



GOVERNOR'S OFFICE OF
BUDGET AND PROGRAM PLANNING

Fiscal Note 2027 Biennium

Bill#/Title: **HB0758.01: Revise health care laws relating to out-of-network services**

Primary Sponsor: **Steve Gist**

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				
State Special Revenue (02)	\$100,000	\$20,000	\$20,300	\$20,605
Other	\$0	\$0	\$0	\$0
Proprietary Fund	\$87,980	\$90,619	\$93,338	\$96,138
Revenues				
State Special Revenue (02)	\$0	\$0	\$0	\$0
Other	\$0	\$0	\$0	\$0
Net Impact	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
General Fund Balance	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>

Description of fiscal impact

HB 758 revises insurance laws to prohibit balance billing for out-of-network ambulance care and transportation, requiring these services to be paid by the insurer at certain in-network rates, and provides rule making authority to the State Auditor's Office. With the ceiling of \$100 established for out-of-pocket maximum for utilizing in-network or out-of-network ambulance ground transportation services, additional costs will be absorbed by the State Health Benefit Plan and the Montana University System Group Insurance Plan.

FISCAL ANALYSIS

Assumptions

Commissioner of Higher Education

1. The proposed legislation will have a fiscal impact on the MUS Group Insurance Plan based on the following assumptions:

- Annual Average of Plan Cost of Ground Ambulance Services is \$181,929.
- Adjustment for Claims Incurred but not Reported (IBNR) is 1.007.
- Estimated Claims Trend from midpoint to FY 2026 is 1.124.
- Estimated FY2026 Plan Cost of Ground Ambulance Services (a x b x c) is \$205,920.
- Annual Average of Member Cost for Ground Ambulance Services is \$16,382.
- Adjustment for Claims Incurred but not Reported (IBNR) is 1.007.
- Estimated Claims Trend from midpoint to FY 2026 is 1.000.
- Estimated FY2026 Member Cost of Ground Ambulance Services (e x f x g) is \$16,497.

- Estimated Member Cost of Ground Ambulance Services under Proposed Bill is \$8,211.
- FY 2026 estimated Additional Plan Cost of Ground Ambulance Services under Bill (h - i) is \$8,286.
- Applied 3% inflation for the subsequent fiscal years.

Department of Administration

2. There is a fiscal impact to the State Health Benefit Plan based on the following assumptions:
 - Annual average of plan cost of ground ambulance services is \$586,559.
 - Adjustment for claims incurred but not reported (IBNR) is 1.007.
 - Estimated claims trend from midpoint to FY 2026 is 1.124.
 - Estimated FY 2026 plan cost of ground ambulance services is \$663,907 ($586,559 \times 1.007 \times 1.124$).
 - Annual average of member cost for ground ambulance services is \$100,833.
 - Adjustment for claims incurred but not reported (IBNR) is 1.007.
 - Estimated claims trend from midpoint to FY 2026 is 1.000.
 - Estimated FY 2026 member cost of ground ambulance services is \$101,539 ($100,833 \times 1.007 \times 1.000$).
 - Estimated member cost of ground ambulance services under proposed bill is \$21,845.
 - Estimated FY 2026 additional plan cost of ground ambulance services is \$79,694 ($101,539 - 21,845$).
 - Year over year medical trend factor to estimate FY 2027 through FY 2029 is 3.0%.

State Auditor's Office

3. The requirements of HB 758 could cause an increase in enforcement on the part of the State Auditor's Office (SAO). The SAO can cover the additional enforcement activities with existing staff.
4. HB 758 requires the State Auditor's Office (SAO) to create a database of established local rates for ambulance ground transportation services and make the database accessible to the public. The SAO has a contract with a consultant that would be utilized to develop the database and complete ongoing updates to the rates. SAO estimates it will take 320 hours (8 weeks x 40 hours per week) to develop the database, at a contract rate of \$250 an hour. The development of the database is estimated to cost \$80,000 (320 hours x \$250 per hour).
5. HB 758 requires rates be submitted to the SAO and updated annually, and within 5 calendar days of a change to the rates. The SAO estimates it will require 80 hours each year to update the rates for rate changes throughout the year and the annual submission. The estimated annual cost is \$20,000 (80 hours x \$250 per hour). This amount has been inflated by 1.5% for FY 2028 and FY 2029.
6. HB 758 does not outline an effective date. The SAO has assumed the requirements of this bill will apply to health insurance policies issued on or after October 1, 2025.
7. HB 758 requires the SAO to adopt rules to implement the provisions of the bill. Per the Secretary of State, the agency filing fees outlined in Administrative Rules of Montana, outlined in ARM1.4.107, are expected to be waived in FY 2026. The cost of Esper, the system used for the management of the ARMs, is included in the Montana State Information Technology Services Division's enterprise rate. The SAO will absorb the cost of administrative rule development with existing staff. There is no additional cost to implement the administrative rules.

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	\$8,286	\$8,534	\$8,790	\$9,054
TOTAL Expenditures	\$8,286	\$8,534	\$8,790	\$9,054
<u>Funding of Expenditures</u>				
Other	\$0	\$0	\$0	\$0
Proprietary Fund	\$8,286	\$8,534	\$8,790	\$9,054
TOTAL Funding of Expenditures	\$8,286	\$8,534	\$8,790	\$9,054
<u>Revenues</u>				
<u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures)</u>				
Other	\$0	\$0	\$0	\$0
Proprietary Fund	(\$8,286)	(\$8,534)	(\$8,790)	(\$9,054)

Department of Administration

	<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	\$79,694	\$82,085	\$84,548	\$87,084
TOTAL Expenditures	\$79,694	\$82,085	\$84,548	\$87,084
<u>Funding of Expenditures</u>				
Other	\$0	\$0	\$0	\$0
Proprietary Fund	\$79,694	\$82,085	\$84,548	\$87,084
TOTAL Funding of Expenditures	\$79,694	\$82,085	\$84,548	\$87,084
<u>Revenues</u>				
<u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures)</u>				
Other	\$0	\$0	\$0	\$0
Proprietary Fund	(\$79,694)	(\$82,085)	(\$84,548)	(\$87,084)

State Auditor's Office

	<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>				
Operating Expenses	\$100,000	\$20,000	\$20,300	\$20,605
TOTAL Expenditures	\$100,000	\$20,000	\$20,300	\$20,605
<u>Funding of Expenditures</u>				
State Special Revenue (02)	\$100,000	\$20,000	\$20,300	\$20,605
TOTAL Funding of Expenditures	\$100,000	\$20,000	\$20,300	\$20,605
Other	\$0	\$0	\$0	\$0
<u>Revenues</u>				
<u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures)</u>				
State Special Revenue (02)	(\$100,000)	(\$20,000)	(\$20,300)	(\$20,605)
Other	\$0	\$0	\$0	\$0

STATEWIDE SUMMARY

	<u>FY 2026 Difference</u>	<u>FY 2027 Difference</u>	<u>FY 2028 Difference</u>	<u>FY 2029 Difference</u>
<u>Fiscal Impact</u>				
TOTAL Fiscal Impact	0.00	0.00	0.00	0.00
<u>Expenditures</u>				
Operating Expenses	\$100,000	\$20,000	\$20,300	\$20,605
Benefits	\$87,980	\$90,619	\$93,338	\$96,138
TOTAL Expenditures	\$187,980	\$110,619	\$113,638	\$116,743
<u>Funding of Expenditures</u>				
State Special Revenue (02)	\$100,000	\$20,000	\$20,300	\$20,605
Other	\$0	\$0	\$0	\$0
Proprietary Fund	\$87,980	\$90,619	\$93,338	\$96,138
TOTAL Funding of Expenditures	\$187,980	\$110,619	\$113,638	\$116,743
<u>Revenues</u>				
TOTAL Revenues	\$0	\$0	\$0	\$0
<u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures)</u>				
State Special Revenue (02)	(\$100,000)	(\$20,000)	(\$20,300)	(\$20,605)
Other	\$0	\$0	\$0	\$0
Proprietary Fund	(\$87,980)	(\$90,619)	(\$93,338)	(\$96,138)

Effect on County or Other Local Revenues or Expenditures**Montana Association of Counties**

1. The Montana Association of Counties assumes the changes in HB 758 will not impact premiums for county health insurance plans.

Technical Concerns**State Auditor's Office**

1. To maintain high deductible health plan (HDHP) status and health savings account (HSA) compatibility, health plans must generally require participants to meet the minimum plan deductible before covering most medical expenses. High deductible health plans must meet specific deductible and out-of-pocket maximum requirements set by the IRS to remain HSA-compatible. It is not clear whether HB 758 would inadvertently disqualify HDHPs from HAS eligibility. However, the bill could resolve any potential conflict by including a provision that would allow HDHPs to maintain compliance with IRS regulations for HSA compatibility while implementing HB 758's requirements to the fullest extent possible without compromising the HDHP status. Such a provision might read as follows: "If, under federal law, application of Section 1 would result in health savings account ineligibility under Section 223 of the Federal Internal Revenue Code, this requirement may apply only for health savings account-qualified high deductible health plans with respect to the deductible under the plan after the individual has satisfied the plan's minimum deductible as required by Section 223, except with respect to items or services that are preventive care pursuant to Section 223(C)(2)(C) of the federal internal revenue code, in which the requirements of Section 1 apply regardless of whether the plan's minimum deductible has been satisfied."



Sponsor's Initials Date



Budget Director's Initials 3/4/2025
Date