



GOVERNOR'S OFFICE OF  
BUDGET AND PROGRAM PLANNING

## Fiscal Note 2027 Biennium

Bill#/Title: SB0447.02 (002): Revise laws related to prior authorization

Primary Sponsor: Vince Ricci Status: As Amended in Senate

☐ 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><br><u>Difference</u> | <u>FY 2027</u><br><u>Difference</u> | <u>FY 2028</u><br><u>Difference</u> | <u>FY 2029</u><br><u>Difference</u> |
|-----------------------------|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|
| <b>Expenditures</b>         |                                     |                                     |                                     |                                     |
| Other                       | \$0                                 | \$0                                 | \$0                                 | \$0                                 |
| Proprietary Fund            | \$100,000                           | \$109,000                           | \$118,810                           | \$129,503                           |
| <b>Revenues</b>             |                                     |                                     |                                     |                                     |
| Other                       | \$0                                 | \$0                                 | \$0                                 | \$0                                 |
| <b>Net Impact</b>           | <u>\$0</u>                          | <u>\$0</u>                          | <u>\$0</u>                          | <u>\$0</u>                          |
| <b>General Fund Balance</b> |                                     |                                     |                                     |                                     |

### Description of fiscal impact

SB 447, as amended, extends the length of a prior authorization certification and provides the prior authorization is valid for the duration of a treatment or chronic condition. The proposed legislation will have a minimal fiscal impact on the Montana University System's group insurance plan, as the plan has limited prior authorizations on the products detailed in the bill's provisions.

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. Overall, the Montana University System (MUS) group insurance plan does not require many prior authorizations on the products called out in the bill's provisions.
2. The MUS group insurance plan already approves prior authorizations for 12 months and usually does not request review sooner than the 12 months unless there are dosage changes involved.
3. Of the impacted drugs and prior authorizations denied in 2024, the estimated cost impact was approximately \$100,000 per year.
4. A medical trend increase rate of 9% has been applied.

#### Department of Administration

5. The removal of prior authorizations will affect Title 33 entities, not the State Health Benefit Plan, which is Title 2. There is no fiscal impact to the Department of Administration.

**State Auditor's Office**

6. The requirements of SB 447, as amended, 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.

**Fiscal Analysis Table****Commissioner of Higher Education**

|  | <b>FY 2026<br/>Difference</b> | <b>FY 2027<br/>Difference</b> | <b>FY 2028<br/>Difference</b> | <b>FY 2029<br/>Difference</b> |
|--|-------------------------------|-------------------------------|-------------------------------|-------------------------------|
| <b><u>Fiscal Impact</u></b>  |                               |                               |                               |                               |
| <b><u>Expenditures</u></b>   |                               |                               |                               |                               |
| Benefits   | \$100,000                     | \$109,000                     | \$118,810                     | \$129,503                     |
| <b>TOTAL Expenditures</b>  | <b>\$100,000</b>              | <b>\$109,000</b>              | <b>\$118,810</b>              | <b>\$129,503</b>              |
| <b><u>Funding of Expenditures</u></b>  |                               |                               |                               |                               |
| Other  | \$0                           | \$0                           | \$0                           | \$0                           |
| Proprietary Fund   | \$100,000                     | \$109,000                     | \$118,810                     | \$129,503                     |
| <b>TOTAL Funding of Expenditures</b>   | <b>\$100,000</b>              | <b>\$109,000</b>              | <b>\$118,810</b>              | <b>\$129,503</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   | (\$100,000)                   | (\$109,000)                   | (\$118,810)                   | (\$129,503)                   |

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

1. The Montana Association of Counties assumes the extended duration for prior authorization will not increase the per employee per month costs from an insurer.

**NO SPONSOR SIGNATURE**\_\_\_\_\_  
Sponsor's Initials\_\_\_\_\_  
Date\_\_\_\_\_  
Budget Director's Initials

3/26/2025

\_\_\_\_\_  
Date