

**LOCAL GOVERNMENT
FISCAL NOTE**

AGENCY'S ESTIMATES

Date Prepared: March 20, 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. 222 / BDR 57 - 670

City/County: City of Henderson Approved by: Mike Cathcart, Business Operations Manager Comment: The City of Henderson has estimated that it will have approximately 200 specialty drug prescriptions in the health plan in 2016. This level of specialty prescriptions would cause a fiscal impact to the City of \$10,000 per year, which would need to be adjusted 10% per year to account for the rapidly increasing costs of prescription drugs.				
Impact	FY 2014-15	FY 2015-16	FY 2016-17	Future Biennia
Has Impact	\$0	\$10,000	\$11,000	\$25,410

City/County: City of Las Vegas Approved by: Michelle Thackston, Administrative Secretary Comment: One of the big reasons that City of Las Vegas current insurance plans are cost effective is that our insurance company has a strict RX formulary. If this requirement to effectively expand the formulary were implemented, cost could surge. This bill limits co-pays for Rx not in formulary to \$50. There will be a fiscal impact to the City anticipated at a minimum of \$200k annually .				
Impact	FY 2014-15	FY 2015-16	FY 2016-17	Future Biennia
Has Impact	\$0	\$200,000	\$200,000	\$200,000

City/County: City of Reno Approved by: Ryan High, Budget/Strat. Initiatives Mgr. Comment: After initial review, it is anticipated that there will be a fiscal impact to the City of Reno in terms of cost sharing and prescription costs. The City's current prescription drug plans, in part, include copayment/coinsurance costs over the limits proposed in this legislation. The City estimates at least one of its plans could experience a 10%-15% increase in prescription costs should this bill be enacted, which will represent a potential \$100,000 - \$150,000 expense increase. A claims study will be needed in order to provide a more accurate fiscal impact.				
Impact	FY 2014-15	FY 2015-16	FY 2016-17	Future Biennia
Has Impact	\$0	\$150,000	\$150,000	\$300,000

City/County: City of Sparks Approved by: Jeff Cronk, Financial Services Director Comment: Limiting the co-pay is expected to raise costs, so a negative fiscal impact is likely. However, there is insufficient data to determine the extent of the fiscal impact at this time.				
Impact	FY 2014-15	FY 2015-16	FY 2016-17	Future Biennia
Cannot Be Determined	\$0	\$0	\$0	\$0

City/County: Carson City Approved by: Nickolas A. Providenti, Finance Director Comment: This would have a fiscal impact, but the amount 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: BDR 57-670 requires insurance companies to have prescription (RX) co-pays that do not exceed \$50 and requires a certain out-of-pocket maximum for prescription drugs. It also requires insurance companies to provide a formulary drug for each category of drugs (thus making sure that a cheaper alternative is available). Any requirement for insurance providers to provide certain levels of coverages will result in increased premiums, however, it is difficult to determine at this point in time.				
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: Fiscal impact cannot be determined, but this bill has the potential to have a significant fiscal impact on the County's health benefit plan given that it limits our flexibility to set deductibles to ensure effective cost sharing of benefits. Additionally, it limits coverage and tier determinations regarding drug coverage of a plan. Clark County's current annual spend on prescription drugs is approximately \$22 million. Just a 5% increase to the plan would result in a cost of over \$1 million.				
Impact	FY 2014-15	FY 2015-16	FY 2016-17	Future Biennia
Cannot Be Determined	\$0	\$0	\$0	\$0

City/County: Elko County Approved by: Cash A. Minor, Assistant County Manager/CFO Comment: Has Impact				
Impact	FY 2014-15	FY 2015-16	FY 2016-17	Future Biennia
Has Impact	\$0	\$30,000	\$20,000	\$50,000

City/County: **Esmeralda County**

Approved by: Karen Scott, Auditor/Recorder

Comment: Could only impact County if the insurance company passes cost to us by increasing the premiums.

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: This would increase insurance premiums but cannot determine what the costs would be.

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

City/County: **Washoe County**

Approved by: Liane Lee , Government Affairs Manager

Comment: This would have a fiscal impact on both Washoe County Health Plans that include the Self-funded and fully insured HMO plan and would require plan design changes. The fiscal impact is difficult to determine. Usually health plans have a tiered structure based on the cost of drugs.

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: Adding new requirements for pharmacy services to health insurance would result in increased cost for health insurance premiums to the county. The exact amount cannot be determined but it would have adverse impact in the form of higher expenses

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: Clark County School District Approved by: Nikki Thorn, Deputy CFO Comment: CCSD reviewed this draft in two areas 1) from workers compensation and 2) from the health insurance standpoint of all eligible employees. From the workers compensation, CCSD does not expect any impact. CCSD does expect a substantial increase in premium cost as it relates to all eligible employees, although CCSD does not have an accurate determination of how much the increase would be. The way the draft is written would result in increased costs, not just from loss of copays but also because it would give the health plan less of a spread to financially incentivize lower-cost alternatives. This bill would require health plans to reduce many Rx copays that are already in place. (Example existing plans would be required to reduce Rx copays to no more than \$50). Additionally, due to the way CCSD 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, the insured employees could actually bear much of the additional costs.				
Impact	FY 2014-15	FY 2015-16	FY 2016-17	Future Biennia
Has Impact	\$0	\$0	\$0	\$0

School District: Douglas County School District Approved by: HOLLY LUNA, CFO, BUSINESS SERVICES Comment: 1. This bill will result in increased premiums. Additionally, it will make it much more difficult to come up with small group and individual plans that meet the requirements of the Affordable Care Act because of the very narrow actuarial value bands of the metal tiers. This will result in higher cost sharing for the medical portion of the plan (for PCP and specialist visits, hospital stays, ER and urgent care etc.). A deeper analysis is required to determine the difference in cost between the current plans and the new requirements and make sure our plan has the estimated increase in premium cost. I have requested help from our TPA, but am unable to supply at this submittal, and so have noted that the cost cannot be determined. 2. Additionally, the effective date of this bill is impossible to implement. It indicates that it is effective for plans that are sold or delivered on or after July 1, 2015. Our plan has already been approved. In fact, by the time the bill is enacted, all small group and individual plans for 2016 will already have been submitted for approval. If this bill is approved, it needs to be effective no earlier than January 1, 2017.				
Impact	FY 2014-15	FY 2015-16	FY 2016-17	Future Biennia
Cannot Be Determined	\$0	\$0	\$0	\$0

School District: Humboldt County School District Approved by: David Jensen, Superintendent Comment: Unable to determine. Fiscal impact would be determined by the insurance company.				
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: Insurance Costs will go up. We have been told by our insurance carrier to expect a 12% increase. That cost translates to \$10,125 dollars in premium increases.				
Impact	FY 2014-15	FY 2015-16	FY 2016-17	Future Biennia
Has Impact	\$0	\$10,125	\$20,250	\$0

School District: Lyon County School District Approved by: Philip Cowee, Director of Finance Comment: BDR 57-670 would have fiscal impacts for the district in the form of increased insurance premiums from our insurance carrier. Shifting the burden of payment from the employee to the employer will make health insurance unaffordable for the district to provide as the current coverage level. The level of premium increase cannot be determined until renewal.				
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: No Impact				
Impact	FY 2014-15	FY 2015-16	FY 2016-17	Future Biennia
No Impact	\$0	\$0	\$0	\$0

School District: Pershing County School District Approved by: Dan Fox, Superintendent Comment: Our insurance broker indicates premiums would likely increase, but could not define what that would be.				
Impact	FY 2014-15	FY 2015-16	FY 2016-17	Future Biennia
Cannot Be Determined	\$0	\$0	\$0	\$0

School District: Storey County School District Approved by: Robert Slaby, Superintendent Comment: Cannot calculate effect on 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: Washoe County School District estimates an additional cost of \$50,000 per year in prescription costs.				
Impact	FY 2014-15	FY 2015-16	FY 2016-17	Future Biennia
Has Impact	\$0	\$50,000	\$50,000	\$50,000

School District: White Pine County School District Approved by: Paul Johnson, CFO Comment: Unable to determine impact. The financial impact as a result of health plan changes would require valuation from an actuary or underwriter. Currently the District anticipates a 15% health insurance increase. Any health plan changes that would broaden the plan of benefits could increase this inflationary rate even further.				
Impact	FY 2014-15	FY 2015-16	FY 2016-17	Future Biennia
Cannot Be Determined	\$0	\$0	\$0	\$0

City/County: **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 for specific benefits above the ACA will likely drive up costs as it represents additional funding 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, Eureka County, Lander County, Lincoln County, Lyon County, Mineral County, Nye County, Pershing County, Storey County, Churchill County School District, Elko County School District, Esmeralda County School District, Eureka County School District, Lander County School District, and Mineral County School District.