

**LEGISLATIVE FISCAL OFFICE**  
**Fiscal Note**



Fiscal Note On: **SB 219** SLS 19RS 418  
 Bill Text Version: **ENGROSSED**  
 Opp. Chamb. Action:  
 Proposed Amd.:  
 Sub. Bill For.:

<b>Date:</b> May 17, 2019 2:22 PM	<b>Author:</b> BARROW
<b>Dept./Agy.:</b> LA Dept. of Insurance	<b>Analyst:</b> Zachary Rau
<b>Subject:</b> Health Insurance Policy Standards	

HEALTH/ACC INSURANCE EG NO IMPACT See Note Page 1 of 1  
 Requires health insurance policies to adhere to certain standards. (gov sig)

Proposed law prohibits health insurance policies issued in LA after December 31, 2019, from imposing preexisting conditions exclusions, as well as imposing annual and lifetime limits on the dollar values of essential health benefits as defined under the Patient Protection and Affordable Care Act, P.L. 111-148 on January 1, 2019. Proposed law requires health insurance policies issued in LA after December 31, 2019, to offer dependent coverage at the option of the policyholder until a dependent child reaches 26 years of age. Effective upon governor's signature.

<b>EXPENDITURES</b>	<b>2019-20</b>	<b>2020-21</b>	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>	<b>5 -YEAR TOTAL</b>
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Ded./Other	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Federal Funds	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Local Funds	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<b>\$0</b>
<b>Annual Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

  

<b>REVENUES</b>	<b>2019-20</b>	<b>2020-21</b>	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>	<b>5 -YEAR TOTAL</b>
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
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Local Funds	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<b>\$0</b>
<b>Annual Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

**EXPENDITURE EXPLANATION**

There is no anticipated direct material effect on governmental expenditures as a result of this measure. Furthermore, private insurance companies are already providing these benefits as required by the federal Patient Protection and Affordable Care Act (PPACA).

However, to the extent the Patient Protection and Affordable Care Act (PPACA) is ruled unconstitutional as a result of pending litigation (*Texas v. United States*) and proposed law becomes effective by default, LDI reports that the proposed legislation would result in de facto premium increases for privately-insured persons as a result of lost policy subsidies funded by the federal government. The LA Dept. of Insurance (LDI) assumes the cost of the unsubsidized premiums would be passed on to consumers by insurers. For illustrative purposes, the LDI estimates these costs to total \$281 M - \$343 M in FY 20 with a phase-up of costs to \$683 M - \$834 M by FY 24 (see narrative below prepared in accordance with LA R.S. 24:603.1). It is unknown when the private insurance industry may begin incurring the additional costs, as it is unknown when a final judgment may occur. Discussions with LA Dept. of Justice (DOJ) staff indicate that a final ruling on constitutionality of the PPACA is unlikely to occur prior to FY 22.

For illustrative purposes, the LDI provided a cost estimate associated with proposed law for FYs 20-24. LDI's methodology for the cost increases is as follows: calculations are assumed to apply on a fiscal year basis; a subsidized Insurance Exchange population totaling approximately 80,000 persons; a stationary insured population (entries equal exits); medical inflation totaling 5% annually; a monthly exchange premium totaling \$650 for Louisiana based upon the state average as reported by the Centers for Medicare and Medicaid Services; anticipated claims cost increases between 90% - 110%; and coverage only being in effect for half of FY 20.

FY 20 - \$281 M (80,000 \* \$650 avg. premium \* 0.9 \* 6 months) - \$343 M (80,000 \* \$650 avg. premium \* 1.1 \* 6 months)  
 FY 21 - \$590 M (80,000 \* \$650 avg. premium \* 0.9 \* 12 \* 1.05) - \$721 M (80,000 \* \$650 avg. premium \* 1.1 \* 12 \* 1.05)  
 FY 22 - \$619 M - \$757 M  
 FY 23 - \$650 M - \$795 M  
 FY 24 - \$683 M - \$834 M

**REVENUE EXPLANATION**

There is no anticipated direct material effect on governmental revenues as a result of this measure.

<u>Senate</u>	<u>Dual Referral Rules</u>	<u>House</u>
<input type="checkbox"/> 13.5.1 >= \$100,000 Annual Fiscal Cost {S & H}		<input type="checkbox"/> 6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S}
<input type="checkbox"/> 13.5.2 >= \$500,000 Annual Tax or Fee Change {S & H}		<input type="checkbox"/> 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S}

*Evan Brasseaux*  
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