



GOVERNOR'S OFFICE OF
BUDGET AND PROGRAM PLANNING

Fiscal Note 2025 Biennium

Bill information:

HB0758 - Require insurance coverage of continuous glucose monitoring supplies (Nave, Fiona)

Status: As Introduced

- 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 2024</u> <u>Difference</u>	<u>FY 2025</u> <u>Difference</u>	<u>FY 2026</u> <u>Difference</u>	<u>FY 2027</u> <u>Difference</u>
Expenditures:				
General Fund	\$123,596,360	\$123,596,360	\$125,450,305	\$127,332,059
Revenue:				
General Fund	\$0	\$0	\$0	\$0
Net Impact-General Fund Balance:	<u>(\$123,596,360)</u>	<u>(\$123,596,360)</u>	<u>(\$125,450,305)</u>	<u>(\$127,332,059)</u>

Description of fiscal impact: Under the Affordable Care Act (ACA), the state of Montana is required to pay the costs of certain state benefit mandates enacted after December 31, 2011, that (1) apply to Qualified Health Plans (QHPs) sold in the individual and small group markets, on- and off-exchange; and (2) exceed the state's Essential Health Benefits (EHBs) as set forth in the state's benchmark plan and which relate to specific care, treatment, or services. States are not required to defray benefit mandates that do not relate to specific care, treatment, or services. The federal government has identified six benefit mandates that would not require defrayal pertaining to: (1) provider types; (2) cost-sharing; (3) reimbursement methods; (4) delivery methods; (5) dependent coverage; and (6) compliance with federal requirements.

The Commissioner of Securities and Insurance (CSI) reached out to the three private insurers who participate in the ACA individual and small group markets in Montana; all confirmed they cover continuous glucose monitors (CGMs) based on medical necessity criteria (and their formulary where applicable) for diabetic members. However, the CSI believes this bill would require far broader coverage of CGMs across the board, without consideration of medical necessity, for at least members with Type 1 or Type 2 diabetes (regardless of the stage of the disease), such that all diabetic members would be entitled to a CGM based on the recommendation of a provider (no limitations on provider type). The bill, as presently drafted, could be interpreted to apply to members who may be pre-diabetic, but have not yet been diagnosed with diabetes.

Based on this information, the CSI has concluded that the state would be required to defray the costs of the expanded diabetes mandate under HB 758. As the insurers are in the best position to estimate such costs based on their membership, claims data, and negotiated durable medical equipment/pharmaceutical costs, CSI requested the three insurers to provide their best estimates of what claims costs they might incur under this expanded benefit. These assumptions assume amendment of HB 758 to clarify requirements.

FISCAL ANALYSIS

Assumptions:

State Auditor's Office

1. The bill would only apply to members with a diagnosis of Type 1 or Type 2 diabetes.
2. The bill would not preclude an insurer requiring members to obtain a continuous glucose monitors (CGM) based on use of the insurer's formulary or other preferred provider of CGMs.
3. The bill would require that a health care provider, acting within the course and scope of his or her license, prescribe (versus recommend) a CGM.
4. CSI lists the costs information supplied by each insurer below. Please note that one insurer included costs associated with the coverage of CGM for those with pre-diabetes in addition to those who have been diagnosed with Type 1 and Type 2 diabetes. With greater clarification on the exact scope of this bill, an insurer may be able to adjust its estimated costs. In addition, some estimates may not take into account applicable deductibles, coinsurance, and copayments.
5. Insurer 1 estimates the cost of the mandate in HB 758 at \$100,148,360 a year based on the following assumptions (stressing these numbers are only projected, not based on an actuarial analysis):
 - a. Projected defrayal costs are based on the bill limiting coverage to diabetes, without regard to stage, including people with Type 1 or Type 2 diabetes (as interpreted by the CSI) or those with pre-diabetes. National data indicates that 1 in 3 adults may have pre-diabetes. The insurer used the estimate that this bill would potentially impact 1/4 of its membership in the ACA individual and small group markets.
 - b. Based on the various services the insurer sees billed for individuals with these devices, the total of all items for a single purchase is estimated at \$7,703.72. As of February 2023, Insurer 1 has approximately 26,000 small group members and 26,000 individual members for a total ACA population of 52,000. One quarter of that total amounts to 13,000. Therefore, Insurer 1's projected defrayal cost amount for its members potentially affected by this bill is \$100,148,360 (52,000 members/4 x \$7,703.72 = \$100,148,360).
 - c. This cost has been inflated by 1.5% for fiscal years 2026 and 2027.
6. Insurer 2 estimates the cost of the mandate in HB 758 at \$15,264,000 a year based on the following assumptions:
 - a. Insurer 2 has 32,000 members in Montana enrolled in individual or small group plans and estimates that 2,400 members have diabetes and do not already receive coverage or a voucher for a CGM. Based on the insured costs, it estimated items for a single purchase to be \$6,360. Costs to provide a CGM for these members is estimated at \$15,264,000 (2,400 members x \$6,360/CGM).
 - b. This cost has been inflated by 1.5% for fiscal years 2026 and 2027.
 - c. HB 758 will apply only to members who currently have a diabetes diagnosis and who do not already have coverage of a continuous glucose monitor.
 - d. Coverage of continuous glucose monitors will continue to be subject to prior authorization and medical necessity by an insurer under a pharmacy benefit.
 - e. Carriers are unable at this time to accurately model the expected utilization because the language of the bill can be interpreted to allow coverage to additional members.
7. Insurer 3 estimates the cost of the mandate in HB 758 at \$8,184,000 a year based on the following assumptions:

- a. 10% of the insurer’s members have diabetes based on a total population of 28,000 Montana members. Thus 2,800 diabetics would be eligible for the mandate.
- b. It is anticipated that Medicaid redetermination due to the end of the COVID public emergency will cause an additional 15,000 Montana residents to obtain insurance coverage through the Exchange. The insurer currently has a 40.66% share of the current Exchange market; thus Insurer 3 can expect an additional 6,099 members. If 10% of those members have diabetes an additional 610 members would be eligible bringing the total to 3,410.
- c. The estimated cost of a continuous glucose monitor per year for each monitor is \$6,000.
- d. Insurer 3 assumes a 40% usage rate once members and providers have knowledge of the mandate. This usage rate considers that HB 758 does not limit the use to those diagnosed with diabetes, HB 758 simply requires a provider to “recommend” use of a CGM. $3410 \times \$6,000 = \$20.46 \text{ million} \times 40\% = \$8.184 \text{ million per year}$.
- e. This cost has been inflated by 1.5% for fiscal years 2026 and 2027.
- f. IF HB 758 is amended to limit the CGM to its formulary, or if Insurer 3 can restrict devices to its formulary, the average yearly cost per CGM is reduced to \$3,224, reducing the total cost to \$4.4 million per year.

Department of Administration

8. There is no fiscal impact to the Department of Administration for HB 758. The state health plan already provides the coverage for continuous glucose monitoring supplies.

Montana University System

9. The Montana University System Group Insurance Plan currently provides coverage for continuous glucose monitors and supplies, so this bill will have no fiscal impact.

	<u>FY 2024</u> <u>Difference</u>	<u>FY 2025</u> <u>Difference</u>	<u>FY 2026</u> <u>Difference</u>	<u>FY 2027</u> <u>Difference</u>
<u>Fiscal Impact:</u>				
FTE	0.00	0.00	0.00	0.00
<u>Expenditures:</u>				
Personal Services	\$0	\$0	\$0	\$0
Operating Expenses	\$0	\$0	\$0	\$0
Benefits - Insurer 1	\$100,148,360	\$100,148,360	\$101,650,585	\$103,175,344
Benefits - Insurer 2	\$15,264,000	\$15,264,000	\$15,492,960	\$15,725,354
Benefits - Insurer 3	\$8,184,000	\$8,184,000	\$8,306,760	\$8,431,361
TOTAL Expenditures	<u>\$123,596,360</u>	<u>\$123,596,360</u>	<u>\$125,450,305</u>	<u>\$127,332,059</u>
<u>Funding of Expenditures:</u>				
General Fund (01)	<u>\$123,596,360</u>	<u>\$123,596,360</u>	<u>\$125,450,305</u>	<u>\$127,332,059</u>
TOTAL Funding of Exp.	<u>\$123,596,360</u>	<u>\$123,596,360</u>	<u>\$125,450,305</u>	<u>\$127,332,059</u>
<u>Revenues:</u>				
General Fund (01)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
TOTAL Revenues	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures):</u>				
General Fund (01)	(\$123,596,360)	(\$123,596,360)	(\$125,450,305)	(\$127,332,059)

Effect on County or Other Local Revenues or Expenditures:

Montana Association of Counties

1. The Montana Association of Counties does not expect any fiscal impact to Montana counties from HB 758. The Health Care Trust, which covers 39 counties, already provides this coverage.

Montana Municipal Interlocal Authority

2. There is no fiscal impact from HB 758 for the Montana Municipal Interlocal Authority. The authority already provides coverage for continuous glucose monitors for the cities and towns that participate in their employee benefits program.

Technical Notes:

1. The bill does not clarify whether the requirements will apply only to members with a diagnosis of Type 1 or Type 2 diabetes.
2. The bill does not preclude an insurer requiring members to obtain a CGM based on use of the insurer’s formulary or other preferred provider of CGMs.
3. The bill does not require that a health care provider, acting within the course and scope of his or her license, prescribe (versus recommend) a CGM.

NOT SIGNED BY SPONSOR

Sponsor’s Initials

Date



Budget Director’s Initials

3-15-23

Date