

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



Fiscal Note On: **HB 463** HLS 21RS 332

Bill Text Version: **ORIGINAL**

Opp. Chamb. Action:

Proposed Amd.:

Sub. Bill For.:

<b>Date:</b> April 26, 2021	4:01 PM	<b>Author:</b> ILLG
<b>Dept./Agy.:</b> Insurance		<b>Analyst:</b> Patrice Thomas
<b>Subject:</b> 2% Assessment For State-Based Health Insurance Exchange		

INSURANCE/HEALTH

OR INCREASE SG RV See Note

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Authorizes the establishment of a state-based health insurance exchange and assessments thereto

Proposed law authorizes the Commissioner of Insurance to apply for a state innovation waiver to establish a state-based health insurance exchange. Proposed law authorizes the commissioner to create and implement a state-based health insurance exchange directly, through contracted services, and with or without the state innovation waiver. Proposed law provides that the state-based health insurance exchange be funded through the proceeds from an assessment fee from insurers offering health insurance coverage through the health insurance exchange. Proposed law limits the assessment up to 2% of premiums received by the insurers during the previous calendar year, and the fee to be assessed by and made payable annually between July 1st and July 30th. Proposed law requires each insurer offering health insurance coverage through the exchange to annually file by March 1st a report with the commissioner, who will determine the total premiums received by each insurer in the preceding calendar year and to calculate the assessment. Proposed law requires the annual assessment percentage based on the costs of operating the state-based health insurance exchange.

<b>EXPENDITURES</b>	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>	<b>2024-25</b>	<b>2025-26</b>	<b>5 -YEAR TOTAL</b>
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Agy. Self-Gen.	\$0	INCREASE	INCREASE	INCREASE	INCREASE	<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>REVENUES</b>	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>	<b>2024-25</b>	<b>2025-26</b>	<b>5 -YEAR TOTAL</b>
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Agy. Self-Gen.	\$0	INCREASE	INCREASE	INCREASE	INCREASE	<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>

**EXPENDITURE EXPLANATION**

Proposed law is anticipated to increase SGR expenditures in the LA Department of Insurance (LDI) to create and operate a state-based health insurance exchange and annual assessment. The proposed law authorizes the Commissioner of Insurance to establish a state-based health insurance exchange, which will be funded with an annual assessment of up to 2% on premiums offered by insurers in the exchange. The proposed law allows the Commissioner to create the exchange directly or enter into contracts to establish the exchange. The department will need 2 years to establish the state-based exchange. LDI reports any workload associated with the establishment of a state-based health insurance exchange and assessment, as well as IT programming and testing cost to develop a new health premium assessment, will be handled with existing staff and resources. The LFO anticipates the annual assessment authorized in the proposed law will be utilized by LDI to cover expenditures related to operating, administrative, and contractual expenditures associated with the exchange.

**REVENUE EXPLANATION**

Proposed law will increase SGR beginning in FY 23 if the Commissioner of Insurance imposes the maximum assessment of 2% on health premiums by insurers offering health insurance coverage through a state-based health insurance exchange. Information obtained from the Centers for Medicaid and Medicare Services (CMS) shows the total federal exchange enrollment from January through June 2020 was 77,950 individuals with an average monthly premium of \$575. Based on CMS information, the estimated total premiums in a state-based health insurance exchange will be \$537,855,000 (\$575 monthly premium x 12 months x 77,950 individuals), which results in estimated revenue of \$10,757,100 (2% assessment x \$537,855,000). The Legislative Fiscal Office presumes the same \$537 M amount of premiums in the newly established state-based health insurance exchange as the federal exchange. To the extent amount of premiums increase or decreases under a state-based exchange, the annual assessment collected under this measure will increase or decrease by an indeterminable amount.

Note: Currently, insurers offering health insurance coverage through the federal health insurance exchange, healthcare.gov, pay a 3% assessment on health premiums.

Senate  
 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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**Staff Director**