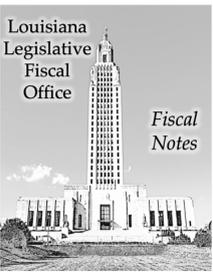


LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **HB 467** HLS 25RS 885
 Bill Text Version: **REENGROSSED**
 Opp. Chamb. Action: **W/ SEN FLOOR AMD**
 Proposed Amd.:
 Sub. Bill For.:

Date: June 10, 2025	10:38 AM	Author: HILFERTY
Dept./Agy.: Insurance/Health		
Subject: Baby Formula/Survivor's Benefits/Extraordinary Medical & Dental		Analyst: Anthony Shamis

INSURANCE/HEALTH REF INCREASE GF EX See Note Page 1 of 2
 Requires health insurance coverage for amino acid-based elemental formulas; Health Insurance Coverage for Surviving Family Members of Firemen and Law Enforcement Officers; Extraordinary Medical/Dental Expenses of Firemen & Law Enforcement Officers.

(1) Proposed law requires all health insurance issuers, including Medicaid offering health coverage plans that provide benefits for maternity services to provide coverage for amino acid-based elemental formulas, regardless of delivery method, to treat a child aged 2 years or younger that has been diagnosed by a board certified allergist/gastroenterologist. (2) Proposed law extends health insurance coverage to surviving family members of firemen and law enforcement officers killed in the course of his official duties, or arising out of any activity in his capacity as a fireman or law enforcement officer. Proposed law applies to a parish with a population of not less than 240,000 and no more than 255,000 persons based on the latest federal census. Proposed law shall be applied retrospectively to 1/01/2017. (3) Proposed law provides for the expansion of the powers and duties of the Law Enforcement Officers and Firemen's Survivor Benefit Review Board to pay extraordinary medical and dental expenses for firemen and law enforcement officers injured while performing their official duties. The legislation provides for definitions, exclusions, and a maximum benefit payment of \$50,000 per injury, per officer/fireman. The State Risk Director is authorized to pay claims from the Self-Insurance fund. Proposed law shall be applicable to extraordinary medical or dental expenses incurred due to an injury arising out of and in the course of the performance of an officer's duties on or after 1/01/ 2023.

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	INCREASE	INCREASE	INCREASE	INCREASE	INCREASE	
Federal Funds	INCREASE	INCREASE	INCREASE	INCREASE	INCREASE	
Local Funds	INCREASE	INCREASE	INCREASE	INCREASE	INCREASE	

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 is anticipated to increase expenditures in the LA Department of Health (LDH), the Office of Group Benefits (OGB), LA Department of Insurance (LDI), Office of Risk Management (ORM) and Local Governments, as a result of the following: (1) Health insurance coverage for amino acid-based elemental formulas; (2) Health Insurance Benefits for Surviving family of Law Enforcement Officers and Firemen; and (3) Coverage of Extraordinary Medical & Dental Expenses of Firemen and Law Enforcement Officers.

(1) Required coverage for amino acid-based elemental formulas (Summary): Proposed law will increase expenditures in the LDH's Medicaid program by \$1.5 M, SGR expenditures in OGB by \$10,433, as well as may increase SGF expenditures associated with mandates to health insurance policies issued under the insurance exchanges by \$1.8 M beginning in FY 26 (assuming a start date of 1/01/26) and increasing costs projected in subsequent fiscal years. Furthermore, proposed law will increase claims expenditures for the health insurance industry by an estimated \$2.3 M and premiums by an estimated \$2.6 M in FY 26 to include coverage for amino acid-based elemental formulas when a child has been diagnosed by a certified allergist or board certified gastroenterologist. The treating physician must issue a written order that such formula is medically necessary to treat covered children ages two and younger.

(2) Health Insurance Benefits for Surviving family of Law Enforcement Officers and Firemen (Summary): Proposed law is anticipated to have an indeterminable increase in local government expenditures associated with extending health insurance coverage to surviving spouses and children of firemen and law enforcement officers killed in the course of their official duties. Proposed law only applies to a parish with a population between 240,000 to 255,000 residents and shall be applied retrospectively to January 1, 2017. This legislation provides that health insurance coverage for a surviving spouse is for the remainder of the surviving spouse's life following the death of the fireman or law enforcement officer and that coverage for a fireman or law enforcement officer's child, step child or adopted child shall be provided until the child no longer qualifies as outlined in current law. Note: Based on testimony in House Appropriations Committee on 6/02/25, this legislation only applies to Lafayette Parish. In addition, the bill appears to provide for retroactive payments based from January 1, 2017, for the payment of health insurance benefits.

(3) Extraordinary Medical & Dental Expenses of Firemen and Law Enforcement Officers (Summary): Proposed law requires a SGF deposit of an indeterminable amount into the Self-Insurance Fund to cover the cost for the benefits proposed in this legislation. Proposed law provides for the payment of extraordinary medical and dental expenses for law enforcement officers and firemen by the ORM, on behalf of, the Law Enforcement Officers and Firemen's Survivor Benefit Review Board. A specific appropriation for this purpose will be deposited into ORM's Self-Insurance Fund. ORM's Self-Insurance Fund consists of premium payments from participants in the state's risk management program.

Continue on Page 2

REVENUE EXPLANATION

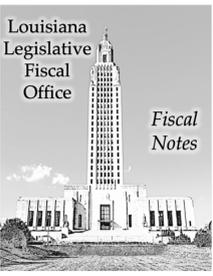
Proposed law will result in an increase in Statutory Dedicated Medical Assistance Trust Fund (MATF) revenues within LDH, Medicaid program as a result of premium tax collections of 5.5% of Healthy LA Managed Care expenditures. The office of Group. OGB does not anticipate the proposed law to require premium increases, therefore there is no impact to Self-Generated revenues collected from premiums. OGB has indicated the estimated costs associated with the amino acid-based elemental formula may be absorbed by the existing fund balance reserve.

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:

Page 2 of 2

Continue (3) Summary Continued from Page 1: The Self-Insurance Fund does not collect premiums for the type of benefits outlined in the proposed legislation. Revenues derived from self-insurance premiums cannot be used directly for this purpose. Therefore, a SGF deposit into the Self-Insurance Fund is required to make payments for the benefits included in this legislation.

(1) Required coverage for amino acid-based elemental formulas (Continued from Page 1):

LDH Department of Health - \$1,493,357 (SGF, Stat Ded, and Federal Impact)

LDH anticipates an increase in Medicaid expenditures of \$1,493,357 in FY 26 (6 months), \$2,986,713 in FY 27 with 3% expenditure growth in the out-years. The estimate is based on the following assumptions: (1) A monthly utilization of 675 units of formula per eligible beneficiary. (2) Total monthly cost per beneficiary was calculated (\$1.53 * 675 units = \$1,032.75), (3) Total annual cost per beneficiary was calculated (\$1,032.75/month * 12 months = \$12,393). (4) The eligible sample size was determined to be 3,441 recipients. (5) 7% initial uptake based on initial population (3,441 * 7% = 241). (6) A 3% growth in out years.
 Calculation: 3,441 * 7% uptake = 241 * \$12,393 = \$2,986,713 (Initial annual cost)

Office of Group Benefits Impact - \$20,865 - \$41,730 (Self-Generated Revenue Impact)

OGB estimates that this legislation may increase OGB medical claims expenditures to provide coverage for amino acid-based elemental formulas for children aged two years or younger to OGB self-funded health plan members if by a board certified gastroenterologist or allergist, and the treating physician issues written orders that such formula is medically necessary to treat covered infants or children for the conditions specified by this legislation, at a cost ranging from \$0.01 to \$0.02 per member per month (PMPM) for OGB's self-funded health plan population. Based on the assumptions listed below, the expenditures required by this legislation are listed below:

	FY 25-26*	FY 26-27	FY 27-28	FY 28-29	FY 29-30	Total
Low	\$10,433	\$21,387	\$21,921	\$22,469	\$23,031	\$99,241
High	\$20,865	\$42,773	\$43,843	\$44,939	\$46,062	\$198,483

*6 months

The expenditure estimate is based upon the following assumptions: (1) As of 4/01/2025, the current OGB membership in the self-funded health plans is 169,635 (excluding Medicare primary members) and membership will remain constant. (2) The coverage will become effective on 7/01/2025. (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 \$0.01 PMPM (low) to \$0.02 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.

Expenditure Calculations

Expenditure Calculations = membership population x PMPM cost x 12 months

Base Cost (Low) = \$ 20,356 = 169,635 x \$0.01 x 12 months

Base Cost (High) = \$ 40,712 = 169,635 x \$0.02 x 12 months

FY 26 (Low) = \$ 20,865 = \$ 20,356 x 2.5% MI (\$10,433 for 6 months)

FY 26 (High) = \$ 41,730 = \$ 40,712 x 2.5% MI (\$20,865 for 6 months)

FY 27 (Low) = \$ 21,387 = \$ 20,865 x 2.5% MI

FY 27 (High) = \$ 42,773 = \$ 41,730 x 2.5% MI

Insurance Exchanges Impact (State General Fund Defrayal Impact)

Proposed law will increase SGF expenditures beginning in FY 26 and subsequent fiscal years according to an analysis provided by the LDI health actuary. The state would be required to refund health claims expenditures associated with providing coverage for amino acid-based elemental formulas for policies issued by qualified health plans through the health insurance exchange beginning in FY 26 with estimated claims costs totaling approximately \$1,800,000 to \$3,600,000 SGF. Claims expenses associated with the 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; medical cost inflation is 8%, then 5% thereafter; the premium loss ratio is 85%. The estimated cost for amino acid-based elemental formulas is between \$0.5 PMPM (low) and \$1.0 PMPM (high) on an average \$1,200 monthly premium over the entire insured population based on research and analysis.

PRIVATE INSURANCE IMPACT

Pursuant to R.S. 24:603.1, the information below is the projected impact of the proposed law on the private insurance market. Based upon an actuarial analysis prepared by LDI, the proposed law is anticipated to increase expenditures associated with claims by \$4.5 M - \$9 M and premium increases by \$5.3 M - \$10.6 M for private insurers and the insured in FY 26 with phase-up costs of an estimated \$5.6 M - \$11.3 M claims and \$6.6 M - \$13.2 M premiums by FY 30. 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, entries equal exits; medical cost inflation (MI) is 8% in FY 26 and 5% thereafter; the premium loss ratio is 85%; and the **estimated cost is between \$0.50 PMPM and \$1.00 PMPM over the entire insured population, which represents an annual premium increase between 0.04% (low) to 0.08% (high) on an average monthly premium/PMPM of \$1,200.**

(2) Health Insurance Benefits for Surviving family of Law Enforcement Officers and Firemen (Continued from Page 1):

Local Government Impact: Based on an actuarial analysis prepared by LDI, the proposed law is anticipated to increase expenditures by \$207,466 in FY 26 for employers to cover prospective and retrospective health insurance benefits (local) to surviving spouses and children of firemen and law enforcement officers killed in the course of their official duties.

	FY 26	FY 27	FY 28	FY 29	FY 30
Prospective Coverage	\$9,466	\$9,928	\$10,424	\$10,945	\$11,493
Retrospective Coverage*	\$198,000	\$53,000	\$53,000	\$55,000	\$58,000
Total	\$207,466	\$62,928	\$63,424	\$65,945	\$69,493

* Retrospective cost in FY 26 projects costs associated with retrospective payments back to 2017.

(3) Extraordinary Medical & Dental Expenses of Firemen and Law Enforcement Officers (Continued from Page 1):

According to ORM, the SGF deposit will be used for: (1) the payment of claims (up to \$50,000 per injury per claimant); (2) defense costs (if a suit is filed for a denied claim); and (3) additional administrative costs (additional ORM staff or service fees to ORM's Third Party Administrator) to process payments. ORM is not aware of any pending claims or historical data to calculate a potential fiscal impact, so the impact is indeterminable at this time.

Senate
 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}

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