# LEGISLATIVE FISCAL OFFICE
## Fiscal Note

Fiscal Note On: **SB 300** SLS 24RS 506
Bill Text Version: **ENGROSSED**
Opp. Chamb. Action:
Proposed Amd.:
Sub. Bill For.:

**Date:** April 9, 2024 4:54 PM
**Author:** DUPLESSIS
**Dept./Agy.:** Insurance and Office of Group Benefits
**Subject:** Coverage Pregnancy Related Nutrition Counseling/Lactation
**Analyst:** Patrice Thomas

INSURANCE POLICIES EG INCREASE GF EX See Note 

Provides for health insurance coverage of pregnancy-related and postpartum healthcare services. (8/1/24)

If a health plan provides maternity service benefits, proposed law requires the plan to include coverage for the following: (1) nutrition counseling services provided by a licensed dietitian/nutritionist in the first trimester of the pregnancy, regardless of whether there is a diagnosis of gestational diabetes or any other chronic health condition; and (2) postpartum services provided by a qualified lactation provider. Proposed law provides nutrition counseling and postpartum services may be subject to annual cost-sharing (deductibles, coinsurance, and copayments). Proposed law prohibits discriminatory language in any health coverage plan policy against licensed dietitians, nutritionists, qualified lactation provider, or their services. Proposed law provides for the definition of a health plan, including the Office of Group Benefits. Proposed law is effective January 1, 2025 (new health coverage plans) and January 1, 2026 (existing health coverage plans).

| EXPENDITURES | 2024-25 | 2025-26 | 2026-27 | 2027-28 | 2028-29 | 5 -YEAR TOTAL |
|---|---|---|---|---|---|---|
| State Gen. Fd. | **INCREASE** | **INCREASE** | **INCREASE** | **INCREASE** | **INCREASE** | |
| 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** |
| **Annual Total** | | | | | | |

| 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** |
| **Annual Total** | **$0** | **$0** | **$0** | **$0** | **$0** | **$0** |

**EXPENDITURE EXPLANATION**

Proposed law is anticipated to increase SGF expenditures in the health care exchanges by $96,000 to $144,000 beginning in FY 25 and subsequent fiscal years according to an analysis provided by the LA Department of Insurance (LDI) actuary. Under the Affordable Care Act (ACA), 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. 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. Furthermore, proposed law will increase claims expenditures for the health insurance industry by an estimated $324,000 - $486,000 and increase premiums by $381,000 - $572,000 for private insurers and the insured in FY 25 (see Expenditure Explanation on page 2). The Office of Group Benefits (OGB) reports no impact.

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

OGB reports that through its contracted third-party administrator, Blue Cross and Blue Shield of Louisiana (BCBSLA), all of its five self-funded health plans already comply with the provisions of this measure. All of OGB's health plans provide preventative or wellness care required by the Patient Protection and Affordable Care Act (ACA). This includes services recommended by the U.S. Preventive Services Task Force with an "A" or "B" grade, which is covered at 100% of allowable charges from in-network providers. Therefore, OGB does not anticipate any increased medical claims as a result of this measure.

**Insurance Exchanges Impact (State General Fund Defrayal Impact)**

Proposed law may increase SGF expenditures beginning in FY 25 and subsequent fiscal years according to an analysis provided by the LDI health actuary. The state would be required to refund health claims expenditures for policies issued by qualified health plans through the health insurance exchange beginning in FY 25 with estimated costs totaling approximately $96,000 to $144,000 SGF and a potential phase-up of $120,000 to $180,000 SGF by FY 29. Claims expenses associated with the proposed law would be paid out of the state treasury. LDI bases this analysis on the following assumptions: the calculations are on a fiscal year basis; the exchange population is approximately 200,000 and the insured population is assumed to be stationary, entries equal exits; medical cost inflation (MI) is 8% in FY 26, then 5% in subsequent years; the premium loss ratio is 85%; and the estimated cost is between $0.04 PMPM (low) and $0.06 (high) PMPM over the entire insured population based on research and analysis, which represents a 0.01% annual premium increase of an average monthly premium/PMPM of $650.

**See EXPENDITURE EXPLANATION on page 2**

**REVENUE EXPLANATION**

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

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}

[ ] 6.8(G) >= $500,000 Tax or Fee Increase or a Net Fee Decrease {S}

Alan M. Boxberger

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**CONTINUED EXPLANATION from page one:**



**EXPENDITURE EXPLANATION continued from page 1**

Based upon the aforementioned assumptions on page 1, 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 25 (Low) - 200,000 x $0.04 x 12 months = $ 96,000
FY 25 (High) - 200,000 x $0.06 x 12 months = $144,000

FY 26 (Low) - $ 96,000 x 8% MI = $103,680
FY 26 (High) - $144,000 x 8% MI = $155,520

FY 27 (Low) - $103,680 x 5% MI = $108,860
FY 27 (High) - $155,520 x 5% MI = $163,300

FY 28 (Low) - $108,860 x 5% MI = $114,300
FY 28 (High) - $163,300 x 5% MI = $171,470

FY 29 (Low) - $114,300 x 5% MI = $120,020
FY 29 (High) - $171,470 x 5% MI = $180,040

*Estimated claims expenditures and premium increases are rounded.

**PRIVATE INSURANCE IMPACT**
Pursuant to R.S. 24:603.1, the information below is the projected impact of the proposed law on the private insurance market. Based upon an actuarial analysis prepared by LDI, the proposed law is anticipated to increase expenditures associated with claims by $324,000 - $486,000 and premium increases by $381,000 - $572,000 for private insurers and the insured in FY 25 with phase-up costs of an estimated $405,000 - $608,000 claims and $477,000 - $715,000 premiums by FY 29. LDI bases this analysis on the following assumptions: the calculations are on a fiscal year basis; the exchange population is approximately 675,000 (including 200,000 population in health exchanges) and the insured population is assumed to be stationary, entries equal exits; medical cost inflation (MI) is 8% in FY 26, then 5% in subsequent years; the premium loss ratio is 85%; and the **estimated cost is between $0.04 PMPM and $0.06 PMPM over the entire insured population, which represents a 0.01% annual premium increase of a average monthly premium/PMPM of $650**. Based upon the aforementioned assumptions, the estimated annual cost increases for insurance providers associated with claims are as follows:

Aggregate Cost Determination*
(insured population x PMPM cost x 12 months x MI)
FY 25 (Low) - 675,000 x $0.04 x 12 months = $324,000
FY 25 (High) - 675,000 x $0.06 x 12 months = $486,000

FY 26 (Low) - $324,000 x 8% MI = $349,920
FY 26 (High) - $486,000 x 8% MI = $524,880

FY 27 (Low) - $349,920 x 5% MI = $367,420
FY 27 (High) - $524,880 x 5% MI = $551,120

FY 28 (Low) - $367,420 x 5% MI = $385,790
FY 28 (High) - $551,120 x 5% MI = $578,680

FY 29 (Low) - $385,790 x 5% MI = $405,080
FY 29 (High) - $578,680 x 5% MI = $607,614

Aggregate Extra Premium Determination*
(PMPM cost x 12 months)/medical loss ratio x MI
FY 25 (Low) - ($0.04 x 12 months)/85% = $0.56
FY 25 (High) - ($0.06 x 12 months)/85% = $0.85

FY 26 (Low) - $0.56 x 8% MI = $0.61
FY 26 (High) - $0.85 x 8% MI = $0.91

FY 27 (Low) - $0.61 x 5% MI = $0.64
FY 27 (High) - $0.91 x 5% MI = $0.96

FY 28 (Low) - $0.64 x 5% MI = $0.67
FY 28 (High) - $0.96 x 5% MI = $1.01

FY 29 (Low) - $0.67 x 5% MI = $0.70
FY 29 (High) - $1.01 x 5% MI = $1.06

*Estimated claims expenditures and premium increases are rounded.

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

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