

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **HB 839** HLS 24RS 1260

Bill Text Version: **ORIGINAL**

Opp. Chamb. Action:

Proposed Amd.: **w/ PROP HSE COMM AMD**

Sub. Bill For.:

Date: April 15, 2024	6:46 PM	Author: HEBERT
Dept./Agy.: Insurance and Office of Group Benefits		Analyst: Patrice Thomas
Subject: Cover Treatment Following Step Therapy, Fail First Protocols		

INSURANCE/HEALTH OR INCREASE SG EX See Note
Provides relative to step therapy or fail first protocols

Proposed law prohibits health coverage plans from subjecting a prescription or order for a ventilator requiring frequent or substantial servicing as classified by the Centers for Medicare and Medicaid Services (CMS) and described in R.S. 22:1821 (G) to any step-therapy or fail first protocol as a condition of coverage.

EXPENDITURES	2024-25	2025-26	2026-27	2027-28	2028-29	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						
REVENUES	2024-25	2025-26	2026-27	2027-28	2028-29	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 will result in an indeterminable impact on Self-Generated Revenue expenditures within the Office of Group Benefits (OGB) beginning in FY 25 and will result in a minimal increase in claims expenditures in the private health insurance market, but will not result in any defrayal costs.

Office of Group Benefits Impact (Self-Generated Revenue Impact) - OGB reports an indeterminable impact on pharmacy expenditures as a result of the proposed law associated with additional claims costs for ventilator devices. OGB's contracted pharmacy benefit manager (PBM) anticipates an increase in step therapy exception approvals. The PBM is unable to provide an estimate on the number of ventilator devices that will be covered that may not have been covered as the result of step therapy.

Private Insurance Impact/insurance Exchanges Impact (State General Fund Defrayal Impact) - According to the health actuary for the LA Department of Insurance (LDI), the proposed law is anticipated to have a minimal impact on the private insurance market, including the state insurance exchanges. The proposed law is expected to reduce non-ventilator treatments and increase the utilization of noninvasive ventilators, resulting in a minimal net increase impact. LDI reports the proposed law will not result in state defrayal costs as the proposed law is not a mandate.

REVENUE EXPLANATION

The Office of Group Benefits (OGB) does not anticipate the proposed law to require premium increases, therefore there is no impact on self-generated revenues collected from premiums. OGB has indicated the estimated costs associated with the proposed law 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 to maintain an actuarially sound fund balance of \$276 M.

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}

Alan M. Boxberger
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Legislative Fiscal Officer