



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

Fiscal Note On: **SB 368** SLS 24RS 361  
 Bill Text Version: **ORIGINAL**  
 Opp. Chamb. Action:  
 Proposed Amd.:  
 Sub. Bill For.:

<b>Date:</b> March 13, 2024 7:57 AM	<b>Author:</b> BASS
<b>Dept./Agy.:</b> Insurance	<b>Analyst:</b> Patrice Thomas
<b>Subject:</b> Actuarial Analysis of Mandated Health Benefits	

HEALTH/ACC INSURANCE OR INCREASE SG EX See Note Page 1 of 1  
 Provides for actuarial review of certain state-mandated health insurance benefits. (8/1/24)

Proposed law enacts an actuarial review of proposed healthcare legislation that mandates health benefits. Proposed law requires the following: (1) set forth deadlines for the LA Department of Insurance (LDI) to contract with an actuary or actuarial firm(s) to perform actuarial reviews of legislation that mandates new health benefits coverage and hold a public meeting on the methodology for actuarial analysis; (2) provides an annual deadline for legislators to request actuarial reviews on legislation, limited to six reviews per year and provides for selection if more than six requests; (3) provides for specific information in the actuarial review and authorizes actuarial reviews to use data from insurance carriers, which must provide data; (4) upon enactment of any legislative proposal that has defrayal costs identified by the actuarial review, LDI shall send written notification to the Commissioner of Administration and chairmen of Senate Finance and House Appropriations with estimated costs; (5) Commissioner shall request appropriation before implementation; (6) LDI shall require insurance carriers to annually provide per member per month defrayal costs, determine if actuarially sound, and provide notification to Commissioner, who shall request an appropriation. Proposed law provides that LDI shall not enter into any contract to perform an actuarial review unless funding is available within its existing appropriation to pay a contractor.

EXPENDITURES	2024-25	2025-26	2026-27	2027-28	2028-29	5 -YEAR TOTAL
State Gen. Fd.	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	
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
<b>Annual Total</b>						
REVENUES	2024-25	2025-26	2026-27	2027-28	2028-29	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	\$0	\$0	\$0	\$0	\$0	\$0
<b>Annual Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

**EXPENDITURE EXPLANATION**

The proposed law will likely increase SGR expenditures within the LA Department of Insurance (LDI) for contracting with an actuary or actuarial firm to perform actuarial reviews of proposed healthcare legislation. The proposed law may increase state defrayal payments, assumed to be SGF, to health insurance exchanges associated with coverage mandates.

**LA Department of Insurance (LDI)** - The proposed law requires LDI to contract with an actuary or actuarial firm(s) to perform actuarial reviews of legislation that mandates a new health benefit coverage on health plan benefits or reduce/eliminate coverage mandated under health benefit plans. The proposed law limits actuarial review to six (6) legislative proposals every regular legislative session. To perform the specific analysis required under the proposed law, LDI reports a professional services contract with an actuary or actuarial firm to cost approximately \$40,000 per actuarial review, totaling \$240,000 for a maximum of six reviews allowed annually under this measure.

Additionally, the proposed law provides that LDI shall not retain a contractor to perform actuarial reviews under this measure unless the department determines adequate resources are available within its existing appropriation. Historically, based on past legislative sessions, LDI utilizes existing staff actuaries that review three to four legislative proposals each session with defrayal costs. To the extent that LDI does not have sufficient SGR to contract for actuarial reviews and continues to utilize existing staff actuaries, the cost of this proposed law may be mitigated.

**Insurance Exchanges Impact (State General Fund Defrayal)** - Upon enactment and implementation of any legislative proposal that results in the defrayal cost of the enacted mandate, LDI shall require insurance carriers to provide actuarial estimates based on claims data of the per member/per month amount necessary to defray the cost of the enacted mandate. After determining if the per member/per month cost is actuarially sound, LDI shall provide written notification to the chairmen of the Senate Finance Committee and House Appropriation Committee, and the Commissioner of Administration. The Commissioner shall request an appropriation to pay the defrayal costs before implementation of the subsequent plan year.

Note: Under the Affordable Care Act (ACA), essential health benefits (EHB) are a set of 10 categories of services that qualified health plans (QHPs) must cover. The ACA allowed each state to select a benchmark plan that will be used as the standard for EHB coverage within the state. Once the state decides upon a benchmark health plan, all health insurance carriers use the benchmark plan as a guide for creating their own EHB coverage. Any state benefit mandate, through legislative or regulatory action, that exceeds what is considered an EHB under the benchmark plan is subject to state defrayal.

**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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