

LEGISLATIVE FISCAL OFFICE
Fiscal Note



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

Bill Text Version: **RE-REENGROSSED**

Opp. Chamb. Action:

Proposed Amd.:

Sub. Bill For.:

Date: April 18, 2018	8:15 AM	Author: THIBAUT
Dept./Agy.: LA Dept. of Insurance		Analyst: Zachary Rau
Subject: Establishes the LA Health Reinsurance Association		

INSURANCE

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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.

EXPENDITURES	2018-19	2019-20	2020-21	2021-22	2022-23	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	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	\$0
Annual Total						
REVENUES	2018-19	2019-20	2020-21	2021-22	2022-23	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	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	\$0
Annual Total	\$0	\$0	\$0	\$0	\$0	\$0

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, LDI and the Office of Group Benefits estimate approximately 1.66 M persons subject to the assessment. 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 \$49.8 M (\$2.50 PMPM * 12 months * 1.66 M participants) in FY 19. Based upon a recent actuarial analysis, LDI reports that it anticipates the LHRA to assess a PMPM between \$1.10-\$1.15 (\$21.1 M - \$22.1 M annually). However, the amount of revenues collected for use by the LHRA is currently indeterminable and subject to the promulgated PMPM and the number of persons participating in health insurance each month.

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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