



**LEGISLATIVE FISCAL OFFICE**  
**Fiscal Note**

Fiscal Note On: **HB 1235** HLS 26RS 2376  
 Bill Text Version: **ENGROSSED**  
 Opp. Chamb. Action:  
 Proposed Amd.:  
 Sub. Bill For.: HB 477

<b>Date:</b> April 15, 2026	12:37 PM	<b>Author:</b> HEBERT
<b>Dept./Agy.:</b> Insurance/Health/Group Benefits		<b>Analyst:</b> Anthony Shamis
<b>Subject:</b> Prosthetic and custom orthotic devices and Services		

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

Present law requires health coverage plans to provide coverage for prosthetic devices and custom orthotic devices and related services. Proposed law revises provisions governing medical necessity determinations to require consideration of recommendations from the treating physician or advanced practice provider, including the results of a functional assessment. Proposed law requires health coverage plans to provide coverage for an additional upper or lower extremity prosthetic or orthotic device when medically necessary for physical activity, bathing, showering, or maintaining whole-body health. Proposed law authorizes the use of prior authorization in the same manner as for other covered benefits, provided such procedures are applied in a nondiscriminatory manner. Proposed law requires health coverage plans to provide coverage for the repair or replacement of prosthetic and orthotic devices, subject to specified criteria. Proposed law requires health coverage plans subject to this measure to report to the Commissioner of Insurance, on a form prescribed by the commissioner, their experience pursuant to the provisions of this legislation for plan years 2027-2028. Proposed law requires coverage by the Office of Group Benefits (OGB) and Medicaid. Proposed law applies to any new health coverage plan delivered, issued for delivery, or otherwise contracted in this state on or after January 1, 2027. Any health coverage policy, contract, or plan in effect prior to January 1, 2027, shall conform to the provisions of this measure no later than January 1, 2028. Proposed law becomes effective upon signature of the governor or upon lapse of the time for gubernatorial action.

EXPENDITURES	2026-27	2027-28	2028-29	2029-30	2030-31	5 -YEAR TOTAL
State Gen. Fd.	<b>SEE BELOW</b>	<b>SEE BELOW</b>	<b>SEE BELOW</b>	<b>SEE BELOW</b>	<b>SEE BELOW</b>	
Agy. Self-Gen.	<b>INCREASE</b>	<b>INCREASE</b>	<b>INCREASE</b>	<b>INCREASE</b>	<b>INCREASE</b>	
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	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.	<b>SEE BELOW</b>	<b>SEE BELOW</b>	<b>SEE BELOW</b>	<b>SEE BELOW</b>	<b>SEE BELOW</b>	
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 \$41,084 to \$349,215 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. The Louisiana Department of Health indicates no impact on expenditures, as Medicaid currently provides coverage for prosthetic and custom orthotic devices and services.

**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 (\$41,084 - \$349,215 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 and additional prosthetics designed for other purposes than are currently covered, at an estimated cost of \$0.02 to \$0.17 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	\$ 20,542	\$ 41,988	\$ 42,912	\$ 43,856	\$ 44,821	\$ 194,119
High	\$174,608	\$356,898	\$364,750	\$372,775	\$380,976	\$1,650,007

\*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 4/01/26, the current OGB member population in the five self-funded health plans is 167,499 (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}

*Alan M. Boxberger*  
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**Legislative Fiscal Officer**



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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 \$0.02 PMPM to a high of \$0.17 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) = \$ 40,200 = 167,499 x \$0.02 x 12 months

Base Cost (High) = \$341,698 = 167,499 x \$0.17 x 12 months

FY 27 (Low) = \$ 41,084 = \$ 40,200 x 2.2% MI (\$ 17,140 SGF)

FY 27 (High) = \$349,215 = \$341,698 x 2.2% MI (\$145,686 SGF)

FY 28 (Low) = \$ 41,988 = \$ 41,084 x 2.2% MI (\$ 17,517 SGF)

FY 28 (High) = \$356,898 = \$349,215 x 2.2% MI (\$148,891 SGF)

FY 29 (Low) = \$ 42,912 = \$ 41,988 x 2.2% MI (\$ 17,902 SGF)

FY 29 (High) = \$364,750 = \$356,898 x 2.2% MI (\$152,167 SGF)

FY 30 (Low) = \$ 43,856 = \$ 42,912 x 2.2% MI (\$ 18,296 SGF)

FY 30 (High) = \$372,775 = \$364,750 x 2.2% MI (\$155,515 SGF)

FY 31 (Low) = \$ 44,821 = \$ 43,856 x 2.2% MI (\$ 28,127 SGF)

FY 31 (High) = \$380,976 = \$372,775 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

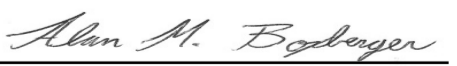
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13.5.2 >= \$500,000 Annual Tax or Fee Change {S & H}

**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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