



LEGISLATIVE FISCAL OFFICE
Fiscal Note

Fiscal Note On: **HB 477** HLS 26RS 846
 Bill Text Version: **ORIGINAL**
 Opp. Chamb. Action:
 Proposed Amd.:
 Sub. Bill For.:

Date: April 7, 2026	8:21 PM	Author: HEBERT
Dept./Agy.: Insurance/Health/Group Benefits		
Subject: Prosthetic and custom orthotic devices and Services		Analyst: Anthony Shamis

INSURANCE/HEALTH OR INCREASE EX See Note Page 1 of 2
 Modifies provisions of law regarding health insurance coverage of prosthetic and custom orthotic devices and services

Proposed law repeals current law relative to health insurance coverage of prosthetic devices and services. Proposed law requires health coverage plans to provide coverage for prosthetic and custom orthotic devices and services. Eligibility is based on medical necessity as determined by the enrollee's physician or other advanced practice provider. Coverage includes all materials and components, instructions on proper use of the device, and medically necessary repairs or replacement of a device. Proposed law requires health coverage plans to include a description of the insured's rights under this legislation in their evidence of coverage. Any denial of coverage shall be in writing and include clear reasoning and an explanation of how the request does not meet medical necessity. Any denial or limitation of coverage based on medical necessity may be appealed. Proposed law allows coverage required under this legislation to be subject to prior authorization, co-payments, deductibles, or coinsurance. Proposed law requires all carriers to report number of claims and total claims payments to the Commissioner of Insurance for plan year 2027-2028. The Commissioner of Insurance is required to aggregate the data by plan year and submit the report to the House and Senate Committees on Insurance, on July 1, 2029. Proposed law requires coverage by the Office of Group Benefits (OGB) and Medicaid. Proposed law requires that all health coverage plans subject to this legislation provide coverage for prosthetic and custom orthotic devices on or after January 1, 2027. Proposed law becomes effective upon signature of the governor, or after the lapse of time for gubernatorial action.

EXPENDITURES	2026-27	2027-28	2028-29	2029-30	2030-31	5 -YEAR TOTAL
State Gen. Fd.	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	
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

REVENUES	2026-27	2027-28	2028-29	2029-30	2030-31	5 -YEAR TOTAL
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen.	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	
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

EXPENDITURE EXPLANATION

Proposed law is anticipated to result in an indeterminable increase in expenditures in FY 27, with costs increasing in future fiscal years. Proposed law will increase annualized SGR claims expenditures by \$30,900 to \$360,504 within the Office of Group Benefits (OGB), as well as a potential increase in SGF expenditures associated with a mandate to health insurance policies issued under the insurance exchanges beginning in FY 27 and subsequent fiscal years. However, the proposed law does not appear to create a new mandate, so the impact will likely be an indeterminable impact to the Private Health Insurance Industry.

NOTE: *The Louisiana Department of Insurance (LDI) is currently conducting an actuarial analysis to determine the impact to the Private Health Insurance Industry, as well as if there could be any SGF defrayal costs associated with coverage that may exceed EHB benchmark standards. Upon receipt of this information, the fiscal note will be updated to reflect any anticipated expenditure impacts.*

OGB (\$61,801 - 721,007 SGR):

OGB's medical Third Party Administrator (TPA) estimates that this legislation may increase OGB claims expenditures in order to allow access to higher-end prosthetic devices (such as microprocessor-controlled prosthetics) than are currently covered, at an estimated cost of \$0.03 to \$0.35 PMPM for the self-funded population, excluding Medicare-primary members. Based upon the assumptions listed below, the expenditures to allow access to the required prosthetic and custom orthotic devices and services are as follows:

	FY 26-27*	FY 27-28	FY 28-29	FY 29-30	FY 30-31	Total
Low	\$ 30,900	\$ 63,161	\$ 64,551	\$ 65,971	\$ 67,422	\$ 292,004
High	\$360,504	\$736,870	\$753,081	\$769,648	\$786,581	\$3,406,683

*FY 27 expenditures have been pro-rated to reflect the 1/01/27 benefit coverage effective date.

Unless OGB Fund Balance is utilized, an SGF appropriation will be required to cover the state portion of the increase in premium costs. Regardless, SGF makes up approximately 42% of premium collections. As of 1/31/26, OGB reports a \$406 M fund balance. The expenditure estimate is based upon requirements of the proposed law as well as the following assumptions: (1) as of 3/01/26, the current OGB member population in the five self-funded health plans is 167,973 (excluding Medicare primary members) and membership will remain constant, (2) Medicare-primary plan members are excluded from the calculations, (3) OGB will rely on the low-end and high-end PMPM cost estimates provided by Louisiana Blue, (4) the coverage will become effective on 1/01/27, and (5) in future fiscal years, a medical inflation factor of 2.2% is applied, based on Consumer Price Index data for medical care in the Southern United States through the end of 2025.

EXPENDITURE EXPLANATION CONTINUED ON PAGE TWO

REVENUE EXPLANATION

If claims expenditures cannot be absorbed by OGB's actuarially recommended target fund balance amount of \$309 M, it may be required to decrease or eliminate benefits currently available to participants of OGB's health benefit and life insurance programs, or seek additional revenue, either in the form of a direct appropriation from SGF, or by an increase in OGB's SGR through a premium rate increase for OGB's self-funded health plans.

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}

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CONTINUED EXPLANATION from page one:

EXPENDITURE EXPLANATION CONTINUED FROM PAGE ONE

Based on the aforementioned methodology, the PMPM cost estimates a range from a low of \$0.03 PMPM to a high of \$0.35 PMPM, and a medical inflation (MI) factor of 2.2% compounding annually. Below are expenditure calculations utilized to project the cost within OGB utilizing the assumptions listed above.

Expenditure Calculations

Expenditure Calculations = membership population x PMPM cost x 12 months

Base Cost (Low) = \$ 60,470 = 167,973 x \$0.03 x 12 months

Base Cost (High) = \$705,487 = 167,973 x \$0.35 x 12 months

FY 27 (Low) = \$ 61,801 = \$ 60,470 x 2.2% MI (\$ 25,782 SGF)

FY 27 (High) = \$721,008 = \$705,487 x 2.2% MI (\$300,790 SGF)

FY 28 (Low) = \$ 63,161 = \$ 61,801 x 2.2% MI (\$ 26,350 SGF)

FY 28 (High) = \$736,870 = \$721,008 x 2.2% MI (\$307,408 SGF)

FY 29 (Low) = \$ 64,551 = \$ 63,161 x 2.2% MI (\$ 26,929 SGF)

FY 29 (High) = \$753,081 = \$736,870 x 2.2% MI (\$314,170 SGF)

FY 30 (Low) = \$ 65,971 = \$ 64,551 x 2.2% MI (\$ 27,522 SGF)

FY 30 (High) = \$769,648 = \$753,081 x 2.2% MI (\$321,082 SGF)

FY 31 (Low) = \$ 67,422 = \$ 65,971 x 2.2% MI (\$ 28,127 SGF)

FY 31 (High) = \$786,580 = \$769,648 x 2.2% MI (\$328,146 SGF)

Note: A full 12 months was used for FY 27 to calculate medical inflation in the out-years.

Senate Dual Referral Rules

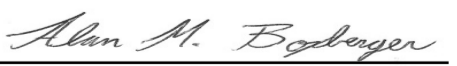
13.5.1 >= \$100,000 Annual Fiscal Cost {S & H}

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}


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