



LEGISLATIVE FISCAL OFFICE
Fiscal Note

Fiscal Note On: **HB 231** HLS 25RS 53
Bill Text Version: **ORIGINAL**
Opp. Chamb. Action:

Proposed Amd.:
Sub. Bill For.:

Date: May 13, 2025	9:43 AM	Author: CHASSION
Dept./Agy.: Insurance		
Subject: Surviving family of law enf./ firemen Health Insurance		Analyst: Anthony Shamis

LAW ENFORCE/OFFICERS OR INCREASE LF EX See Note Page 1 of 2
Extends health insurance coverage for the families of law enforcement officers and firemen killed in the line of duty

Present law requires the employer of a law enforcement officer killed in the course of his official duties, or arising out of any activity in his capacity as a law enforcement officer in the protecting of life or property to provide and pay for health insurance coverage for the officer’s surviving spouse for two years following the officer’s death. The employer shall provide and pay for health insurance benefits for two years following the death of the officer or until the child no longer qualifies, as outlined in current law.

Proposed law extends health insurance coverage to surviving family members of firemen killed in the course of his official duties, or arising out of any activity in his capacity as a fireman. Proposed law extends surviving spouse health insurance coverage for law enforcement officers from two years to life. Surviving spouse health insurance coverage for firemen is added for life.

EXPENDITURES	2025-26	2026-27	2027-28	2028-29	2029-30	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	2025-26	2026-27	2027-28	2028-29	2029-30	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 have an indeterminable increase in local government expenditures associated with extending health insurance coverage to surviving spouses and children of firemen and law enforcement officers killed in the course of their official duties. This legislation provides that health insurance coverage for a surviving spouse is for the remainder of the surviving spouse’s life following the death of the fireman or law enforcement officer and that coverage for a fireman or law enforcement officer’s child, step child or adopted child shall be provided until the child no longer qualifies as outlined in current law. **Note: It is unclear to the LFO how the local governments would reimburse individuals for the retrospective premium obligation required in this bill. The bill appears to provide for retroactive payments based on the following language: “applied retrospectively for the payment of health insurance benefits”. If that is the case, there will be a significant expenditure impact to local governments for retrospective payments.**

PRIVATE INSURANCE IMPACT


Pursuant to R.S. 24:603.1, the information below is the projected impact of proposed law on private insurance . Based upon an actuarial analysis prepared by LDI, the proposed law is anticipated to increase expenditures by between \$58 M to \$110 M in FY 26 for employers to cover prospective and retrospective health insurance benefits to surviving spouses and children of firemen or law enforcement officers killed in the course of their official duties.

LDI anticipates an increase in expenditures for employers to increase by between \$420,120 to \$513,480 for prospective health insurance coverage and between \$50.4 and \$100.8 M for retrospective health insurance coverage of surviving spouses and children of firemen or law enforcement officers killed in the course of their official duties.

Continue Explanation on Page 2

REVENUE EXPLANATION

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

Senate	<u>Dual Referral Rules</u>	House	
<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}	 Patrice Thomas Deputy Fiscal Officer



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CONTINUED EXPLANATION from page one: Page 2 of 2

Assumptions for Prospective Coverage: Calculations are assumed to apply on a fiscal year basis. The calculation is an annual aggregate cost. There is a prospective and retrospective component to this bill. The number of active Louisiana law enforcement personnel is 17,230 (internet research). The number of active Louisiana firefighters is 12,000 (internet research). 75% of police and firefighters are married. 50% of police and firefighters have beneficiary children (internet research). 0.002 twenty year extra mortality for policemen (actuarial calculation). 0.0037 twenty year extra mortality for firefighters (actuarial calculation). \$12,000 annual cost of spousal health insurance coverage. 30-year assumed spousal benefit period. 15-year assumed child benefit period. 20-year discounted spousal benefit period (actuarial calculation). 12- year discounted spousal benefit period (actuarial calculation). Medical cost trend is assumed to be 8% in FY 26 and 5% thereafter. Retrospective coverage is assumed one-time and is not considered in the prospective coverage calculation.

Prospective Employer Coverage Calculation:

	<u>Number of</u>		<u>Married</u>		<u>Annual</u>		<u>Extra LEO</u>		<u>Total</u>
			<u>Spouse %</u>		<u>Health Benefit</u>		<u>Mortality</u>		
Law Officer	17,230	x	0.75	x	12,000	x	0.002	=	\$310,140
Fireman	12,000	x	0.75	x	12,000	x	0.00037	=	\$ 39,960
	<u>Number of</u>		<u>Child %</u>		<u>Annual</u>		<u>Extra LEO</u>		<u>Total</u>
					<u>Health Benefit</u>		<u>Mortality</u>		
Law Officer	17,230	x	0.5	x	6,000	x	0.002	=	\$103,380
Fireman	12,000	x	0.5	x	6,000	x	0.00037	=	\$13,320
Total								=	\$466,800
Low Range (90%)								=	\$420,120
High Range (110%)								=	\$513,480

Note: The cost is calculated for one year and will incrementally grow in the out-years with additional beneficiaries, until benefits expire.

Assumptions for Retrospective Coverage: 581 historical Louisiana police officer deaths (internet). 3 annual historical police officer deaths-low (reasoned). 6 annual historical police officer deaths-high (reasoned). 43 historical firefighter deaths (internet). 1 annual historical firefighter death-low (reasoned). 2 annual historical firefighter deaths-high (reasoned). 75% of police and firefighters are married (internet research). 50% of police and firefighters have beneficiary children (internet research). 30 years of spouse retroactive benefit. 15 years of child retroactive benefit. 40-year retroactive death benefit period. Medical cost trend is assumed to be 8% in FY 26 and 5% thereafter.

Retrospective Employer Coverage Calculation:

<u>High</u>	<u>Number of</u>		<u>Married</u>		<u>Annual</u>		<u>Coverage</u>		<u>Benefit Period</u>		<u>Total</u>
			<u>Spouse %</u>		<u>Health Benefit</u>		<u>Years</u>				
Law Officer	3	x	0.75	x	12,000	x	40	x	30	=	\$32,400,000
Fireman	1	x	0.75	x	12,000	x	40	x	30	=	\$10,800,000
	<u>Number of</u>		<u>Child %</u>		<u>Annual</u>		<u>Coverage</u>		<u>Benefit Period</u>		<u>Total</u>
					<u>Health Benefit</u>		<u>Years</u>				
Law Officer	3	x	0.5	x	6,000	x	40	x	15	=	\$5,400,000
Fireman	1	x	0.5	x	6,000	x	40	x	15	=	\$1,800,000
Total										=	\$50,400,000
<u>Low</u>	<u>Number of</u>		<u>Spouse %</u>		<u>Annual</u>		<u>Coverage</u>		<u>Benefit Period</u>		<u>Total</u>
					<u>Health Benefit</u>		<u>Years</u>				
Law Officer	6	x	0.75	x	12,000	x	40	x	30	=	\$64,800,000
Fireman	2	x	0.75	x	12,000	x	40	x	30	=	\$21,600,000
	<u>Number of</u>		<u>Child %</u>		<u>Annual</u>		<u>Extra LEO</u>		<u>Benefit Period</u>		<u>Total</u>
					<u>Health Benefit</u>		<u>Mortality</u>				
Law Officer	6	x	0.5	x	6,000	x	40	x	15	=	\$10,800,000
Fireman	2	x	0.5	x	6,000	x	40	x	15	=	\$ 3,600,000
Total										=	\$100,800,000