LEGISLATIVE FISCAL OFFICE
Fiscal Note

Louisiana Legislative Fiscal Office

Fiscal Notes

Fiscal Note On:	**HB 253** HLS 24RS 545
Bill Text Version:	**REENGROSSED**
Opp. Chamb. Action:	**w/ #2 SEN COMM AMD**
Proposed Amd.:	
Sub. Bill For.:	

Date: May 14, 2024 8:59 AM	**Author:**	STAGNI
Dept./Agy.: Municipal and parish fire departments		
Subject: Cancer screenings	**Analyst:**	Tanesha Morgan

FIRE PROTECT/FIREMEN   RE2 INCREASE LF EX See Note   Page 1 of 2

Provides relative to cancer screenings for certain firefighters and fire service employees

<u>Proposed law</u> requires that classified firefighters employed as full-time paid employees of municipal or parish fire departments or fire protection districts, fire service employees employed by non profit corporations under contract with fire protection districts be provided cancer screening examinations. <u>Proposed law</u> requires that the cancer screenings examinations be conducted by a physician every three, four, or five years thereafter during the course of employment or service. <u>Proposed law</u> requires that the examination include, but not be limited to the following cancers: (1) Colon (2) Lung (3) Bladder (4) Oral (5) Thyroid. <u>Proposed law</u> requires that retired firefighters and fire service employees be provided cancer screening examinations by their former employers pursuant to <u>proposed law</u>. Additionally requires employers and former employers to pay for the costs of cancer screening examinations. <u>Proposed law</u> provides that no firefighter or fire service employee shall be required to participate in cancer screening examinations.

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.	$0	$0	$0	$0	$0	**$0**
Ded./Other	$0	$0	$0	$0	$0	**$0**
Federal Funds	$0	$0	$0	$0	$0	**$0**
Local Funds	**INCREASE**	**INCREASE**	**INCREASE**	**INCREASE**	**INCREASE**	
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

The proposed bill is anticipated to have a significant ongoing expense for municipal and parish fire departments, fire protection districts, and non-profit corporations that employ firefighters and fire service employees in Louisiana associated with cancer screenings for certain firefighters and fire service services employees, and retirees.

The proposed bill mandates cancer screenings for an estimated 8,800 firefighters, fire service employees, and retirees in Louisiana. The associated costs, including the full cost of screenings for uninsured individuals and co-pays, deductibles, and increased insurance premiums for insured individuals, must be entirely covered by the employers (municipal and parish fire departments, fire protection districts, and non-profit corporations), with no out-of-pocket expenses for the employees. This is expected to result in significant ongoing costs for these employers. Participation in the screenings is voluntary for the employees.

According to the actuarial analysis prepared by LDI, the proposed law is expected to increase expenditures associated with private insurance for firefighters and fire service employees in Louisiana. The Aggregate Cost Determination section estimates the aggregate cost of the requirement in FY 25 to range from $302,280 (low) to $452,760 (high). The aggregate cost in FY 26-29 is projected to increase each year due to medical inflation, reaching $377,921 (low) to $566,056 (high) by FY 29. The Premium Increase Determination section calculates the aggregate extra premium for the review procedure in FY 25, which ranges from $355,659 (low) to $532,659 (high). The aggregate extra premium in FY 26-29 is projected to increase each year due to medical inflation, reaching $444,613 (low) to $665,949 (high) by FY 29.

On an individual policy level, the annual premium increase per policy in FY 25 to range from $64.66 (low) to $96.85 (high). The annual premium increase per policy in FY 26-29 is projected to increase each year due to medical inflation, reaching $80.84 (low) to $121.08 (high) by FY 29. The percentage premium change is estimated to range from 0.38% (low) to 0.57% (high). The analysis is based on several assumptions, including approximately 5,500 firefighters and fire service employees of local entities, a range of per employee per month (PEPM) costs for cancer screenings, a monthly health insurance premium of $1,200, a stationary insured population, medical inflation rates of 8% in the first year and 5% thereafter, and a premium loss ratio of 85%. **See details on page 2.**
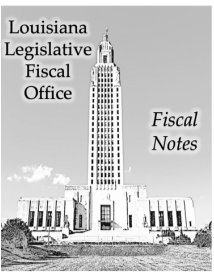
REVENUE EXPLANATION

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

Senate	Dual Referral Rules	House	
[x] 13.5.1 >= $100,000 Annual Fiscal Cost {S & H}		[ ] 6.8(F)(1) >= $100,000 SGF Fiscal Cost {H & S}	*Patrice Thomas* (signature)
[ ] 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}	**Patrice Thomas** **Deputy Fiscal Officer**

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CONTINUED EXPLANATION from page one:

Aggregate Cost Determination
Aggregate cost of the requirement in FY 25
Cost = insured population x PEPM cost x 12 months
FY 25 (Low)=5,500 x $4.58 x 12= $302,280
FY 25 (High)=5,500 x $6.86 x 12=$452,760

Aggregate cost in FY 26-29
Cost = insured population x PEPM cost x 12 months x medical inflation
FY 26 (Low)=5,500x$4.58x12x1.08=$326,462
FY 26 (High)=5,500x$6.86x12x1.08=$488,981

FY 27 (Low)= $703,339 x1.05= $342,786
FY 27 (High)= $1,055,592 x1.05=$513,430

FY 28 (Low)= $738,506 x1.05= $359,925
FY 28 (High)= $1,108,372 x1.05=$539,101

FY 29 (Low)=$775,431 x1.05=$377,921
FY 29 (High)= $1,163,790x1.05=$566,056

Premium Increase Determination
Aggregate extra premium for the review procedure in FY 25
Premium = (insured population x PEPM cost x 12 months) / loss ratio
FY 25 (Low)=(5,500x$4.58x12)/0.85=$355,659
FY 25 (High)=(5,500x$6.86x12)/0.85=$532,659

Aggregate extra premium in FY 26-29
Premium = (insured population x PEPM cost x 12 months x medical inflation) / loss ratio
FY 26 (Low)=(5,500 x $4.58 x 12 x 1.08)/0.85=$384,073
FY 26 (High)=(5,500x$6.86 x 12 x 1.08)/0.85=$575,272

FY 27 (Low)= ($827,458 x1.05)=$403,277
FY 27 (High)=($1,241,873 x1.05)=$604,035

FY 28 (Low)=($868,831x1.05)=$423,441
FY 28 (High)=($1,303,967 x1.05)=$634,237

FY 29 (Low)=($912,272 x1.05)= $444,613
FY 29 (High)=($1,369,165 x1.05)=$665,949

Aggregate Extra Premium Determination
Annual premium increase per policy in FY 25
Premium = (PEPM cost x 12 months) / loss ratio
FY 25 (Low)=($4.58x12)/0.85= $64.66
FY 25 (High)=($6.86x12)/0.85=$96.85

Annual premium increase per policy in FY 26-29
Premium = (PEPM cost x 12 months x medical inflation) / loss ratio
FY 26 (Low)=($4.58x12x1.08)/0.85=$69.83
FY 26 (High)=($6.86x12x1.08)/0.85=$104.59

FY 27 (Low)=($92 x1.05)= $73.32
FY 27 (High)=($138x1.05)=$109.82

FY 28 (Low)= ($97x1.05)= $76.99
FY 28 (High)=($145x1.05)=$115.32

FY 29 (Low)= ($101x1.05)=$80.84
FY 29 (High)=($152x1.05)=$121.08

Percentage premium change caused by the passage of this bill
Precent = PEPM cost/average monthly premium
Low=$4.58/$1,200=0.38%
High=$6.86/$1,200=0.57%

Assumptions:
The calculations are assumed to apply on a fiscal year basis
The bill is not expected to have any effect on the general Louisiana population
Louisiana's insured population of firefighter and fire service employees is approximately 5,500
Cost of cancer screening for PEPM - Low=$4.58 (Internet Research)
Cost of cancer screening for PEPM - High=$6.86 (Internet Research)
The assumed monthly health insurance premium is $1,200
The total insured population is assumed to be stationary (entries equal exits)
Medical inflation is assumed to be 8%, then 5% thereafter
The assumed premium loss ratio is 85%

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[ ] 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}	

Patrice Thomas
Deputy Fiscal Officer