



LEGISLATIVE FISCAL OFFICE
Fiscal Note

Fiscal Note On: **HB 186** HLS 23RS 281
 Bill Text Version: **ENGROSSED**
 Opp. Chamb. Action:
 Proposed Amd.:
 Sub. Bill For.:

Date: May 8, 2023	10:08 AM	Author: DAVIS
Dept./Agy.: Insurance and Office of Group Benefits		Analyst: Patrice Thomas
Subject: Medically Necessary Fertility Preservation Act		

INSURANCE/HEALTH EG INCREASE GF EX See Note Page 1 of 1
 Provides relative to health insurance coverage for standard fertility preservation services

Proposed law requires health coverage plans to provide coverage for medically necessary expenses for standard fertility preservation services when a medically necessary treatment may directly or indirectly cause iatrogenic infertility. Proposed law requires health coverage plans to provide coverage for standard fertility preservation services for an individual diagnosed with cancer for which cancer treatment may directly or indirectly cause iatrogenic infertility. Proposed law provides that health coverage plans shall not require preauthorization. Proposed law allows religious employers may obtain an exemption. Proposed law provides for definitions of "health cover plan", "iatrogenic infertility", "medical treatment that may directly or indirectly cause iatrogenic infertility", "religious employer", and "standard fertility preservation services". Proposed law is known as "The Medically Necessary Fertility Preservation Act" effective 1/01/24. Proposed law exempts Office of Group Benefits until the legislature makes a specific appropriation.

EXPENDITURES	2023-24	2024-25	2025-26	2026-27	2027-28	5 -YEAR TOTAL
State Gen. Fd.	INCREASE	INCREASE	INCREASE	INCREASE	INCREASE	
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
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	2023-24	2024-25	2025-26	2026-27	2027-28	5 -YEAR TOTAL
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
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	\$0	\$0	\$0	\$0	\$0	\$0

EXPENDITURE EXPLANATION

Proposed law may increase State General Fund expenditures in the health care exchanges beginning in FY 24 and subsequent fiscal years according to an analysis provided by the LA Department of Insurance (LDI) actuary. Under the Affordable Care Act (ACA), any state benefit mandate, through legislative or regulatory action, that exceeds what is considered an essential health benefit (EHB) would subject the state to defrayal costs. The proposed law would be considered a state benefit mandate; therefore, the state may be required to make payments to defray the cost of additional required benefits specified under this proposed law.

Insurance Exchanges Impact (State General Fund Impact)

The state would be required to fund health claims expenditures associated with female and male standard fertility preservation services as required in the proposed law for policies issued by qualified health plans through the health insurance exchange beginning in FY 24 with estimated costs totaling approximately \$58,000 to \$324,000 SGF and a potential phase-up to over \$156,000 to \$881,000 SGF by FY 28 and beyond. 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 120,000 and the insured population is assumed to be stationary; medical cost inflation is 5% in FY 24 and 8% in subsequent years; the premium loss ratio is 85%; and the **estimated cost is between \$0.08 PMPM and \$0.45 PMPM 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 12 months
 FY 24 (Low) - 120,000 x \$0.08 PMPM x 12 months = \$115,200 (\$57,600)* *FY 23-24 represent 6 months of estimated claims expenditures
 FY 24 (High) - 120,000 x \$0.45 PMPM x 12 months = \$648,000 (\$324,000)*
 FY 25 (Low) - \$115,200 x 8% MI = \$124,416
 FY 25 (High) - \$648,000 x 8% MI = \$699,840
 FY 26 (Low) - \$124,416 x 8% MI = \$134,369
 FY 26 (High) - \$699,840 x 8% MI = \$755,827
 FY 27 (Low) - \$134,369 x 8% MI = \$145,119
 FY 27 (High) - \$755,827 x 8% MI = \$816,293
 FY 28 (Low) - \$145,119 x 8% MI = \$156,729
 FY 28 (High) - \$816,293 x 8% MI = \$881,596

REVENUE EXPLANATION

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

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}

Evan Brasseaux

Evan Brasseaux
 Interim Deputy Fiscal Officer