



LEGISLATIVE FISCAL OFFICE
Fiscal Note

Fiscal Note On: SB 173 SLS 19RS 429
Bill Text Version: ORIGINAL
Opp. Chamb. Action:
Proposed Amd.:
Sub. Bill For.:

Date: April 24, 2019 7:55 AM Author: MILLS
Dept./Agy.: LA Dept. of Insurance Analyst: Zachary Rau
Subject: Healthcare Coverage for LA Families Protection Act

HEALTH CARE OR NO IMPACT See Note Page 1 of 1
Provides for the Healthcare Coverage for Louisiana Families Protection Act. (gov sig)

Proposed law is only effective in the event the Patient Protection and Affordable Care Act (PPACA) is ruled unconstitutional, and requires health insurance policies or contracts in LA to adhere to certain standards. Proposed law further provides for open enrollment, rate setting, and coverage for dependent children under the age of 26, as well as prohibit preexisting condition exclusions and annual lifetime limits. Proposed law requires the attorney general to notify certain parties, including the commissioner of insurance, if the PPACA is ruled unconstitutional and that proposed law takes effect 10 days after notification of the commissioner. Proposed law requires insurance policies to cover "essential health benefits" and charges the commissioner with defining such benefits, and further requires that such benefits include certain categories. Proposed law further provides a framework for monitoring, assessing, and updating the definition of the essential health benefits package. Proposed law requires the commissioner to promulgate rules to implement proposed law, and that initial rules are promulgated prior to January 1, 2020, and further grants the commissioner emergency rulemaking authority without the existence of an emergency. Proposed law applies to any health policy in LA beginning 10 days after the attorney general notifies the commissioner pursuant to proposed law. Proposed law supercedes any other provision of law unless it results in a reduction of coverage.

Table with 7 columns: EXPENDITURES, 2019-20, 2020-21, 2021-22, 2022-23, 2023-24, 5 -YEAR TOTAL. Rows include State Gen. Fd., Agy. Self-Gen., Ded./Other, Federal Funds, Local Funds, and Annual Total.

Table with 7 columns: REVENUES, 2019-20, 2020-21, 2021-22, 2022-23, 2023-24, 5 -YEAR TOTAL. Rows include State Gen. Fd., Agy. Self-Gen., Ded./Other, Federal Funds, Local Funds, and Annual Total.

EXPENDITURE EXPLANATION

There is no anticipated direct material effect on governmental expenditures as a result of this measure.

To the extent the Patient Protection and Affordable Care Act (PPACA) is ruled unconstitutional and proposed law becomes effective, the LA Dept. of Insurance reports that the proposed legislation would result in de facto premium increases for insured persons as a result of lost policy subsidies funded by the federal government. The LDI assumes the cost of the unsubsidized premiums would be passed on to consumers by insurers. For illustrative purposes, the LDI estimates these costs to total \$256 M in FY 20 with a phase-up of costs to \$634 M by FY 24 (see narrative below prepared in accordance with LA R.S. 24:603.1).

For illustrative purposes, the LDI provided a cost estimate associated with proposed law for FYs 20-24 in the event the PPACA is ruled unconstitutional prior to 2020. LDI's methodology for the cost increases is as follows: calculations are assumed to apply on a fiscal year basis assuming the PPACA is ruled unconstitutional 10 days prior to the start of 2020; a subsidized Insurance Exchange population totaling approximately 80,000 persons; a stationary insured population (entries equal exits); medical inflation totaling 5% annually; a monthly pre-subsidy exchange premium totaling \$650 for Louisiana based upon the state average as reported by the Centers for Medicare and Medicaid Services; a post-subsidy exchange premium totaling \$530; an average PPACA subsidy of \$120; and a cost increase from change to annual and lifetime monetary limits from the PPACA requirement is 0.5%.

FY 20 - \$256 M (80,000 persons \* ((0.005) \* (\$650)+(\$650-\$120)) \* 6
FY 21 - \$541 M (80,000 persons \* ((0.005) \* (\$650)\*(1.05)+(\$650)\*(1.05)-(\$530)\*(1.02)) \* 12 months.
FY 22 - \$570 M
FY 23 - \$601 M
FY 24 - \$634 M

Note: LDI reports a potential premium impact on approximately 80,000 policies currently exempted from the PPACA's grandfathered coverage provisions that are not exempt from the proposed legislation. To the extent proposed law applies new requirements to these grandfathered policies, the LDI anticipates premiums for such policies to increase. The department does not currently track premium information for these policies, therefore any premium increases associated with proposed law are indeterminable.

REVENUE EXPLANATION

There is no anticipated direct material effect on governmental revenues as a result of this measure.

Senate Dual Referral Rules House
13.5.1 >= \$100,000 Annual Fiscal Cost {S & H} 6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S}
13.5.2 >= \$500,000 Annual Tax or Fee Change {S & H} 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S}

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