



**LEGISLATIVE FISCAL OFFICE
Fiscal Note**

Fiscal Note On: **HB 272** HLS 23RS 649
 Bill Text Version: **ENROLLED**
 Opp. Chamb. Action:
 Proposed Amd.:
 Sub. Bill For.:

| | | |
|--|---------|--------------------------------|
| Date: June 6, 2023 | 3:52 PM | Author: WILLARD |
| Dept./Agy.: Insurance and Office of Group Benefits | | |
| Subject: Coverage of Maternity Support Services by Doulas | | Analyst: Patrice Thomas |

INSURANCE/HEALTH EN INCREASE SG EX See Note Page 1 of 2
 Provides relative to maternity support services of doulas

Proposed law requires any health coverage plan delivered or issued for delivery in this state that provides benefits for maternity services shall include coverage for maternity support services provided by a doula to pregnant and birthing women and their families before, during, and after childbirth. Proposed law provides that maternity support services provided by a doula are subject to an annual cost-sharing limit not to exceed \$1,500. Proposed law requires doulas seeking reimbursement from health coverage plans to apply, register, and receive approval from the Louisiana Doula Registry Board within the Louisiana Department of Health. Proposed law allows health insurance plans to establish additional credentialing standards for contracting with doulas. Proposed law provides that any health coverage plan policy or contract deem discriminatory against doulas or maternity support services from doulas is void and unenforceable. Proposed law effective January 1, 2024 (new health coverage plans) and January 1, 2025 (existing health coverage plans).

| 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. | 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 | 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. | 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 will increase Self-Generated Revenue expenditures within the Office of Group Benefits (OGB) and may increase State General Fund expenditures associated with a mandate to health insurance policies issued under the insurance exchanges beginning in FY 24 and subsequent fiscal years (see narrative below).

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

Proposed law increases expenditures within the Office of Group Benefits (OGB). The proposed law requires OGB to cover maternity support services provided by doulas before, during, and after childbirth. The coverage will be subject to annual deductibles, copays, and coinsurance provisions. Based upon the assumptions listed below, the expenditures to cover this benefit range are as follows:

| | FY 23-24* | FY 24-25 | FY 25-26 | FY 26-27 | FY 27-28 | Total |
|------|-----------|-----------|-----------|-----------|-----------|-----------|
| Low | \$30,545 | \$63,534 | \$66,075 | \$68,718 | \$71,467 | \$300,339 |
| High | \$94,380 | \$196,310 | \$204,162 | \$212,328 | \$220,821 | \$928,001 |

*FY 23-24 represent 6 months of estimated claims expenditures

Unless OGB Fund Balance is utilized, SGF appropriation will be required to cover the state portion of the increase in premium costs, which is approximately 41%. As of February 2023, the OGB Fund Balance was \$434 M.

The expenditure estimate is based upon the following assumptions: (1) As of 4/01/2023, the current OGB member population in the five self-funded health plans was 165,331, excluding Medicare Primary plan members. Membership will remain constant. (2) The coverage will become effective on 1/01/2024. (3) No change in OGB self-funded health plan membership in future fiscal years from current levels. (4) In 2022, OGB covered 1,612 childbirth deliveries. (5) Utilization rates of maternity support services provided by doulas is estimated between 5.5% or 89 members (low) to 7.5% or 121 members (high). (6) Estimated benefit cost for maternity support services by doulas is estimated between \$660 (low) to \$1,500 (high). (7) In future fiscal years, a medical inflation factor of 4%.

See EXPENDITURE EXPLANATION on Page 2

REVENUE EXPLANATION

The Office of Group Benefits (OGB) does not anticipate the proposed law to require premium increases, therefore there is no impact self-generated revenues collected from premiums. OGB has indicated the estimated costs associated with coverage of maternity support services provided by a doula may be absorbed by the existing fund balance reserve. However, to the extent other legislative instruments that are enacted expand covered medical and pharmacy benefits, the cumulative impact may be material and require OGB to increase premiums in order to maintain an actuarially sound fund balance of \$250 M.

| Senate | <u>Dual Referral Rules</u> | House |
|--|----------------------------|--|
| <input checked="" type="checkbox"/> 13.5.1 >= \$100,000 Annual Fiscal Cost {S & H} | | <input checked="" 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
 Interim Deputy Fiscal Officer



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CONTINUED EXPLANATION from page one:

EXPENDITURE EXPLANATION Continued from Page 1

Based on the aforementioned methodology, the assumption that coverage will only be in place for 6 months in FY 24 due to the January 1, 2024 effective date, and a medical inflation (MI) factor of 4% compounding annually, below are expenditure calculations utilized to project the cost within OGB as a result of the proposed law utilizing the assumptions listed on page one.

Expenditure Calculations

Formula = Childbirth Deliveries x Utilization Rates (UR) x Benefit Cost x Medical Inflation (MI)

FY 24 (Low) = \$ 61,090 = 1,612 deliveries x 5.5% UR x \$ 660 x 4% MI (\$25,198 SGF)

FY 24 (High) = \$188,760 = 1,612 deliveries x 7.5% UR x \$1,500 x 4% MI (\$77,860 SGF)

FY 25 (Low) = \$ 63,534 = \$ 61,090 x 4% MI (\$26,206 SGF)

FY 25 (High) = \$196,310 = \$188,760 x 4% MI (\$80,974 SGF)

FY 26 (Low) = \$ 66,075 = \$ 63,534 x 4% MI (\$27,255 SGF)

FY 26 (High) = \$204,162 = \$196,310 x 4% MI (\$84,213 SGF)

FY 27 (Low) = \$ 68,718 = \$ 66,075 x 4% MI (\$28,345 SGF)

FY 27 (High) = \$212,328 = \$204,162 x 4% MI (\$87,581 SGF)

FY 28 (Low) = \$ 71,467 = \$ 68,718 x 4% MI (\$29,479 SGF)

FY 28 (High) = \$220,821 = \$212,328 x 4% MI (\$91,084 SGF)

Total (Low) = \$ 330,884 (\$136,483 SGF)

Total (High) = \$1,022,381 (\$421,712 SGF)

Insurance Exchanges Impact (State General Fund Impact)

Proposed law may increase SGF expenditures beginning in FY 24 and in subsequent fiscal years according to an analysis provided by the LDI health actuary. The state would be required to fund health claims expenditures associated with maternity support services provided by a doula in proposed law for policies issued by qualified health plans through the health insurance exchange beginning in FY 24 with estimated costs totaling \$21,600 to \$57,600 SGF (6 months) and a potential phase-up to over \$54,010 to \$144,027 SGF by FY 28 and beyond. Claims expenses associated with 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 inflation (MI) is 8% in the ensuing fiscal year and 5% in subsequent fiscal years; birth incidence range from 1.8% to 2%; cost of a doula per birth range from \$800 to \$1,100; utilization rate of doula per birth ranges from 8% to 12%; the premium loss ratio is 85%; and the estimated cost is between \$0.03 PMPM and \$0.08 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

Aggregate cost = Exchange Population x PMPM cost x 12 months x MI

FY 24 (Low) - 120,000 x \$0.03 PMPM x 12 months = \$ 43,200 (\$21,600)*

FY 24 (High) - 120,000 x \$0.08 PMPM x 12 months = \$115,200 (\$57,600)*

FY 25 (Low) - \$ 43,200 x 8% MI = \$ 46,656

FY 25 (High) - \$115,200 x 8% MI = \$124,416

FY 26 (Low) - \$ 46,656 x 5% MI = \$ 48,989

FY 26 (High) - \$124,416 x 5% MI = \$130,637

FY 27 (Low) - \$ 48,989 x 5% MI = \$ 51,438

FY 27 (High) - \$130,637 x 5% MI = \$137,169

FY 28 (Low) - \$ 51,438 x 5% MI = \$ 54,010

FY 28 (High) - \$137,169 x 5% MI = \$144,027

*FY 23-24 represent 6 months of estimated claims expenditures.

Senate

Dual Referral Rules

House

[X] 13.5.1 >= \$100,000 Annual Fiscal Cost {S & H}

[X] 6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S}

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