

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **SB 404** SLS 26RS 490
 Bill Text Version: **ENGROSSED**
 Opp. Chamb. Action:
 Proposed Amd.:
 Sub. Bill For.:

Date: March 24, 2026 8:25 AM	Author: MCMATH
Dept./Agy.: Louisiana Department of Insurance	
Subject: Provides relative to eye care providers	Analyst: Anthony Shamis

HEALTH CARE EG INCREASE SG EX See Note Page 1 of 2
 Provides relative to eye care providers. (gov sig)

Proposed law modifies present law related to visual services, choice of practitioners, and establishes the Louisiana Vision Plan Transparency and Fair Practice Act to ensure patient access to eye care services and materials through transparent and fair business practices by vision benefit managers. Proposed law provides for the state's authority to regulate the professional delivery of health care services and protect public health, safety, and welfare. Proposed law provides for definitions, requirements and prohibitions associated with covered and noncovered services and fee schedules in contracts or agreements between insurers or vision benefit managers and eye care providers. Proposed law provides for requirements and prohibitions for eye care provider participation and credentialing by insurers and vision benefit managers. Proposed law establishes a private right of action for any provider adversely affected by a violation of this measure, including injunctive relief and monetary damages of up to \$10,000 for each violation, plus attorney fees and costs. Proposed law authorizes the Department of Insurance and the Attorney General to enforce provisions of this law. Proposed law becomes effective upon signature of the governor, or after the lapse of time for gubernatorial action.

EXPENDITURES	2026-27	2027-28	2028-29	2029-30	2030-31	5 -YEAR TOTAL
State Gen. Fd.	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	
Agy. Self-Gen.	INCREASE	INCREASE	INCREASE	INCREASE	INCREASE	
Ded./Other	\$0	\$0	\$0	\$0	\$0	\$0
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	\$0	\$0	\$0	\$0	\$0	\$0

Annual Total

REVENUES	2026-27	2027-28	2028-29	2029-30	2030-31	5 -YEAR TOTAL
State Gen. Fd.	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	
Agy. Self-Gen.	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	
Ded./Other	\$0	\$0	\$0	\$0	\$0	\$0
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 by an indeterminable, but potentially significant amount within the Louisiana Department of Insurance (LDI), the Office of Group Benefits (OGB), and the Office of the Attorney General (AG), with costs increasing in future fiscal years. LDI estimates an increase in SGR expenditures of \$323,625 in FY 27. This increase is attributable to the addition of three (3) Insurance Specialist 3 T.O. positions along with associated operating expenses and one-time equipment costs to conduct compliance reviews and investigations, and to administer complaint intake and processing. OGB projects an increase in annualized SGR claims expenditures ranging from \$124,000 to \$4 M. The estimated range reflects preliminary analysis conducted by OGB in conjunction with its third-party administrator (TPA), Blue Cross and Blue Shield of Louisiana. Increased expenditures are associated with anticipated increases in reimbursement rates to providers of vision care services and materials. Actual costs will depend on utilization and provider participation. The Office of the AG anticipates an indeterminable, but minimal increase in SGF expenditures associated with potential investigation or enforcement actions related to consumer protection violations involving vision plans.

LDI (\$323,625 SGR):

Personnel Costs (\$296,604 SGR):

LDI reports that salaries and related benefits associated with the three (3) additional Insurance Specialist 3 T.O. positions will total \$296,604, including \$190,872 in salary and \$105,732 in related benefits for FY 27. A 4% percent growth factor is applied to these personnel costs in subsequent fiscal years.

Operating Expenses (\$18,351 SGR):

In addition, LDI anticipates operating expenses of \$18,351 in FY 27, including office supplies (\$1,932), postage (\$411), telephone/data ports (\$1,062), printing (\$300), equipment maintenance (\$1,542), security (\$3,285), software licenses (\$4,320) and fees (\$5,499). These operating expenses are also projected to increase by 4% annually beginning in FY 28.

EXPENDITURE EXPLANATION CONTINUED ON PAGE TWO

REVENUE EXPLANATION

If claims expenditures cannot be absorbed by OGB's actuarially recommended target fund balance amount of \$309 M, it may be required to decrease or eliminate benefits currently available to participants of OGB's health benefit and life insurance programs, or seek additional revenue, either in the form of a direct appropriation from SGF, or by an increase in OGB's SGR through a premium rate increase for OGB's self-funded health plans. Additionally, proposed law provides that the commissioner of insurance may sanction an insurer or vision benefit manager, including unspecified fines and other remedies deemed appropriate, which may result in an indeterminable SGR increase.

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}

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CONTINUED EXPLANATION from page one:

EXPENDITURE EXPLANATION CONTINUED FROM PAGE ONE

Equipment Costs (\$8,670):

LDI further estimates the purchase of one-time equipment costs of \$8,670 in FY 27, including desks (\$1,650), chairs (\$1,050), personal computers/printers (\$4,500), and file cabinets (\$1,470). These costs are not anticipated to recur in subsequent fiscal years.

Note: The LFO is unable to corroborate the estimated staffing level, operating expenses, and equipment costs projected by LDI. The LFO has requested LDI to provide detailed information on the assumptions and rationale used to estimate the additional T.O. positions needed to implement the requirements of this legislation. To the extent the required staffing levels may be lower or higher, corresponding operating costs would shift accordingly. To the extent that a portion or all of the prescribed duties can be absorbed by existing staff and resources, a portion of the projected costs may be mitigated. Should additional information regarding estimated expenditures become available, this fiscal note will be updated.

EXPENDITURES

Position	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031
Insurance Specialist 3 (3 T.O.)	\$296,604	\$308,468	\$320,807	\$333,639	\$346,984
Operating Expenses	\$18,351	\$19,085	\$19,848	\$20,642	\$21,468
Equipment	\$10,770	\$0	\$0	\$0	\$0
Total Expenditures	\$325,725	\$327,553	\$340,655	\$354,281	\$368,452
T.O.	3	3	3	3	3

OGB (\$124,000 - \$4,000,000 SGR - annualized cost):

OGB's medical TPA estimates that implementation of this legislation may increase OGB claims expenditures due to increases in reimbursement rates to providers of eye care services and materials at an annualized cost ranging from \$124,000 to \$4 M (six months in FY 27). The low-end estimate reflects the potential impact of reimbursing ophthalmologists and optometrists at no less than Medicare rates, as well as eliminating applicable clinical editing. The high-end estimate includes the potential impact of reimbursing other provider groups at no less than Medicare rates on certain services. This estimate does not include the potential impact of removing clinical editing across all provider types. Based upon the assumptions listed below, the expenditures to cover increases to providers of eye care services and materials as required by this legislation are as follows:

	FY 26-27*	FY 27-28	FY 28-29	FY 29-30	FY 30-31	Total
Low	\$ 61,831	\$ 126,383	\$ 129,163	\$ 132,005	\$ 134,909	\$ 584,291
High	\$1,992,900	\$4,073,488	\$4,163,104	\$4,254,693	\$4,348,296	\$18,832,481

*FY 27 implementation anticipates 6-months expenditures effective 1/01/27.

Unless OGB Fund Balance is utilized, a 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) The coverage will become effective on 1/01/2027. (2) No change in OGB self-funded health plan membership in future fiscal years from current levels. (3) OGB will rely on projections from its TPA. (4) In future fiscal years, a medical inflation factor of 2.2% based on Consumer Price Index data for medical care in the Southern United States through the end of 2025.

Based on the aforementioned methodology, the assumption is that coverage will only be in place for 6 months in FY 27 due to the January 1st effective date, and a medical inflation (MI) factor of 2.2% compounding annually. Below are expenditure calculations:

Expenditure Calculations = 12 months (Based on FY 26 Projected Expenditure Increase)
 Base Cost (Low) = \$ 121,000
 Base Cost (High) = \$3,900,000

FY 27 (Low) = \$ 123,662 = \$ 121,000 x 2.2% MI FY 30 (Low) = \$ 132,005 = \$ 129,163 x 2.2% MI
 FY 27 (High) = \$3,985,800 = \$3,900,000 x 2.2% MI FY 30 (High) = \$4,254,693 = \$4,163,105 x 2.2% MI

FY 28 (Low) = \$ 126,383 = \$ 123,662 x 2.2% MI FY 31 (Low) = \$ 134,909 = \$ 132,005 x 2.2% MI
 FY 28 (High) = \$4,073,488 = \$3,985,800 x 2.2% MI FY 31 (High) = \$4,348,296 = \$4,254,693 x 2.2% MI

FY 29 (Low) = \$ 129,163 = \$ 126,383 x 2.2% MI
 FY 29 (High) = \$4,163,104 = \$4,073,488 x 2.2% MI

Notes: A full 12 months was used for FY 27 to calculate medical inflation in the out-years.

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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