

# JLBC Fiscal Note

**BILL #** SB 1347

**TITLE:** health insurance; fertility preservation; coverage

**SPONSOR:** Werner

**PREPARED BY:** Chandler Coiner

**STATUS:** Senate Engrossed

## REVISED

### Explanation of Revision

We have revised our fiscal note to include agency input that was received after publication of the previous version of the note on 2/26. The Arizona Department of Administration (ADOA) has provided its estimate of the bill's fiscal impact to the state employee health plan, and the Department of Insurance and Financial Institutions (DIFI) estimates the bill would generate additional state costs due to federal rules governing essential health benefits (EHB).

### Description

The bill would require a health plan, beginning in Plan Year (PY) 2028, to cover standard fertility preservation services to a member who is within reproductive age, diagnosed with cancer, and whose medically necessary treatment is likely to directly or indirectly cause infertility.

### Estimated Impact

We estimate that the bill would result in a General Fund cost of \$305,900 and a Total Funds cost of \$611,800 annually for the state employee health plan beginning in PY 2028. The cost would be halved in FY 2028 due to only covering 6 months of the plan year. ADOA estimates the bill would generate Total Funds costs between \$612,600-\$919,000 annually. ADOA's analysis assumes between 25% and 33% of cancer patients aged 15-39 would utilize these services each year.

Additionally, DIFI estimates that the bill would generate state costs between \$2.4 million-\$3.6 million to defray the costs to private health plans providing the benefit. Under federal law, states are required to make payments to insurance plans sold on the Affordable Care Act exchange for benefits that are mandated by the state and exceed the state's "benchmark plan" used to compute federal premium tax credits for coverage. DIFI believes that coverage of fertility preservation services required by this bill exceeds Arizona's benchmark plan, and therefore the state would also be responsible for the costs to private health plans.

We also estimate this bill would have a fiscal impact on local government health plans and health care premium tax collections, but the magnitude of such impacts cannot be determined in advance. The bill does not affect the Arizona Health Care Cost Containment System (AHCCCS).

### Analysis

Our estimate assumes the following:

- 1) Fertility preservation services cost an average of \$15,000 per individual. This is based on a fiscal note on a similar bill introduced in the Virginia General Assembly this year.
- 2) Nationwide, there were 97,575 new cancer diagnoses among individuals between the ages of 15-39 in 2022, according to the federal Centers for Disease Control and Prevention (CDC). We assume that individuals recently diagnosed with cancer within this age range would be the most likely to utilize fertility preservation services.
- 3) The population of Arizona is 7.6 million, or 2.2% of the U.S. population.
- 4) There are approximately 142,000 individuals enrolled in the state employee health plan, or 1.9% of the Arizona population.
- 5) Based on the above assumptions, we estimate the bill would generate \$611,800 in costs for the Arizona state employee health plan ( $\$15,000 \times 97,575 \times 2.2\% \times 1.9\%$ ). This would cover an estimated 41 procedures per year.
- 6) Because the General Fund pays approximately 50% of the employer share of all state employee health care costs, we assume the General Fund would also cover 50%, or \$305,900, of these costs as well.
- 7) We are unable to estimate the impact to local government and commercial health plans and associated insurance premium tax impacts, as we lack data on the extent to which fertility preservation services are covered by such plans.