



**LEGISLATIVE FISCAL OFFICE
Fiscal Note**

Fiscal Note On: **HB 357** HLS 25RS 394
 Bill Text Version: **ORIGINAL**
 Opp. Chamb. Action:
 Proposed Amd.:
 Sub. Bill For.:

Date: May 6, 2025 4:28 PM	Author: FREEMAN
Dept./Agy.: Insurance, Office of Group Benefits, and Medicaid	Analyst: Anthony Shamis
Subject: Mandated Coverage for Integrative Cancer Treatments	

INSURANCE/HEALTH OR INCREASE GF EX See Note Page 1 of 2
 Requires health insurance coverage for integrative cancer treatments

Proposed law requires health insurance issuers that provide hospital, medical, or surgical benefits to cover integrative cancer treatments including acupuncture, scalp cooling systems, cryotherapy, and dental services. This requirement includes Medicare and Medicaid coverage.

Proposed law allows coverage required under this legislation to be subject to annual deductibles, coinsurance, and copayments established under the health coverage plan.

Proposed law effective 1/01/2026.

EXPENDITURES	2025-26	2026-27	2027-28	2028-29	2029-30	5 -YEAR TOTAL
State Gen. Fd.	INCREASE	INCREASE	INCREASE	INCREASE	INCREASE	
Agy. Self-Gen.	INCREASE	INCREASE	INCREASE	INCREASE	INCREASE	
Ded./Other	\$0	\$0	\$0	\$0	\$0	\$0
Federal Funds	INCREASE	INCREASE	INCREASE	INCREASE	INCREASE	
Local Funds	\$0	\$0	\$0	\$0	\$0	\$0
Annual Total						

REVENUES	2025-26	2026-27	2027-28	2028-29	2029-30	5 -YEAR TOTAL
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	INCREASE	INCREASE	INCREASE	INCREASE	INCREASE	
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	\$0	\$0	\$0	\$0	\$0	\$0
Annual Total						

EXPENDITURE EXPLANATION

Proposed law will result in an increase of \$1.3 M in FY 26 in three state agencies, with costs increasing in future fiscal years. Proposed law will increase expenditures within the LA Department of Health (LDH), Medicaid Program by \$1.1 M and Self-Generated Revenue expenditures within the Office of Group Benefits (OGB) by \$114,758 as well as may increase State General Fund expenditures associated with a mandated to health insurance policies issued under the insurance exchanges by \$70,000 beginning in FY 26 and subsequent fiscal years. Furthermore, proposed law will increase claims expenditures for the health insurance industry by an estimated \$90,000 and premiums by an estimated \$105,882, or \$0.14 per member per month in FY 26 (see Expenditure Explanation on Page 2).

LA Department of Health - \$1,138,743 (SGF, Stat Ded, and Federal Impact) in FY 26

The LA Department of Health (LDH), Medicaid Program reports the proposed law will result in an increase in expenditures of \$2,277,487 (\$373,762 SGF, \$36,246 statutorily dedicated Medical Assistance Trust Fund - MATF, and \$1,867,479 Federal) for acupuncture, scalp cooling systems, and dental services to an estimated 12,290 eligible recipients in FY 26. Cryosurgery is already a covered Medicaid service. LDH estimates a 7% initial uptake rate (utilization) and a 3% increase in subsequent fiscal years.

	FY 25-26	FY 26-27	FY 27-28	FY 28-29	FY 29-30	Total
	\$1,138,743	\$2,356,198	\$2,428,965	\$2,505,875	\$2,582,310	\$12,150,835
* 6 months						
Treatment:		FY 2026 (12 months)				
Acupuncture		\$549,765				
Dental Services		\$64,017				
Scalp Cooling Systems		<u>\$1,663,705</u>				
Total		\$2,277,487				

Assumptions: Acupuncture - the eligible population is 11,549 with a maximum of 12 visits per year. Dental services - the eligible population is 450 with an estimated capitation rate of \$23.71 per member per month (PMPM) for 6 months. Scalp Cooling Systems - the eligible population is 291 with an estimated cost per beneficiary of \$7,364.

Office of Group Benefits Impact - \$114,758 to \$406,870 (Self-Generated Revenue Impact) in FY 26

Currently, all of OGB's five (5) self-funded health plans provide coverage for acupuncture, limited coverage for cryotherapy ablation, and dental services. OGB excludes coverage of scalp cooling systems. Proposed law requires OGB to provide coverage for integrative cancer treatments.

Continue Explanation on Page 2

REVENUE EXPLANATION

Proposed law will result in an increase in Statutory Dedication revenues within the LA Department of Health, Medicaid program as a result of a premium tax. There is 5.5% premium tax on premiums paid to the Healthy Louisiana managed care organizations. The Office of Group Benefits (OGB) does not anticipate the proposed law to require premium increases, therefore there is no impact self-generated revenues collected from premiums. OGB has indicated the estimated costs associated with integrative cancer treatments may be absorbed by the existing fund balance reserve. As of 3/31/25, the OGB Fund Balance was \$410.2 M.

Senate Dual Referral Rules
 13.5.1 >= \$100,000 Annual Fiscal Cost {S & H}
 13.5.2 >= \$500,000 Annual Tax or Fee Change {S & H}

House
 6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S}
 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S}


Patrice Thomas
 Deputy Fiscal Officer



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CONTINUED EXPLANATION from page one:

EXPENDITURE EXPLANATION Continued from Page 1

To determine the impact of proposed law, OGB utilized data from their medical third-party administrator Blue Cross and Blue Shield of LA (BCBSLA). The estimated impact on OGB's medical claims expenditures does not include claims expenditures incurred by Medicare-primary plan members enrolled in OGB's self-funded health plans. Claims coverage for cryotherapy ablation for indicators not currently covered, new coverage for scalp cooling systems when used in connection with medical cancer treatment, and dental services for patients requiring bisphosphonates in cancer treatments. Based upon the assumptions listed below and a tiered utilization rate (uptake), the expenditures to cover this benefit range are as follows:

Table with 7 columns: Category, FY 25-26*, FY 26-27, FY 27-28, FY 28-29, FY 29-30, Total. Rows for Low and High cost scenarios.

* 6-months

Unless OGB Fund Balance is utilized, an SGF appropriation may be required to cover the state portion of the increase in premium costs, which is approximately 40%. The expenditure estimate is based upon requirements of the proposed law as well as the following assumptions: (1) As of 4/01/2025, the current OGB member population in the five self-funded health plans is 213,214, or 169,635 excluding Medicare primary members. Membership will remain constant. (2) The coverage will become effective on 1/01/2026. (3) No change in OGB self-funded health plan membership in future fiscal years from current levels. (4) The PMPM cost estimate provided by BCBSLA ranges from \$0.11 PMPM (low) to \$0.39 PMPM (high). (5) In future fiscal years, a medical inflation factor of 2.5%, based on Consumer Price Index data for medical care in the Southern United States through the end of 2024.

Based on the aforementioned methodology, the assumption that coverage will only be in place for 6 months in FY 26 due to the January 1st effective date, and a medical inflation (MI) factor of 2.5% compounding annually, below are expenditure calculations:

Expenditure Calculations = membership population x PMPM cost x 12 months

Base Cost (Low) = \$223,918 = 169,635 x \$0.11 x 12 months

Base Cost (High) = \$793,892 = 169,635 x \$0.39 x 12 months

FY 26 (Low) = \$229,516 = \$223,918 x 2.5% MI (\$ 92,131 SGF)

FY 26 (High) = \$813,739 = \$793,892 x 2.5% MI (\$326,646 SGF)

FY 27 (Low) = \$235,254 = \$229,516 x 2.5% MI (\$ 94,434 SGF)

FY 27 (High) = \$834,082 = \$813,739 x 2.5% MI (\$334,812 SGF)

FY 28 (Low) = \$241,136 = \$235,254 x 2.5% MI (\$ 96,795 SGF)

FY 28 (High) = \$854,934 = \$834,082 x 2.5% MI (\$343,182 SGF)

FY 29 (Low) = \$247,164 = \$241,136 x 2.5% MI (\$99,215 SGF)

FY 29 (High) = \$876,307 = \$854,934 x 2.5% MI (\$351,762 SGF)

FY 30 (Low) = \$253,343 = \$247,164 x 2.5% MI (\$101,695 SGF)

FY 30 (High) = \$898,215 = \$876,307 x 2.5% MI (\$360,556 SGF)

Total (Low)* = \$1,206,413 (\$ 484,270 SGF)

Total (High)* = \$4,277,277 (\$1,716,958 SGF)

*The Total does not include the Base Costs.

Furthermore, OGB does not anticipate expenditures associated with proposed law to necessitate premium increases for members, and any additional expenditures will be funded by its fund balance (see Revenue Explanation). However, the cost increase for OGB is ultimately indeterminable and dependent upon the submission of claims utilizing integrative cancer treatments. Furthermore, a determination of medical necessity being required for claims reimbursement may further serve to mitigate OGB's potential cost exposure. Because the aforementioned factors are unknown, the extent of the cost increase is indeterminable.

Insurance Exchanges Impact - \$70,000 to \$680,000 (State General Fund Impact) in FY 26

Proposed law may increase SGF expenditures beginning in FY 26 and subsequent fiscal years according to an analysis provided by the health actuary at LDI. The state would be required to fund health claims expenditures associated with integrative cancer treatments in proposed law for policies issued by qualified health plans through the health insurance exchange beginning in FY 26 with estimated costs of \$70,000 (low) to \$680,000 (high). Claims expenses associated with proposed law would be paid out by the State Treasury Department. LDI bases this analysis on the following assumptions: the calculations are on a fiscal year basis; the exchange population is approximately 300,000 and the insured population is assumed to be stationary; fixed start-up costs that are not subject to inflation; the premium loss ratio is 85%; and the estimated cost of \$0.02 PMPM (low) to \$0.19 PMPM (high) over the entire insured population. Based upon the aforementioned assumptions, the estimated annual cost increases for insurance providers associated with claims are as follows:

Aggregate Cost Determination (prepaid for 12 months)

(exchange population x PMPM cost x 12 months)

FY 26 (Low) - 300,000 x \$0.02 PMPM x 12 months = \$ 70,000

FY 26 (High) - 300,000 x \$0.19 PMPM x 12 months = \$680,000

PRIVATE INSURANCE IMPACT

Pursuant to R.S. 24:603.1, the information below is the projected private insurance impact of proposed law. Based upon an actuarial analysis prepared by LDI, the proposed law is anticipated to increase expenditures associated with claims by \$90,000 (low) to \$855,000 (high) and premium increases by \$105,882 (low) to \$1,005,882 (high) for private insurers and the insured. LDI bases this analysis on the following assumptions: the calculations are on a fiscal year basis; the exchange population is approximately 750,000 and the insured population is assumed to be stationary; medical inflation (MI) rate of 3%; first-year shock (common variation) is 5%; the premium loss ratio is 85%; and the estimated cost is \$0.02 PMPM (low) to \$0.19 PMPM (high) over the entire insured population. Based upon the aforementioned assumptions, the estimated annual cost increases for insurance providers associated with claims are as follows:

Aggregate Cost Determination

(exchange population x PMPM cost x 6 months)

FY 26 (Low) - 750,000 x \$0.02 PMPM x 6 months = \$ 90,000

FY 26 (High) - 750,000 x \$0.19 PMPM x 6 months = \$ 855,000

Aggregate Extra Premium Determination

((PMPM cost x 6 months)/medical loss ratio)

FY 26 (Low) - (\$0.02 x 6 months)/85% = \$0.14

FY 26 (High) - (\$0.19 x 6 months)/85% = \$1.34

* 6 months

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[] 13.5.2 >= \$500,000 Annual Tax or Fee Change {S & H}

House
[X] 6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S}
[] 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S}

Signature of Patrice Thomas
Patrice Thomas
Deputy Fiscal Officer