

**LOCAL GOVERNMENT
FISCAL NOTE**

AGENCY'S ESTIMATES

Date Prepared: March 12, 2015

Agency Submitting: Local Government

Items of Revenue or Expense, or Both	Fiscal Year 2014-15	Fiscal Year 2015-16	Fiscal Year 2016-17	Effect on Future Biennia
Total	0	0	0	0

Explanation

(Use Additional Sheets of Attachments, if required)

See attached.

Name Michael Nakamoto

Title Deputy Fiscal Analyst

The following responses from local governments were compiled by the Fiscal Analysis Division. The Fiscal Analysis Division can neither verify nor comment on the figures provided by the individual local governments.

Local Government Responses
S.B. 219 / BDR 57 - 688

City/County: City of Henderson Approved by: Mike Cathcart, Business Operations Manager Comment: No identifiable fiscal impact to the City of Henderson.				
Impact	FY 2014-15	FY 2015-16	FY 2016-17	Future Biennia
No Impact	\$0	\$0	\$0	\$0

City/County: City of Las Vegas Approved by: Michelle Thackston, Administrative Secretary Comment: This would impact insurance companies in regard the participant's cost of obtaining abuse-deterrent opioid analgesic drugs. In addition, there are additional disclosures required by insurance companies in regard to payments they receive from pharmaceutical companies to promote certain drugs. While there are societal benefits to this bill, in regard to the City, this will increase costs. Our participant's costs of obtaining generally any prescribed drug is modest and thus the first point above is moot. The costs of additional disclosures will be passed on to payors, such as the City, but are difficult to accurately assess. Our estimate is a potential impact of \$100k.				
Impact	FY 2014-15	FY 2015-16	FY 2016-17	Future Biennia
Cannot Be Determined	\$0	\$0	\$0	\$0

City/County: City of Reno Approved by: Ryan High, Budget/Strat. Initiatives Mgr. Comment: While the City of Reno expects an increase in premium costs if this legislation passes, an accurate fiscal impact cannot be determined at this time due to a number of variables including the number of available abuse-deterrent opioids, varying costs, uncertainty as to how the term "coverage for any abuse-deterrent opioid analgesic drug" may affect costs, and prescribed uses of abuse-deterrent opioids that will be adopted into plans.				
Impact	FY 2014-15	FY 2015-16	FY 2016-17	Future Biennia
Cannot Be Determined	\$0	\$0	\$0	\$0

City/County: City of Sparks Approved by: Jeff Cronk, Financial Services Director Comment: This will likely have a negative fiscal impact from increasing the benefits covered by the City's health insurance plan; however, it's believed that any fiscal impact will be minimal.				
Impact	FY 2014-15	FY 2015-16	FY 2016-17	Future Biennia
Has Impact	\$0	\$0	\$0	\$0

City/County: **Carson City**

Approved by: Nickolas A. Providenti, Finance Director

Comment: I suspect this bill would have a fiscal impact on Carson City - it could increase our health insurance premiums. The fiscal impact is unknown at this time.

Impact	FY 2014-15	FY 2015-16	FY 2016-17	Future Biennia
Has Impact	\$0	\$0	\$0	\$0

City/County: **Churchill County**

Approved by: Eleanor Lockwood, County Manager

Comment: If BDR 57-688 is passed, it would require health insurance to allow certain pain medications (opioid analgesic drug) to be used for the treatment of drug abuse. It would also require health care providers to provide a list of incentives it receives to encourage the prescribing of certain medications. Anytime there is an addition of mandated coverage to health insurance there will be an increased cost that is passed on in premiums to all the insureds. Both the county and the employees would bear the load of any increases. How much this change would impact the premiums is hard to determine. If we figure 1.0% and we estimate that our annual premiums (including dependents) is \$1.8 million, the cost to the plan would be \$18,000 per year. The county's share of that total would be approximately \$15,300 per year. We do not believe the impact would exceed 1%, but it is difficult to determine.

Impact	FY 2014-15	FY 2015-16	FY 2016-17	Future Biennia
Cannot Be Determined	\$0	\$0	\$0	\$0

City/County: **Clark County**

Approved by: David Dobrzynski, Assistant Director of Finance

Comment: No fiscal impact anticipated.

Impact	FY 2014-15	FY 2015-16	FY 2016-17	Future Biennia
No Impact	\$0	\$0	\$0	\$0

City/County: **Esmeralda County**

Approved by: Karen Scott, Auditor/Recorder

Comment: This may impact the County. It depends if the insurance companies increase the premiums because they have to provide the coverages. The increase may be absorbed by the County towards the employee benefits or passed on to the employee.

Impact	FY 2014-15	FY 2015-16	FY 2016-17	Future Biennia
Cannot Be Determined	\$0	\$0	\$0	\$0

City/County: **Humboldt County**

Approved by: Sondra Schmidt, Comptroller

Comment: We have no way of determining if this would cause the County's insurance provider to raise rates.

Impact	FY 2014-15	FY 2015-16	FY 2016-17	Future Biennia
Cannot Be Determined	\$0	\$0	\$0	\$0

City/County: **Washoe County**

Approved by: Liane Lee, Government Affairs Manager

Comment: The cost impact is so low it is immeasurable. The abuse-deterrent opioids are pain medications that have been re-formulated by the manufacturer to reduce abuse. They are currently not excluded on the Washoe County self-funded (PPO) or HMO health plans. The proposed requirement that may cost health plans more is not requiring an insured to pay higher copays, deductible etc., than they do for a non-abuse deterrent drug. Currently the approved abuse deterrent opioids are brand-name prescriptions and most non-abuse deterrent opioids are generic; however, there are some that are brand name as well.

Impact	FY 2014-15	FY 2015-16	FY 2016-17	Future Biennia
Cannot Be Determined	\$0	\$0	\$0	\$0

City/County: **White Pine County**

Approved by: Elizabeth Frances, Finance Director

Comment: Health insurance is a high-cost benefit for all full and part-time employees of the County. An expensive component of our health insurance policy is prescription drugs. Placing additional requirements and restrictions on insurers related to prescription drugs will result in additional costs to them and that in turn will be passed onto the County. The County is searching for options to meet the requirements of the Affordable Care Act. Increasing insurance costs will not assist in this quest. The County does not want to find itself facing the 40% penalty that will result in 2018 if our premiums continue to go up. As I do not have specific information on the number of employees that utilize the abuse-deterrent opioid analgesic drugs, the extent to which this will impact the County is unknown. However, the County does pay for overall trends of the health insurance industry and I have no doubt that this will adversely impact our rates. They will increase.

Impact	FY 2014-15	FY 2015-16	FY 2016-17	Future Biennia
Has Impact	\$0	\$0	\$0	\$0

School District: Carson City School District Approved by: Andrew J Feuling, Director of Fiscal Services Comment: No Impact				
Impact	FY 2014-15	FY 2015-16	FY 2016-17	Future Biennia
No Impact	\$0	\$0	\$0	\$0

School District: Douglas County School District Approved by: HOLLY LUNA, CFO, BUSINESS SERVICES Comment: The district is self-insured, and we do not feel that there would be impact since our current policy is the requirement to Step Therapy through generic long-acting morphine before going to any long-acting opiate. Currently, our plan utilization does not appear to be high in this class; however, this could change in the future.				
Impact	FY 2014-15	FY 2015-16	FY 2016-17	Future Biennia
No Impact	\$0	\$0	\$0	\$0

School District: Clark County School District Approved by: Nikki Thorn, Deputy CFO Comment: CCSD reviewed this bill in two areas 1) from the workers compensation standpoint that has a managed care organization and 2) from the health insurance standpoint of all eligible employees. From the workers compensation side, since the employees don't pay any copays or premiums for workers compensation coverage, there wouldn't be a direct adverse impact on the current program. The existing managed care organization is already aware of the costs and complications from the use of non-abuse-deterrent opioid analgesic drugs and strives to prescribe pain management in the least habit forming way possible already. Therefore, CCSD doesn't see a fiscal impact on the prescription drug costs related to workers compensation, should the language be approved. However, from the health insurance standpoint for eligible employees after discussion with the pharmacy director of our health plan, CCSD has concerns about the potential increased costs. As the legislation is currently written, managed health care plans would have to cover a much more costly "abuse-deterrent" medication (\$100 estimated cost) at the same copay as a \$10 generic version. The member would pay the same copay, but the health plan would be required to cover the difference. This would ultimately increase premium costs, although CCSD does not have an accurate determination of how much the increase would be. Additionally, due to the way CCSD union contracts are negotiated, CCSD pays a set amount per month for health care for employees and the remainder of the monthly premium is borne by the employee. So in the event that premiums increase which is a very real possibility, the insured employees could actually bear much of the additional cost. In addition to the increased Rx claim cost, future decisions regarding the Copay Tier placement of the new "abuse deterrent" medications could actually hurt people who are not abusing medications and would now have to have higher copays.				
Impact	FY 2014-15	FY 2015-16	FY 2016-17	Future Biennia
Has Impact	\$0	\$0	\$0	\$0

School District: Humboldt County School District Approved by: David Jensen, Superintendent Comment: Would require an interpretation from our Insurance Company regarding potential impact. Currently not available.				
Impact	FY 2014-15	FY 2015-16	FY 2016-17	Future Biennia
Cannot Be Determined	\$0	\$0	\$0	\$0

School District: Lincoln County School District Approved by: Steve Hansen, Superintendent Comment: The Abuse-Deterrent opioid drugs can be very expensive if they are not Generic. I can probably assume that our insurance rates would increase given the added insurance coverage requirements of this bill draft.				
Impact	FY 2014-15	FY 2015-16	FY 2016-17	Future Biennia
Cannot Be Determined	\$0	\$0	\$0	\$0

City/County: Lyon County School District Approved by: Philip Cowee, Director of Finance Comment: This bill has the potential to increase health insurance costs to the employer for covering this piece in health insurance. The district has experienced large increases the last couple of cycles in health insurance costs. Adding another unfunded mandate to the district will have impact in other programs.				
Impact	FY 2014-15	FY 2015-16	FY 2016-17	Future Biennia
Cannot Be Determined	\$0	\$0	\$0	\$0

School District: Pershing County School District Approved by: Dan Fox, Superintendent Comment: We could not get a quote of any premium increase there might be should this become law.				
Impact	FY 2014-15	FY 2015-16	FY 2016-17	Future Biennia
Cannot Be Determined	\$0	\$0	\$0	\$0

School District: Nye County School District Approved by: Kerry Paniagua, Executive Secretary Comment: Nye County SD is already in compliance.				
Impact	FY 2014-15	FY 2015-16	FY 2016-17	Future Biennia
No Impact	\$0	\$0	\$0	\$0

School District: Storey County School District Approved by: Robert Slaby, Superintendent Comment: Possible increase cut medical insurance.				
Impact	FY 2014-15	FY 2015-16	FY 2016-17	Future Biennia
Cannot Be Determined	\$0	\$0	\$0	\$0

School District: Washoe County School District Approved by: Lindsay E. Anderson, Director of Government Affairs Comment: No Impact				
Impact	FY 2014-15	FY 2015-16	FY 2016-17	Future Biennia
No Impact	\$0	\$0	\$0	\$0

School District: White Pine County School District Approved by: Paul Johnson, CFO Comment: The District does not possess the expertise to assess the fiscal impact on health plan changes. In order to properly assess the impact, the District would have to contract with an actuary or insurance underwriter to assess the insurance plan, membership and other health factors to determine the impact.				
Impact	FY 2014-15	FY 2015-16	FY 2016-17	Future Biennia
Cannot Be Determined	\$0	\$0	\$0	\$0

School District: Las Vegas Metropolitan Police Department Approved by: Rich Hoggan, Chief Financial Officer Comment: LVMPD does not have employer provided insurance. Instead, employee insurance is administered either by an employee association or via an independent Trust. That said, the effect of extending insurance coverage to include opiod treatment will likely drive up costs as it represents additional requirement. However, that cost cannot be determined as it is unknown how many covered members would be effected.				
Impact	FY 2014-15	FY 2015-16	FY 2016-17	Future Biennia
Cannot Be Determined	\$0	\$0	\$0	\$0

The following cities, counties and school districts did not provide a response: Boulder City, City of Elko, City of Mesquite, City of North Las Vegas, Douglas County, Elko County, Eureka County, Lander County, Lincoln County, Mineral County, Lyon County, Nye County, Pershing County, Storey County, Churchill County School District, Esmeralda County School District, Elko County School District, Eureka County School District, Lander County School District, and Mineral County School District.