



LEGISLATIVE FISCAL OFFICE
Fiscal Note

Fiscal Note On: **HB 508** HLS 24RS 902
 Bill Text Version: **ENGROSSED**
 Opp. Chamb. Action:
 Proposed Amd.:
 Sub. Bill For.:

Date: April 10, 2024 6:27 PM	Author: BAGLEY
Dept./Agy.: Insurance and Office of Group Benefits	Analyst: Patrice Thomas
Subject: Patient's Choice of Medical and Surgical Cancer Treatments	

INSURANCE/HEALTH EG INCREASE SG EX See Note Page 1 of 2
 Provides relative to medical and surgical treatments of cancer

Proposed law provides that decisions regarding treatment procedures performed following a diagnosis of cancer are to be made solely by the patient in consultation with their attending physicians. If a health insurance insurer issues a health benefit plan that provides medical and surgical benefits for cancer treatments, proposed law mandates the insurer to cover the medical and surgical treatments for urinary and sexual dysfunction resulting from cancer. Proposed law provides that medical and surgical treatments correcting urinary and sexual dysfunction are to be chosen by the patient diagnosed with cancer, in consultation with their physician. Proposed law provides that treatments are considered medically necessary and follow the guidelines of the National Comprehensive Cancer Network. Proposed law prohibits the health insurer from denial of coverage for treatment procedures to correct urinary and sexual dysfunction resulting from cancer. Proposed law defines a "health benefit plan" to include the Office of Group Benefits.

EXPENDITURES	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.	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

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.	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

EXPENDITURE EXPLANATION

Proposed law will increase Self-Generated Revenue expenditures within the Office of Group Benefits (OGB) beginning in FY 25 and may increase claims expenditures in the private health insurance market.

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

All of OGB's five (5) self-funded health plans exclude coverage for habilitative treatment related to sexual inadequacies, surgical implantation/prosthesis, and related services considered to be cosmetic or for reproductive/fertility purposes. Proposed law requires OGB to cover procedures correcting urinary and sexual dysfunction that the patient, along with their physician, has chosen. Based upon the assumptions listed below, the expenditures to cover this benefit range are as follows:

	FY 24-25	FY 25-26	FY 26-27	FY 27-28	FY 28-29	Total
Low	\$ 82,904	\$ 85,391	\$ 87,952	\$ 90,591	\$ 93,309	\$ 440,146
High	\$ 227,985	\$ 234,825	\$ 241,870	\$ 249,126	\$ 256,600	\$ 1,210,406

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 40%. As of March 2024, OGB reports a \$346 M fund balance.


The expenditure estimate is based upon the following assumptions: (1) As of 3/01/2024, the current OGB member population in the five self-funded health plans is 167,685 (excluding Medicare primary members) and membership will remain constant. (2) The coverage will become effective on 6/01/2024. (3) No change in OGB self-funded health plan membership in future fiscal years from current levels. (4) The PMPM cost estimate provided by BCBSLA ranges from \$0.04 PMPM (low) to \$0.11 PMPM (high). (5) In future fiscal years, a medical inflation factor of 3%, based on Consumer Price Index data for medical care in the Southern United States through the end of FY 23.

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 to self-generated revenues collected from premiums. OGB has indicated the estimated costs associated the proposed law 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.

<u>Senate</u>	<u>Dual Referral Rules</u>	<u>House</u>
<input checked="" type="checkbox"/> 13.5.1 >= \$100,000 Annual Fiscal Cost {S & H}		<input type="checkbox"/> 6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S}
<input type="checkbox"/> 13.5.2 >= \$500,000 Annual Tax or Fee Change {S & H}		<input type="checkbox"/> 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S}


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CONTINUED EXPLANATION from page one:

EXPENDITURE EXPLANATION Continued from page 1

Based on the aforementioned methodology on page one, the per member per month (PMPM) cost estimates range from a low of \$0.04 PMPM to a high of \$0.11 PMPM, and a medical inflation (MI) factor of 3% 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) = \$ 80,489 = 167,685 x \$0.04 x 12 months
Base Cost (High) = \$221,344 = 167,685 x \$0.11 x 12 months
FY 25 (Low) = \$ 82,904 = \$ 80,489 x 3% MI (\$33,119 SGF)
FY 25 (High) = \$227,985 = \$221,344 x 3% MI (\$91,077 SGF)
FY 26 (Low) = \$ 85,391 = \$ 82,904 x 3% MI (\$34,112 SGF)
FY 26 (High) = \$234,825 = \$227,985 x 3% MI (\$93,809 SGF)
FY 27 (Low) = \$ 87,952 = \$ 85,391 x 3% MI (\$35,136 SGF)
FY 27 (High) = \$241,870 = \$234,825 x 3% MI (\$96,624 SGF)
FY 28 (Low) = \$ 90,591 = \$ 87,952 x 3% MI (\$36,190 SGF)
FY 28 (High) = \$249,126 = \$241,870 x 3% MI (\$99,522 SGF)
FY 29 (Low) = \$ 93,309 = \$ 90,591 x 3% MI (\$37,275 SGF)
FY 29 (High) = \$256,600 = \$249,126 x 3% MI (\$102,508 SGF)
Total (Low)* = \$ 440,146 (\$175,832 SGF)
Total (High)* = \$1,210,406 (\$483,540 SGF)
*The Total does not include the Base Costs.

PRIVATE INSURANCE IMPACT (including Insurance Exchanges Impact)

The proposed law may increase expenditures associated with claims in the individual and small group markets. The health actuary for the LA Department of Insurance (LDI) will provide an update once analysis on the individual and small group markets is completed. Once this information is provided, the LFO will be able to determine and report any impacts to the insurance exchanges. LDI reports there is no anticipated additional costs to the fully insured large group market to provide coverage for all the components of the proposed law; therefore, there is no material impact on those plans.

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}
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