



GOVERNOR'S OFFICE OF  
BUDGET AND PROGRAM PLANNING

## Fiscal Note 2027 Biennium

Bill#/Title: HB0783.02 (007): Generally revise health insurance laws relating to certain conditions

Primary Sponsor: Scott Rosenzweig 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>
<b>Expenditures</b>				
General Fund (01)	\$1,500,000	\$1,500,000	\$0	\$0
Other	\$0	\$0	\$0	\$0
Proprietary Fund	\$522,277	\$704,282	\$2,402,667	\$2,618,908
<b>Revenues</b>				
General Fund (01)	\$0	\$0	\$0	\$0
Other	\$0	\$0	\$0	\$0
<b>Net Impact</b>	<u>(\$1,500,000)</u>	<u>(\$1,500,000)</u>	<u>\$0</u>	<u>\$0</u>
<b>General Fund Balance</b>				

### Description of fiscal impact

HB 783, as amended, requires coverage of glucagon-like peptide-1 receptor agonists and treatments for Polycystic Ovary Syndrome (PCOS) when deemed medically necessary. Medical necessity includes a diagnosis of class 3 obesity or PCOS. There is a fiscal impact to the Montana University System Group Insurance Plan and the State Health Benefit 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

- The proposed legislation will create a fiscal impact to the Montana University System (MUS) Group Insurance Plan based on the following assumptions:
  - Annual Average of Plan Cost of GLP-1 Drugs is \$3,997,145.
  - Adjustment for Claims incurred but not reported (IBNR) is 1.000.
  - Estimated Claims Trend from midpoint to FY 2026 is 1.188.
  - Estimated FY 2026 Plan Cost of GLP-1 Drugs (a x b x c) is 4,748,608.
  - Expected Utilization Increase due to Expanded Coverage is 2%.
  - The FY 2026 estimated additional plan cost of GLP-1 Drugs under the bill (d x e) is \$94,972.
  - Prescription trend rate of 9% is applied for subsequent years.

Department of Administration

2. There is a fiscal impact to the State Health Benefit Plan as described below:
- Annual average of plan cost of GLP-1 drugs is \$6,257,484 (now includes pharmaceutical rebates of 15%).
  - Adjustment for claims incurred by not reported (IBNR) is 1.000.
  - Estimated claims trend from midpoint to FY 2026 is 1.232.
  - Estimated FY 2026 plan cost of GLP-1 drugs is \$7,709,220 ( $6,257,484 \times 1.000 \times 1.232$ ).
  - Expected utilization increase due to extended coverage eligibility is 25%.
  - Estimated additional plan cost of diabetic therapy drugs under bill is \$1,927,305 ( $7,709,220 \times 0.25$ ).
  - Year over year pharmacy trend factor to estimate FY 2027 through FY 2029 is 9.0%.
  - Annual average plan costs are based on 2023 and 2024 actual paid claims for SOM employees and dependents.
  - IBNR adjustment assumes 1.5 month claim lag for medical.
  - Claims trends based on low trend scenario at 9.0% trended from December 2023 to June 2026 (29 months).
  - HB 783, as amended, provides a \$1.5 million general fund appropriation in FY 2026 and FY 2027 to the Department of Administration to cover costs associated with the implementation of this bill.
  - The State Benefit Plan currently covers GLP-1 drugs for plan members with a diabetes diagnosis, so they are excluded from the fiscal note’s analysis.
  - A survey completed by USI Insurance Services, the State Plan’s consultant, shows that in relation to GLP-1 prescription drug coverage, 68% of public entity respondents only provide coverage for plan members with type 2 diabetes while 9% of public entity respondents provide further coverage for weight loss. The full survey can be found at [https://benefits.mt.gov/\\_docs/2024-Benchmark-Report.pdf](https://benefits.mt.gov/_docs/2024-Benchmark-Report.pdf).

State Auditor's Office

3. HB 783, as amended, applies to the group health insurance for state employees. There is no fiscal impact to the State Auditor’s Office.

Fiscal Analysis Table

Commissioner of Higher Education				
	FY 2026 Difference	FY 2027 Difference	FY 2028 Difference	FY 2029 Difference
Fiscal Impact				
Expenditures				

**Fiscal Note Request - As Amended in House Committee***(continued)*

Benefits	\$94,972	\$103,520	\$112,836	\$122,992
<b>TOTAL Expenditures</b>	<b>\$94,972</b>	<b>\$103,520</b>	<b>\$112,836</b>	<b>\$122,992</b>
<b><u>Funding of Expenditures</u></b>				
Other	\$0	\$0	\$0	\$0
Proprietary Fund	\$94,972	\$103,520	\$112,836	\$122,992
<b>TOTAL Funding of Expenditures</b>	<b>\$94,972</b>	<b>\$103,520</b>	<b>\$112,836</b>	<b>\$122,992</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	(\$94,972)	(\$103,520)	(\$112,836)	(\$122,992)

**Department of Administration****FY 2026  
Difference****FY 2027  
Difference****FY 2028  
Difference****FY 2029  
Difference****Fiscal Impact****Expenditures**

Benefits	\$1,927,305	\$2,100,762	\$2,289,831	\$2,495,916
<b>TOTAL Expenditures</b>	<b>\$1,927,305</b>	<b>\$2,100,762</b>	<b>\$2,289,831</b>	<b>\$2,495,916</b>

**Funding of Expenditures**

General Fund (01)	\$1,500,000	\$1,500,000	\$0	\$0
Other	\$0	\$0	\$0	\$0
Proprietary Fund	\$427,305	\$600,762	\$2,289,831	\$2,495,916
<b>TOTAL Funding of Expenditures</b>	<b>\$1,927,305</b>	<b>\$2,100,762</b>	<b>\$2,289,831</b>	<b>\$2,495,916</b>

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

General Fund (01)	(\$1,500,000)	(\$1,500,000)	\$0	\$0
Other	\$0	\$0	\$0	\$0
Proprietary Fund	(\$427,305)	(\$600,762)	(\$2,289,831)	(\$2,495,916)

**STATEWIDE SUMMARY**

	<b>FY 2026 Difference</b>	<b>FY 2027 Difference</b>	<b>FY 2028 Difference</b>	<b>FY 2029 Difference</b>
<b><u>Fiscal Impact</u></b>				
TOTAL Fiscal Impact	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
<b><u>Expenditures</u></b>				
Benefits	\$2,022,277	\$2,204,282	\$2,402,667	\$2,618,908
TOTAL Expenditures	<u>\$2,022,277</u>	<u>\$2,204,282</u>	<u>\$2,402,667</u>	<u>\$2,618,908</u>
<b><u>Funding of Expenditures</u></b>				
General Fund (01)	\$1,500,000	\$1,500,000	\$0	\$0
Other	\$0	\$0	\$0	\$0
Proprietary Fund	\$522,277	\$704,282	\$2,402,667	\$2,618,908
TOTAL Funding of Expenditures	<u>\$2,022,277</u>	<u>\$2,204,282</u>	<u>\$2,402,667</u>	<u>\$2,618,908</u>
<b><u>Revenues</u></b>				
TOTAL Revenues	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<b><u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures)</u></b>				
General Fund (01)	(\$1,500,000)	(\$1,500,000)	\$0	\$0
Other	\$0	\$0	\$0	\$0
Proprietary Fund	<u>(\$522,277)</u>	<u>(\$704,282)</u>	<u>(\$2,402,667)</u>	<u>(\$2,618,908)</u>

Sponsor's Initials

Date

Budget Director's Initials

3/28/2025

Date