



**LEGISLATIVE FISCAL OFFICE
Fiscal Note**

Fiscal Note On: **SB 29** SLS 21RS 195
 Bill Text Version: **ORIGINAL**
 Opp. Chamb. Action:
 Proposed Amd.:
 Sub. Bill For.:

| | | |
|---|---------|--------------------------------|
| Date: April 19, 2021 | 9:25 AM | Author: ABRAHAM |
| Dept./Agy.: Insurance | | |
| Subject: Powers of Insurance Commissioner During Emergency | | Analyst: Patrice Thomas |

INSURANCE COMMISSIONER OR SEE FISC NOTE GF EX Page 1 of 1

Authorizes the commissioner of insurance to take certain actions relative to insurance during a declared emergency. (8/1/21)

Proposed law authorizes the Commissioner of Insurance to issue certain emergency rules and regulations whenever the governor declares a state of emergency or a public health emergency. Proposed law provides that the rules and regulations may address any of the following items related to insurance policies or health maintenance organization contracts in the state: (1) Requirements for the reporting of claims data; (2) Grace periods for payment of premiums and performance of other obligations by insurers or insureds; (3) Temporary postponement of cancellation or nonrenewal; and (4) Medical coverage to ensure access to care. Proposed law requires that the commissioner's action specify the kinds of insurance affected, the geographic areas to which the rule or regulation applies which may be less extensive but not more extensive than the geographic area in the governor's declaration, and the effective dates of the emergency rule or regulation are not to exceed the period of the governor's emergency declaration, including any extension or earlier termination of the state of emergency. Proposed law effective 8/01/2021.

| EXPENDITURES | 2021-22 | 2022-23 | 2023-24 | 2024-25 | 2025-26 | 5 -YEAR TOTAL |
|---------------------|----------------|----------------|----------------|----------------|----------------|----------------------|
| State Gen. Fd. | SEE BELOW | SEE BELOW | SEE BELOW | SEE BELOW | SEE BELOW | |
| Agy. Self-Gen. | SEE BELOW | SEE BELOW | SEE BELOW | SEE BELOW | SEE BELOW | |
| Ded./Other | SEE BELOW | SEE BELOW | SEE BELOW | SEE BELOW | SEE BELOW | |
| Federal Funds | SEE BELOW | SEE BELOW | SEE BELOW | SEE BELOW | SEE BELOW | |
| Local Funds | SEE BELOW | SEE BELOW | SEE BELOW | SEE BELOW | SEE BELOW | |
| Annual Total | | | | | | |
| REVENUES | 2021-22 | 2022-23 | 2023-24 | 2024-25 | 2025-26 | 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

Proposed law may have an indeterminable impact on the Office of Group Benefits (OGB) and local governmental entities. Whenever the governor declares a state of emergency or a public health emergency, the proposed law authorizes the Commissioner of Insurance to issue emergency rules and regulations to insurance policies or health maintenance organization (HMO) contracts related to the following: (1) Requirements for the reporting of claims data; (2) Grace periods for payment of premiums and performance of other obligations by insurers or insureds; (3) Temporary postponement of cancellation or nonrenewal; and (4) Medical coverage to ensure access to care.

OGB has five self-funded health plans. Any emergency rule declared under this measure that would temporarily postpone cancelation of benefits, provide grace periods for payment of premiums, or provide coverage for medical services not included in OGB's medical plan of benefits may increase medical and/or pharmacy claim expenditures within OGB by an indeterminable amount. OGB reports that increased costs under this measure may require an increase in premiums collected from participating agencies as well as active and retired plan members, which are categorized as SGR for OGB but paid from all means of finance from the sending governmental agencies.

The Legislative Fiscal Office is unable to ascertain the impact on local governmental entities, but anticipates an indeterminable increase in expenditures if any emergency rule was declared under this measure similar to that experienced by state agencies and OGB.

NOTE: The occurrence of events that might trigger the issuance of emergency rules by the Commissioner of Insurance are unknown and speculative. However, given the common emergency declarations due to weather and other events in Louisiana on an annual basis, the likelihood of the provisions of proposed law coming into effect are high in any given fiscal year creating a strong likelihood of annual and ongoing expenditure impacts.

REVENUE EXPLANATION

There is no anticipated direct material effect on governmental revenues as a result of this measure.

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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