

DEPARTMENT OF FINANCE BILL ANALYSIS

AMENDMENT DATE: 08/14/2023
POSITION: Oppose
SPONSOR: Insurance Commissioner Ricardo Lara, Alliance for Fertility Preservation, American Society for Reproductive Medicine, Equality California, and others

BILL NUMBER: SB 729
AUTHOR: Menjivar, Caroline

BILL SUMMARY: Health care coverage: treatment for infertility and fertility services.

This bill: 1) requires large group health plan contracts and disability insurance policies to provide coverage for the diagnosis and treatment of infertility and fertility services, 2) requires small group health contracts and insurance policies to offer these same services, 3) prohibits a health plan or disability insurer from placing different conditions or coverage limitations on fertility medications or services, or the diagnosis and treatment of infertility and fertility services, and 4) revises the definition of infertility.

FISCAL SUMMARY

The Department of Managed Health Care (DMHC) estimates the fiscal impact to be \$679,000 and 3 positions in 2024-25, \$1.95 million and 7 positions in 2025-26, and \$2.04 million and 7 positions in 2026-27 and ongoing. These requested resources will cover anticipated additional workload to address an increased volume of medical expert reviews, develop tools and guidance to assess health plan compliance, additional workload to address annual referrals, annual platform software licensing costs, and consultant services.

The California Department of Insurance (CDI) estimates the fiscal impact to be minor and absorbable.

DMHC and the CDI costs would be borne by the Managed Care Fund and Insurance Fund, respectively. Both funds are funded through assessments on health plans or health insurers. A one million dollar increase to the Managed Care Fund results in a 2cent increase on assessments to full-service health plans and a 1 cent increase to specialized health plans. To the extent this bill and others result in additional assessments on health plans or health insurers, consumers may face increased premiums.

The California Public Employees' Retirement System (CalPERS) could experience a measurable fiscal impact, potentially in the hundreds of millions of dollars. Fertility Dynamics, a national data analytics company which uses fertility data from clinics across the country, conducted an analysis of this bill and estimates CalPERS' total cost over the first two years would be \$15 million. In comparison, the California Health Benefits Review Program (CHBRP)'s estimate of the introduced version estimates CalPERS' total over the first two years would be \$80 million. Costs would affect all CalPERS contracting agencies and their respective funding sources, including the General Fund.

Based on the introduced version of this bill, CHBRP estimates the total net annual expenditures would increase by \$182.7 million in year one and \$329.9 million in year two for individuals with

Analyst/Principal (512) Aguilera, Matt Date Program Budget Manager Dorsey, Adam Date
Department Deputy Director Date
Governor's Office: By: Date: Position Approved Position Disapproved
BILL ANALYSIS Form DF-43 (Rev 03/95 Buff)

Menjivar, Caroline

08/14/2023

SB 729

FISCAL SUMMARY (continued)

large-group or CalPERS DMHC-regulated plans and CDI-regulated policies. In contrast, Fertility Dynamics estimates the overall cost for the first two years of implementation of this bill to be approximately \$80 million—a sixth of CHBRP's estimated costs. The Fertility Dynamics analysis expressed three areas that contributed the difference in the fiscal estimate as compared to CHBRPS: 1) higher utilization rate, 2) higher cost for maternity services, and 3) higher cost of fertility services.

Covered California estimates the fiscal impact to be minor and absorbable to administer the provisions of this bill.

The Department of Health Care Services estimates no fiscal impact to administer the provisions of this bill.

This bill does not create a state-reimbursable mandate because it does not require a new program or higher level of service. Rather, this bill defines a new crime, changes the existing definition of a crime by the state, and/or changes the penalty for conviction of a crime, none of which are reimbursable. Although Finance is sensitive to the impact of new crimes on local criminal justice systems as counties implement public safety realignment, the likelihood of new criminal convictions from this bill is minimal.

Any requests for additional resources will be evaluated during the annual budget process.

COMMENTS

The Department of Finance is opposed to this bill, as it creates costs and pressures not included in the Administration's spending plan. To the extent this bill results in additional assessments on health plans and insurers, consumers may face increased health care premiums.

Code/Department Agency or Revenue Type	SO LA CO RV	PROP 98	FC	(Fiscal Impact by Fiscal Year)			Fund Code
				2023-2024 FC	2024-2025 FC	2025-2026 FC	
4150/MngedHltCare	SO	No	B	0 C	679 C	1,950	0933
0845/Insurance	SO	No		-----	No/Minor Fiscal Impact	-----	0217
4800/Exchange	SO	No		-----	No/Minor Fiscal Impact	-----	3175
4260/Hlth Care	SO	No		-----	No/Minor Fiscal Impact	-----	0001
<u>Fund Code</u>	<u>Title</u>						
0001	General Fund						
0217	Insurance Fund						
0933	Managed Care Fund						
3175	Health Trust Fund, California						