



GOVERNOR'S OFFICE OF
BUDGET AND PROGRAM PLANNING

Fiscal Note 2027 Biennium

Bill#/Title: **SB0422.03 (004): Generally revise laws relating to insurance coverage relating to cancer**

Primary Sponsor: Ellie Boldman Status: As Amended in House Committee

☐ 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>
Expenditures				
Other	\$0	\$0	\$0	\$0
Proprietary Fund	\$980,267	\$1,009,675	\$1,039,965	\$1,071,164
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

SB 422, as amended, requires health insurance coverage related to advanced or metastatic cancer and prohibits insurers from requiring prior drug failure or proof of a history of failure of a different drug. Additionally, the bill mandates coverage for associated conditions and the side effects of cancer treatment. There is a fiscal impact to the State Health Benefit Plan and the Montana University System Group Insurance Plan from this proposed legislation.

The effect of this legislation, in combination with other legislation that requires certain benefit coverage, may over time require increases to employee contributions or the state share as set by 2-18-703, MCA, or both.

FISCAL ANALYSIS

Assumptions

Commissioner of Higher Education

1. This bill, as amended, will have a fiscal impact on the Montana University System's Group Insurance Plan based on the following assumptions:
 - a. Annual average of plan cost of cancer therapy drugs is \$4,096,650.
 - b. Adjustment for claims incurred but not reported (IBNR) is 1.002.
 - c. Estimated claims trend from midpoint to FY 2026 is 1.170.
 - d. Estimated FY 2026 plan cost of cancer therapy drugs (a x b x c) is \$4,802,667.
 - e. Expected unit cost increase due to bill language is 10%.
 - f. Estimated additional plan cost of cancer therapy drugs under bill (d x e) is \$480,267.

g. An inflation factor of 3% was applied for FY 2027, FY 2028, and FY 2029.

Department of Administration

2. From Navitus' perspective, as the pharmacy benefit manager for the State Health Benefit Plan, the company generally does not have a strong preference for specific oncology medications over others. However, an exception for advanced prostate cancer does exist if the usage of Abiraterone (generic agent) is bypassed for the branded agents like Nubeqa, Erleada, and Xtandi, where the monthly costs are extreme.
3. Abiraterone (generic agent) monthly costs range from \$200 to \$250.
4. Nubeqa/Erleada/Xtandi (branded agents) monthly costs range from \$11,000 to \$14,000.
5. Based on recent State Health Benefit Plan utilization trends, if all applicable claims had been for a branded agent, the additional cost would be approximately \$500,000.
6. An inflation factor of 3% was applied for FY 2027, FY 2028, and FY 2029.

Department of Public Health and Human Services

7. The Department of Public Health and Human Services has determined there is no fiscal impact from SB 422, as amended, since the proposed legislation does not include Medicaid or the Children's Health Insurance Program (CHIP).

State Auditor's Office

8. The requirements of SB 422, as amended, could cause an increase in enforcement on the part of the State Auditor's Office. However, the office will absorb the additional enforcement activities with existing staff.

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	\$480,267	\$494,675	\$509,515	\$524,800
TOTAL Expenditures	\$480,267	\$494,675	\$509,515	\$524,800
<u>Funding of Expenditures</u>				
Other	\$0	\$0	\$0	\$0
Proprietary Fund	\$480,267	\$494,675	\$509,515	\$524,800
TOTAL Funding of Expenditures	\$480,267	\$494,675	\$509,515	\$524,800
<u>Revenues</u>				
<u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures)</u>				
Other	\$0	\$0	\$0	\$0
Proprietary Fund	(\$480,267)	(\$494,675)	(\$509,515)	(\$524,800)

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	\$500,000	\$515,000	\$530,450	\$546,364
TOTAL Expenditures	\$500,000	\$515,000	\$530,450	\$546,364
<u>Funding of Expenditures</u>				
Other	\$0	\$0	\$0	\$0
Proprietary Fund	\$500,000	\$515,000	\$530,450	\$546,364

(continued)

TOTAL Funding of Expenditures	\$500,000	\$515,000	\$530,450	\$546,364
--------------------------------------	------------------	------------------	------------------	------------------

Revenues

Net Impact to Fund Balance (Revenue minus Funding of Expenditures)

Other	\$0	\$0	\$0	\$0
Proprietary Fund	<u>(\$500,000)</u>	<u>(\$515,000)</u>	<u>(\$530,450)</u>	<u>(\$546,364)</u>

STATEWIDE SUMMARY

	FY 2026 Difference	FY 2027 Difference	FY 2028 Difference	FY 2029 Difference
<u>Fiscal Impact</u>				
TOTAL Fiscal Impact	0.00	0.00	0.00	0.00
<u>Expenditures</u>				
Benefits	\$980,267	\$1,009,675	\$1,039,965	\$1,071,164
TOTAL Expenditures	\$980,267	\$1,009,675	\$1,039,965	\$1,071,164
<u>Funding of Expenditures</u>				
Other	\$0	\$0	\$0	\$0
Proprietary Fund	\$980,267	\$1,009,675	\$1,039,965	\$1,071,164
TOTAL Funding of Expenditures	\$980,267	\$1,009,675	\$1,039,965	\$1,071,164
<u>Revenues</u>				
TOTAL Revenues	\$0	\$0	\$0	\$0
<u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures)</u>				
Other	\$0	\$0	\$0	\$0
Proprietary Fund	(\$980,267)	(\$1,009,675)	(\$1,039,965)	(\$1,071,164)

Effect on County or Other Local Revenues or Expenditures

Montana Association of Counties

1. The Montana Association of Counties assumes this coverage will not dramatically increase county health insurance premiums.

NO SPONSOR SIGNATURE

Sponsor's Initials

Date _____

Budget Director's Initials

4/15/2025
Date