



**LEGISLATIVE FISCAL OFFICE  
Fiscal Note**

Fiscal Note On: **HB 272** HLS 23RS 649  
 Bill Text Version: **ORIGINAL**  
 Opp. Chamb. Action:  
 Proposed Amd.:  
 Sub. Bill For.:

<b>Date:</b> April 25, 2023	5:20 PM	<b>Author:</b> WILLARD
<b>Dept./Agy.:</b> Insurance and Office of Group Benefits		<b>Analyst:</b> Patrice Thomas
<b>Subject:</b> Coverage of Maternity Support Services by Doulas		

INSURANCE/HEALTH OR INCREASE SG EX See Note Page 1 of 2  
 Provides relative to maternity support services of doulas

Proposed law requires any health coverage plan delivered or issued for delivery in this state that provides benefits for maternity services shall include coverage for maternity support services provided by a doula before, during, and after childbirth. Proposed law requires doulas seeking reimbursement from health coverage plans to apply, register, and receive approval from the Louisiana Doula Registry Board within the Louisiana Department of Health. Proposed law provides that any health coverage plan policy or contract deem discriminatory against doulas or maternity support services from doulas is void and unenforceable. Proposed law effective 1/01/2024.

<b>EXPENDITURES</b>	<b>2023-24</b>	<b>2024-25</b>	<b>2025-26</b>	<b>2026-27</b>	<b>2027-28</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>2023-24</b>	<b>2024-25</b>	<b>2025-26</b>	<b>2026-27</b>	<b>2027-28</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 Self-Generated Revenue expenditures within the Office of Group Benefits (OGB) and may increase State General Fund expenditures associated with a mandate to health insurance policies issued under the insurance exchanges beginning in FY 23 and subsequent fiscal years (see narrative below).

**Office of Group Benefits Impact (Self-Generated Revenue Impact)**

Proposed law increases expenditures within the Office of Group Benefits (OGB). The proposed law requires OGB to cover maternity support services provided by doulas before, during, and after childbirth. The coverage will be subject to annual deductibles, copays, and coinsurance provisions. Based upon the assumptions listed below, the expenditures to cover this benefit range are as follows:

	FY 23-24*	FY 24-25	FY 25-26	FY 26-27	FY 27-28	Total
Low	\$ 30,545	\$ 63,534	\$ 66,075	\$ 68,718	\$ 71,467	\$ 330,884
High	\$110,739	\$230,337	\$239,550	\$249,132	\$259,097	\$1,199,594

\*FY 23-24 represent 6 months of estimated claims expenditures

Unless OGB Fund Balance is utilized, SGF appropriation will be required to cover the state portion of the increase in premium costs, which is approximately 41%. As of February 2023, the OGB Fund Balance was \$434 M.

The expenditure estimate is based upon the following assumptions: (1) As of 4/01/2023, the current OGB member population in the five self-funded health plans was 165,331, excluding Medicare Primary plan members. Membership will remain constant. (2) The coverage will become effective on 1/01/2024. (3) No change in OGB self-funded health plan membership in future fiscal years from current levels. (4) In 2022, OGB covered 1,612 childbirth deliveries. (5) Utilization rates of maternity support services provided by doulas is estimated between 5.5% or 89 members (low) to 7.5% or 121 members (high). (6) Estimated benefit cost for maternity support services by doulas is estimated between \$660 (low) to \$1,760 (high). (7) In future fiscal years, a medical inflation factor of 4%.

**See EXPENDITURE EXPLANATION on Page 2**

**REVENUE EXPLANATION**

The Office of Group Benefits (OGB) does not anticipate the proposed law to require premium increases, therefore there is no impact self-generated revenues collected from premiums. OGB has indicated the estimated costs associated with coverage of maternity support services provided by a doula may be absorbed by the existing fund balance reserve. However, to the extent other legislative instruments that are enacted expand covered medical and pharmacy benefits, the cumulative impact may be material and require OGB to increase premiums in order to maintain an actuarially sound fund balance of \$250 M.

<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}

*Evan Brasseaux*  
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**Evan Brasseaux**  
 Interim Deputy Fiscal Officer



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CONTINUED EXPLANATION from page one:

EXPENDITURE EXPLANATION Continued from Page 1

Based on the aforementioned methodology, the assumption that coverage will only be in place for 6 months in FY 24 due to the January 1, 2024 effective date, and a medical inflation (MI) factor of 4% compounding annually, below are expenditure calculations utilized to project the cost within OGB as a result of the proposed law utilizing the assumptions listed on page one.

Expenditure Calculations

Formula = Childbirth Deliveries x Utilization Rates (UR) x Benefit Cost x Medical Inflation (MI)

FY 24 (Low) = \$ 61,090 = 1,612 deliveries x 5.5% UR x \$ 660 x 4% MI (\$25,198 SGF)
FY 24 (High) = \$221,478 = 1,612 deliveries x 7.5% UR x \$1,760 x 4% MI (\$91,355 SGF)

FY 25 (Low) = \$ 63,534 = \$ 61,090 x 4% MI (\$26,206 SGF)
FY 25 (High) = \$230,337 = \$221,478 x 4% MI (\$95,009 SGF)

FY 26 (Low) = \$ 66,075 = \$ 63,534 x 4% MI (\$27,255 SGF)
FY 26 (High) = \$239,550 = \$230,337 x 4% MI (\$98,809 SGF)

FY 27 (Low) = \$ 68,718 = \$ 66,075 x 4% MI (\$ 28,345 SGF)
FY 27 (High) = \$249,132 = \$239,550 x 4% MI (\$102,762 SGF)

FY 28 (Low) = \$ 71,467 = \$ 68,718 x 4% MI (\$ 29,479 SGF)
FY 28 (High) = \$259,097 = \$249,132 x 4% MI (\$106,872 SGF)

Total (Low) = \$ 330,884 (\$136,483 SGF)
Total (High) = \$1,199,594 (\$494,807 SGF)

Insurance Exchanges Impact (State General Fund Impact)

Proposed law may increase SGF expenditures beginning in FY 24 and in subsequent fiscal years according to an analysis provided by the LDI health actuary. The state would be required to fund health claims expenditures associated with maternity support services provided by a doula in proposed law for policies issued by qualified health plans through the health insurance exchange beginning in FY 24 with estimated costs totaling \$72,000 to \$158,000 SGF and a potential phase-up to over \$180,000 to \$399,000 SGF by FY 28 and beyond. Claims expenses associated with 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 120,000 and the insured population is assumed to be stationary; medical inflation (MI) is 8% in subsequent fiscal years; birth incidence range from 1.8% to 2%; cost of a doula per birth range from \$800 to \$1,100; utilization rate of doula per birth ranges from 8% to 12%; the premium loss ratio is 85%; and the estimated cost is between \$0.10 PMPM and \$0.22 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 of doula services = exchange population x PMPM cost x 12 months x MI

FY 24 (Low) - 120,000 x \$0.10 PMPM x 12 months = \$144,000 (\$72,000)\*
FY 24 (High) - 120,000 x \$0.22 PMPM x 12 months = \$316,800 (158,400)\*

FY 25 (Low) - \$144,000 x 8% MI = \$155,520
FY 25 (High) - \$316,800 x 8% MI = \$342,144

FY 26 (Low) - \$155,520 x 5% MI = \$167,962
FY 26 (High) - \$342,144 x 5% MI = \$369,516

FY 27 (Low) - \$167,962 x 5% MI = \$181,399
FY 27 (High) - \$369,516 x 5% MI = \$399,077

FY 28 (Low) - \$181,399 x 5% MI = \$195,911
FY 28 (High) - \$399,077 x 5% MI = \$431,003

\*FY 23-24 represent 6 months of estimated claims expenditures.

Senate Dual Referral Rules
[X] 13.5.1 >= \$100,000 Annual Fiscal Cost {S & H}
[ ] 13.5.2 >= \$500,000 Annual Tax or Fee Change {S & H}

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