



LEGISLATIVE FISCAL OFFICE
Fiscal Note

Fiscal Note On: **HB 774** HLS 26RS 354
 Bill Text Version: **ENGROSSED**
 Opp. Chamb. Action:
 Proposed Amd.:
 Sub. Bill For.: **REVISED**

Date: April 21, 2026	8:06 PM	Author: BOYER
Dept./Agy.: Louisiana Department of Insurance/Group Benefits		Analyst: Anthony Shamis
Subject: Insurance coverage for hearing aids		

INSURANCE/HEALTH EG INCREASE GF EX See Note Page 1 of 2
 Provides relative to insurance coverage for hearing aids

Present law requires hearing aid coverage for children under the age of 18.

Proposed law modifies present law by extending the age requirement from 18 to 26 for hearing aid coverage under an individual's insurance policy or contract, provided that the hearing aids are fitted and dispensed by a licensed audiologist or licensed hearing aid specialist following medical clearance by a physician licensed to practice medicine and an audiological evaluation medically appropriate to the age of the individual.

EXPENDITURES	2026-27	2027-28	2028-29	2029-30	2030-31	5 -YEAR TOTAL
State Gen. Fd.	INCREASE	INCREASE	INCREASE	INCREASE	INCREASE	
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
Annual Total						
REVENUES	2026-27	2027-28	2028-29	2029-30	2030-31	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 result in an indeterminable increase in expenditures in FY 27, with costs increasing in future fiscal years. Proposed law will increase annualized SGR claims expenditures by \$20,600 to \$61,801 within the Office of Group Benefits (OGB), as well as an estimated increase in SGF expenditures by \$500,000 to \$750,000 for six months (assumed effective date of 1/01/27) in FY 27 for associated with a mandate on health insurance policies issued through the insurance exchanges, with costs increasing in FY 2028 and subsequent fiscal years to reflect a full 12 months of implementation. 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.

OGB (\$20,600 - \$61,801 SGR):

OGB's medical Third Party Administrator (TPA) estimates that this legislation may increase OGB claims expenditures in order to extend coverage for hearing aids to members age 18-26 by a cost ranging from \$0.01 to \$0.03 PMPM for OGB's self-funded health plan population, excluding Medicare primary members. Based upon the assumptions listed below, the expenditures to extend coverage for hearing aids to members age 18-26 are as follows:

	FY 26-27	FY 27-28	FY 28-29	FY 29-30	FY 30-31	Total
Low	\$20,600	\$21,053	\$21,516	\$21,989	\$22,473	\$107,631
High	\$61,801	\$63,161	\$64,551	\$65,971	\$67,422	\$322,906

Unless OGB Fund Balance is utilized, an SGF appropriation will be required to cover the state portion of the increase in premium costs. Regardless, SGF makes up approximately 42% of premium collections. As of 1/31/26, OGB reports a \$406 M fund balance. OGB indicates that the costs associated with extending coverage for hearing aids to members ages 18 through 26 may be absorbed within the existing fund balance reserve. The expenditure estimate is based upon requirements of the proposed law as well as the following assumptions: (1) as of 3/01/26, the current OGB member population in the five self-funded health plans is 167,973 (excluding Medicare primary members) and membership will remain constant, (2) Medicare-primary plan members are excluded from the calculations, (3) OGB will rely on the low-end and high-end PMPM cost estimates provided by Louisiana Blue, (4) the change in eligibility for hearing aid benefits will become effective on 7/01/26, (5) in future fiscal years, a medical inflation factor of 2.2% is applied, based on Consumer Price Index data for medical care in the Southern United States through the end of 2025.

EXPENDITURE EXPLANATION CONTINUED ON PAGE TWO

REVENUE EXPLANATION

OGB does not anticipate that the proposed law will require premium increases; therefore, there is no expected impact on self-generated revenues collected from premiums. OGB indicates that the costs associated with extending coverage for hearing aids to members ages 18 through 26 may be absorbed within the existing fund balance reserve. As of January 31, 2026, the OGB fund balance was \$406 million.

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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CONTINUED EXPLANATION from page one:

EXPENDITURE EXPLANATION CONTINUED FROM PAGE ONE

Based on the aforementioned methodology, the PMPM cost estimates a range from a low of \$0.01 PMPM to a high of \$0.03 PMPM, and a medical inflation (MI) factor of 2.2% compounding annually. Below are expenditure calculations utilized to project the cost within OGB utilizing the assumptions listed above.

Expenditure Calculations

Expenditure Calculations = membership population x PMPM cost x 12 months

Base Cost (Low) = \$20,157 = 167,973 x \$0.01 x 12 months

Base Cost (High) = \$60,470 = 167,973 x \$0.03 x 12 months

FY 27 (Low) = \$20,600 = \$20,157 x 2.2% MI (\$ 8,594 SGF)

FY 27 (High) = \$61,801 = \$60,470 x 2.2% MI (\$25,782 SGF)

FY 28 (Low) = \$21,053 = \$20,600 x 2.2% MI (\$ 8,783 SGF)

FY 28 (High) = \$63,161 = \$61,801 x 2.2% MI (\$26,350 SGF)

FY 29 (Low) = \$21,516 = \$21,053 x 2.2% MI (\$ 8,976 SGF)

FY 29 (High) = \$64,551 = \$63,161 x 2.2% MI (\$26,929 SGF)

FY 30 (Low) = \$21,989 = \$21,516 x 2.2% MI (\$ 9,174 SGF)

FY 30 (High) = \$65,971 = \$64,551 x 2.2% MI (\$27,522 SGF)

FY 31 (Low) = \$22,473 = \$21,989 x 2.2% MI (\$ 9,376 SGF)

FY 31 (High) = \$67,422 = \$65,971 x 2.2% MI (\$28,127 SGF)

Insurance Exchange Impact (\$500,000 - \$750,000 M SGF - Defrayal Costs):

Proposed law is anticipated to increase SGF expenditures in FY 27 and subsequent fiscal years according to an analysis provided by the health actuary at LDI. The state would be required to fund health claims expenditures associated with providing coverage as required by the proposed law for policies issued by qualified health plans through the health insurance exchange beginning in FY 27 with estimated annualized claims costs of \$1 M (low) to \$1.5 M (high) (reduced in this note to reflect 6 months of defrayal exposure). Defrayal costs associated with the proposed law would be paid out by the State Treasury Department. LDI bases this analysis on the following assumptions: (1) Required coverage applicable to policies issued on and after January 1, 2027, and renewal conversions occurring no later than January 1, 2028. (2) Cost per hearing aid = \$1,500 - \$3,500 per ear. (3) Bilateral use is assumed to occur in 80% of patients. (4) Annualized cost per affected patient cost \$775 (low) to \$1,000 (high).

	FY 26-27*	FY 27-28	FY 28-29	FY 29-30	FY 30-31	Total
Low	\$500,000	\$ 900,000	\$ 800,000	\$ 800,000	\$ 800,000	\$3,800,000
High	\$750,000	\$1,300,000	\$1,100,000	\$1,100,000	\$1,100,000	\$5,350,000

*FY 27 expenditures have been pro-rated to reflect the 1/01/27 benefit coverage effective date.

Background Information:

Overall Coverage Distribution (Ages 19-26)

Uninsured:	13.5% (not affected)
Medicaid:	30%-40% (not included)
OGB:	1%-3% (not included)
Federal Plan:	0.5%-1.5% (not affected)
Self-Funded Employer Plans:	12%-18% (not affected)
Employer Plans:	12%-18% (included)
Fully Insured Commercial:	10%-20% (included)
Assumed number in Exchange:	300,000

Coverage Assumptions (Ages 19-26)

Covered individuals:	1,282,500-1,481,500
Assumed number in Exchange	31,500-34,500
Individuals requiring hearing aids:	1%-3%
Utilization rate:	50%-80%

Individuals Receiving Hearing Aids Annually (Ages 19-26)

Covered overall:	2,020-4,259
Covered in Exchange:	473-863

Estimate of Changes in Utilization of Specific Healthcare Services

Additional utilization is expected from bilateral use, regular replacement cycles (3-5 years), and associated audiology services. Without coverage the utilization rate of those qualifying as needing hearing aids is estimated between 20% and 40%. With insurance coverage the utilization rate is expected to be between 20% and 80%

Estimate of Potential Long-Term Healthcare Cost Changes

Short-term costs are expected to increase. Long-term effects may include improved outcomes and reduced downstream impacts, however, these effects are not directly quantifiable.

Note: The LFO cannot independently corroborate the expenditure estimate provided by LDI's health actuary. To the extent that actual experience differs from the assumptions used in this fiscal note, the resulting fiscal impact may vary.

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

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

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