

HF2607 - 1E - Gender-Affirming Care Coverage

Chief Author: Leigh Finke
 Committee: Health Finance And Policy
 Date Completed: 4/3/2024 2:13:34 PM
 Lead Agency: Commerce Dept
 Other Agencies: Health Dept, MNsure, Minn Management and Budget

State Fiscal Impact	Yes	No
Expenditures		X
Fee/Departmental Earnings		X
Tax Revenue		X
Information Technology		X
Local Fiscal Impact		X

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions shown in the parentheses.

State Cost (Savings)	Biennium			Biennium		
	Dollars in Thousands	FY2023	FY2024	FY2025	FY2026	FY2027
State Total						
Total		-	-	-	-	-
Biennial Total				-		-

Full Time Equivalent Positions (FTE)	Biennium			Biennium		
		FY2023	FY2024	FY2025	FY2026	FY2027
Total		-	-	-	-	-

Lead LBO Analyst's Comment

I have reviewed this fiscal note for reasonableness of content and consistency with the LBO's Uniform Standards and Procedures.

LBO Signature: Shannon Zila Date: 4/3/2024 2:13:34 PM
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State Cost (Savings) Calculation Details

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions are shown in parentheses.

*Transfers In/Out and Absorbed Costs are only displayed when reported.

State Cost (Savings) = 1-2		Biennium			Biennium	
Dollars in Thousands		FY2023	FY2024	FY2025	FY2026	FY2027
Total		-	-	-	-	-
Biennial Total				-		-
1 - Expenditures, Absorbed Costs*, Transfers Out*						
Total		-	-	-	-	-
Biennial Total				-		-
2 - Revenues, Transfers In*						
Total		-	-	-	-	-
Biennial Total				-		-

HF2607 - 1E - Gender-Affirming Care Coverage

Chief Author: **Leigh Finke**
 Committee: **Health Finance And Policy**
 Date Completed: **4/3/2024 2:13:34 PM**
 Agency: **Commerce Dept**

State Fiscal Impact	Yes	No
Expenditures		X
Fee/Departmental Earnings		X
Tax Revenue		X
Information Technology		X
Local Fiscal Impact		X

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions shown in the parentheses.

State Cost (Savings)	Biennium			Biennium		
	Dollars in Thousands	FY2023	FY2024	FY2025	FY2026	FY2027
Total	-	-	-	-	-	-
Biennial Total			-			-

Full Time Equivalent Positions (FTE)	Biennium			Biennium		
		FY2023	FY2024	FY2025	FY2026	FY2027
Total	-	-	-	-	-	-

LBO Analyst's Comment

I have reviewed this fiscal note for reasonableness of content and consistency with the LBO's Uniform Standards and Procedures.

LBO Signature: Shannon Zila **Date:** 4/2/2024 1:39:35 PM
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State Cost (Savings) Calculation Details

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions are shown in parentheses.

*Transfers In/Out and Absorbed Costs are only displayed when reported.

State Cost (Savings) = 1-2 Dollars in Thousands	Biennium			Biennium	
	FY2023	FY2024	FY2025	FY2026	FY2027
Total	-	-	-	-	-
Biennial Total			-		-
1 - Expenditures, Absorbed Costs*, Transfers Out*					
Total	-	-	-	-	-
Biennial Total			-		-
2 - Revenues, Transfers In*					
Total	-	-	-	-	-
Biennial Total			-		-

Bill Description

House File 2607-1E would require health carriers that provide health insurance coverage for physical or mental health services to also provide coverage for gender-affirming care that is medically necessary with regard to the procedures and criteria recognized within professional standards, guidelines or practices in relevant fields of medicine.

Gender-affirming care is a multi-step and multidisciplinary process intended to reduce or eliminate gender dysphoria experienced by “transgender or gender-diverse” individuals. Gender dysphoria is defined as psychological distress that results from an incongruence between one’s sex assigned at birth and one’s gender identity. Examples of gender-affirming care include:

- hormone therapy
- feminizing vaginoplasty
- masculinizing phalloplasty/scrotoplasty
- metoidioplasty (e.g., clitoral release/enlargement and possibly urethral lengthening)
- reduction thyrochondroplasty (i.e., tracheal cartilage shave)
- transgender affirmative cognitive behavioral therapy

For the purposes of this bill, “medically necessary care” means health care services appropriate in terms of type, frequency, level, setting and duration to the enrollee’s diagnosis or condition; diagnostic testing; and preventive services. Medically necessary care must be consistent with generally accepted practice parameters as determined by health care providers in the same or a similar general specialty that typically manages the condition, procedure or treatment at issue and must (a) help restore or maintain the enrollee’s health or (b) prevent deterioration of the enrollee’s condition.

The proposed bill would apply to fully insured small and large group commercial health plans, individual market plans, and Medicare supplemental policies. HF 2607-1E would not apply to self-insured employer plans, grandfathered plans, Medicare or Medical Assistance.

Assumptions

Commerce assumes the requirements of HF 2607-1E do not constitute a new benefit mandate as understood under Section 1311(d)(3) of the Affordable Care Act (ACA). New benefit mandates not included as essential health benefits (EHBs) specified under Section 1302(b) and added by state law after December 31, 2012, require the state to defray health plan costs associated with providing coverage to enrollees. Section 1311(d)(3) specifies that the state is not required to defray costs of new benefit mandates when unrelated to specific care, treatment, or services.

If enacted, Commerce assumes there would be no defrayal requirements associated with HF 2607-1E. The state prohibits discrimination against individuals based on their gender identity or expression, including the exclusion of coverage for

medically necessary treatment for gender dysphoria and related health conditions, such as gender confirmation surgery and medically necessary procedures to conform secondary sex characteristics to a person's gender identity or expression. Additionally, the ACA requires nondiscriminatory medical coverage based on "medical necessity."

Commerce assumes that HF 2607-1E would have no fiscal impact on the agency. Commerce staff reviewing health plan forms and rate filings would be required to add the new statutory provisions of the bill to existing checklists and review them for compliance. The work required by the bill would not substantially add to or deviate from the existing overall role agency staff have in the review of health plan filings.

This analysis is consistent with the Department's analysis in its 62J.26 evaluation of HF 2607.

Expenditure and/or Revenue Formula

N/A

Long-Term Fiscal Considerations

Local Fiscal Impact

References/Sources

https://mn.gov/commerce-stat/insurance/industry/policy-data-reports/62J/MN-AIR_Commerce_Evaluation%20Report_Gender-Affirming-Care_Final.pdf

Agency Contact:

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Fiscal Note

2023-2024 Legislative Session

HF2607 - 1E - Gender-Affirming Care Coverage

Chief Author: **Leigh Finke**
 Committee: **Health Finance And Policy**
 Date Completed: **4/3/2024 2:13:34 PM**
 Agency: **Health Dept**

State Fiscal Impact	Yes	No
Expenditures		X
Fee/Departmental Earnings		X
Tax Revenue		X
Information Technology		X
Local Fiscal Impact		X

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State Cost (Savings)	Biennium			Biennium		
	Dollars in Thousands	FY2023	FY2024	FY2025	FY2026	FY2027
Total	-	-	-	-	-	-
Biennial Total			-			-

Full Time Equivalent Positions (FTE)	Biennium			Biennium		
		FY2023	FY2024	FY2025	FY2026	FY2027
Total	-	-	-	-	-	-

LBO Analyst's Comment

I have reviewed this fiscal note for reasonableness of content and consistency with the LBO's Uniform Standards and Procedures.

LBO Signature: Shannon Zila **Date:** 4/3/2024 2:11:10 PM
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State Cost (Savings) Calculation Details

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State Cost (Savings) = 1-2		Biennium			Biennium	
Dollars in Thousands	FY2023	FY2024	FY2025	FY2026	FY2027	
Total	-	-	-	-	-	-
Biennial Total			-			-
1 - Expenditures, Absorbed Costs*, Transfers Out*						
Total	-	-	-	-	-	-
Biennial Total			-			-
2 - Revenues, Transfers In*						
Total	-	-	-	-	-	-
Biennial Total			-			-

Bill Description

This bill prohibits exclusion of medically necessary gender-affirming care from health plan coverage.

No effective date is specified.

Technical Comment:

As written, the effective date of this proposal would be within the current 2024 plan year and will require changes to health plans currently in effect.

Assumptions

MDH is responsible for reviewing state-regulated health maintenance organization (HMO) health plans for compliance with state and federal requirements before they are available to enrollees. This bill impacts coverage requirements for gender-affirming care. Enforcement of this requirement falls within the routine reviews of HMO health plan coverage and would not generate a material increase in workload.

Expenditure and/or Revenue Formula

Long-Term Fiscal Considerations

Local Fiscal Impact

References/Sources

Agency Contact:

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HF2607 - 1E - Gender-Affirming Care Coverage

Chief Author: **Leigh Finke**
 Committee: **Health Finance And Policy**
 Date Completed: **4/3/2024 2:13:34 PM**
 Agency: **Minn Management and Budget**

State Fiscal Impact	Yes	No
Expenditures		X
Fee/Departmental Earnings		X
Tax Revenue		X
Information Technology		X
Local Fiscal Impact		X

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Total	-	-	-	-	-	-
Biennial Total			-			-

Full Time Equivalent Positions (FTE)	Biennium			Biennium		
		FY2023	FY2024	FY2025	FY2026	FY2027
Total	-	-	-	-	-	-

LBO Analyst's Comment

I have reviewed this fiscal note for reasonableness of content and consistency with the LBO's Uniform Standards and Procedures.

LBO Signature: Kate Schiller **Date:** 3/29/2024 5:56:39 PM
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State Cost (Savings) Calculation Details

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions are shown in parentheses.

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State Cost (Savings) = 1-2		Biennium			Biennium	
Dollars in Thousands	FY2023	FY2024	FY2025	FY2026	FY2027	
Total	-	-	-	-	-	-
Biennial Total			-			-
1 - Expenditures, Absorbed Costs*, Transfers Out*						
Total	-	-	-	-	-	-
Biennial Total			-			-
2 - Revenues, Transfers In*						
Total	-	-	-	-	-	-
Biennial Total			-			-

Bill Description

House File 2607-1E requires a health plan providing health insurance for coverage for physical or mental health services to also provide coverage for gender-affirming care determined to be medically necessary as defined by the bill.

Background:

Minnesota Management and Budget (MMB) administers the State Employee Group Insurance Program (SEGIP) which provides health, dental, life, and other benefits to eligible State employees and their dependents, and quasi-state agencies defined in Minnesota Statute. Health benefits are provided through the self-funded Minnesota Advantage Health Plan (Advantage). SEGIP contracts with two health plan administrators to provide medical benefits and a Pharmacy Benefit Manager (PBM) to provide its prescription drug benefit.

Assumptions

MMB assumes no fiscal impact because the Advantage Plan already covers gender-affirming services as required by the bill.

Expenditure and/or Revenue Formula

Long-Term Fiscal Considerations

Local Fiscal Impact

References/Sources

Program information and claims data from SEGIP, administered by MMB.

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HF2607 - 1E - Gender-Affirming Care Coverage

Chief Author: Leigh Finke
 Committee: Health Finance And Policy
 Date Completed: 4/3/2024 2:13:34 PM
 Agency: MNSure

State Fiscal Impact	Yes	No
Expenditures		X
Fee/Departmental Earnings		X
Tax Revenue		X
Information Technology		X
Local Fiscal Impact		X

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Total	-	-	-	-	-	-
Biennial Total			-			-

Full Time Equivalent Positions (FTE)	Biennium			Biennium		
		FY2023	FY2024	FY2025	FY2026	FY2027
Total	-	-	-	-	-	-

LBO Analyst's Comment

I have reviewed this fiscal note for reasonableness of content and consistency with the LBO's Uniform Standards and Procedures.

LBO Signature: Steve McDaniel **Date:** 4/3/2024 1:22:18 PM
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State Cost (Savings) Calculation Details

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions are shown in parentheses.

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Dollars in Thousands	FY2023	FY2024	FY2025	FY2026	FY2027	
Total	-	-	-	-	-	-
Biennial Total			-			-
1 - Expenditures, Absorbed Costs*, Transfers Out*						
Total	-	-	-	-	-	-
Biennial Total			-			-
2 - Revenues, Transfers In*						
Total	-	-	-	-	-	-
Biennial Total			-			-

Bill Description

This bill (HF 2607 First Engrossment) requires a health plan providing health insurance for coverage for physical or mental health services to also provide coverage for gender-affirming care determined to be medically necessary as defined by the bill.

Assumptions

This bill would result in no direct fiscal impact to MNsure; however, changes in plan premiums, plan choice, or plan enrollment could have an effect on the amount of revenue MNsure generates through its premium withhold. An actuarial study would need to be conducted to determine the impact to health insurance premiums, plan choice, or plan enrollment caused by the coverage provided for changes in coverage for gender-affirming care with the new effective date as described in the bill.

Expenditure and/or Revenue Formula

Long-Term Fiscal Considerations

Local Fiscal Impact

References/Sources

Agency Contact:

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