

## SF1037 - 0 - Additional Benefit Costs Defrayed by Commerce Cmsr

Chief Author: **Nick Frentz**  
 Committee: **Commerce And Consumer Protection**  
 Date Completed: **3/29/2023 1:46:47 PM**  
 Agency: **Commerce Dept**

State Fiscal Impact	Yes	No
Expenditures	X	
Fee/Departmental Earnings		X
Tax Revenue		X
Information Technology		X
Local Fiscal Impact		X

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative.  
 Reductions shown in the parentheses.

State Cost (Savings)	Biennium			Biennium	
	FY2023	FY2024	FY2025	FY2026	FY2027
Dollars in Thousands					
General Fund	-	157	157	157	157
Total	-	157	157	157	157
Biennial Total			314		314

Full Time Equivalent Positions (FTE)	Biennium			Biennium	
	FY2023	FY2024	FY2025	FY2026	FY2027
General Fund	-	.1	.1	.1	.1
Total	-	.1	.1	.1	.1

## LBO Analyst's Comment

I have reviewed this fiscal note for reasonableness of content and consistency with the LBO's Uniform Standards and Procedures.

**LBO Signature:** Shannon Zila **Date:** 3/29/2023 1:46:47 PM  
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### State Cost (Savings) Calculation Details

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions are shown in parentheses.

\*Transfers In/Out and Absorbed Costs are only displayed when reported.

State Cost (Savings) = 1-2		Biennium			Biennium
Dollars in Thousands	FY2023	FY2024	FY2025	FY2026	FY2027
General Fund	-	157	157	157	157
Total	-	157	157	157	157
Biennial Total			314		314
1 - Expenditures, Absorbed Costs*, Transfers Out*					
General Fund	-	157	157	157	157
Total	-	157	157	157	157
Biennial Total			314		314
2 - Revenues, Transfers In*					
General Fund	-	-	-	-	-
Total	-	-	-	-	-
Biennial Total			-		-

### Bill Description

Senate File 1037-0 amends Minn. Statutes § 62J.26 and requires the commissioner of commerce to defray the cost to a health plan, of a state mandated change in benefit, if an evaluation performed under this section determines the change will increase premiums. The bill specifies that the defrayal cost is based on the health plan company's calculation performed by an actuary using generally accepted actuarial principles and methodologies.

### Assumptions

Commerce assumes that this bill only applies to requests made under 62J.26 benefit evaluations completed after this bill has passed.

Commerce assumes that there would be a fiscal cost associated with the annual defrayal requests from the health plan issuers. Commerce assumes that this would include actuarial review of the requests. Commerce assumes that each issuer request would take approximately 5 hours of an actuary's time to review at a cost of \$400 an hour. There are currently an estimated 70 issuers with health plans that would be eligible for this premium defrayal payment. Based on this, Commerce assumes that review of the defrayal requests would cost \$140,000 annually for each benefit mandate subject to this law (5 hours of review time x 70 issuer requests x \$400).

Commerce also assumes that it will take .10 of an analyst's (SPA Coord) time to draft the necessary guidance for health plans to submit their premium defrayal requests and to manage the premium defrayal payments.

Commerce is unable to estimate the cost of the premium defrayal payments

### Expenditure and/or Revenue Formula

.10 SPA, Coord

			<b>FY24</b>	<b>FY25</b>	<b>FY26</b>	<b>FY27</b>
Salary			10,342	10,342	10,342	10,342
Fringe			3,103	3,103	3,103	3,103

Other Personnel Related Costs		3,492	3,492	3,492	3,492
		16,937	16,937	16,937	16,937

\$140,000 annually for each benefit mandate subject to this law - 5 hours of review time x 70 issuer requests x \$400 per hour

Commerce is unable to estimate the cost of the premium defrayal payments.

### **Long-Term Fiscal Considerations**

Commerce assumes that the costs associated with this bill would continue to increase as the number of state benefit mandates increases. Because this proposal expands the scope of what types of health mandates the state would be responsible for defraying beyond the existing requirements under Federal law, the Department assumes that this proposal may significantly increase costs. Commerce assumes that defrayal payments made pursuant to this law would be structured in the same manner as existing defrayal payments for PANDAS/PANS coverage.

### **Local Fiscal Impact**

### **References/Sources**

#### **Agency Contact:**

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