



LEGISLATIVE FISCAL OFFICE
Fiscal Note

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

Date: May 27, 2020 10:25 AM Author: ECHOLS
Dept./Agy.: LA Dept. of Insurance/Office of Group Benefits
Subject: Insurance Coverage for Telehealth/Telemedicine Analyst: Zachary Rau

INSURANCE/HEALTH RE 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, audio-only phone calls in certain circumstances, and remote patient monitoring services. Proposed law allows insurers to contract with providers and/or facilities for the aforementioned services. Proposed law prohibits exclusions and limitations on coverage except in certain circumstances. Proposed law prohibits lifetime and annual limits for telehealth services. Proposed law requires insurers to display telehealth/telemedicine policies on their respective websites. Proposed law requires distant providers providing telemedicine/telehealth store-and-forward services to be available for interactive communication upon request and no more than 30 days after the request. Proposed law requires coverage of remote patient monitoring services and sets the requirements for providers receiving reimbursements for such services. Effective January 1, 2021.

Table with columns: EXPENDITURES, 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. Similar structure for REVENUES.

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 (see narratives below). Furthermore, LDI reports that proposed law may increase claims expenditures for the health insurance industry by an estimated \$0-\$195,000 and premiums by an estimated \$0-\$229,000 in FY 21 (see narrative on Page 2).

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. Claims expenses associated with proposed law would be paid out by the LA Dept. of Treasury. LDI bases this analysis on the following assumptions: the calculations apply on a fiscal year basis; an exchange population of 100,000; a stationary insured population; a PMPM totaling \$0.00-\$0.05; 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 (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

(See Expenditure Explanation cont. on Page 2)

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. However, while proposed law may not necessitate premium increases for OGB, to the extent numerous pieces of legislation are enacted that increase the overall costs of the OGB program, the OGB may be required to increase premiums to fund ongoing program costs and maintain an actuarially sound fund balance of \$200 M.

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
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Staff Director

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CONTINUED EXPLANATION from page one:

(Expenditure Explanation cont. from Page 1)

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. In addition, OGB anticipates additional indeterminable expenditure increases associated with qualifying audio-only telephone consultations, though they report this may offset future telemedicine or office visits for beneficiaries in part or in whole over time. 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 650,000; 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 (650K members * \$0.00 PMPM * 6 months) - \$195,000 (650K members * \$0.05 PMPM * 6 months *)
- FY 22 - \$0 (650K members * \$0.00 PMPM * 12 * .9 annual reduction) - \$351,000 (650K 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:

- 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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