



**LEGISLATIVE FISCAL OFFICE
Fiscal Note**

Fiscal Note On: **HB 537** HLS 22RS 648
 Bill Text Version: **ENGROSSED**
 Opp. Chamb. Action:
 Proposed Amd.: **w/ PROP HSE FLOOR AMD**
 Sub. Bill For.:

Date: May 23, 2022	1:19 PM	Author: DAVIS
Dept./Agy.: Dept of Insurance		Analyst: Patrice Thomas
Subject: Mandates Coverage for Infertility Diagnosis and Treatment		

INSURANCE/HEALTH EG SEE FISC NOTE GF EX Page 1 of 2
 Requires health insurance coverage for infertility treatments

Proposed law requires health insurance plans to provide coverage for the diagnosis and treatment for infertility and standard fertility preservation services. Proposed law provides that in vitro fertilization (IVF) and fertility preservation services shall be covered the same as other pregnancy-related procedures. Proposed law provides coverage for in vitro fertilization procedures. Proposed law provides coverage for standard fertility preservation services. Proposed law provides that health coverage plans shall not impose any exclusions, limitations, or other restrictions on coverage of fertility medications or services nor any deductibles, copayments, coinsurance, benefit maximums, and waiting periods. Proposed law provides that health coverage plans shall not impose any limitations on coverage for the diagnosis and treatment for infertility or standard fertility preservation services. Proposed law effective January 1, 2024. Proposed law shall be known as "The Louisiana Building Families Act".

EXPENDITURES	2022-23	2023-24	2024-25	2025-26	2026-27	5 -YEAR TOTAL
State Gen. Fd.	\$0	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	\$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

REVENUES	2022-23	2023-24	2024-25	2025-26	2026-27	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 may increase State General Fund expenditures associated with a mandate to health insurance policies issued under the insurance exchanges beginning in FY 24 and subsequent fiscal years (see narrative below). Furthermore, the proposed law will increase claims expenditures for the private health insurance industry by an estimated \$13.9 M - \$33.6 M and premiums by an estimated \$16.4 M - \$39.5 M, which represents a 0.25% - 0.65% total premium increase in FY 24 (see Expenditure Explanation on Page 2).

Insurance Exchanges Impact (State General Fund Impact)

Proposed law may increase SGF expenditures beginning in FY 24 and subsequent fiscal years according to an analysis provided by the health actuary for LDI. The state would be required to fund health claims expenditures associated with infertility treatment coverage in the proposed law for policies issued by qualified health plans through the health insurance exchange beginning in FY 24 with estimated costs totaling \$2.1 M to \$5.2 M SGF and a potential phase-up to over \$2.5 M to \$6 M SGF by FY 27 and beyond. Claims expenses associated with the proposed law would be paid out by the State Treasury Department. LDI bases this analysis on the following assumptions: the calculations are on a fiscal year basis; the exchange population is approximately 100,000 and the insured population is assumed to be stationary; medical cost inflation is 5%; the premium loss ratio is 85%; and the **estimated cost is between \$1.70 PMPM and \$4.10 PMPM over the entire insured population**. Based upon the aforementioned assumptions, the estimated annual cost increases for insurance providers associated with claims are as follows:

Aggregate Cost Determination

Aggregate cost = exchange population x PMPM cost x 12 months
 Base Cost (Low) - 100,000 x \$1.70 PMPM x 12 months = \$2,040,000
 Base Cost (High) - 100,000 x \$4.10 PMPM x 12 months = \$4,920,000

FY 24 (Low) - \$2,040,000 x 5% MI = \$2,142,000	FY 26 (Low) - \$2,249,100 x 5% MI = \$2,361,555
FY 24 (High) - \$4,920,000 x 5% MI = \$5,166,000	FY 26 (High) - \$5,424,300 x 5% MI = \$5,695,515
FY 25 (Low) - \$2,142,000 x 5% MI = \$2,249,100	FY 27 (Low) - \$2,361,555 x 5% MI = \$2,479,633
FY 25 (High) - \$5,166,000 x 5% MI = \$5,424,300	FY 27 (High) - \$5,695,515 x 5% MI = \$5,980,291

See EXPENDITURE EXPLANATION 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
 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}

Evan Brasseaux

Evan Brasseaux
 Interim Deputy Fiscal Officer

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CONTINUED EXPLANATION from page one:

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EXPENDITURE EXPLANATION Continued from Page 1

PRIVATE INSURANCE IMPACT

Pursuant to R.S. 24:603.1, the information below is the projected private insurance impact of the proposed law. Based upon an actuarial analysis prepared by LDI, the proposed law is anticipated to increase expenditures associated with claims by \$13.9 M - \$33.6 M and premium increases by \$16.4 M - \$39.5 M for private insurers and the insured in FY 24 with phase-up costs of an estimated \$16.1 M - \$38.9 M claims and \$19 M - \$45.7 M premiums by FY 27. LDI bases this analysis on the following assumptions: the calculations are on a fiscal year basis; the exchange population is approximately 650,000 and the insured population is assumed to be stationary; medical cost inflation is 5%; the premium loss ratio is 85%; and the **estimated cost is between \$1.70 PMPM and \$4.10 PMPM over the entire insured population, which represents a 0.25% to 0.65% annual premium increase.** Based upon the aforementioned assumptions, the estimated annual cost increases for insurance providers associated with claims are as follows:

Aggregate Cost Determination

(exchange population x PMPM cost x 12 months)

Base Cost (Low) - 650,000 x \$1.70 PMPM x 12 months = \$13,260,000

Base Cost (High) - 650,000 x \$4.10 PMPM x 12 months = \$31,980,000

FY 24 (Low) - \$13,260,000 x 5% MI = \$13,923,000

FY 24 (High) - \$31,980,000 x 5% MI = \$33,579,000

FY 25 (Low) - \$13,923,000 x 5% MI = \$14,619,150

FY 25 (High) - \$33,579,000 x 5% MI = \$35,257,950

FY 26 (Low) - \$14,619,150 x 5% MI = \$15,350,108

FY 26 (High) - \$35,257,950 x 5% MI = \$37,020,848

FY 27 (Low) - \$15,350,108 x 5% MI = \$16,117,613

FY 27 (High) - \$37,020,848 x 5% MI = \$38,871,890

Aggregate Extra Premium Determination

(PMPM cost x 12 months)/medical loss ratio

Base Cost (Low) - (\$1.70 PMPM x 12 months)/85% = \$24.00 (0.25% annual increase)

Base Cost (High) - (\$4.10 PMPM x 12 months)/85% = \$57.88 (0.65% annual increase)

FY 24 (Low) - \$24.00 x 5% MI = \$25.20

FY 24 (High) - \$57.88 x 5% MI = \$60.78

FY 25 (Low) - \$25.20 x 5% MI = \$26.46

FY 25 (High) - \$60.78 x 5% MI = \$63.82

FY 26 (Low) - \$26.46 x 5% MI = \$27.78

FY 26 (High) - \$63.82 x 5% MI = \$67.01

FY 27 (Low) - \$27.78 x 5% MI = \$29.17

FY 27 (High) - \$67.01 x 5% MI = \$70.36

Senate

Dual Referral Rules

House

13.5.1 >= \$100,000 Annual Fiscal Cost {S & H}

6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S}

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}

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