



LEGISLATIVE FISCAL OFFICE
Fiscal Note

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

Proposed Amd.:
Sub. Bill For.:

Date: May 16, 2025	6:13 PM	Author: HILFERTY
Dept./Agy.: Insurance/Health		
Subject: Required histotripsy procedure coverage		Analyst: Anthony Shamis

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

Proposed law requires health insurance issuers, including Medicaid that provide hospital, medical, or surgical benefits to cover histotripsy procedures for the treatment of primary and metastatic tumors in the liver, if the person presents with any of the following conditions: (1) Residual disease after first-line treatment of chemotherapy. (2) Metastatic colorectal cancer with liver-dominant or liver-only metastatic disease where a physician has determined surgery is not a good option for the patient. (3) Tumors up to four centimeters or larger if the tumor can be treated in its entirety. (4) Metastatic neuroendocrine tumors with systematic symptoms associated with elevated hormone levels.

Proposed law applies to any new policy, contract, or health coverage plan issued on and after January 1, 2026. Any policy, contract, or health coverage plan in effect prior to January 1, 2026, shall convert to conform to the provisions of this Act on or before the renewal date, but no later than January 1, 2027.

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	INCREASE	INCREASE	INCREASE	INCREASE	INCREASE	
Federal Funds	INCREASE	INCREASE	INCREASE	INCREASE	INCREASE	
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	INCREASE	INCREASE	INCREASE	INCREASE	INCREASE	
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	\$0	\$0	\$0	\$0	\$0	\$0
Annual Total						

EXPENDITURE EXPLANATION

Proposed law is anticipated to increase expenditures in the Louisiana Department of Health (LDH), Medicaid program by \$276,575 and the Office of Group Benefits (OGB) by \$146,056 to \$3.3 M SGR as well as expenditures associated with mandate to health insurance policies issued under the healthcare exchanges by \$36,000 to \$2.8 M SGF for defrayal costs beginning in FY 26 and increasing costs projected in subsequent fiscal years. Furthermore, the proposed law will increase claims expenditures for the health insurance industry by an estimated \$45,000 - \$3.5 M for private insurers and the insured in FY 26 (see Expenditure Explanation on page 2) as a result of requiring health insurance issuers, including Medicaid to provide hospital, medical, or surgical benefits to cover histotripsy procedures if a person meets certain conditions.

LDH Department of Health - \$276,575 (SGF, Stat Ded, and Federal)

LDH anticipates an increase in Medicaid expenditures of \$276,575 in FY 26 (6 months), \$553,150 in FY 27, with a 2% growth in the out-years. The estimate is based on the following assumptions and calculations: (1) a maximum of one procedure a year. (2) Total estimated annual cost per beneficiary = \$7,475 (3) Sample population = 1,059 recipients. (4) 7% uptake based on the sample population. (5) a 2% growth in out-years.
Calculation: 1,059 recipients * 7% uptake = 74 * 7,475 cost per recipient = \$553,150 (Initial annual cost)

Office of Group Benefits Impact - \$146,056 - \$3,317,552 (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 \$0.14 to \$3.18 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	\$ 146,056	\$ 299,414	\$ 306,900	\$ 314,572	\$ 322,437	\$ 1,389,378
High	\$3,317,552	\$6,800,981	\$6,971,006	\$7,145,281	\$7,323,913	\$31,558,733

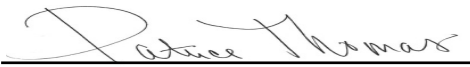
*6 months

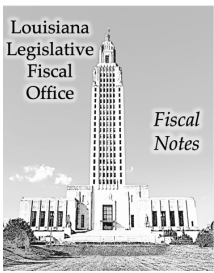
SEE EXPENDITURE EXPLANATION ON PAGE 2

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	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}


Patrice Thomas
Deputy Fiscal Officer



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CONTINUED EXPLANATION from page one: Page 2 of 2

EXPENDITURE EXPLANATION Continued from Page 1

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 \$0.14 PMPM (low) to \$3.18 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.

Expenditure Calculations
Expenditure Calculations = membership population x PMPM cost x 12 months
Base Cost (Low) = \$. 284,987 = 169,635 x \$0.14 x 12 months
Base Cost (High) = \$6,473,272 = 169,635 x \$3.18 x 12 months

FY 26 (Low) = \$ 292,111 = \$ 284,987 x 2.5% MI (\$ 146,056 for 6 months)
FY 26 (High) = \$6,635,103 = \$6,473,272 x 2.5% MI (\$3,317,552 for 6 months)

FY 27 (Low) = \$ 299,416 = \$ 292,111 x 2.5% MI
FY 27 (High) = \$6,800,981 = \$6,635,103 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 \$.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 6 months = \$ 45,000
FY 26 (High) - 750,000 x \$0.78 PMPM x 6 months = \$3,500,000

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

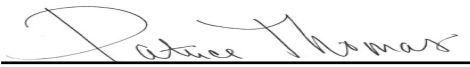
Aggregate Extra Premium Determination

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

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