

HF520 - 0 - Prescription Contraceptive Supply Requirements

Chief Author: **Kelly Morrison**
 Committee: **Health Finance and Policy**
 Date Completed: **3/9/2021 8:10:55 PM**
 Lead Agency: **Commerce Dept**
 Other Agencies:
 Human Services Dept Minn Management and Budget
 MNSure

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		FY2021	FY2022	FY2023	FY2024	FY2025
Human Services Dept						
General Fund	-	9	2	2	2	2
Minn Management and Budget						
General Fund	-	30	63	66	70	70
State Employees Insurance	-	-	-	-	-	-
All Other Funds	-	62	130	137	143	143
State Total						
General Fund	-	39	65	68	72	72
State Employees Insurance	-	-	-	-	-	-
All Other Funds	-	62	130	137	143	143
Total	-	101	195	205	215	215
Biennial Total			296		420	420

Full Time Equivalent Positions (FTE)		Biennium			Biennium	
		FY2021	FY2022	FY2023	FY2024	FY2025
Human Services Dept						
General Fund	-	-	-	-	-	-
Minn Management and Budget						
General Fund	-	-	-	-	-	-
State Employees Insurance	-	-	-	-	-	-
All Other Funds	-	-	-	-	-	-
Total	-	-	-	-	-	-

Lead LBO Analyst's Comment

I have reviewed this fiscal note for reasonableness of content and consistency with the LBO's Uniform Standards and Procedures.

LBO Signature: Christian Larson **Date:** 3/9/2021 8:10:55 PM

Phone: 651-284-6436 **Email:** christian.larson@lbo.leg.mn

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		FY2021	FY2022	FY2023	FY2024	FY2025
Human Services Dept						
General Fund	-	9	2	2	2	2
Minn Management and Budget						
General Fund	-	30	63	66	70	70
State Employees Insurance	-	-	-	-	-	-
All Other Funds	-	62	130	137	143	143
Total	-	101	195	205	215	215
Biennial Total			296		420	420
1 - Expenditures, Absorbed Costs*, Transfers Out*						
Human Services Dept						
General Fund	-	9	2	2	2	2
Minn Management and Budget						
General Fund	-	30	63	66	70	70
State Employees Insurance	-	106	223	235	246	246
All Other Funds	-	62	130	137	143	143
Total	-	207	418	440	461	461
Biennial Total			625		901	901
2 - Revenues, Transfers In*						
Human Services Dept						
General Fund	-	-	-	-	-	-
Minn Management and Budget						
General Fund	-	-	-	-	-	-
State Employees Insurance	-	106	223	235	246	246
All Other Funds	-	-	-	-	-	-
Total	-	106	223	235	246	246
Biennial Total			329		481	481

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Chief Author: **Kelly Morrison**
 Committee: **Health Finance and Policy**
 Date Completed: **3/9/2021 8:10:55 PM**
 Agency: **Commerce Dept**

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		FY2021	FY2022	FY2023	FY2024	FY2025
Total		-	-	-	-	-
Biennial Total				-		-

Full Time Equivalent Positions (FTE)		Biennium			Biennium	
		FY2021	FY2022	FY2023	FY2024	FY2025
Total		-	-	-	-	-

LBO Analyst's Comment

I have reviewed this fiscal note for reasonableness of content and consistency with the LBO's Uniform Standards and Procedures.

LBO Signature: Christian Larson **Date:** 2/27/2021 11:17:49 AM
Phone: 651-284-6436 **Email:** christian.larson@lbo.leg.mn

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		FY2021	FY2022	FY2023	FY2024	FY2025
Total		-	-	-	-	-
Biennial Total				-		-
1 - Expenditures, Absorbed Costs*, Transfers Out*						
Total		-	-	-	-	-
Biennial Total				-		-
2 - Revenues, Transfers In*						
Total		-	-	-	-	-
Biennial Total				-		-

Bill Description

House File 520 requires health plans to provide coverage for contraceptives and contraceptive services with no cost-sharing to enrollees. The bill exempts religious employers from its requirements, and additionally provides accommodations for separately eligible organizations.

The bill exempts eligible employers from providing coverage for contraceptives or contraceptive services when there is a religious objection to providing the services. Eligible employers that choose to not cover these services must notify employees at least 30 days before an employee enrolls in their health plan, or 30 days before the effective date of the health plan.

Eligible organizations include non-profit entities that oppose providing coverage for some or all contraceptives or contraceptive services on account of religious objections. The definition of eligible organization also includes a closely held for-profit entity when its highest governing body has adopted a resolution objecting to providing coverage for some or all contraceptives or contraceptive services.

The bill specifies that accommodations for eligible organizations are subject to 30-day notice requirements consistent with those for exempt religious organizations. Eligible organizations must submit notice to health plans regarding decisions to not cover some or all contraceptives or contraceptive services. Health plan companies must provide separate payments for any services for enrollees under an eligible organization.

The bill does not require coverage for all contraceptives. When there are therapeutic equivalents identified by the US Food and Drug Administration (FDA), health plans are only required to cover one contraceptive.

The bill also specifies that health plans must cover contraceptives and contraceptive services to the maximum extent allowable under Internal Revenue Service (IRS) guidelines for high deductible health plans (HDHPs).

Assumptions

Commerce assumes the requirements of HF 520 do not constitute a new benefit mandate as understood under Section 1311(d)(3) of the ACA, where new benefit mandates not included as essential health benefits (EHBs) 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.

Commerce assumes that this bill does not add any additional requirements beyond what is already required by federal law. Contraceptives and contraceptive services are required to be covered under the ACA and are already covered by ACA-compliant plans regulated by Commerce. The requirements of HF 520 codify federal requirements for coverage and

exemptions and accommodations into state law.

As such, Commerce assumes that HF 520 will not have a fiscal impact on the agency. Agency staff reviewing health plan company forms and rates filings would be required to add the new statutory requirements in HF 520 to any existing checklists and review for compliance. Under current conditions, work required by HF 520 would not add to or deviate from the existing overall role agency staff have in the review of health plan company filings.

Expenditure and/or Revenue Formula

N/A

Long-Term Fiscal Considerations

Local Fiscal Impact

References/Sources

Agency Contact:

Agency Fiscal Note Coordinator Signature: Amy Trumper

Phone: 651-539-1517

Date: 2/26/2021 9:38:22 AM

Email: amy.trumper@state.mn.us

HF520 - 0 - Prescription Contraceptive Supply Requirements

Chief Author: **Kelly Morrison**
 Committee: **Health Finance and Policy**
 Date Completed: **3/9/2021 8:10:55 PM**
 Agency: **Human Services Dept**

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	
	FY2021	FY2022	FY2023	FY2024	FY2025
Dollars in Thousands					
General Fund	-	9	2	2	2
Total	-	9	2	2	2
Biennial Total			11		4

Full Time Equivalent Positions (FTE)	Biennium			Biennium	
	FY2021	FY2022	FY2023	FY2024	FY2025
General Fund	-	-	-	-	-
Total	-	-	-	-	-

LBO Analyst's Comment

I have reviewed this fiscal note for reasonableness of content and consistency with the LBO's Uniform Standards and Procedures.

LBO Signature: Steve McDaniel **Date:** 3/9/2021 7:13:46 PM
Phone: 651-284-6437 **Email:** steve.mcdaniel@lbo.leg.mn

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		FY2021	FY2022	FY2023	FY2024	FY2025
General Fund	-	9	2	2	2	2
Total	-	9	2	2	2	2
Biennial Total			11			4
1 - Expenditures, Absorbed Costs*, Transfers Out*						
General Fund	-	9	2	2	2	2
Total	-	9	2	2	2	2
Biennial Total			11			4
2 - Revenues, Transfers In*						
General Fund	-	-	-	-	-	-
Total	-	-	-	-	-	-
Biennial Total			-			-

Bill Description

Section 1 requires health plans to provide coverage of contraceptive services and prohibits cost-sharing requirements for contraceptive methods or services. Under this section Health plans must cover at least one contraceptive of each type on a plan's formulary and the list of covered contraceptive methods and services must be clearly listed for enrollees, health care providers, and representatives of health care providers. This section also requires a contraceptive method to be covered for an enrollee if the provider prescribes it as being medically necessary. Finally, this section exempts religious organizations.

This section is effective January 1, 2021.

Section 2 requires a health plan to cover a 12 month supply of a prescription contraceptives but permits a prescriber to prescribe less.

Section 3 requires Medical Assistance (MA) and MinnesotaCare to cover 12 months of prescription contraceptives as a single prescription fill. This section is effective January 1, 2022.

Assumptions

This fiscal note assumes that utilization for prescription contraceptives are unchanged from current trends in MA or MinnesotaCare and therefore does not create additional costs to these programs. It is also assumed that MA and MinnesotaCare are not liable for costs related to lost prescriptions that need to be refilled. Because the uptake for extended supply of contraceptives is unknown this fiscal note does not make any assumption regarding changes in dispensing fees.

Logic changes within MMIS are needed to effectuate this change. These systems changes are estimated to require 344 hours of work, take approximately 6 weeks to complete, and cost of a total of \$31,648 for initial development. This estimate includes the following assumptions:

The estimated duration and earliest completion date of the proposed project(s) assumes the work is prioritized relative to other legislative and ongoing IT work. If enacted, the completion date of the proposed project(s) will be dependent on the totality of enacted legislative IT work and ongoing IT work.

The total hours assumed in this fiscal note include the projected time required to complete systems work and a 20% contingency assumption to account for unforeseen business requirements in the development and implementation process.

In addition to the initial development costs cited above, the systems changes required in this bill will result in increased ongoing maintenance and operations costs, estimated annually at 20% of the total initial development cost.

Expenditure and/or Revenue Formula

Fiscal Tracking Summary (\$000's)						
Fund	BACT	Description	FY2022	FY2023	FY2024	FY2025
GF	11	State Share of Systems Modifications (MMIS @ 29%)	9	2	2	2
		Total Net Fiscal Impact	9	2	2	2
		Full Time Equivalents				

Long-Term Fiscal Considerations**Local Fiscal Impact****References/Sources**

Agency Contact: Elyse Bailey, 651-431-2932

Agency Fiscal Note Coordinator Signature: Elyse Bailey

Phone: 651-431-2932

Date: 3/9/2021 6:59:54 PM

Email: elyse.bailey@state.mn.us

HF520 - 0 - Prescription Contraceptive Supply Requirements

Chief Author: **Kelly Morrison**
 Committee: **Health Finance and Policy**
 Date Completed: **3/9/2021 8:10:55 PM**
 Agency: **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	
	FY2021	FY2022	FY2023	FY2024	FY2025
Dollars in Thousands					
General Fund	-	30	63	66	70
State Employees Insurance	-	-	-	-	-
All Other Funds	-	62	130	137	143
Total	-	92	193	203	213
Biennial Total			285		416

Full Time Equivalent Positions (FTE)	Biennium			Biennium	
	FY2021	FY2022	FY2023	FY2024	FY2025
General Fund	-	-	-	-	-
State Employees Insurance	-	-	-	-	-
All Other Funds	-	-	-	-	-
Total	-	-	-	-	-

LBO Analyst's Comment

I have reviewed this fiscal note for reasonableness of content and consistency with the LBO's Uniform Standards and Procedures.

LBO Signature: Joe Harney **Date:** 3/1/2021 12:59:33 PM
Phone: 651-284-6438 **Email:** joe.harney@lbo.leg.mn

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	FY2021	FY2022	FY2023	FY2024	FY2025
General Fund	-	30	63	66	70
State Employees Insurance	-	-	-	-	-
All Other Funds	-	62	130	137	143
Total	-	92	193	203	213
Biennial Total			285		416
1 - Expenditures, Absorbed Costs*, Transfers Out*					
General Fund	-	30	63	66	70
State Employees Insurance	-	106	223	235	246
All Other Funds	-	62	130	137	143
Total	-	198	416	438	459
Biennial Total			614		897
2 - Revenues, Transfers In*					
General Fund	-	-	-	-	-
State Employees Insurance	-	106	223	235	246
All Other Funds	-	-	-	-	-
Total	-	106	223	235	246
Biennial Total			329		481

Bill Description

This bill requires health plans to provide coverage for prescription contraceptives and contraceptive services without cost sharing, including sterilization, patient education, counseling, and other related medical services. Health plans must not impose any referral requirements, restrictions, or delays for contraceptives or contraceptive services.

Health plans are not required to cover all therapeutic equivalent versions of a contraceptive medication as long as at least one equivalent medication as defined by the FDA is covered under the formulary. If an enrollee's provider recommends a particular contraceptive based on medical necessity, that contraceptive must be covered without cost sharing, regardless of whether it is currently included on the formulary. Health plans are also required to provide a 12-month supply for any prescription contraceptive.

High deductible health plans with a Health Care Savings Account (HSA) component must include cost-sharing for contraceptives and contraceptive services at the minimum necessary level to preserve tax exempt status for contributions and withdrawals from the HSA.

Assumptions

Minnesota Management and Budget (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. SEGIP contracts with three health plan administrators to administer health benefits and a Pharmacy Benefit Manager (PBM) to administer its prescription drug benefit.

SEGIP expects a fiscal impact from this bill, with potential impacts expected from our health plan administrators and our pharmacy benefit manager. On the medical side, SEGIP covers the majority of members' contraceptive costs. We assume that under the current language of the bill, SEGIP would be responsible for the remaining cost sharing that members currently experience. Under this language, SEGIP expects to experience an average increase in contraceptive and/or contraceptive services related costs of approximately \$0.125 per member per month (PMPM). With an effective date of

January 1, 2022 and approximately 131,000 members, the fiscal impact on the medical benefit is estimated to be \$98,250 for the second half of FY2022.

On the pharmacy side, there is a wider range of potential fiscal impacts depending on the assumptions used. We do not assume that members' contraceptive utilization patterns will change as a result of this bill because members already have access to multiple contraceptive medications and services. Rather, the potential for increased costs is related to the likelihood of contraceptive medication waste. Currently members can receive up to a 90-day supply of contraceptives but under this language members have access to up to a 12-month supply. On average, 8,320 Advantage Plan members switch their contraceptive medication after eight months, and another 72 members switched their contraceptive medication after 5 months. This results in four months and seven months of 'wasted' contraceptive medications respectively for members of these plans if they had been given a 12-month supply. Of these, we assume that approximately 1.5% of members who currently have contraceptive medication would request a 12-month up-front supply based on the experience of another state that passed similar legislation. The resulting fiscal impact estimate for the last six months of FY2022 for the excess medication that would be prescribed for the 'wasted' months under this scenario would total \$8,150.

In total, assuming an effective date of January 1, 2022, the estimated fiscal impact to SEGIP for the second half of FY2022 would be \$106,400. We assume a 5% annual inflation factor for FY2023 and beyond due to increasing costs of medical and prescription services.

Expenditure and/or Revenue Formula

FY2022 fiscal impact calculation:

$\$0.125 \text{ average PMPM} * 6 \text{ months} * 131,000 \text{ SEGIP members} = \$98,250 \text{ medical} + (\$16,300 \text{ pharmacy waste} / 2 (6 \text{ months})) = \$106,400$

FY2023 fiscal impact calculation:

$\$0.125 \text{ average PMPM} * 12 \text{ months} * 131,000 \text{ SEGIP members} = \$98,250 \text{ medical} + \$16,300 \text{ pharmacy} = \$212,800 * 1.05$

Fiscal Year Cost Calculation	FY21	FY22	FY23	FY24	FY25
Total Cost to SEGIP of this bill	\$0	\$106,400	\$223,440	\$234,612	\$246,343

SEGIP's costs are funded by contributions paid by employers and employees. Our fiscal note assumes that 86.5% of added costs will be paid by state agencies. This figure represents the proportion of employees on active payroll (97.4%), meaning those who receive an employer contribution, multiplied by the average employer contribution rate across all current collective bargaining agreements and compensation plans (88.8%).

Thus, 86.5% of added costs will be paid by state agencies and 13.5% will be paid by employees.

The table below reflects how these costs are split between the employer and employee. The employer costs are further split between the General Fund (32.7%) and All Other Funds (67.3%) on the same basis that state agencies pay for employee medical insurance premiums.

Fiscal Year Cost Calculation	FY2021	FY2022	FY2023	FY2024	FY2025
Employee share 13.5%	\$0	\$14,364	\$30,164	\$31,673	\$33,256
Employer share 1000 General Fund	\$0	\$30,096	\$63,201	\$66,361	\$69,679
Employer share 9998 All Other Funds	\$0	\$61,940	\$130,074	\$136,578	\$143,407
Total (cost of this bill)	\$0	\$106,400	\$223,440	\$234,612	\$246,343

Long-Term Fiscal Considerations

Local Fiscal Impact

MMB expects local units of government may incur increased spending due to the changes proposed in this legislation.

References/Sources

Program Information and claims data from SEGIP, administered by MMB.

Agency Contact: Lorna Smith 651-259-3604

Agency Fiscal Note Coordinator Signature: Paul Moore

Phone: 651-201-8004

Date: 2/26/2021 1:11:49 PM

Email: paul.b.moore@state.mn.us

HF520 - 0 - Prescription Contraceptive Supply Requirements

Chief Author: **Kelly Morrison**
 Committee: **Health Finance and Policy**
 Date Completed: **3/9/2021 8:10:55 PM**
 Agency: **MNsure**

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		FY2021	FY2022	FY2023	FY2024	FY2025
Total		-	-	-	-	-
Biennial Total				-		-

Full Time Equivalent Positions (FTE)		Biennium			Biennium	
		FY2021	FY2022	FY2023	FY2024	FY2025
Total		-	-	-	-	-

LBO Analyst's Comment

I have reviewed this fiscal note for reasonableness of content and consistency with the LBO's Uniform Standards and Procedures.

LBO Signature: Adam Blom **Date:** 2/26/2021 5:18:11 PM
Phone: 651-284-6542 **Email:** adam.blom@lbo.leg.mn

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		FY2021	FY2022	FY2023	FY2024	FY2025
Total		-	-	-	-	-
Biennial Total				-		-
1 - Expenditures, Absorbed Costs*, Transfers Out*						
Total		-	-	-	-	-
Biennial Total				-		-
2 - Revenues, Transfers In*						
Total		-	-	-	-	-
Biennial Total				-		-

Bill Description

This bill would require health plans to cover contraceptive methods and services with no cost-sharing requirements. There are exceptions for religious organizations and other eligible organizations. The bill also requires health plans, medical assistance, and MinnesotaCare to cover up to 12 months of prescription contraceptives. These changes would be effective beginning plan year 2022.

Assumptions

This bill would result in no direct fiscal impact to MNSure. While changes in plan premiums, plan choice, or plan enrollment could have an effect on the amount of revenue MNSure generates through its premium withhold, the requirements in HF520 codify existing federal law on contraception coverage which MNSure expects would not result in changes to current individual market conditions.

Expenditure and/or Revenue Formula**Long-Term Fiscal Considerations****Local Fiscal Impact****References/Sources**

I have reviewed the content of this fiscal note and believe it is a reasonable estimate of the expenditures and revenues associated with this proposed legislation.

If Information Technology costs are included, my agency's Chief Information Officer has reviewed the estimate.

Agency Contact: Anna Burke (651-539-1332)

Agency Fiscal Note Coordinator Signature: Mubarek Abdi

Phone: 651-539-2231

Date: 2/26/2021 3:41:09 PM

Email: mubarek.abdi@state.mn.us