



LEGISLATIVE FISCAL OFFICE

Fiscal Note

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

Date: June 6, 2021	2:05 PM	Author: ABRAHAM
Dept./Agy.: Insurance		Analyst: Patrice Thomas
Subject: Powers of Insurance Commissioner During Emergency		

INSURANCE COMMISSIONER EN SEE FISC NOTE GF EX See Note 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) Medical coverage; (2) Grace periods for payment of premiums (not to exceed 60 days for health insurers) and performance of other obligations by insurers or insureds; (3) Temporary postponement of cancellation or nonrenewal. Proposed law applies to all insurance regulated in existing law. Proposed law adds legislative oversight unless imminent peril, which must include a statement from the reasons electronically submitted to legislative leadership. Under the proposed law, 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 requires any emergency rule governing medical coverage shall not exceed 60 days under approval by legislature. 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) Medical coverage including removal of telehealth and telemedicine access restraints, suspension of physician credentialing requirements and expansion of remote access to pharmaceutical drugs; (2) Grace periods for payment of premiums (not to exceed 60 days for health insurers) and performance of other obligations by insurers or insureds; (3) Temporary postponement of cancellation or nonrenewal.

OGB has five self-funded health plans. Any emergency rule declared under this measure that would temporarily postpone cancelation of benefits, provide 60-day 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 the 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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