



**LEGISLATIVE FISCAL OFFICE
Fiscal Note**

Fiscal Note On: **SB 433** SLS 26RS 1370
 Bill Text Version: **REENGROSSED**
 Opp. Chamb. Action:
 Proposed Amd.:
 Sub. Bill For.:

Date: April 29, 2026 12:47 PM	Author: BOUDREAUX, GERALD
Dept./Agy.: Department of Health / Medicaid	
Subject: Medicaid coverage for weight loss medications	Analyst: Cristian Nedelea

MEDICAID RE INCREASE GF EX See Note Page 1 of 2
 Provides for Medicaid coverage of certain medications. (1/1/27)

Proposed law requires Louisiana Medicaid program to provide coverage for FDA-approved weight loss medications that are medically necessary and are prescribed by a licensed healthcare provider for a Medicaid recipient. Proposed law provides that the coverage criteria for FDA-approved weight loss medications shall be established by the Louisiana Department of Health (LDH). It further provides that coverage may be subject to prior authorization as determined by LDH. Proposed law prohibits LDH or any Medicaid managed care organization (MCO) to require step therapy for coverage of weight loss medication. The LDH shall implement weight loss medication coverage in a manner that ensure fiscal sustainability consistent with federal requirements. Implementation of the proposed legislation is subject to the appropriation of funds by the legislature for this purpose. This Act shall become effective on 1/01/27.

EXPENDITURES	2026-27	2027-28	2028-29	2029-30	2030-31	5 -YEAR TOTAL
State Gen. Fd.	INCREASE	INCREASE	INCREASE	INCREASE	INCREASE	
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
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	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.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	\$0	INCREASE	INCREASE	INCREASE	INCREASE	\$0
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	\$0	\$0	\$0	\$0	\$0	\$0
Annual Total	\$0					\$0

EXPENDITURE EXPLANATION

Proposed law may result in an indeterminable but potentially significant increase in SGF, Statutory Dedications out of the Medical Assistance Trust Fund – MATF, and Federal expenditures within Louisiana Medicaid program in FY 27 and subsequent fiscal years **subject to the appropriation of funds by the legislature for this purpose.** Proposed law requires Medicaid to cover FDA-approved weight loss medications that are medically necessary and are prescribed by a licensed healthcare provider, provides that LDH establishes coverage criteria, and allows for prior authorization by the LDH.

LFO has requested a fiscal note worksheet from the Louisiana Department of Health (LDH). At the time of publication, LDH is continuing to analyze the requirements of proposed law to determine potential expenditure impacts. Upon receipt of additional information regarding the projected expenditures associated with the requirements of this legislation, this fiscal note will be revised accordingly.


NOTE: In testimony during the Senate Finance Committee on Tuesday, April 28, 2026, Secretary of LDH Bruce Greenstein testified it is the intent of the department if proposed law is enacted to limit coverage to a level sustainable within the department’s appropriation. The information on page two, prepared by the LFO, projects a potential expenditure range based on the projected eligible Medicaid population. These figures represent the cost ranges of implementing coverage for 5%, 10% or 25% of the approximate 40% of the Medicaid population who have obesity. Pursuant to the secretary’s comments, the LFO assumes LDH will develop a coverage criteria that limits the potential eligible population to a narrower band of individuals with high-acuity, high-need, or other medical necessities. Therefore, the LFO assumes costs will likely fall below the upper ranges estimated herein, subject to coverage criteria rules to be established by LDH. At this point, the coverage criteria are speculative and costs cannot be estimated.

EXPENDITURE EXPLANATION CONTINUED ON PAGE TWO

REVENUE EXPLANATION

Proposed law is anticipated to result in an indeterminable increase in Statutory Dedications - MATF revenues within LDH. The revenue increase is a direct result of the 5.5% premium tax collections levied on MCO payments. The increased expenditures anticipated from this legislation will be integrated into the actuarially sound capitation payments made by LDH to MCOs, thus increasing premium tax collections. Because premium tax collections are based on a calendar year and because the effective date is 1/01/2027, Statutory Dedications fiscal impact for FY 27 is \$0.

<u>Senate</u>	<u>Dual Referral Rules</u>	<u>House</u>
<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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CONTINUED EXPLANATION from page one:

EXPENDITURE EXPLANATION CONTINUED FROM PAGE ONE

In the absence of finalized expenditure estimates from LDH, the LFO has developed illustrative fiscal impact scenarios based on prior research, publicly available data, and conservative assumptions. Proposed law may increase total Medicaid expenditures by an amount ranging from \$60.2 M to \$300.9 M in FY 27 (assuming five payment months, given 1/01/27 effective date), from \$147.6 M to \$738 M in FY 28 (full year cost), with costs increasing in future fiscal years.

The LFO projection scenarios are based on the following data, assumptions, and approach:

- (1) According to the Louisiana Medicaid enrollment trends report, total Medicaid enrollment in March 2026 was 1,478,080, of which 812,686 were adults.
- (2) Based on a 2026 analysis by the Kaiser Family Foundation regarding Medicaid coverage and spending on GLP-1 medications, approximately 40% of adults enrolled in Medicaid have obesity.
 Projected Medicaid adults with obesity: 325,074 = 812,686 (adults) x 40% obesity rate

To estimate potential member utilization, the following uptake scenarios were modeled from the estimated Medicaid enrollment with obesity:

- 5% Utilization: 16,254 enrollees = 325,074 adult enrollees * 5%
- 10% Utilization: 32,507 enrollees = 325,074 adult enrollees * 10%
- 25% Utilization: 81,269 enrollees = 325,074 adult enrollees * 25%

(3) A monthly per-utilizer cost of about \$725 for a Medicaid enrollee was calculated based on the reported fiscal impact to the Office of Group Benefits (OGB) for similar requirements proposed in other legislation during the 2026 RS. OGB's contracted actuary, Gallagher, estimated the 2026 annual per-utilizer cost, net of \$200 member cost share, discounts and rebates, for injectable weight loss medications to be \$6,828 for Wegovy and \$5,760 for Zepbound. Using these two annual net costs, OGB calculated an annual per-utilizer cost of \$6,294.

The LFO adjusted this figure to reflect Louisiana Medicaid cost-sharing limitations, resulting in an estimated monthly cost of \$725 per utilizer: \$6,294 / 12 months + \$200 monthly adjustment for cost sharing differences.

(4) The coverage will become effective on 1/01/2027.

(5) In future fiscal years, a medical inflation (MI) factor of 2.2% is applied annually, based on Consumer Price Index data for medical care in the Southern United States through the end of FY 25.

FY 26 Projected Annual Cost (Illustrative Full-Year Basis):

- 5% Utilization: 16,254 enrollees x 12 months x \$725 = \$141,309,842
- 10% Utilization: 32,507 enrollees x 12 months x \$725 = \$282,619,683
- 25% Utilization: 81,269 enrollees x 12 months x \$725 = \$706,549,208

	5%	10%	25%
Annual Base Cost	\$58,879,101	\$117,758,201	\$294,395,504
2.2% MI	\$1,295,340	\$2,590,680	\$6,476,701
FY 27*	\$60,174,441	\$120,348,881	\$300,872,205
FY 27 Annual Base	\$144,418,658	\$288,837,316	\$722,093,291
2.2% MI	\$3,177,210	\$6,354,421	\$15,886,052
FY 28	\$147,595,868	\$295,191,737	\$737,979,343
2.2% MI	\$3,247,109	\$6,494,218	\$16,235,546
FY 29	\$150,842,977	\$301,685,955	\$754,214,889
2.2% MI	\$3,318,545	\$6,637,091	\$16,592,728
FY 30	\$154,161,522	\$308,323,046	\$770,807,617
2.2% MI	\$3,391,553	\$6,783,107	\$16,957,768
FY 31	\$157,553,075	\$315,106,153	\$787,765,385

*FY 27 is prorated to account for 1/01/27 effective date and five payment months (assuming one month payment lag).

Senate
 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}
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