage of DBT on the grounds that the procedure is experimental or investigational.

In 2017, New York issued a letter clarifying that health insurers must cover DBT when medically necessary for the detection of breast cancer, without being subject to annual deductibles, copayments and coinsurance.

In 2018, Washington State passed SB5912, which clarified in state law that existing coverage requirements for mammograms include coverage for DBT.

Commerce assumes that health plan companies will update form and contract filings as part of their annual rate filings for products sold in 2019. Commerce assumes review of form and contract compliance can be accomplished as part of the annual rate review process.

Expenditure and/or Revenue Formula

N/A

Long-Term Fiscal Considerations

Addendum - for informational purposes only

No fiscal estimates are included in the summary level table of the fiscal note based upon Commerce's assumption that the bill does not create a new state mandate and therefore does not obligate the state to defray the cost of services incurred by health plans. In the event of different guidance from the federal government regarding cost defrayment or other circumstances that would subsequently result in the language of this bill being viewed as a new state mandate, Commerce assumes the state's financial exposure would be limited to the end of the current health plan year in which the determination was received. This assumption is consistent with the assumption made in Commerce's 2016 fiscal note on SF2893/HF3289.

Local Fiscal Impact

N/A

References/Sources

Pennsylvania Insurance Department "3D Mammography FAQs" <http://www.insurance.pa.gov/Coverage/Pages/3D-Mammography-FAQs.aspx>

"Governor and First Lady Wolf Announce 3D Screening Mammograms Must Be Available to Women at No Extra Cost"- October 5, 2015 <https://www.governor.pa.gov/governor-and-first-lady-wolf-announce-3d-screening-mammograms-must-be-available-to-women-at-no-extra-cost/>

Illinois SB0054 2015: <http://www.ilga.gov/legislation/publicacts/fulltext.asp?Name=099-0407>

Vermont Division of Insurance: Insurance Bulletin 191

New York Department of Financial Services "Supplement No. 1 to Insurance Circular Letter No. 2 (2016) February 27, 2017: https://www.dfs.ny.gov/insurance/circltr/2017/cl2017_s1_cl02_2016.pdf

Washington State SB5912:

<http://apps2.leg.wa.gov/billsummary?BillNumber=5912&Year=2017&BillNumber=5912&Year=2017>

Washington State Fiscal Note SB5912: <https://fortress.wa.gov/FNSPublicSearch/GetPDF?packageID=50171>

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HF3204 - 2E - "Require Coverage Breast Cancer Screening"

Chief Author: **Roz Peterson**
 Committee: **Health and Human Services Finance**
 Date Completed: **04/16/2018**
 Agency: **Health Dept**

State Fiscal Impact	Yes	No
Expenditures		X
Fee/Departmental Earnings		X
Tax Revenue		X
Information Technology		X
Local Fiscal Impact		X

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Biennial Total			-			-

Full Time Equivalent Positions (FTE)	Biennium			Biennium		
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Total	-	-	-	-	-	-

Executive Budget Officer's Comment

I have reviewed this fiscal note for reasonableness of content and consistency with MMB's Fiscal Note policies.

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State Cost (Savings) Calculation Details

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2 - Revenues, Transfers In*						
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	Biennial Total			-		-

Bill Description

This bill amends Minnesota Statute 62A.30 by adding a new subdivision about mamograms.

Assumptions

This bill has no cost to the Department of Health.

Expenditure and/or Revenue Formula

Long-Term Fiscal Considerations

Local Fiscal Impact

References/Sources

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HF3204 - 2E - "Require Coverage Breast Cancer Screening"

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 Agency: **Minn Management and Budget**

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Expenditures	X	
Fee/Departmental Earnings		X
Tax Revenue		X
Information Technology		X
Local Fiscal Impact	X	

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Total	-	-	-	-	-

Executive Budget Officer's Comment

I have reviewed this fiscal note for reasonableness of content and consistency with MMB's Fiscal Note policies.

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State Cost (Savings) Calculation Details

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Bill Description

HF3204-2E would modify coverage for preventive mammogram screening to provide coverage for a digital breast tomosynthesis (3D) procedure at no extra cost when the enrollee is at risk for breast cancer.

Assumptions

Background

MMB administers the State Employee Group Insurance Program (SEGIP) which provides health, dental, life and other benefits to eligible State employees and their dependents, and other groups including quasi-state agencies under the legislative authority provided in Minnesota Statutes 43A. Health benefits are provided through the self-funded Minnesota Advantage Health Plan.

Under the Advantage plan, members pay no out-of-pocket costs for preventive care. This includes some 3D mammograms. For other types of care, including diagnostic exams, member cost-sharing is required. Under the proposed legislation, member cost-sharing for a 3D diagnostic mammogram would be eliminated, provided it satisfies conditions outlined in the legislation, which include signs of breast disease or a personal history with breast cancer. Thus, SEGIP spending on such mammograms would increase.

Moreover, as a result of the enhanced benefit and increased awareness of 3D mammograms, MMB expects an increase in utilization by members. This increased utilization along with 3D mammograms being costlier than 2D mammograms, will increase SEGIP's spending.

Assumptions

MMB expects this bill will increase the Advantage plan's costs by shifting a member's out of pocket costs for 3D diagnostic mammograms to the Advantage Plan. MMB estimates 770 members annually receive a 3D procedure which would satisfy the conditions listed in the proposed legislation. SEGIP data shows a member's share of the cost to be approximately \$22 for this procedure. MMB estimates this would increase SEGIP's costs by \$16,940 (770 x \$22).

SEGIP's costs are expected to increase because the enhanced benefit coverage and awareness of the service will increase the number of members electing a 3D mammogram. MMB estimates a 3D mammogram average cost is \$437

compared with a traditional 2D mammogram cost of \$309, an increase of \$128 per procedure. We expect additional members will have 3D mammograms, but it is difficult to estimate with reasonable certainty the number of additional members who will have the procedure. MMB would estimate a range of 1,400 to 4,500 additional members will have a 3D mammogram, for this analysis we used the midpoint of that range or 2,950 members. MMB estimates this would increase SEGIP's cost by \$377,600 (2,950 x \$128).

Expenditure and/or Revenue Formula

Estimate Member share of 3D procedure:	\$22
Additional Diagnostic 3D Procedures	770
Annual Cost-Sharing Shift	\$16,940

Additional members getting 3D Mammogram	2,950
Added cost per 3D procedure	\$128
Additional annual 3D cost	\$377,600

Fiscal Year Cost Calculations	2017	2018	2019	2020	2021
Cost-Sharing Shift	\$0	\$0	\$8,470	\$16,940	\$16,940
Additional annual 3D cost	\$0	\$0	\$188,800	\$377,600	\$377,600
Fiscal Note Cost Impact	\$0	\$0	\$197,270	\$394,540	\$394,540

The expenditure costs were split between the general fund and all other funds using the percentage of state employee salary spending allocated to the funds.

Effective Date: January 1, 2019

Long-Term Fiscal Considerations

MMB expects the additional costs presented above will continue each year, which means that the impact of the legislation will continue over time.

Local Fiscal Impact

MMB expects local units of government may incur added expenses due to the changes proposed in this legislation. MMB cannot estimate the impact to local governments with reasonable certainty.

References/Sources

Program Information from SEGIP, administered through MMB

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