LEGISLATIVE FISCAL OFFICE
Fiscal Note

Louisiana Legislative Fiscal Office — Fiscal Notes

Fiscal Note On: **HB 186** HLS 23RS 281
Bill Text Version: **RE-REENGROSSED**
Opp. Chamb. Action:
Proposed Amd.:
Sub. Bill For.:

Date: May 18, 2023 6:11 AM **Author:** DAVIS
Dept./Agy.: Insurance and Office of Group Benefits
Subject: Medically Necessary Fertility Preservation Act **Analyst:** Patrice Thomas

INSURANCE/HEALTH RR INCREASE SG EX See Note

Provides relative to health insurance coverage for standard fertility preservation services

Proposed law requires health coverage plans to provide coverage for medically necessary expenses for standard fertility preservation services when a medically necessary treatment may directly or indirectly cause iatrogenic infertility. Proposed law requires health coverage plans to provide coverage for standard fertility preservation services for an individual diagnosed with cancer for which cancer treatment may directly or indirectly cause iatrogenic infertility. Proposed law provides that health coverage plans shall not require preauthorization. Proposed law allows religious employers may obtain an exemption. Proposed law provides for definitions of "health cover plan", "iatrogenic infertility", "medical treatment that may directly or indirectly cause iatrogenic infertility", "religious employer", and "standard fertility preservation services". Proposed law is known as "The Medically Necessary Fertility Preservation Act" effective 1/01/24.

EXPENDITURES	**2023-24**	**2024-25**	**2025-26**	**2026-27**	**2027-28**	**5 -YEAR TOTAL**
State Gen. Fd.	INCREASE	INCREASE	INCREASE	INCREASE	INCREASE	
Agy. Self-Gen.	INCREASE	INCREASE	INCREASE	INCREASE	INCREASE	
Ded./Other	$0	$0	$0	$0	$0	**$0**
Federal Funds	$0	$0	$0	$0	$0	**$0**
Local Funds	$0	$0	$0	$0	$0	**$0**
Annual Total						

REVENUES	**2023-24**	**2024-25**	**2025-26**	**2026-27**	**2027-28**	**5 -YEAR TOTAL**
State Gen. Fd.	$0	$0	$0	$0	$0	**$0**
Agy. Self-Gen.	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	
Ded./Other	$0	$0	$0	$0	$0	**$0**
Federal Funds	$0	$0	$0	$0	$0	**$0**
Local Funds	$0	$0	$0	$0	$0	**$0**
Annual Total						

EXPENDITURE EXPLANATION

Proposed law will increase Self-Generated Revenue expenditures within the Office of Group Benefits (OGB) beginning in FY 24 and increase State General Fund expenditures associated with a mandate to health insurance policies issued under the insurance exchanges beginning in FY 24 and subsequent fiscal years. For the insurance exchanges, any state benefit mandate, through legislative or regulatory action, that exceeds what is considered an essential health benefit (EHB) would subject the state to defrayal costs in accordance with the Affordable Care Act (ACA). The proposed law would be considered a state benefit mandate; therefore, the state may be required to make payments to defray the cost of additional required benefits specified under this proposed law.

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

Proposed law increases expenditures within the Office of Group Benefits (OGB). Proposed law requires OGB to cover female and male standard fertility preservation services for members with cancer diagnoses and treatment of which may causes iatrogenic infertility. Based upon the assumptions listed below, the expenditures to cover this benefit range are as follows:

	FY 23-24*	FY 24-25	FY 25-26	FY 26-27	FY 27-28	Total
Low	$ 82,533	$171,670	$178,537	$ 185,678	$ 193,105	$ 894,057
High	$453,933	$944,181	$981,948	$1,021,226	$1,062,075	$4,917,296

*FY 23-24 represent 6 months of estimated claims expenditures

Unless OGB Fund Balance is utilized, SGF appropriation will be required to cover the state portion of the increase in premium costs, which is approximately 41%. As of February 2023, OGB reports a $434 M fund balance.

The expenditure estimate is based upon the following assumptions: (1) As of 4/01/2023, the current OGB member population in the five self-funded health plans is 165,331 (excluding 43,563 Medicare primary members). Membership will remain constant. (2) The coverage will become effective on 1/01/2024. (3) No change in OGB self-funded health plan membership in future fiscal years from current levels. (4) PMPM cost estimate provided by BCBSLA range from $0.08 pmpm (low) or $0.44 pmpm (high). (5) In future fiscal years, a medical inflation factor of 4%.

See EXPENDITURE EXPLANATION on Page 2

REVENUE EXPLANATION

The Office of Group Benefits (OGB) does not anticipate the proposed law to require premium increases, therefore there is no impact self-generated revenues collected from premiums. OGB has indicated the estimated costs associated with coverage of female and male standard fertility preservation services for members with cancer diagnoses infertility may be absorbed by the existing fund balance reserve. However, to the extent other legislative instruments that are enacted expand covered medical and pharmacy benefits, the cumulative impact may be material and require OGB to increase premiums to maintain an actuarially sound fund balance of $250 M.

Senate / Dual Referral Rules	House
[x] 13.5.1 >= $100,000 Annual Fiscal Cost {S & H}	[x] 6.8(F)(1) >= $100,000 SGF Fiscal Cost {H & S}
[ ] 13.5.2 >= $500,000 Annual Tax or Fee Change {S & H}	[ ] 6.8(G) >= $500,000 Tax or Fee Increase or a Net Fee Decrease {S}

Evan Brasseaux

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Interim Deputy Fiscal Officer

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CONTINUED EXPLANATION from page one:

EXPENDITURE EXPLANATION Continued from Page 1

Based on the aforementioned methodology on page one, the assumption that coverage will only be in place for 6 months in FY 24 due to the January 1, 2024 effective date, the per member per month (PMPM) cost estimates range from a low of $0.08 pmpm to a high of $0.44 pmpm, and a medical inflation (MI) factor of 4% compounding annually, below are expenditure calculations utilized to project the cost within OGB utilizing the assumptions listed on page one.

Expenditure Calculations
Expenditure Calculations = membership population x PMPM cost x 12 months
Base Cost (Low) = $158,718 = 165,331 x $0.08 x 12 months
Base Cost (High) = $872,948 = 165,331 x $0.44 x 12 months

FY 24 (Low) = $165,067 = $158,718 x 4% MI ($68,087 SGF)
FY 24 (High) = $907,866 = $872,948 x 4% MI ($374,476 SGF)

FY 25 (Low) = $171,670 = $165,067 x 4% MI ($70,810 SGF)
FY 25 (High) = $944,181 = $907,866 x 4% MI ($389,455 SGF)

FY 26 (Low) = $178,537 = $171,670 x 4% MI ($73,643 SGF)
FY 26 (High) = $981,948 = $944,181 x 4% MI ($405,033 SGF)

FY 27 (Low) = $ 185,678 = $178,537 x 4% MI ($76,588 SGF)
FY 27 (High) = $1,021,266 = $981,948 x 4% MI ($421,234 SGF)

FY 28 (Low) = $ 193,105 = $185,678 x 4% MI ($79,652 SGF)
FY 28 (High) = $1,062,075 = $1,021,266 x 4% MI ($438,084 SGF)

Total (Low)* = $ 894,057 ($ 368,780 SGF)
Total (High)* = $4,917,296 ($2,028,282 SGF)
*The Total does not include the Base Costs.

Insurance Exchanges Impact (State General Fund Impact)
Proposed law may increase SGF expenditures beginning in FY 24 and subsequent fiscal years according to an analysis provided by the LDI health actuary. The state would be required to fund health claims expenditures associated with female and male standard fertility preservation services as required in the proposed law for policies issued by qualified health plans through the health insurance exchange beginning in FY 24 with estimated costs totaling approximately $58,000 to $324,000 SGF and a potential phase-up to over $156,000 to $881,000 SGF by FY 28 and beyond. Claims expenses associated with the proposed law would be paid out by the State Treasury Department. LDI bases this analysis on the following assumptions: the calculations are on a fiscal year basis; the exchange population is approximately 120,000 and the insured population is assumed to be stationary; medical cost inflation is 5% in FY 24 and 8% in subsequent years; the premium loss ratio is 85%; and the **estimated cost is between $0.08 PMPM and $0.45 PMPM over the entire insured population**. Based upon the aforementioned assumptions, the estimated annual cost increases for insurance providers associated with claims are as follows:

Aggregate Cost Determination
Aggregate cost = exchange population x PMPM cost x 12 months
FY 24 (Low) - 120,000 x $0.08 PMPM x 12 months = $115,200 ($57,600)*
FY 24 (High) - 120,000 x $0.45 PMPM x 12 months = $648,000 ($324,000)*

FY 25 (Low) - $115,200 x 8% MI = $124,416
FY 25 (High) - $648,000 x 8% MI = $699,840

FY 26 (Low) - $124,416 x 8% MI = $134,369
FY 26 (High) - $699,840 x 8% MI = $755,827

FY 27 (Low) - $134,369 x 8% MI = $145,119
FY 27 (High) - $755,827 x 8% MI = $816,293

FY 28 (Low) - $145,119 x 8% MI = $156,729
FY 28 (High) - $816,293 x 8% MI = $881,596

*FY 23-24 represent 6 months of estimated claims expenditures

Senate — Dual Referral Rules

[x] 13.5.1 >= $100,000 Annual Fiscal Cost {S & H}

[ ] 13.5.2 >= $500,000 Annual Tax or Fee Change {S & H}

House

[x] 6.8(F)(1) >= $100,000 SGF Fiscal Cost {H & S}

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