



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

Fiscal Note On: **HB 689** HLS 18RS 576  
 Bill Text Version: **ENGROSSED**  
 Opp. Chamb. Action:  
 Proposed Amd.:  
 Sub. Bill For.:

<b>Date:</b> April 5, 2018	2:03 PM	<b>Author:</b> STOKES
<b>Dept./Agy.:</b> Office of Group Benefits/LA Dept. of Insurance		<b>Analyst:</b> Zachary Rau
<b>Subject:</b> Insurance Coverage for Fertility Preservation		

INSURANCE/HEALTH EG INCREASE GF EX See Note Page 1 of 2  
 Provides for coverage for fertility preservation for individuals diagnosed with cancer

Proposed law requires any health coverage plan delivered or issued in this state to include coverage for embryo, oocyte, and sperm crytopreservation procedures for insured aged 18 or older that has been diagnosed with cancer but has not started cancer treatment. Proposed law requires coverage to include expenses for certain procedures associated with crytopreservation, but not costs for initial or annual storage of specimens. Proposed law authorizes health coverage plans to limit coverage to an individual's 40th birthday; for females to a lifetime benefit of one procedure for either embryo crytopreservation or oocyte crytopreservation; for males one lifetime benefit of one sperm crytopreservation procedure. Proposed law exempts health coverage plans without crytopreservation coverage upon written request based upon one's moral or religious beliefs. Proposed law requires policies issued without crytopreservation coverage to include a notice to the insured that the coverage is excluded. Proposed law defines "health coverage plan" and "religious employer." Proposed law applies to new coverage issued on or after January 1, 2019, and must be implemented for existing coverage no later than the same date.

<b>EXPENDITURES</b>	<b>2018-19</b>	<b>2019-20</b>	<b>2020-21</b>	<b>2021-22</b>	<b>2022-23</b>	<b>5 -YEAR TOTAL</b>
State Gen. Fd.	INCREASE	INCREASE	INCREASE	INCREASE	INCREASE	
Agy. Self-Gen.	INCREASE	INCREASE	INCREASE	INCREASE	INCREASE	
Ded./Other	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Federal Funds	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Local Funds	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<b><u>\$0</u></b>
<b>Annual Total</b>						

  

<b>REVENUES</b>	<b>2018-19</b>	<b>2019-20</b>	<b>2020-21</b>	<b>2021-22</b>	<b>2022-23</b>	<b>5 -YEAR TOTAL</b>
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Agy. Self-Gen.	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	
Ded./Other	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Federal Funds	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Local Funds	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<b><u>\$0</u></b>
<b>Annual Total</b>						

**EXPENDITURE EXPLANATION**

Proposed law will increase expenditures assumed to be SGF for the LA Dept. of Insurance (LDI) by an estimated \$119,000-\$159,000 and SGR expenditures for the Office of Group Benefits (OGB) by an estimated \$1.5 M in FY 19. The proposed legislation extends coverage for fertility preservation to individuals aged 18 and older diagnosed with cancer. According to information provided by LDI, the department would be required to fund expenditures associated with proposed law for policies issued by qualified health plans through the health insurance exchange beginning in FY 19 with estimated costs totaling approximately \$119,000 - \$159,000 with a phase-up of costs to approximately \$289,000-\$385,000 by FY 23. Furthermore, OGB anticipates a FY 19 estimated increase totaling approximately \$1.5 M with a phase-up to approximately \$1.71 M by FY 23 (see departmental narratives below). Lastly, a note on proposed law's impact on the private insurance market is included.

**LA Dept. of Insurance**

Proposed law is anticipated to increase expenditures for LDI in FY 19 by \$119,000-\$159,000, and the department further reports anticipating a need for an SGF appropriation to fund these expenditures.

Based upon an actuarial analysis provided by LDI, the department anticipates that proposed law will increase per member per month (PMPM) costs for the overall insurance market (approximately 3.6 M persons) by \$0.18-\$0.24. Of the 3.6 M covered persons, LDI reports that it is responsible for funding expenditures associated with proposed law for Louisiana's population enrolled through the health care exchanges, approximately 110,000 persons based upon 2018 enrollment. LDI further assumes 5% medical inflation and an 85% medical loss ratio annually. Utilizing the \$0.18-\$0.24 PMPM range, to the extent enrollment in FY 19 remains in line with historical figures, LDI's expenditures would range between \$119,000-\$159,000 in FY 19 based upon a base aggregate cost of \$238,000-317,000. Expenditures associated with proposed law in FY 19 are prorated for half of the fiscal year due to proposed law's effective date of January 1, 2019. As a result, LDI only anticipates realizing an expenditure effect for half of FY 19. Furthermore, LDI anticipates requiring a SGF appropriation for this purpose in FY 19 and in subsequent fiscal years.

Based upon the aforementioned factors, anticipated costs for FY 20 and subsequent fiscal years are as follows: FY 20 - \$250,000-\$333,000; FY 21 - \$262,000-\$349,000; FY 22 - \$276,000-\$367,000; FY 23 - \$289,000-\$385,000.

**(Expenditure Explanation cont. on Page 2)**

**REVENUE EXPLANATION**

The Office of Group Benefits reports that additional costs associated with proposed law will not require premium increases, and therefore will not affect SGR collections. Furthermore, the OGB reports that projected costs for the proposed legislation would be covered by its fund balance of approximately \$231.9 M. However, while proposed law may not necessitate premium increases for the Office of Group Benefits, to the extent numerous pieces of legislation are enacted that increase the overall costs of the OGB program, the OGB may be required to increase premiums to fund ongoing costs of the program and maintain an actuarially sound fund balance.

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*  
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 Staff Director

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**CONTINUED EXPLANATION from page one:**

**Office of Group Benefits**

OGB's cost estimates are based on the following assumptions: cancer incidence rates reported by the Centers for Disease Control (CDC) totaling 324.2 for every 100,000 females (.44%) and 435.3 for every 100,000 males (.32%); enrollee population for persons aged 18 to 40 in the OGB self-funded plans will remain static (29,857 females, 21,789 males); reported high-end costs for the services covered by proposed law will be utilized (\$500 per patient for sperm crytopreservation, \$15,000 for embryo crytopreservation); 100% utilization by enrollees eligible for the new service; no reduction in claims costs resulting from out-of-pocket payments (copays, coinsurance, deductibles, etc.) by enrollees; coverage will be limited to a single lifetime benefit for enrollees aged between 18 and 40 (either oocyte or embryo crytopreservation for women); and a medical inflation factor of 3.3% annually.

Based upon the aforementioned assumptions, it is assumed that approximately 97 women (.32% \* 29,857) and 95 men (.44% \* 21,789) would be eligible for and elect to receive fertility preservation coverage through OGB plans. To the extent this occurs, aggregate expenditures for OGB would increase by an estimated \$1.5 M in FY 19. However, due to the effective date of January 1, 2019, OGB would only realize an impact associated with proposed law for the second half of FY 19 totaling approximately \$750,000. Furthermore, adding 3.3% growth for medical inflation would increase these costs in subsequent fiscal years. An estimate of annual costs for OGB based upon FY 19 costs and annual medical inflation is outlined below. However, because utilization of this service and cost increases associated with medical inflation are ultimately unknown, the exact expenditure increase cannot be determined.

- FY 19 - \$750,000 (prorated to reflect implementation for only half of FY 19)
- FY 20 - \$1,552,083
- FY 21 - \$1,603,301
- FY 22 - \$1,656,210
- FY 23 - \$1,710,865

**Private Insurance Impact**

Pursuant to LA R.S. 24:603.1, the following is the projected private insurance impact of the proposed legislation. Based upon an actuarial analysis prepared by LDI, proposed law is anticipated to increase expenditures associated with claims (\$3.7 M - \$5 M) and premium increases (\$4.4 M - \$5.9 M) for the private insurers and the insured in FY 19 with a phase-up to an estimated \$9.1 M - \$12.1 M for claims and an estimated \$10.7 M - \$14.3 M for premiums by FY 23. LDI bases this analysis on the following assumptions: this cost determination applies to all Louisiana policies (group, individual, self-insured, OGB, and Medicaid); the cost is for the extraction process only; the calculations apply on a fiscal year basis; Louisiana's insured population under age 65 totals 3.5 M (an estimate of 2 lives per policy, with approximately 1.75 M policies); a PMPM totaling \$0.18-\$0.24; coverage being in effect for only half of FY 19; medical cost inflation of 5% annually; an 85% loss ratio (LR); annual premiums for multiple life coverage totaling \$15,000.

Based upon the aforementioned assumptions, the estimated annual cost increases for insurance providers associated with claims are as follows:

- FY 19 - \$3.7 M (3.5 M members \* \$0.18 PMPM \* 6 months) - \$5.0 M (3.5 M members \* \$0.24 PMPM \* 6 months)
- FY 20 - \$7.9 M (3.5 M members \* \$0.18 PMPM \* 12 \* 1.05 inflation) - \$10.5 M (3.5 M members \* \$0.24 PMPM \* 12 \* 1.05 inflation)
- FY 21 - \$8.3 M - \$11.0 M
- FY 22 - \$8.7 M - \$11.6 M
- FY 23 - \$9.1 M - \$12.1 M

Based upon the aforementioned assumptions, the estimated annual cost increases for the insured associated with premiums are as follows:

- FY 19 - \$4.4 M (3.5 M members \* \$0.18 PMPM \* 6 months / .85 LR) - \$5.9 M (3.5 M members \* \$0.24 PMPM \* 6 months / .85 LR)
- FY 20 - \$9.3 M (3.5 M members \* \$0.18 PMPM \* 12 \* 1.05 inflation / .85) - \$12.3 M (3.5 M members \* \$0.24 PMPM \* 12 \* 1.05 inflation / .85)
- FY 21 - \$9.7 M - \$13.0 M
- FY 22 - \$10.2 M - \$13.6 M
- FY 23 - \$10.7 M - \$14.3 M

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