



LEGISLATIVE FISCAL OFFICE
Fiscal Note

Fiscal Note On: **HB 622** HLS 25RS 1071
Bill Text Version: **ORIGINAL**
Opp. Chamb. Action:

Proposed Amd.:
Sub. Bill For.: **REVISED**

Date: April 29, 2025	7:46 AM	Author: HILFERTY
Dept./Agy.: Insurance/Health		
Subject: Required histotripsy procedure coverage		Analyst: Anthony Shamis

INSURANCE/HEALTH OR INCREASE GF EX See Note Page 1 of 2
Requires health insurance coverage for histotripsy procedures

Proposed law requires health insurance issuers that provide hospital, medical, or surgical benefits to cover histotripsy procedures for the treatment of primary and metastatic tumors in the liver.

Proposed law allows coverage required under this legislation to be subject to annual deductibles, coinsurance, and copayments established under the health coverage plan.

EXPENDITURES	2025-26	2026-27	2027-28	2028-29	2029-30	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	2025-26	2026-27	2027-28	2028-29	2029-30	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 increase Self-Generated Revenue expenditures within the Office of Group Benefits (OGB) by \$500,763 to \$11,663,594 and SGF expenditures in the healthcare exchanges by \$36,000 to \$2,808,000 for defrayal costs beginning in FY 26 and increasing in subsequent fiscal years (plus annual medical inflation growth) according to an analysis provided by the LA Department of Insurance (LDI) actuary. 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. The proposed law would be considered a state benefit mandate; therefore, the state may be required to make payments to defray the cost of additional required benefits specified under this proposed law. Furthermore, the proposed law will increase claims expenditures for the health insurance industry by an estimated \$.1 M - \$7 M for private insurers and the insured in FY 26 (see Expenditure Explanation on page 2).

Office of Group Benefits Impact - \$500,763- \$11,663,594 (Self-Generated Revenue Impact)

OGB estimates that this legislation may increase OGB medical claims expenditures to provide coverage for histotripsy procedures for the treatment of primary and metastatic liver tumors, at a cost ranging from \$0.24 to \$5.59 per member per month (PMPM) for OGB’s self-funded health plan population. Based on the assumptions listed below, the expenditures required by this legislation are listed below:

	FY 25-26	FY 26-27	FY 27-28	FY 28-29	FY 29-30	Total
Low	\$ 500,763	\$ 513,282	\$ 526,114	\$ 539,266	\$ 552,748	\$ 2,632,172
High	\$ 11,663,594	\$ 11,995,184	\$12,254,063	\$ 12560,415	\$12,874,425	\$61,307,680

The expenditure estimate is based upon the following assumptions: (1) As of 4/01/2025, the current OGB membership in the self-funded health plans is 169,635 (excluding Medicare primary members) and membership will remain constant. (2) The coverage will become effective on 7/01/2025. (3) No change in OGB self-funded health plan membership in future fiscal years from current levels. (4) The PMPM cost estimate provided by BCBSLA ranges from \$0.24 PMPM (low) to \$5.59 PMPM (high). (5) In future fiscal years, a medical inflation factor of 2.5%, based on Consumer Price Index data for medical care in the Southern United States through the end of 2024.

SEE EXPENDITURE EXPLANATION ON PAGE 2

REVENUE EXPLANATION

The office of Group. OGB does not anticipate the proposed law to require premium increases, therefore there is no impact to Self-Generated revenues collected from premiums. OGB has indicated the estimated costs associated with the amino acid-based elemental formula may be absorbed by the existing fund balance reserve.

Senate

Dual Referral Rules

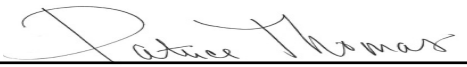
☒ 13.5.1 >= \$100,000 Annual Fiscal Cost {S & H}

☐ 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}



Patrice Thomas

Deputy Fiscal Officer



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CONTINUED EXPLANATION from page one: Page 2 of 2

EXPENDITURE EXPLANATION Continued from Page 1

Expenditure Calculations
Expenditure Calculations = membership population x PMPM cost x 12 months
Base Cost (Low) = \$ 488,549 = 169,635 x \$0.24 x 12 months
Base Cost (High) = \$ 11,379,116 = 169,635 x \$5.59 x 12 months
FY 26 (Low) = \$ 500,763 = \$ 488,549 x 2.5% MI
FY 26 (High) = \$11,663,594 = \$11,379,116 x 2.5% MI
FY 27 (Low) = \$ 513,280 = \$ 500,763 x 2.5% MI
FY 27 (High) = \$11,955,184 = \$11,663,594 x 2.5% MI

Insurance Exchanges Impact (State General Fund Defrayal Impact)

Proposed law will increase SGF expenditures beginning in FY 26 and subsequent fiscal years according to an analysis provided by the LDI health actuary. The state would be required to refund health claims expenditures associated with providing coverage for histotripsy procedures for the treatment of primary and metastatic tumors in the liver for policies issued by qualified health plans through the health insurance exchange beginning in FY 26 with estimated claims costs totaling approximately \$36,000 to \$2,808,000 SGF. 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 300,000 and the insured population is assumed to be stationary; medical cost inflation is 3%; the premium loss ratio is 85%. The estimated cost for histotripsy procedures is between \$0.01 PMPM (low) and \$0.78 PMPM (high) on an average \$1,200 monthly premium over the entire insured population based on research and analysis.

PRIVATE INSURANCE IMPACT

Pursuant to R.S. 24:603.1, the information below is the projected impact of the proposed law on the private insurance market. Based upon an actuarial analysis prepared by LDI, the proposed law is anticipated to increase expenditures associated with claims by \$.1 M - \$7 M and premium increases by \$.1 M - \$8.3 M for private insurers and the insured in FY 26 with phase-up costs of an estimated \$.4 M - \$22.5 M claims and \$0.4 M - \$26.5 M premiums by FY 30. LDI bases this analysis on the following assumptions: the calculations are on a fiscal year basis; the exchange population is approximately 750,000 and the insured population is assumed to be stationary, entries equal exits; medical cost inflation (MI) is 3% in FY 26; the premium loss ratio is 85%; and the **estimated cost is between \$0.01 PMPM and \$.78 PMPM over the entire insured population, which represents an annual premium increase between 0.001% (low) to 0.065% (high) on an average monthly premium/PMPM of \$1,200.** Based upon the aforementioned assumptions, the estimated annual cost increases for insurance providers associated with claims are as follows:

Aggregate Cost Determination

Aggregate cost = PMPM x (Number of Policies) x 12 months
FY 26 (Low) - 750,000 x \$0.01 PMPM x 12 months = \$ 90,000 (\$ 45,000 for 6 months)
FY 26 (High) - 750,000 x \$0.78 PMPM x 12 months = \$7,020,000 (\$3,510,000 for 6 months)
FY 27 (Low) - 750,000 x \$0.01 PMPM x 12 months = \$90,000
FY 27 (High) - 750,000 x \$1.15 PMPM x 12 months = \$10,350,000


Premium Increase Determination

Aggregate premium for the requirement in a given fiscal year = **Aggregate Cost / Loss Ratio**
FY 26 (Low) = \$ 90,000 / 0.85 = \$ 105,882
FY 26 (High) = \$7,020,000 / 0.85 = \$8,258,824
FY 27 (Low) = \$ 90,000 / 0.85 = \$ 105,882
FY 27 (High) = \$10,350,000 / 0.85 = \$12,176,471

Aggregate Extra Premium Determination

Annual premium increase per policy in a given fiscal year = **(PMPM X 12 Months) / Loss Ratio**
FY 26 (Low) = (.01 x 12) / 0.85 = \$ 0.14
FY 26 (High) = (.78 x 12) / 0.85 = \$ 11.01
FY 27 (Low) = (.01 x 12) / 0.85 = \$ 0.14
FY 27 (High) = (1.15 x 12) / 0.85 = \$16.24

Senate	<u>Dual Referral Rules</u>	House	
<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}	


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