

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **SB 42** SLS 25RS 227
 Bill Text Version: **ENROLLED**
 Opp. Chamb. Action:
 Proposed Amd.:
 Sub. Bill For.:

Date: June 13, 2025 10:17 AM	Author: SELDERS
Dept./Agy.: Insurance/Health/Group Benefits	
Subject: Perinatal Behavioral Health	Analyst: Anthony Shamis

HEALTH CARE EN INCREASE GF EX See Note Page 1 of 2
 Provides relative to perinatal behavioral health treatment. (8/1/25)

Proposed law requires any health benefit plan offered by a health insurance issuer that provides mental health benefits to provide coverage for voluntary inpatient treatment for a patient with a perinatal psychiatric diagnosis, including inpatient admissions, overnight stays, and medications resulting from treatments, as well as infusions, prescriptions, and counseling. All levels of maternal mental health inpatient treatment shall be considered medically necessary and not excluded from coverage. Medicaid Managed Care Organizations (MCOS) shall provide coverage for voluntary inpatient treatment for a Medicaid recipient with a perinatal psychiatric diagnosis. Proposed law requires the treating physician, physician assistant, psychologist, medical psychologist, or nurse practitioner to consider recognized evidence based standards, such as guidelines of InterQual or Milliman Care Guidelines in making treatment recommendations. Proposed law provides that coverage may be subject to annual deductibles, coinsurance, and copayment provisions established under the health benefit plan. Proposed law shall apply to any new policy, contract, or 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. Proposed law shall be subject to appropriation of funds by the legislature for this purpose.

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.	\$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						
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 SGF expenditures in the health care exchanges by \$180,000 beginning in FY 26 and increasing to \$180,000 to \$220,000 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. Defrayal costs are estimated to be 180,000 in FY 26. Furthermore, the proposed law will increase claims expenditures for the health insurance industry by an estimated \$450,000, and increase premiums by \$530,000 for private insurers and the insured in FY 26 (see Expenditure Explanation on page 2).

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 perinatal behavioral health treatment for policies issued by qualified health plans through the health insurance exchange beginning in FY 26 with estimated claims costs totaling approximately \$180,000 SGF and a potential phase-up of \$180,000 to \$220,000 by FY 27. 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 perinatal behavioral health is \$0.05 PMPM on an average \$1,200 monthly premium over the entire insured population based on research and analysis.

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}

Patrice Thomas
 Deputy Fiscal Officer



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CONTINUED EXPLANATION from page one:

Proposed law will have no expenditure impact on the Office of Group Benefits (OGB), because OGB self-funded health plans provide coverage of perinatal psychiatric diagnoses as part of mental health and substance use benefits. Proposed law will have no expenditure impact on the Louisiana Department of Health (LDH), as perinatal behavioral health services are already covered through Medicaid.

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 \$450,000 and premium increases by \$530,000 for private insurers and the insured in FY 26 with phase-up costs of an estimated \$720,000 - \$900,000 claims and \$850,000 - \$1.1 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 \$0.05 PMPM over the entire insured population, which represents an annual premium increase of 0.004% 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 Covered Lives) x 12 months
FY 26 (Low/High) 750,000 x \$0.05 PMPM x 12 months = \$450,000

FY 27 (Low) - 750,000 x \$0.05 PMPM x 12 months = \$450,000
FY 27 (High) - 750,000 x \$0.06 PMPM x 12 months = \$540,000

Premium Increase Determination

Aggregate premium for the requirement in a given fiscal year = Aggregate Cost / Loss Ratio
FY 26 (Low/High) = \$450,000 / 0.85 = \$529,412

FY 27 (Low) = \$450,000 / 0.85 = \$529,412
FY 27 (High) = \$540,000 / 0.85 = 635,294

Aggregate Extra Premium Determination

Annual premium increase per policy in a given fiscal year = (PMPM X 12 Months) / (Loss Ratio)
FY 26 (Low/High) = (\$0.05 x 12) / 0.85 = \$0.71

FY 27 (Low) = (\$0.05 x 12) / 0.85 = \$0.71
FY 27 (High) = (\$0.06 x 12) / 0.85 = \$0.85

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}
[] 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S}

Signature of Patrice Thomas
Patrice Thomas
Deputy Fiscal Officer