LEGISLATIVE FISCAL OFFICE
Fiscal Note

Louisiana Legislative Fiscal Office — Fiscal Notes

Fiscal Note On: **HB 769** HLS 24RS 1017
Bill Text Version: **ORIGINAL**
Opp. Chamb. Action:
Proposed Amd.:
Sub. Bill For.:

Date:	April 30, 2024 3:52 PM	**Author:**	RISER
Dept./Agy.:	Office of Risk Management & Office of Group Benefits		
Subject:	Civil Liability for Denial of Medical Expenses	**Analyst:**	Noah O'Dell

WORKERS COMPENSATION OR SEE FISC NOTE
Creates a civil liability for denial of medical expenses

Current law provides that in the event that the workers' compensation (WC) payor has denied that the employee's injury is compensable, than any health insurer which contracts to provide healthcare benefits for an employee shall be responsible for the payment of all medical benefits. If there is a determination that the WC payor was responsible for the payment of medical benefits that were paid by the health insurer, then the WC payor must fully reimburse the health insurer.

Proposed law retains current law and provides that if the WC payor's denial of compensation was not the result of reasonable controversion, then the employer shall have a cause of action to recover healthcare benefits paid, and in the event of recovery, shall be entitled to a penalty in the amount of 24% of healthcare benefits recovered, plus reasonable attorney's fees.
Effective August 1, 2024.

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

The impact on governmental expenditures from proposed law are indeterminable. The bill creates a cause of action by an employer to recover healthcare benefits paid when WC is denied and, in the event of a recovery, the employer is entitled to a penalty of 24% of healthcare benefits recovered, plus reasonable attorney's fees. The bill stipulates the WC payor's denial of compensability must not be the result of reasonable controversion.

The Office of Risk Managment (ORM) reports it is unlikely the Office of Group Benefits (OGB) would seek penalties or attorney's fees would be needed in cases when ORM reimburses OGB for state employees covered under both health insurance and workers' compensation insurance. To the extent an employee is covered under a health insurance company other than those plans offered by OGB, ORM could potentially incur penalties and attorney fees under proposed law. However ORM expects any such impact to be minimal because in most cases the reason for payment is not a denial of the workers' compensation claim.

To the extent that OGB directs its medical TPA Blue Cross Blue Shield of LA to begin seeking the recovery of attorney's fees and/or penalties in the amount of 24% of healthcare benefits recovered, SGR revenues may increase in OGB. Since OGB has indiciated it would use its TPA (BCBSLA) to collect these, the bill would work to decrease self-funded health plan medical claims expenditures, rather than increasing revenue collections. OGB cannot provide an estimate of the potential attorney fees and/or penalties it may receive. To the extent OGB does not direct its medical TPA to seek the recovery of attorney's fees and/or penalties provided for in the bill, it would not see a change to its self-funded health plan claims expenditures.

Since ORM and OGB are both state entities, the potential increase in expenditures in ORM and subsequent decrease in expenditures in OGB are anticipated to be offsetting. Only in incidents when spouses or children of state employees covered under the state would the impact of the bill work to effectively decrease state expenditures in OGB. Only in incidents where an employee of the state has health care coverage from a provider other than OGB and the provider seeks penalties and attorney's fees would the impact of the bill work to effectively increase state expenditures in ORM. The magnitude of these two offsetting impacts is unknown.

REVENUE EXPLANATION

There is no anticipated direct material effect on governmental revenues as a result of this measure. Proposed law may increase the fees and penalties collected from OGB when spouses or children of state employees covered under the state's insurance plan recover healthcare benefits paid from workers' compensation for companies other than ORM. Since OGB uses a TPA (BCBSLA) to collect the revenues, these revenues would result in a decrease in self-funded health plan medical claims expenditures, rather than actual revenue collections.

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}

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