



**LEGISLATIVE FISCAL OFFICE**  
**Fiscal Note**

Fiscal Note On: **HB 869** HLS 26RS 43  
 Bill Text Version: **ORIGINAL**  
 Opp. Chamb. Action:  
 Proposed Amd.:  
 Sub. Bill For.: **REVISED**

<b>Date:</b> April 22, 2026	7:20 PM	<b>Author:</b> LYONS
<b>Dept./Agy.:</b> Louisiana Department of Insurance/Group Benefits		<b>Analyst:</b> Anthony Shamis
<b>Subject:</b> Glucose-improving medications based on body mass index		

INSURANCE/HEALTH OR INCREASE EX See Note Page 1 of 2  
 Provides relative to expand glucose-improving medications coverage to individuals based on body mass index

Proposed law requires coverage of injectable drugs to improve glucose levels or for weight loss. Proposed law prohibits a health coverage plan renewed, delivered, or issued in Louisiana from denying coverage for an injectable drug to lower glucose levels or weight loss if all of the following apply: (1) the drug has been approved by the U.S. Food and Drug Administration (FDA) for use to lower glucose levels or for weight loss, (2) the drug is prescribed by a licensed healthcare provider for the treatment of prediabetes, gestational diabetes, or obesity when a covered person is diagnosed with such condition and the drug is medically necessary, and (3) the drug is on the insurer's formulary or preferred drug list, if any. Proposed law allows coverage required under this legislation to be subject to annual deductibles, coinsurance, and copayment provisions as are consistent with those established under the health coverage plan and may be subject to prior authorization. A health coverage plan may require provisions that an injectable drug continue to be medically necessary as certified by the treating healthcare provider. A health coverage plan may include provisions that a covered person participate in a lifestyle management plan administered by the plan. Proposed law applies to any new policy, contract, or health coverage plan issued on and after January 1, 2026. Any policy, contract or plan in effect prior to January 1, 2026, shall convert to conform to the provisions of the Act no later than January 1, 2027.

Proposed law becomes effective upon signature of the governor, or after the lapse of time for gubernatorial action.

EXPENDITURES	2026-27	2027-28	2028-29	2029-30	2030-31	5 -YEAR TOTAL
State Gen. Fd.	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	
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
<b>Annual Total</b>						
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.	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
<b>Annual Total</b>						

**EXPENDITURE EXPLANATION**

Proposed law is expected to increase expenditures by an indeterminable amount in FY 27 and subsequent fiscal years due to the required coverage of injectable drugs to improve glucose levels or for weight loss. Proposed law is expected to increase SGR claims by an estimated \$31.5 M to \$157.3 M within the Office of Group Benefits (OGB), as well as an estimated increase in SGF expenditures by \$3.2 M to \$36.9 M for six months (effective date of 1/01/27) in FY 27 associated with a mandate on health insurance policies issued through the insurance exchanges, with costs increasing in FY 28 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 (\$31.4 M - \$157.3 M SGR):**

OGB estimates that the proposed legislation will significantly increase self-funded health plan pharmacy claims expenditures in FY 27 as a result of providing coverage for injectable medications for the treatment of obesity. OGB consulted its actuary, Gallagher, to obtain per-utilizer cost estimates for FDA-approved injectable weight loss medications. For purposes of this analysis, OGB focused on the two most commonly utilized agents, Wegovy and Zepbound.

Information provided by Gallagher indicates that the 2026 annual per-utilizer net cost to OGB's self-funded health plan, after member cost share, pricing discounts, and applicable rebates, is estimated at \$8,568 for Wegovy and \$7,500 for Zepbound. For this analysis, OGB utilized a blended annual net cost of \$8,034 per utilizer. Based on the assumptions listed below and a tiered utilization rate (uptake), the expenditures to cover this expenditure range are as follows:

Utilization Rate	FY 26-27*	FY 27-28	FY 28-29	FY 29-30	FY 30-31	Total
10%	\$31,462,355	\$64,309,053	\$65,723,852	\$67,169,777	\$68,647,512	\$297,312,549
20%	\$62,924,710	\$128,618,106	\$131,447,704	\$134,339,554	\$137,295,024	\$594,625,098
50%	\$157,311,774	\$321,545,265	\$328,619,261	\$335,848,885	\$343,237,560	\$1,486,562,745


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

**EXPENDITURE EXPLANATION CONTINUED ON PAGE TWO**

**REVENUE EXPLANATION**

If claims expenditures cannot be absorbed by OGB's actuarially recommended target fund balance amount of \$309 M, OGB may be required to decrease or eliminate benefits currently available to participants of OGB's health benefit and life insurance programs, or seek additional revenue, either in the form of a direct appropriation from SGF, or by an increase in OGB's SGR through a premium rate increase for OGB's self-funded health plans.

<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 checked="" 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}

  
**Alan M. Boxberger**  
 Legislative Fiscal Officer



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**CONTINUED EXPLANATION from page one:**

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**EXPENDITURE EXPLANATION CONTINUED FROM PAGE ONE**

The expenditure estimates are based upon the following assumptions: (1) No change in OGB self-funded plan membership in future fiscal years from current levels. (2) OGB will update its formularies and/or preferred drug lists to include Wegovy and Zepbound for the treatment of obesity. (3) OGB will focus solely on the impact of providing coverage for benefits for injectable drugs for the treatment of obesity. (4) Per LDH's Office of Public Health, the obesity rate in Louisiana was approximately 40% in 2023. (5) OGB will rely on the blended cost of \$8,034 per utilizer. (6) In future fiscal years, a medical inflation (MI) factor of 2.2% is applied annually, based on Consumer Price Index data for medical care in the Southern United States through the end of FY 25. (7) Coverage for the benefits provided by this legislation will become effective on January 1, 2027.

Projected membership with obesity: 76,637 = 191,592 (age 12+) x 40% obesity rate  
**Projected 2026 Annual Net Cost: \$615,701,658** = 76,637 members x \$8,034 annual per-utilizer cost

Projected Annual Cost at 10%, 20%, and 50% member utilization rates (uptake):

	10%	20%	50%
Annual Base Cost	\$61,570,166	\$123,140,332	\$307,850,829
2.2% MI	\$1,354,544	\$2,709,087	\$6,772,718
<b>FY 27</b>	<b>\$62,924,710</b>	<b>\$125,849,419</b>	<b>\$314,623,547</b>
2.2% MI	\$1,384,343	\$2,768,687	\$6,921,718
<b>FY 28</b>	<b>\$64,309,053</b>	<b>\$128,618,106</b>	<b>\$321,545,265</b>
2.2% MI	\$1,414,799	\$2,829,598	\$7,073,996
<b>FY 29</b>	<b>\$65,723,852</b>	<b>\$131,447,704</b>	<b>\$328,619,261</b>
2.2% MI	\$1,445,925	\$2,891,850	\$7,229,624
<b>FY 30</b>	<b>\$67,169,777</b>	<b>\$134,339,554</b>	<b>\$335,848,885</b>
2.2% MI	\$1,477,735	\$2,955,470	\$7,388,675
<b>FY 31</b>	<b>\$68,647,512</b>	<b>\$137,295,024</b>	<b>\$343,237,560</b>

**Insurance Exchange Impact (\$3.6 M - \$36.9 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 for the treatment of obesity 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 \$7.2 M (low) to \$73.8 M (high). 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) Estimated costs range from \$24 (low) to \$246 (high) per member per year (PMPY) over the entire insured population. (3) The exchange population is expected to be approximately 300,000. (4) Medical inflation factor of 7% is applied annually.

	FY 26-27*	FY 27-28	FY 28-29	FY 29-30	FY 30-31	Total
Low	\$ 3,600,000	\$ 7,704,000	\$ 8,243,280	\$ 8,820,310	\$ 9,437,732	\$ 37,805,322
High	\$36,900,000	\$78,966,000	\$84,493,620	\$90,408,173	\$96,736,745	\$387,504,538

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

**Aggregate Cost Determination (Prepaid, 12-Month Basis)\***

FY 2027 Low Estimate: 300,000 members x \$25 PMPY = \$ 7,200,000  
 FY 2027 High Estimate: 300,000 members x \$246 PMPY = \$73,800,000

\*The amounts presented above reflect the projected annualized base cost, to which the 7% medical inflation factor is subsequently applied.

**Estimate of Potential Long-Term Healthcare Cost Changes**

Short-term healthcare costs are expected to increase as a result of expanded utilization of prescribed injectable medications and related healthcare services. Potential long-term effects may include improved health outcomes, enhanced quality of life, and reduced incidence of disability or chronic complications associated with obesity and glucose-related conditions. However, the magnitude and timing of these potential long-term cost offsets are uncertain and cannot be quantified at this time.

*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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