

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **HB 347** HLS 19RS 427
 Bill Text Version: **REENGROSSED**
 Opp. Chamb. Action: **w/ SEN COMM AMD**
 Proposed Amd.:
 Sub. Bill For.:

Date: May 28, 2019	10:03 AM	Author: STOKES
Dept./Agy.: LA Dept. of Insurance/Office of Group Benefits		Analyst: Zachary Rau
Subject: Diagnostic Imaging Coverage Requirements		

INSURANCE/HEALTH RE1 INCREASE SG EX See Note Page 1 of 2
 Provides for the coverage of diagnostic imaging at the same level of coverage as screening mammograms

Proposed law retains present law and requires that health coverage plans delivered in LA to include coverage for diagnostic including but not limited to diagnostic mammograms, ultrasounds, and breast magnetic resonance imaging at the same level of coverage provided for the minimum mammography examination pursuant to present law. Proposed law authorizes health coverage plans to require referral by a treating physician based on medical necessity for diagnostic image to be eligible for required coverage but prohibits the coverage from being subject to any policy or health coverage plan deductible amount. Proposed law requires coverage of all medical & surgical treatment associated with partial, unilateral, and bilateral mastectomy, including breast reconstruction, regardless if unilateral or bilateral mastectomy has been chosen by the patient and attending physician. Proposed law further provides for patient choice in consultation with physicians when choosing breast cancer treatment. Proposed law states the policies issued in LA not included coverage outlined in proposed law shall be null and void. Proposed law applies to all policies renewed or issued in LA after January 1, 2021. Effective January 1, 2021.

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

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

EXPENDITURE EXPLANATION

Proposed law will increase State General Fund expenditures associated with a mandate to health insurance policies issued under the insurance exchanges and Self-Generated Revenue expenditures for the Office of Group Benefits (OGB) beginning in FY 21 and in subsequent fiscal years (see narratives below). Furthermore, LDI reports that proposed law will increase claims expenditures for the health insurance industry by an estimated \$900,900 - \$1.39 M and premiums by an estimated \$1.25 M - \$1.95 M in FY 21 (see narrative on Page 2).

Insurance Exchanges Impact (State General Fund Impact)

Proposed law will increase SGF expenditures for the state beginning in FY 21 and in subsequent fiscal years according to an analysis provided by the LA Dept. of Insurance. The state would be required to fund health claims expenditures associated with imaging benefits in proposed law for policies issued by qualified health plans through the health insurance exchange beginning in FY 21 with estimated costs totaling \$25,000 to \$38,000 SGF and a phase-up of costs to approximately \$58,000-\$88,000 SGF by FY 24. Claims expenses associated with proposed law would be paid out by the LA Dept. of Treasury. LDI bases this analysis on the following assumptions: the calculations apply on a fiscal year basis; an exchange population of 100,000; a stationary insured population; a PMPM totaling \$0.04-\$0.06; coverage being in effect for only half of FY 21; and medical cost inflation of 5% annually. Based upon the aforementioned assumptions, the estimated annual cost increases for insurance providers associated with claims are as follows:

FY 21 - \$25,000 (100K members * \$0.04 PMPM * 1.05 * 6 months) - \$38,000 (100K members * \$0.06 PMPM * 1.05 * 6 months)
 FY 22 - \$53,000 (100K members * \$0.04 PMPM * 12 * 1.05) - \$79,000 (100K members * \$0.06 PMPM * 12 * 1.05)
 FY 23 - \$56,000 - \$83,000
 FY 24 - \$58,000 - \$88,000

Office of Group Benefits Impact (Self-Generated Revenue Impact)

Proposed law will increase SGR expenditures for claims for the Office of Group Benefits (OGB) by an estimated \$483,528 - \$684,997 in FY 21 with a phase up of expenditures to \$1.01 M - \$1.43 M by FY 24. OGB's assumptions for their expenditure increases are as follows: the calculations apply on a fiscal year basis; a population of 216,434; a stationary insured population; a PMPM totaling \$0.36-\$0.51; coverage being in effect for only half of FY 21; no reduction in claims made by member out-of-pocket costs; and medical cost inflation of 1.7% annually. Based upon the aforementioned assumptions, the estimated annual expenditure increases for OGB associated with claims are as follows on Page 2: **(Expenditure Explanation cont. on Pg. 2)**

REVENUE EXPLANATION

The Office of Group Benefits does not anticipate that additional costs associated with proposed law will require premium increases, and therefore will not affect SGR premium collections. Furthermore, the OGB reports that projected costs for the proposed legislation would be covered by its fund balance of approximately \$273.17 M. However, while proposed law may not necessitate premium increases for the Office of Group Benefits, to the extent numerous pieces of legislation are enacted that increase the overall costs of the OGB program, the OGB may be required to increase premiums to fund ongoing program costs and maintain an actuarially sound fund balance of \$200 M.

<u>Senate</u>	<u>Dual Referral Rules</u>	<u>House</u>
<input checked="" 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
Evan Brasseaux
Staff Director

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **HB 347** HLS 19RS 427
Bill Text Version: **REENGROSSED**
Opp. Chamb. Action: **w/ SEN COMM AMD**
Proposed Amd.:
Sub. Bill For.:

Date: May 28, 2019 10:03 AM	Author: STOKES
Dept./Agy.: LA Dept. of Insurance/Office of Group Benefits	Analyst: Zachary Rau
Subject: Diagnostic Imaging Coverage Requirements	

CONTINUED EXPLANATION from page one:

(Expenditure Explanation cont. from Pg. 1)

FY 21 - \$483,500 (216K members * \$0.36 PMPM * 6 months*1.017*1.017) - \$685,000 (216K * \$0.51 PMPM * 6 months * 1.017 * 1.017)
FY 22 - \$975,300 - \$1.38 M
FY 23 - \$992,000 - \$1.41 M
FY 24 - \$1.01 M - \$1.43 M

Note: OGB does not anticipate expenditures associated with proposed law to necessitate premium increases for members, and any expenditures will be funded by its fund balance (see Revenue Explanation).

Private Insurance Impact

Pursuant to LA R.S. 24:603.1, the following is the projected private insurance impact of the proposed legislation. Based upon an actuarial analysis prepared by LDI, proposed law is anticipated to increase expenditures associated with claims (\$900,900 - \$1.39 M) and premium increases (\$2.5 M - \$3.9 M) for the private insurers and the insured in FY 21 with a phase-up to an estimated \$2.09 M - \$3.21 M for claims and an estimated \$2.9 M - \$4.5 M for premiums by FY 24. LDI bases this analysis on the following assumptions: the calculations apply on a fiscal year basis; a private insured population of 550,000 for claims and a total insured population of 650,000 for premiums (inclusive of the Insurance Exchange population); a stationary insured population; a PMPM totaling \$0.04-\$0.06; coverage being in effect for only half of FY 21; medical cost inflation of 5% annually; an 85% loss ratio (LR); Based upon the aforementioned assumptions, the estimated annual cost increases for insurance providers associated with claims are as follows:

FY 21 - \$900,900 (550K members * \$0.26 PMPM * 6 months * 1.05) - \$1.39 M (550K members * \$0.40 PMPM * 6 months * 1.05)
FY 22 - \$1.89 M (550K members * \$0.26 PMPM * 12 * 1.05) - \$2.91 M (550K members * \$0.06 PMPM * 12 * 1.05)
FY 23 - \$1.97 M - \$3.06 M
FY 24 - \$2.09 M - \$3.21 M

Based upon the aforementioned assumptions, the estimated annual cost increases for the insured associated with premiums are as follows (Note: premium increases include persons receiving policies through the Insurance Exchange):

FY 21 - \$2.5 M (650K members*\$0.26 PMPM*6 months*1.05/.85 LR) - \$3.9 M (650K members*\$0.40 PMPM*6 months/.85 LR)
FY 22 - \$2.6 M (650K members * \$0.04 PMPM * 12 * 1.05 / .85 LR) - \$4.0 M (650K members * \$0.06 PMPM * 12 * 1.05 / .85 LR)
FY 23 - \$2.8 M - \$4.2 M
FY 24 - \$2.9 M - \$4.5 M

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}

Evan Brasseaux
Evan Brasseaux
Staff Director