



GOVERNOR'S OFFICE OF  
BUDGET AND PROGRAM PLANNING

## Fiscal Note 2027 Biennium

Bill#/Title: SB0527.01: Create the building families act

Primary Sponsor: Laura Smith

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</u> <u>Difference</u>	<u>FY 2027</u> <u>Difference</u>	<u>FY 2028</u> <u>Difference</u>	<u>FY 2029</u> <u>Difference</u>
<b>Expenditures</b>				
General Fund (01)	\$0	\$3,582,536	\$3,636,274	\$3,690,818
Other	\$0	\$0	\$0	\$0
Proprietary Fund	\$554,566	\$1,865,978	\$1,883,725	\$1,933,881
<b>Revenues</b>				
General Fund (01)	\$0	\$0	\$0	\$0
Other	\$0	\$0	\$0	\$0
<b>Net Impact</b>	<u>\$0</u>	<u>(\$3,582,536)</u>	<u>(\$3,636,274)</u>	<u>(\$3,690,818)</u>
<b>General Fund Balance</b>				

### Description of fiscal impact

SB 527 creates the Building Families Act, requiring insurance coverage for the diagnosis and treatment for infertility and providing a lifetime limit coverage of at least \$25,000. There is a fiscal impact to the state to implement the requirements of this proposed legislation.

### FISCAL ANALYSIS

#### Assumptions

#### Commissioner of Higher Education

- The bill, as proposed, will have a fiscal impact on the Montana University System (MUS) Group Insurance Plan based on the following assumptions:
  - There are 3,729 female members aged 20-49 in the MUS Group Insurance Plan.
  - An estimated 14.4% of female members have infertility.
  - Equating to 537 members with infertility (a x b).
  - It is estimated that 39.2% of members will seek treatment.
  - Members seeking treatment (c x d) would be 211.
  - FY 2027 average plan cost of fertility treatment is \$3,392.
  - First-year pent-up demand is 105%
  - Estimated FY 2027 Plan Cost of Infertility Treatment (E x F x G) is \$751,498.
  - FY 2028 Average plan cost of fertility treatment is \$3,509.
  - Second-year pent-up demand is 102.50%.

- Estimated FY 2028 Plan Cost of Infertility Treatment (E x I x J) is \$758,909.
- Applied 3.4% inflation for FY 2029 based on increase of average plan cost of fertility treatment from FY 2027 to FY 2028.
- Effective date of July 1, 2026, based on next renewal of MUS Group Insurance Plan.

**Department of Administration**

2. SB 527 will have a fiscal impact on the State Health Benefit Plan based on the following assumptions:

- Current female population aged 20-49 on the State Plan is 6,412.
- Estimated infertile percentage of that population is 14.4% resulting in 923 females.
- Estimated IVF seeking treatment percentage of them is 39.2% resulting in 362 females.
- Calendar year 2026 average plan cost of fertility treatment is \$2,918.
- First year pent-up demand is 105.0%.
- Estimated calendar year 2026 plan cost of infertility treatment is \$1,109,131 ( $362 \times 2,918 \times 1.050$ ).
- Calendar year 2027 average plan cost of fertility treatment is \$3,018.
- Second year pent-up demand is 102.5%.
- Estimated calendar year 2027 plan cost of infertility treatment is \$1,119,829 ( $362 \times 3,018 \times 1.025$ ).
- Calendar year 2028 average plan cost of fertility treatment is \$3,121.
- Third year pent-up demand is 100.0%.
- Estimated calendar year 2028 plan cost of infertility treatment is \$1,129,802 ( $362 \times 3,121 \times 1.000$ ).
- Calendar year 2029 average plan cost of fertility treatment is \$3,228.
- Fourth year pent-up demand is 100.0%.
- Estimated calendar year 2029 plan cost of infertility treatment is \$1,168,536 ( $362 \times 3,228 \times 1.000$ ).
- Conversion from calendar year to fiscal year yields the following:
  - $FY\ 2026 = CY\ 2025 \times 0.5 + CY\ 2026 \times 0.5 = 0 \times 0.5 + 1,109,131 \times 0.5 = 554,566$
  - $FY\ 2027 = CY\ 2026 \times 0.5 + CY\ 2027 \times 0.5 = 1,109,131 \times 0.5 + 1,119,829 \times 0.5 = 1,114,480$
  - $FY\ 2028 = CY\ 2027 \times 0.5 + CY\ 2028 \times 0.5 = 1,119,829 \times 0.5 + 1,129,802 \times 0.5 = 1,124,816$
  - $FY\ 2029 = CY\ 2028 \times 0.5 + CY\ 2029 \times 0.5 = 1,129,802 \times 0.5 + 1,168,536 \times 0.5 = 1,149,169$
- Female population is based on the State Health Benefit Plan's current enrollment.
- Infertility percentage of female members and members seeking treatment are taken from the National Health Statistics Report, No. 202, April 4, 2024, Table 1 and Figure 3.
- Average cost calculated across all fertility treatments (e.g. ART including IVF, NART, medication) and pent-up demand is derived from the "Washington State Health Care Authority Proposed Fertility Mandate" Exhibit 3c and Table 10.

**State Auditor's Office**

3. Per 45 CFR § 155.170 of the Affordable Care Act, the state of Montana is required to pay the costs of certain state benefit mandates (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) are in addition to the essential health benefits 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.
4. SB 527 Section 3 requires "all small group, large group, and individual health insurance policies, contracts, or certificates that are issued for delivery, renewed, extended, or modified" by disability insurers, health service corporations, and MEWAs "that provide for medical or hospital expenses" to cover the "diagnosis of and treatment for infertility up to and including in vitro fertilization treatment." "Diagnosis of and treatment for infertility" is defined as the "recommended procedure and medication from the direction of a licensed physician that are consistent with established, published, or approved medical practices or guidelines from the American college of [OB/GYNs] or the American society for reproductive medicine." SB 527 requires a lifetime coverage benefit of at least \$25,000. The coverage mandate proposed by SB 527 is referred to herein as "mandated benefit."

5. For the purposes of the defrayal analysis, SB 527 applies to fully insured QHP individual and small group policies issued by a health insurance issuer (an insurer, a health service corporation, or a health maintenance organization), sold on- and off-exchange. Applying the framework at 45 CFR § 155.170, the State Auditor's Office (SAO) has concluded the mandated benefit in SB 527 will require the state of Montana to defray the associated costs of the benefit.
6. The SAO will reimburse issuers with general fund dollars after having received the appropriate issuer documentation.
7. SB 527 applies to health insurance policies issued on or after October 1, 2025. The SAO will not begin reimbursing issuers until FY 2027.
8. The SAO can satisfy the requirements of SB 527 with existing staff.
9. Three issuers sell QHPs in the individual and/or small group markets in Montana. The SAO requested each issuer to provide a cost estimate, based on an annual calculation, associated with the coverage for the mandated benefit:
  - The estimated number and percentage of the issuer's QHP individual and small group membership that will use the mandated benefit – identifying total membership by individual and small group lines of business and applicable percentages.
  - The cost estimate associated with the precise benefit (mandated benefit). The cost estimate must include the application of projected deductibles, coinsurance, copayments, and other limitation parameters.
10. The SAO has not repeated each issuer's assumptions, qualifiers, limitations, exclusions, and/or methodologies that may have been included as part of their submission. Below are the cost estimates for each of the issuers:

Issuer	Total QHP Membership	Annualized Cost Estimate
Issuer #1	68,726	2,345,036
Issuer #2	25,608	637,500
Issuer #3	25,860	\$ 600,000
<b>Total Annualized Cost Estimate:</b>		<b>\$ 3,582,536</b>

11. These costs have been inflated by 1.5% for fiscal years 2028 and 2029.

## 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>
<b><u>Fiscal Impact</u></b>				
<b><u>Expenditures</u></b>				
Benefits	\$0	\$751,498	\$758,909	\$784,712
<b>TOTAL Expenditures</b>	<b>\$0</b>	<b>\$751,498</b>	<b>\$758,909</b>	<b>\$784,712</b>
<b><u>Funding of Expenditures</u></b>				
Other	\$0	\$0	\$0	\$0
Proprietary Fund	\$0	\$751,498	\$758,909	\$784,712
<b>TOTAL Funding of Expenditures</b>	<b>\$0</b>	<b>\$751,498</b>	<b>\$758,909</b>	<b>\$784,712</b>
<b><u>Revenues</u></b>				
<b><u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures)</u></b>				
Other	\$0	\$0	\$0	\$0
Proprietary Fund	\$0	(\$751,498)	(\$758,909)	(\$784,712)

## Department of Administration

	<u>FY 2026 Difference</u>	<u>FY 2027 Difference</u>	<u>FY 2028 Difference</u>	<u>FY 2029 Difference</u>
<b><u>Fiscal Impact</u></b>				
<b><u>Expenditures</u></b>				
Benefits	\$554,566	\$1,114,480	\$1,124,816	\$1,149,169
<b>TOTAL Expenditures</b>	<b>\$554,566</b>	<b>\$1,114,480</b>	<b>\$1,124,816</b>	<b>\$1,149,169</b>
<b><u>Funding of Expenditures</u></b>				
Other	\$0	\$0	\$0	\$0
Proprietary Fund	\$554,566	\$1,114,480	\$1,124,816	\$1,149,169
<b>TOTAL Funding of Expenditures</b>	<b>\$554,566</b>	<b>\$1,114,480</b>	<b>\$1,124,816</b>	<b>\$1,149,169</b>
<b><u>Revenues</u></b>				
<b><u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures)</u></b>				
Other	\$0	\$0	\$0	\$0
Proprietary Fund	(\$554,566)	(\$1,114,480)	(\$1,124,816)	(\$1,149,169)

## State Auditor's Office

	<u>FY 2026 Difference</u>	<u>FY 2027 Difference</u>	<u>FY 2028 Difference</u>	<u>FY 2029 Difference</u>
<b><u>Fiscal Impact</u></b>				
<b><u>Expenditures</u></b>				
Benefits	\$0	\$3,582,536	\$3,636,274	\$3,690,818
<b>TOTAL Expenditures</b>	<b>\$0</b>	<b>\$3,582,536</b>	<b>\$3,636,274</b>	<b>\$3,690,818</b>
<b><u>Funding of Expenditures</u></b>				
General Fund (01)	\$0	\$3,582,536	\$3,636,274	\$3,690,818
<b>TOTAL Funding of Expenditures</b>	<b>\$0</b>	<b>\$3,582,536</b>	<b>\$3,636,274</b>	<b>\$3,690,818</b>

**Fiscal Note Request - As Introduced**

(continued)

Other	\$0	\$0	\$0	\$0
<b>Revenues</b>				
<b>Net Impact to Fund Balance (Revenue minus Funding of Expenditures)</b>				
General Fund (01)	\$0	(\$3,582,536)	(\$3,636,274)	(\$3,690,818)
Other	\$0	\$0	\$0	\$0

**STATEWIDE SUMMARY**

	<b>FY 2026 Difference</b>	<b>FY 2027 Difference</b>	<b>FY 2028 Difference</b>	<b>FY 2029 Difference</b>
<b>Fiscal Impact</b>				
TOTAL Fiscal Impact	0.00	0.00	0.00	0.00
<b>Expenditures</b>				
Benefits	\$554,566	\$5,448,514	\$5,519,999	\$5,624,699
TOTAL Expenditures	\$554,566	\$5,448,514	\$5,519,999	\$5,624,699
<b>Funding of Expenditures</b>				
General Fund (01)	\$0	\$3,582,536	\$3,636,274	\$3,690,818
Other	\$0	\$0	\$0	\$0
Proprietary Fund	\$554,566	\$1,865,978	\$1,883,725	\$1,933,881
TOTAL Funding of Expenditures	\$554,566	\$5,448,514	\$5,519,999	\$5,624,699
<b>Revenues</b>				
TOTAL Revenues	\$0	\$0	\$0	\$0
<b>Net Impact to Fund Balance (Revenue minus Funding of Expenditures)</b>				
General Fund (01)	\$0	(\$3,582,536)	(\$3,636,274)	(\$3,690,818)
Other	\$0	\$0	\$0	\$0
Proprietary Fund	(\$554,566)	(\$1,865,978)	(\$1,883,725)	(\$1,933,881)

**NO SPONSOR SIGNATURE**

Sponsor's Initials

3/5  
Date

  
Budget Director's Initials

3/5/2025  
Date