



LEGISLATIVE FISCAL OFFICE
Fiscal Note

Fiscal Note On: HB 530 HLS 20RS 296
Bill Text Version: ORIGINAL
Opp. Chamb. Action:
Proposed Amd.:
Sub. Bill For.:

Table with metadata: Date: May 5, 2020 5:42 PM; Author: ECHOLS; Dept./Agy.: LA Dept. of Insurance/Office of Group Benefits; Subject: Insurance Coverage for Telehealth/Telemedicine; Analyst: Zachary Rau

INSURANCE/HEALTH OR INCREASE SG EX See Note Page 1 of 2
Provides for coverage of healthcare services provided through telehealth or telemedicine

Proposed law requires health insurance plans delivered or issued in LA to provide coverage and/or reimbursement for a covered service or procedure via telemedicine/telehealth, including asynchronous telemedicine services of "store-and-forward" telemedicine services, on the same basis and to the same extent the plans provide coverage for the service or procedure in an in-person setting subject to the limitations provided for in proposed law.

Table with 7 columns: EXPENDITURES, REVENUES, 2020-21, 2021-22, 2022-23, 2023-24, 2024-25, 5-YEAR TOTAL. Rows include State Gen. Fd., Agy. Self-Gen., Ded./Other, Federal Funds, Local Funds, and Annual Total.

EXPENDITURE EXPLANATION

Proposed law may increase State General Fund expenditures associated with a mandate to health insurance policies issued under the insurance exchanges and is anticipated to increase Self-Generated Revenue expenditures for the Office of Group Benefits (OGB) beginning in FY 21 and in subsequent fiscal years.

Insurance Exchanges Impact (State General Fund Impact)

Proposed law may increase SGF expenditures for the state beginning in FY 21 and in subsequent fiscal years according to an analysis provided by the LA Dept. of Insurance. The state would be required to fund health claims expenditures associated with telehealth/telemedicine coverage in proposed law for policies issued by qualified health plans through the health insurance exchange beginning in FY 21 with estimated costs totaling \$0 to \$30,000 SGF and a potential phase-up of costs to approximately \$0-\$54,000 SGF by FY 23 before reducing to \$0-\$39,000 SGF by FY 25.

- FY 21 - \$0 (100K members * \$0.00 PMPM * 1 * 6 months) - \$30,000 (100K members * \$0.05 PMPM * 1 * 6 months)
FY 22 - \$0 (100K members * \$0.00 PMPM * 12 * .9 annual reduction) - \$54,000 (100K members * \$0.05 PMPM * 12 * .9)
FY 23 - \$0 - \$49,000
FY 24 - \$0 - \$44,000
FY 25 - \$0- \$39,000

REVENUE EXPLANATION

The Office of Group Benefits does not anticipate that additional costs associated with proposed law will require premium increases, and therefore will not affect SGR premium collections. Furthermore, OGB anticipates that projected costs for the proposed legislation in excess of premium collections would be covered by its fund balance of approximately \$262.9 M.

Table with 2 columns: Senate, House. Rows include Dual Referral Rules for 13.5.1 and 13.5.2, and 6.8(F)(1) and 6.8(G) regarding annual fiscal cost and tax/fee increase.

Evan Brasseaux
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Staff Director

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CONTINUED EXPLANATION from page one:

Office of Group Benefits (OGB, Self-Generated Revenue Impact)

OGB anticipates that the proposed legislation will increase SGR expenditures by an indeterminable amount. The primary cost driver associated with OGB's anticipated increase is the proposed legislation's requirement for health insurance plans to cover and reimburse remote patient monitoring services, which is a new benefit for OGB's plans. Furthermore, OGB's third-party administrator of its self-funded plans, Blue Cross & Blue Shield of LA, was not able to assist OGB in projecting utilization rates in future fiscal years. As a result, the projected expenditure increase is indeterminable, but OGB anticipates that any increase associated with the proposed legislation will be defrayed by its existing premium collections and/or existing fund balance (see Revenue Explanation).

Private Insurance Impact

Pursuant to LA R.S. 24:603.1, the following is the projected private insurance impact of the proposed legislation. Based upon an actuarial analysis prepared by LDI, proposed law is anticipated to increase expenditures associated with claims (\$0 - \$195,000) and premium increases (\$0 - \$229,000) for the private insurers and the insured in FY 21 with a phase-up to an estimated \$0-\$351,000 M for claims and an estimated \$0-\$413,000 M for premiums by FY 23 before reducing to \$0-\$256,000 (claims) and \$0-\$301,000 (premiums) by FY 25. LDI bases this analysis on the following assumptions: the calculations apply on a fiscal year basis; a private insured population of 550,000 for claims and a total insured population of 650,000 for premiums (inclusive of the Insurance Exchange population); a stationary insured population; a PMPM totaling \$0.00-\$0.05; a premium loss ratio of 85%; coverage being in effect for only half of FY 21; medical cost inflation of 0% annually; Texas' SB 1107 (2017) stating no impact; initial startup costs that may be reduced over time; and cost of implementation largely being offset by savings in patient costs. Based upon the aforementioned assumptions, the estimated annual cost increases for insurance providers associated with claims are as follows:

- FY 21 - \$0 (550K members * \$0.00 PMPM * 6 months) - \$195,000 (550K members * \$0.05 PMPM * 6 months *)
- FY 22 - \$0 (550K members * \$0.00 PMPM * 12 * .9 annual reduction) - \$351,000 (550K members * \$0.05 PMPM * 12 * .9)
- FY 23 - \$0 - \$316,000
- FY 24 - \$0 - \$284,000
- FY 25 - \$0 - \$256,000

Based upon the aforementioned assumptions, the estimated annual cost increases for the insured associated with premiums are as follows (Note: premium increases include persons receiving policies through the Insurance Exchange):

- FY 21 - \$0 (650K members*\$0.00 PMPM*6 months*1.05/.85 LR) - \$229,000 (650K members*\$0.05 PMPM*6 months/.85 LR)
- FY 22 - \$0 (650K members * \$0.00 PMPM * 12 * 1.05 / .85 LR) - \$413,000 (650K members * \$0.06 PMPM * 12 * 1.05 / .85 LR)
- FY 23 - \$0 - \$372,000
- FY 24 - \$0 - \$334,000
- FY 25 - \$0 - \$301,000

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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