

**LEGISLATIVE FISCAL OFFICE**  
**Fiscal Note**



Fiscal Note On: **HB 472** HLS 18RS 817

Bill Text Version: **ENGROSSED**

Opp. Chamb. Action:

Proposed Amd.:

Sub. Bill For.:

<b>Date:</b> March 27, 2018 3:49 PM	<b>Author:</b> THIBAUT
<b>Dept./Agy.:</b> LA Dept. of Insurance	<b>Analyst:</b> Zachary Rau
<b>Subject:</b> Establishes the LA Health Reinsurance Association	

INSURANCE EG SEE FISC NOTE SG EX See Note  
Establishes the Louisiana Health Reinsurance Association

Proposed law establishes the LA Health Reinsurance Association (LHRA), provides for supervision of the LHRA by the Commissioner of Insurance, the LHRA's financial duties, powers, and requirements. Proposed law establishes the LHRA board of directors. Proposed law provides for the powers of the LHRA and establishes venue for a suit against the LHRA. Proposed law requires the board of directors to advise the Commissioner of Insurance on a fee assessment to fund the operations of the LHRA and provide for amounts, and further provides that the Commissioner promulgate the fee assessment as soon as reasonable. Proposed law provides for a maximum fee assessment of \$2.50 per member per month. Proposed law exempts the association from payments of state taxes and fees. Proposed law establishes a public records exception for the association for documents containing proprietary or trade secret information.

<b>EXPENDITURES</b>	<b>2018-19</b>	<b>2019-20</b>	<b>2020-21</b>	<b>2021-22</b>	<b>2022-23</b>	<b>5 -YEAR TOTAL</b>
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Agy. Self-Gen.	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	
Ded./Other	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Federal Funds	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Local Funds	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<b>\$0</b>
<b>Annual Total</b>						
<b>REVENUES</b>	<b>2018-19</b>	<b>2019-20</b>	<b>2020-21</b>	<b>2021-22</b>	<b>2022-23</b>	<b>5 -YEAR TOTAL</b>
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Ded./Other	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Federal Funds	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Local Funds	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<b>\$0</b>
<b>Annual Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

**EXPENDITURE EXPLANATION**

There is no anticipated direct material effect on governmental expenditures as a result of this measure. The LA Dept. of Insurance reports that establishment of the LA Health Reinsurance Commission (LHRA) will involve using staff from their Office of Health, Life, and Annuity temporarily before levying a fee assessment beginning June 1, 2018 to fund operations of the LHRA, including sending out mailings to begin levying the assessment and establishing the LHRA's board. LDI indicates it will utilize existing staff temporarily until such a time the association hires its own staff and undertakes its own administrative duties after the fee assessment is levied.

Note: pursuant to LA R.S. 22:2457(C)(1)(a) and (b), the LHRA is not a subdivision of the state, not subject to the laws governing state entities, and all liabilities of the association shall not be considered those of the state. Because the LHRA is not classified as a state entity, its expenditures do not represent state expenditures.

**REVENUE EXPLANATION**

Proposed law levies a monthly fee of up to \$2.50 per member per month (PMPM) to fund operations of the LA Health Reinsurance Association (LHRA). However, LA R.S. 22:2457(C)(1)(a) states that the LHRA is not a state subdivision, and therefore its fee collections are not considered state revenue collections.

For illustrative purposes, statistics collected by the Kaiser Family Foundation estimate the number of Louisiana citizens participating in private health insurance (non-group or employer-sponsored) totaled approximately 2.19 M in 2016. To the extent persons participating in private health insurance is consistent with historical norms and the PMPM totals the maximum allowed of \$2.50, the LHRA will realize revenues totaling approximately \$5.48 M (\$2.50 PMPM \* 12 months \* 2.19 M participants) in FY 19. However, the amount of revenues collected for use by the LHRA is currently indeterminable because the number of persons participating in private health insurance will likely vary monthly.

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**  
**Staff Director**