



GOVERNOR'S OFFICE OF
BUDGET AND PROGRAM PLANNING

Fiscal Note 2027 Biennium

Bill#/Title: **HB0544.01: Generally revise health insurance laws relating to health utilization review**

Primary Sponsor: Ed Buttrey Status: As Introduced

☐ Included in the Executive Budget ☐ Needs to be included in HB 2 ☐ Significant Local Gov Impact
☐ Significant Long-Term Impacts ☐ Technical Concerns ☐ Dedicated Revenue Form Attached

FISCAL SUMMARY

	<u>FY 2026 Difference</u>	<u>FY 2027 Difference</u>	<u>FY 2028 Difference</u>	<u>FY 2029 Difference</u>
Expenditures				
Other	\$0	\$0	\$0	\$0
Proprietary Funds	\$84,063	\$182,915	\$188,402	\$194,054
Revenues				
Other	\$0	\$0	\$0	\$0
Net Impact	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
General Fund Balance				

Description of fiscal impact

HB 544 prohibits health insurance issuers from rescinding prior approvals for covered services after the service has been provided and allows treating providers to prescribe FDA approved biologic therapies for adults to individuals under 18, provided the therapies are medically necessary, covered benefits, and supported by medical literature. This bill will have a fiscal impact on the Montana University System.

FISCAL ANALYSIS

Assumptions

Commissioner of Higher Education

- The bill will have a fiscal impact to the Montana University System (MUS) based on the following assumptions:
- Retroactive Denials
 - Percentage of healthcare claims requiring pre-service approval is 15%.
 - Average pre-service approval rate of healthcare services is 80%.
 - Percentage of pre-approvals retrospectively denied is 0.10%
 - Percentage of healthcare claims retrospectively denied (2a x 2b x 2c) is 0.012%.
 - Projected MUS healthcare claims, January 1, 2026 to June 30, 2026 is \$57,533,479.
 - Estimated FY 2026 Medical Plan Cost of Eliminating Retroactive Denials (2d x 2e) is \$6,904.
 - Projected MUS healthcare claims, July 1, 2026 to June 30, 2027 is \$122,564,507.
 - Estimated FY 2027 Medical Plan Cost of Eliminating Retroactive Denials (2d x 2g) is \$14,708.
- Biologics for Minors

- a. Biologics as a percentage of total prescription drug costs is 46.1%.
 - b. Percentage of biologic prescription drug costs dispensed to minors is 7.8%.
 - c. Estimated increase in minor biologic prescription drug costs under proposed bill is 10%.
 - d. Projected MUS prescription drug costs January 1, 2026 to June 30, 2026 is \$9,892,187.
 - e. Estimated FY 2026 Medical Plan Cost of Expanding Biologic Coverage for Minors is \$77,159 (3b x 3c x 3d).
 - f. Projected MUS prescription drug costs July 1, 2026 to June 30, 2027 is \$21,564,967.
 - g. Estimated FY 2027 Medical Plan Cost of Expanding Biologic Coverage for Minors is \$168,207 (3b x 3c x 3f).
4. Net Cost to MUS Employee Benefit Plan
 - a. FY 2026 Net Cost to MUS Employee Benefits Plan is \$84,063 (2f + 3e)
 - b. FY 2027 Net Cost to MUS Employee Benefits Plan is \$182,914 (2h + 3g)
 - c. A 3% inflationary factor is applied for FY 2028 and FY 2029.

State Auditor's Office


5. HB 544 generally revises insurance laws prohibiting retroactive denials of covered services and the ability to prescribe biologic therapies for minors. The revisions could cause an increase in enforcement on the part of the State Auditor's Office (SAO). The SAO will absorb the additional enforcement activities with existing staff.

Department of Administration

6. The Department of Administration is projecting a de minimis impact to the State Health Plan with biologic prescriptions for minors considering they must be "covered benefits" according to Section 2 (b).

Fiscal Analysis Table

Commissioner of Higher Education				
	<u>FY 2026 Difference</u>	<u>FY 2027 Difference</u>	<u>FY 2028 Difference</u>	<u>FY 2029 Difference</u>
<u>Fiscal Impact</u>				
<u>Expenditures</u>				
Benefits	\$84,063	\$182,915	\$188,402	\$194,054
TOTAL Expenditures	\$84,063	\$182,915	\$188,402	\$194,054
<u>Funding of Expenditures</u>				
Other	\$0	\$0	\$0	\$0
Proprietary Funds	\$84,063	\$182,915	\$188,402	\$194,054
TOTAL Funding of Expenditures	\$84,063	\$182,915	\$188,402	\$194,054
<u>Revenues</u>				
<u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures)</u>				
Other	\$0	\$0	\$0	\$0
Proprietary Funds	(\$84,063)	(\$182,915)	(\$188,402)	(\$194,054)


Sponsor's Initials


Date


Budget Director's Initials

2/25/2025
Date