

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **SB 58** SLS 24RS 177

Bill Text Version: **ENROLLED**

Opp. Chamb. Action:

Proposed Amd.:

Sub. Bill For.:

Date: May 16, 2024	11:14 AM	Author: TALBOT
Dept./Agy.: Insurance		Analyst: Patrice Thomas
Subject: Patient's Right to Prompt Coverage - Consensus Statements		

INSURANCE POLICIES EN SG RV See Note Page 1 of 1
Provides for patient's right to prompt coverage. (gov sig)

Proposed law defines "consensus statements". Proposed law prohibits health coverage plans from denying a request for prior authorization or payment of a claim for the diagnosis and treatment of cancer if recommended by nationally recognized consensus statements. If a health insurer violates any provision of proposed law, the Commissioner may assess penalties including non-renew/suspend/revoke the certificate of authority to operate, or issue a fine of \$1,000 per violation, not to exceed \$250,000. In addition, when a health insurer is not in compliance, proposed law requires the Commissioner of Insurance to notify the health plan, and authorize that he may issue an order to cease and desist from any violation. If a health insurer violates the cease and desist order, proposed law provides the Commissioner shall, at his discretion, do one or more of the following: (1) issue a penalty of \$25,000 per violation per day, not to exceed \$250,000 for any six (6) months; (2) suspend or revoke insurer's certificate of authority; or (3) pursue injunctive relief in district court. Proposed law provides aggrieved insurers may appeal and demand a hearing with the Division of Administrative Law. Effective 1/01/25.

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

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.	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

EXPENDITURE EXPLANATION

There is no anticipated direct material effect on governmental expenditures as a result of this measure. Proposed law prohibits health plans from denying a request for prior authorization or payment of a claim for the diagnosis and treatment of cancer if recommended by nationally recognized consensus statements, effective January 1, 2025. The Office of Group Benefits (OGB) reports no impact. The health actuary for the LA Department of Insurance (LDI) estimates that there will be no material cost impact on the private insurance industry as a result of this measure.

Enforcement - The proposed law provides for enforcement, including penalty fines, by the Commissioner of Insurance/LA Department of Insurance (LDI). LDI anticipates any workload increase associated with enforcement will be handled with existing staff and resources. To the extent LDI experiences increased enforcement activities, the LFO anticipates revenue from penalty fines will be utilized to mitigate any increased workload.

REVENUE EXPLANATION

Proposed law may increase SGR by an indeterminable amount in LDI as a result of penalty fines authorized by this measure. If a health plan violates the provisions of this measure, the proposed law provides fines of up to \$1,000 per violation, not to exceed \$250,000. Furthermore, if a health plan violates a cease and desist order for noncompliance, the proposed law provides fines of \$25,000 per violation per day until compliant, not to exceed \$250,000 for any six months.

The number of health coverage plans that may be not in compliance or violate the proposed law and be issued fines by the Commissioner is speculative and indeterminable. Therefore, any revenue collected by LDI from fines in future fiscal years is indeterminable. The LFO anticipates any fines issued and collected will be used to mitigate enforcement expenses.

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