SF1101 - 0 - Communication Systems Coverage Reqmt. Established

Chief Author: **Melissa Wiklund**
Commitee: **Commerce And Consumer Protection**
Date Completed: **3/4/2025 2:54:56 PM**
Lead Agency: Commerce Dept
Other Agencies:
Health Dept
Human Services Dept
Minn Management and Budget
MNsure

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**	
Dollars in Thousands	**FY2025**	**FY2026**	**FY2027**	**FY2028**	**FY2029**
Commerce Dept					
General Fund	-	38	19	19	19
Minn Management and Budget					
General Fund	-	22	46	49	51
State Employees Insurance	-	-	-	-	-
All Other Funds	-	46	96	101	106
State Total					
General Fund	-	60	65	68	70
State Employees Insurance	-	-	-	-	-
All Other Funds	-	46	96	101	106
Total	**-**	**106**	**161**	**169**	**176**
Biennial Total			**267**		**345**

Full Time Equivalent Positions (FTE)		**Biennium**		**Biennium**	
	FY2025	**FY2026**	**FY2027**	**FY2028**	**FY2029**
Commerce Dept					
General Fund	-	.2	.1	.1	.1
Minn Management and Budget					
General Fund	-	-	-	-	-
State Employees Insurance	-	-	-	-	-
All Other Funds	-	-	-	-	-
Total	**-**	**.2**	**.1**	**.1**	**.1**

Lead 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:** 3/4/2025 2:54:56 PM

Phone: 651-296-6053 **Email:** shannon.zila@lbo.mn.gov

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	FY2025	FY2026	FY2027	FY2028	FY2029
Commerce Dept					
General Fund	-	38	19	19	19
Minn Management and Budget					
General Fund	-	22	46	49	51
State Employees Insurance	-	-	-	-	-
All Other Funds	-	46	96	101	106
Total	**-**	**106**	**161**	**169**	**176**
Biennial Total			**267**		**345**
1 - Expenditures, Absorbed Costs*, Transfers Out*					
Commerce Dept					
General Fund	-	38	19	19	19
Minn Management and Budget					
General Fund	-	22	46	49	51
State Employees Insurance	-	79	165	173	182
All Other Funds	-	46	96	101	106
Total	**-**	**185**	**326**	**342**	**358**
Biennial Total			**511**		**700**
2 - Revenues, Transfers In*					
Commerce Dept					
General Fund	-	-	-	-	-
Minn Management and Budget					
General Fund	-	-	-	-	-
State Employees Insurance	-	79	165	173	182
All Other Funds	-	-	-	-	-
Total	**-**	**79**	**165**	**173**	**182**
Biennial Total			**244**		**355**

SF1101 - 0 - Communication Systems Coverage Reqmt. Established

Chief Author: **Melissa Wiklund**
Commitee: **Commerce And Consumer Protection**
Date Completed: **3/4/2025 2:54:56 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	
Dollars in Thousands	**FY2025**	**FY2026**	**FY2027**	**FY2028**	**FY2029**
General Fund	-	38	19	19	19
Total	**-**	**38**	**19**	**19**	**19**
Biennial Total			**57**		**38**

Full Time Equivalent Positions (FTE)		Biennium		Biennium	
	FY2025	**FY2026**	**FY2027**	**FY2028**	**FY2029**
General Fund	-	.2	.1	.1	.1
Total	**-**	**.2**	**.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.
Commerces fiscal note does not include the costs of defrayal for health plan costs for this assumed new mandate, because a report under M.S. 62J.26 evaluation has not yet taken place. See Commerces fiscal note for more information.

LBO Signature: Shannon Zila **Date:** 3/3/2025 2:22:51 PM
Phone: 651-296-6053 **Email:** shannon.zila@lbo.mn.gov

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		FY2025	FY2026	FY2027	FY2028	FY2029
General Fund		-	38	19	19	19
	Total	**-**	**38**	**19**	**19**	**19**
	Biennial Total			**57**		**38**
1 - Expenditures, Absorbed Costs*, Transfers Out*						
General Fund		-	38	19	19	19
	Total	**-**	**38**	**19**	**19**	**19**
	Biennial Total			**57**		**38**
2 - Revenues, Transfers In*						
General Fund		-	-	-	-	-
	Total	**-**	**-**	**-**	**-**	**-**
	Biennial Total			**-**		**-**

Bill Description

SF1101 requires health plans to provide coverage for augmentative and alternative communication systems, including repair and replacement as determined by a physician to be both medically necessary and the most appropriate system to meet the enrollee's communication needs. Coverage of these communication systems may be subject to prior authorization. This bill requires the commissioner of Commerce to defray the cost of coverage under this section to the extent it is not already covered by a health plan. The bill includes appropriations to cover the cost of annual defrayal. This bill also aligns the Minnesota Health Care Programs definition of and coverage for augmentative and alternative communication systems. The bill has an effective date of January 1, 2026.

Assumptions

Commerce assumes the requirements of SF1101 may constitute a new benefit mandate under Section 1311(d)(3) of the Affordable Care Act, as coverage for augmentative and alternative communication systems are not currently covered broadly under the state's benchmark plan. New benefit mandates not included as essential health benefits (EHBs) specified under section 1302(b) and added by state law after December 31, 2012, require the state to defray health plan costs associated with providing coverage to enrollees.

A §62J.26 evaluation has not yet been completed for SF1101; as a result, a full assessment of whether this bill would likely require defrayal has not been completed. However, the language in this bill requires defrayal payments from Commerce to health plans. Commerce assumes defrayal costs will be annual and ongoing.

Commerce staff would also be required to maintain a distinct reporting process to review and validate defrayal requests from carriers. Commerce assumes this will be 0.20 of an analyst's time (SPA, Coord) in the first year to develop, document and communicate processes to carriers; receive, review and process defrayal submissions; and triage and respond to carrier questions. Commerce assumes the mandate will require 0.10 of an analyst's time (SPA, Coord) after the first year. These assumptions are based on Commerce's experience administering the defrayal process for other provisions.

Commerce staff reviewing health plan forms and rate filings would be required to add the new statutory provisions of the bill to existing checklists and review them for compliance. However, the work required by the bill would not substantially add to or deviate from the existing overall role agency staff have in the review of health plan filings.

Expenditure and/or Revenue Formula

One-time 0.20 FTE SPA Coord in FY 2026. Ongoing 0.10 FTE SPA Coord after the first year.

			FY26	FY27	FY28	FY29
Salary			22,801	11,401	11,401	11,401
Fringe			6,840	3,420	3,420	3,420
Other Personnel Related Costs			8,131	4,065	4,065	4,065
			37,772	18,886	18,886	18,886

Defrayal amounts not determined.

Long-Term Fiscal Considerations

Commerce assumes that there will be annual and ongoing costs associated with administering defrayal payments. Costs associated with defrayal are estimated to increase in future years due to the expected medical cost trend as well as utilization increases resulting from the coverage requirement. Commerce assumes that, if enacted, an appropriation would be structured in the agency's budget for the agency to pay defrayment amounts to eligible health plans based on actual costs incurred in the previous plan year.

Local Fiscal Impact

References/Sources

Agency Contact:

Agency Fiscal Note Coordinator Signature: Amy Trumper **Date:** 3/3/2025 9:40:04 AM

Phone: 651-539-1517 **Email:** amy.trumper@state.mn.us

SF1101 - 0 - Communication Systems Coverage Reqmt. Established

Chief Author: **Melissa Wiklund**
Commitee: **Commerce And Consumer Protection**
Date Completed: **3/4/2025 2:54:56 PM**
Agency: Health 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	
Dollars in Thousands	**FY2025**	**FY2026**	**FY2027**	**FY2028**	**FY2029**
Total	-	-	-	-	-
Biennial Total			-		-

Full Time Equivalent Positions (FTE)		Biennium		Biennium	
	FY2025	**FY2026**	**FY2027**	**FY2028**	**FY2029**
Total	-	-	-	-	-

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:** 3/3/2025 2:08:27 PM
Phone: 651-296-6053 **Email:** shannon.zila@lbo.mn.gov

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	FY2025	FY2026	FY2027	FY2028	FY2029
Total	-	-	-	-	-
Biennial Total			-		-
1 - Expenditures, Absorbed Costs*, Transfers Out*					
Total	-	-	-	-	-
Biennial Total			-		-
2 - Revenues, Transfers In*					
Total	-	-	-	-	-
Biennial Total			-		-

Bill Description

This bill requires health plan companies to provide coverage for augmentative and alternative communication systems, including repair and replacement as well as habilitation services.

The bill is effective January 1, 2026.

Technical comment

The provisions take effect January 1, 2026. Filings for the 2026 plan year are submitted in April 2025 in order to meet statutory requirements for review and approval. Depending on the date of enactment, the bill may affect filings already in process or under review, which could require resubmission of information by health plans.

Assumptions

The Department of Health is responsible for reviewing state-regulated health maintenance organization (HMO) health plans for compliance with state and federal requirements before they are available to enrollees. Enforcement of this requirement falls within the routine reviews of HMO health plan coverage and would not generate a material increase in workload.

Expenditure and/or Revenue Formula

Long-Term Fiscal Considerations

Local Fiscal Impact

References/Sources

Agency Contact:

Agency Fiscal Note Coordinator Signature: Brendan Wright **Date:** 3/3/2025 8:08:42 AM

Phone: 651-443-1415 **Email:** brendan.wright@state.mn.us

SF1101 - 0 - Communication Systems Coverage Reqmt. Established

Chief Author: **Melissa Wiklund**
Commitee: **Commerce And Consumer Protection**
Date Completed: **3/4/2025 2:54:56 PM**
Agency: Human Services 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	
Dollars in Thousands	**FY2025**	**FY2026**	**FY2027**	**FY2028**	**FY2029**
Total	-	-	-	-	-
Biennial Total			-		-

Full Time Equivalent Positions (FTE)		Biennium		Biennium	
	FY2025	**FY2026**	**FY2027**	**FY2028**	**FY2029**
Total	-	-	-	-	-

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: Kate Schiller **Date:** 3/4/2025 1:57:30 PM
Phone: 651-296-6052 **Email:** kate.schiller@lbo.mn.gov

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	FY2025	FY2026	FY2027	FY2028	FY2029
Total	-	-	-	-	-
Biennial Total			-		-
1 - Expenditures, Absorbed Costs*, Transfers Out*					
Total	-	-	-	-	-
Biennial Total			-		-
2 - Revenues, Transfers In*					
Total	-	-	-	-	-
Biennial Total			-		-

Bill Description

Section 1 requires all health plans to provide coverage for augmentative and alternative communication systems that are determined by the enrollee's physician as medically necessary. It also prohibits quantity limitations and limits financial requirements and prior authorization requirements for this coverage beyond what is required for any other benefit.

Section 3 requires Minnesota's Medical Assistance and MinnesotaCare programs to meet the requirements of Section 1.

Assumptions

This bill is assumed to be effective January 1, 2026.

Minnesota's Medical Assistance and MinnesotaCare programs currently provide coverage for the augmentative and alternative communication systems required in this bill. Therefore, the Department of Human Services (DHS) assumes no cost for its health care programs to comply with this legislation.

Expenditure and/or Revenue Formula

Long-Term Fiscal Considerations

Local Fiscal Impact

References/Sources

Agency Contact:

Agency Fiscal Note Coordinator Signature: Chris Zempel **Date:** 3/4/2025 12:41:40 PM

Phone: 651-247-3698 **Email:** christopher.zempel@state.mn.us

SF1101 - 0 - Communication Systems Coverage Reqmt. Established

Chief Author: **Melissa Wiklund**
Commitee: **Commerce And Consumer Protection**
Date Completed: **3/4/2025 2:54:56 PM**
Agency: Minn Management and Budget

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	
Dollars in Thousands	**FY2025**	**FY2026**	**FY2027**	**FY2028**	**FY2029**
General Fund	-	22	46	49	51
State Employees Insurance	-	-	-	-	-
All Other Funds	-	46	96	101	106
Total	**-**	**68**	**142**	**150**	**157**
Biennial Total			**210**		**307**

Full Time Equivalent Positions (FTE)		Biennium		Biennium	
	FY2025	**FY2026**	**FY2027**	**FY2028**	**FY2029**
General Fund	-	-	-	-	-
State Employees Insurance	-	-	-	-	-
All Other Funds	-	-	-	-	-
Total	**-**	**-**	**-**	**-**	**-**

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: Kate Schiller **Date:** 3/3/2025 11:21:08 PM
Phone: 651-296-6052 **Email:** kate.schiller@lbo.mn.gov

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	FY2025	FY2026	FY2027	FY2028	FY2029
General Fund	-	22	46	49	51
State Employees Insurance	-	-	-	-	-
All Other Funds	-	46	96	101	106
Total	**-**	**68**	**142**	**150**	**157**
Biennial Total			**210**		**307**
1 - Expenditures, Absorbed Costs*, Transfers Out*					
General Fund	-	22	46	49	51
State Employees Insurance	-	79	165	173	182
All Other Funds	-	46	96	101	106
Total	**-**	**147**	**307**	**323**	**339**
Biennial Total			**454**		**662**
2 - Revenues, Transfers In*					
General Fund	-	-	-	-	-
State Employees Insurance	-	79	165	173	182
All Other Funds	-	-	-	-	-
Total	**-**	**79**	**165**	**173**	**182**
Biennial Total			**244**		**355**

Bill Description

Bill Description:

Senate File 1101-0 amends Minn. Stat. § 62Q.671 to require that a health plan provide coverage for medically necessary augmentative and alternative communication systems and associated habilitation services, if prescribed by a member's physician. The bill further prohibits separate financial requirements that only apply to those benefits, and also prohibits quantitative limits to habilitation services associated with prescribed augmentative and alternative communication systems.

SF1101-0 allows a health plan to require prior authorization to the same extent as any other covered benefit. The bill requires utilization review requirements to apply the most recent version of evidence-based guidelines and be nondiscriminatory.

The bill includes reimbursement requirements to the commissioner of commerce.

The bill includes coverage for Medical Assistance.

The effective date of the bill is January 1, 2026.

Background:

Minnesota Management and Budget (MMB) administers the State Employee Group Insurance Program (SEGIP) which provides health, dental, life, and other benefits to eligible State employees and their dependents, and quasi-state agencies defined in Minnesota Statute. Health benefits are provided through the self-funded Minnesota Advantage Health Plan (Advantage). SEGIP contracts with two health plan administrators to administer medical benefits and a Pharmacy Benefit Manager (PBM) to administer the prescription drug benefit.

Assumptions

MMB assumes SF 1101-0 will have a fiscal impact on SEGIP.

The Advantage Plan currently provides coverage for habilitative and rehabilitative therapy services. MMB assumes that the Advantage Plan is already in compliance with coverage of habilitation services as described by the bill.

The Advantage Plan currently does not provide coverage for augmentative and alternative communication systems. MMB assumes that the Advantage Plan would be required to provide coverage for augmentative and alternative communication systems to be in compliance with the bill. MMB assumes members would be required to pay member cost-sharing in the same fashion as other durable medical equipment. MMB assumes that its health plan administrators would be able to use prior authorization for these services in the same way as other covered benefits.

MMB directed its health plan administrators to estimate the fiscal impact of providing coverage for augmentative and alternative communication systems required under SF 1101-0. Based on 2024 large group book of business claims data, the health plan administrators assume SEGIP's costs could increase between $0.05 Per-Member-Per-Month (PMPM) - $0.15 PMPM. This range reflects the uncertainty in utilization. MMB assumes the average of the range, $0.10 PMPM, as the fiscal impact of this bill.

With an assumed effective date of January 1, 2026, a SEGIP membership of 131,000, and an average PMPM of $0.10, the fiscal impact of the legislation is estimated to be $78,600 for six months of FY2026. We assume a 5% annual inflation factor for FY2027 and beyond for the increasing cost of medical services.

Expenditure and/or Revenue Formula

FY26: $0.10 PMPM * 131,000 members * 6 months = $78,600

FY26: $0.10 PMPM * 131,000 members * 12 months * 1.05 inflation factor = $165,060

Fiscal Year Calculation	FY25	FY26	FY27	FY28	FY29
Total Cost to SEGIP of this bill	$0	$78,600	$165,060	$173,313	$181,979

SEGIP's costs are funded by premium contributions paid by state and quasi-state employers and employees. Our fiscal note assumes that 86.6% of added costs will be paid by state agencies in the form of employer premium contributions. This figure represents the proportion of employees on active payroll (97.2%), meaning those who receive an employer contribution, multiplied by the average employer contribution rate across all current collective bargaining agreements and compensation plans (89.1%).

Thus, 86.6% of added costs will be paid by state agencies and 13.4% will be paid by state employees and quasi-state agencies in the form of premium contributions.

The table below reflects how these premium costs are split between the employer and employee. The state employer costs are further split between the General Fund (32.5%) and All Other Funds (67.5%) on the same basis that state agencies pay for employee medical insurance premiums.

Fiscal Year Cost Calculation	FY2025	FY2026	FY2027	FY2028	FY2029
Employee and quasi-state agency share 13.4%	$0	$10,532	$22,118	$23,224	$24,385
Employer share - 1000 General Fund	$0	$22,122	$46,456	$48,779	$51,218
Employer share - 9998 All Other Funds	$0	$45,946	$96,486	$101,310	$106,376
Total	$0	$78,600	$165,060	$173,313	$181,979

Long-Term Fiscal Considerations

Not Applicable

Local Fiscal Impact

MMB expects local units of government may incur increased spending due to the changes proposed in this legislation.

References/Sources

Program information and claims data from SEGIP, administered by MMB.

Agency Contact: Galen Benshoof 651-201-8224

Agency Fiscal Note Coordinator Signature: Ronika Rampadarat **Date:** 3/3/2025 3:57:46 PM

Phone: 651-201-8115 **Email:** ronika.rampadarat@state.mn.us

SF1101 - 0 - Communication Systems Coverage Reqmt. Established

Chief Author: **Melissa Wiklund**
Commitee: **Commerce And Consumer Protection**
Date Completed: **3/4/2025 2:54:56 PM**
Agency: MNsure

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	
Dollars in Thousands	**FY2025**	**FY2026**	**FY2027**	**FY2028**	**FY2029**
Total	-	-	-	-	-
Biennial Total			-		-

Full Time Equivalent Positions (FTE)		Biennium		Biennium	
	FY2025	**FY2026**	**FY2027**	**FY2028**	**FY2029**
Total	-	-	-	-	-

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: Steve McDaniel **Date:** 3/2/2025 4:28:25 PM
Phone: 651-284-6437 **Email:** steve.mcdaniel@lbo.mn.gov

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	FY2025	FY2026	FY2027	FY2028	FY2029
Total	-	-	-	-	-
Biennial Total			-		-
1 - Expenditures, Absorbed Costs*, Transfers Out*					
Total	-	-	-	-	-
Biennial Total			-		-
2 - Revenues, Transfers In*					
Total	-	-	-	-	-
Biennial Total			-		-

Bill Description

This bill (SF 1101) requires health plans to cover medically necessary augmentative and alternative communications systems, including repair and replacement of said systems. This bill states that insurers are allowed to continue with prior authorization and utilization reviews as long as they are done in a non-discriminatory manner. Lastly, this bill states that health plans will work with the Department of Commerce to receive reimbursement, and it does not state from where those funds will be allocated.

Assumptions

This bill would result in no direct fiscal impact to MNsure; however, changes in plan premiums, plan coverage, plan choice, or plan enrollment could have an effect on the amount of revenue MNsure generates through its premium withhold. An actuarial study would need to be conducted to determine the impact to health insurance premiums, plan coverage, plan choice, or plan enrollment caused by the bill.

Expenditure and/or Revenue Formula

Long-Term Fiscal Considerations

Local Fiscal Impact

References/Sources

Agency Contact:

Agency Fiscal Note Coordinator Signature: Pete Engler **Date:** 2/28/2025 3:49:02 PM

Phone: 651-247-0247 **Email:** pete.engler@state.mn.us