



GOVERNOR'S OFFICE OF
BUDGET AND PROGRAM PLANNING

Fiscal Note 2027 Biennium

Bill#/Title: **HB0565.01: Require health insurance companies doing business in Montana to cover IVF treatment**

Primary Sponsor: Ed Stafman Status: As Introduced

☐ 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> <u>Difference</u>	<u>FY 2027</u> <u>Difference</u>	<u>FY 2028</u> <u>Difference</u>	<u>FY 2029</u> <u>Difference</u>
Expenditures				
General Fund (01)	\$0	\$5,597,656	\$5,681,621	\$5,766,845
Other	\$0	\$0	\$0	\$0
Proprietary Fund	\$0	\$2,003,783	\$2,023,520	\$2,077,414
Revenues				
General Fund (01)	\$0	\$0	\$0	\$0
Other	\$0	\$0	\$0	\$0
Net Impact	<u>\$0</u>	<u>(\$5,597,656)</u>	<u>(\$5,681,621)</u>	<u>(\$5,766,845)</u>
General Fund Balance				

Description of fiscal impact

HB 565 creates the Building Families Act, requiring insurance coverage for the diagnosis and treatment for infertility and provides a lifetime limit coverage of at least \$40,000. The fiscal impact to the state is \$5,597,656 in FY 2027, \$5,681,621 in FY 2028, and \$5,766,845 in FY 2029.

FISCAL ANALYSIS

Assumptions

Commissioner of Higher Education

1. This bill, as proposed, will have a fiscal impact on the Montana University System based on the following assumptions:
 - a. There are 3,729 female members aged 20-49 in the MUS Group Insurance Plan.
 - b. The estimated percentage of female members with infertility is 14.4%.
 - c. This equates to 537 members with infertility (a x b).
 - d. The estimated percentage of members seeking treatment is 39.2%.
 - e. This equates to 211 members seeking treatment (c x d).
 - f. FY 2027 average plan cost of fertility treatment is \$3,392.
 - g. First-year pent-up demand is 105%.
 - h. The estimated FY 2027 plan cost of infertility treatment (e x f x g) is \$751,498.
 - i. FY 2028 average plan cost of fertility treatment is \$3,509.
 - j. Second-year pent-up demand is 102.5%.

- k. The estimated FY 2028 plan cost of infertility treatment (e x i x j) is \$758,909.
- l. A 3.4% inflationary factor is applied for FY 2029 based on the increase of average plan cost of fertility treatment from FY 2027 to FY 2028.
- m. The effective date is July 1, 2026, based on the next renewal of MUS Group Insurance Plan.

Department of Administration

- 2. This bill will have a fiscal impact on the State Health Benefit Plan since female plan members will opt for the IVF treatment covered under this bill.
 - a. The current female population aged 20-49 on the State Plan is 6,412.
 - b. Estimated infertile percentage of that population is 14.4% resulting in 923 females.
 - c. Estimated IVF seeking treatment percentage is 39.2% resulting in 362 females.
 - d. The calendar year 2026 average plan cost of fertility treatment is \$3,278.
 - e. First year pent-up demand is 105.0%.
 - f. The estimated calendar year 2026 plan cost of infertility treatment is \$1,245,968 (362 x 3,278 x 1.050).
 - g. The calendar year 2027 average cost of fertility treatment is \$3,392.
 - h. Second year pent-up demand is 102.5%.
 - i. The estimated calendar year 2027 plan cost of infertility treatment is \$1,258,601 (362 x 3,392 x 1.025).
 - j. The calendar year 2028 average cost of fertility treatment is \$3,510.
 - k. Third year pent-up demand is 100.0%.
 - l. The estimated calendar year 2028 plan cost of infertility treatment is \$1,270,620 (362 x 3,510 x 1.000).
 - m. The calendar year 2029 average plan cost of fertility treatment is \$3,632.
 - n. Fourth year pent-up demand is 100.0%.
 - o. The estimated calendar year 2029 plan cost of infertility treatment is \$1,314,784 (362 x 3,632 x 1.000).

Department of Public Health and Human Services

- 3. HB 565 mandates that health insurance policies cover infertility treatment, including IVF. While this bill could indirectly impact the state employee group benefit plan by requiring coverage for these services, HB 565 does not directly impact the Department of Public Health and Human Services.

State Auditor's Office

- 4. Per 45 CFR § 155.170 of the Affordable Care Act, the state of Montana is required to pay the costs of certain state benefit mandates (mandates) enacted after December 31, 2011, that (1) apply to Qualified Health Plans (QHPs) sold in the individual and small group markets, on and off-exchange; and (2) are in addition to the essential health benefits and which relate to specific care, treatment, or services. States are not required to defray benefit mandates that do not relate to specific care, treatment, or services. The federal government has identified six benefit mandates that would not require defrayal pertaining to (1) provider types; (2) cost-sharing; (3) reimbursement methods; (4) delivery methods; (5) dependent coverage; and (6) compliance with federal requirements.
- 5. HB 565 requires health insurance policies provide coverage for the diagnosis and treatment of infertility up to and including in vitro fertilization. Lifetime coverage must provide a minimum of \$40,000.
- 6. For the purposes of the defrayal analysis, HB 565 applies to fully insured QHP individual and small group policies issued by a health insurance issuer (an insurer, a health service corporation, or a health maintenance organization), sold on- and off-exchange. Applying the framework at 45 CFR § 155.170, the State Auditor's Office (SAO) has concluded the mandate in HB 565 will require the state of Montana to defray the associated costs of the benefit.
- 7. The SAO will reimburse issuers with general fund dollars after having received the appropriate issuer documentation.
- 8. HB 565 applies to health insurance policies issued on or after October 1, 2025. The SAO will not begin reimbursing issuers until FY 2027.
- 9. The SAO can satisfy the requirements of HB 565 with existing staff.
- 10. Three issuers sell QHPs in the individual and/or small group markets in Montana. The SAO requested each issuer provide a cost estimate, based on an annual calculation, associated with the diagnosis and treatment of infertility benefit according to the following information:

Department of Administration

	<u>FY 2026</u> <u>Difference</u>	<u>FY 2027</u> <u>Difference</u>	<u>FY 2028</u> <u>Difference</u>	<u>FY 2029</u> <u>Difference</u>
<u>Fiscal Impact</u>				
<u>Expenditures</u>				
Benefits	\$0	\$1,252,285	\$1,264,611	\$1,292,702
TOTAL Expenditures	\$0	\$1,252,285	\$1,264,611	\$1,292,702
<u>Funding of Expenditures</u>				
Other	\$0	\$0	\$0	\$0
Proprietary Fund	\$0	\$1,252,285	\$1,264,611	\$1,292,702
TOTAL Funding of Expenditures	\$0	\$1,252,285	\$1,264,611	\$1,292,702
<u>Revenues</u>				
Other	\$0	\$0	\$0	\$0
Proprietary Fund	\$0	\$0	\$0	\$0
<u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures)</u>				
Other	\$0	\$0	\$0	\$0
Proprietary Fund	\$0	(\$1,252,285)	(\$1,264,611)	(\$1,292,702)

State Auditor's Office

	<u>FY 2026</u> <u>Difference</u>	<u>FY 2027</u> <u>Difference</u>	<u>FY 2028</u> <u>Difference</u>	<u>FY 2029</u> <u>Difference</u>
<u>Fiscal Impact</u>				
<u>Expenditures</u>				
Benefits	\$0	\$5,597,656	\$5,681,621	\$5,766,845
TOTAL Expenditures	\$0	\$5,597,656	\$5,681,621	\$5,766,845
<u>Funding of Expenditures</u>				
General Fund (01)	\$0	\$5,597,656	\$5,681,621	\$5,766,845
TOTAL Funding of Expenditures	\$0	\$5,597,656	\$5,681,621	\$5,766,845
Other	\$0	\$0	\$0	\$0
<u>Revenues</u>				
Other	\$0	\$0	\$0	\$0
<u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures)</u>				
General Fund (01)	\$0	(\$5,597,656)	(\$5,681,621)	(\$5,766,845)
Other	\$0	\$0	\$0	\$0

- Precise benefit, coverage, and limitation parameters as identified in NEW SECTION 3 in HB 565, using the applicable definitions in NEW SECTION 2.
 - The estimated percentage of the issuer's QHP individual and small group membership that will use the benefit, identifying total membership by individual and small group lines of business and applicable percentages.
 - The cost estimate associated with the benefit, which cost estimate reflects the applicable projected deductibles, coinsurance and copayments per NEW SECTION 3(2).
11. The SAO has not repeated each issuer's assumptions, qualifiers, limitations, exclusions, and/or methodologies that may have been included as part of their submission. Below are the cost estimates for each of the issuers.

Issuer	Total QHP Membership	Annualized Cost Estimate
Issuer #1	68,726	\$ 3,032,716
Issuer #2	30,749	\$ 1,844,940
Issuer #3	25,860	\$ 720,000
Total Annualized Cost Estimate:		\$ 5,597,656

12. These costs have been inflated by 1.5% for FY 2028 and FY 2029.

Fiscal Analysis Table

Commissioner of Higher Education

	FY 2026 Difference	FY 2027 Difference	FY 2028 Difference	FY 2029 Difference
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Fiscal Impact**Expenditures**

Benefits	\$0	\$751,498	\$758,909	\$784,712
TOTAL Expenditures	\$0	\$751,498	\$758,909	\$784,712

Funding of Expenditures

Other	\$0	\$0	\$0	\$0
Proprietary Fund	\$0	\$751,498	\$758,909	\$784,712
TOTAL Funding of Expenditures	\$0	\$751,498	\$758,909	\$784,712

Revenues

Other	\$0	\$0	\$0	\$0
Proprietary Fund	\$0	\$0	\$0	\$0

Net Impact to Fund Balance (Revenue minus Funding of Expenditures)

Other	\$0	\$0	\$0	\$0
Proprietary Fund	\$0	(\$751,498)	(\$758,909)	(\$784,712)

STATEWIDE SUMMARY

	<u>FY 2026</u> <u>Difference</u>	<u>FY 2027</u> <u>Difference</u>	<u>FY 2028</u> <u>Difference</u>	<u>FY 2029</u> <u>Difference</u>
<u>Fiscal Impact</u>				
TOTAL Fiscal Impact	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
<u>Expenditures</u>				
Benefits	\$0	\$7,601,439	\$7,705,141	\$7,844,259
TOTAL Expenditures	<u>\$0</u>	<u>\$7,601,439</u>	<u>\$7,705,141</u>	<u>\$7,844,259</u>
<u>Funding of Expenditures</u>				
General Fund (01)	\$0	\$5,597,656	\$5,681,621	\$5,766,845
Other	\$0	\$0	\$0	\$0
Proprietary Fund	\$0	\$2,003,783	\$2,023,520	\$2,077,414
TOTAL Funding of Expenditures	<u>\$0</u>	<u>\$7,601,439</u>	<u>\$7,705,141</u>	<u>\$7,844,259</u>
<u>Revenues</u>				
Other	\$0	\$0	\$0	\$0
Proprietary Fund	\$0	\$0	\$0	\$0
TOTAL Revenues	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures)</u>				
General Fund (01)	\$0	(\$5,597,656)	(\$5,681,621)	(\$5,766,845)
Other	\$0	\$0	\$0	\$0
Proprietary Fund	<u>\$0</u>	<u>(\$2,003,783)</u>	<u>(\$2,023,520)</u>	<u>(\$2,077,414)</u>

NOT SIGNED BY SPONSOR

Sponsor's Initials

Date

Budget Director's Initials

2/28/2025

Date