



LEGISLATIVE FISCAL OFFICE
Fiscal Note

Fiscal Note On: HB 347 HLS 19RS 427
Bill Text Version: ENROLLED
Opp. Chamb. Action:
Proposed Amd.:
Sub. Bill For.:

Table with metadata: Date: June 5, 2019 10:46 AM; Author: STOKES; Dept./Agy.: LA Dept. of Insurance/Office of Group Benefits; Subject: Diagnostic Imaging Coverage Requirements; Analyst: Zachary Rau

INSURANCE/HEALTH EN INCREASE SG EX See Note Page 1 of 2
Provides for the coverage of diagnostic imaging at the same level of coverage as screening mammograms

Proposed law retains present law and requires that health coverage plans delivered in LA to include coverage for diagnostic including but not limited to diagnostic mammograms, ultrasounds, and breast magnetic resonance imaging at the same level of coverage provided for the minimum mammography examination pursuant to present law.

Table with 7 columns: EXPENDITURES, 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

Proposed law will increase State General Fund expenditures associated with a mandate to health insurance policies issued under the insurance exchanges and Self-Generated Revenue expenditures for the Office of Group Benefits (OGB) beginning in FY 21 and in subsequent fiscal years (see narratives below).

Insurance Exchanges Impact (State General Fund Impact)

Proposed law will increase SGF expenditures for the state beginning in FY 21 and in subsequent fiscal years according to an analysis provided by the LA Dept. of Insurance. The state would be required to fund health claims expenditures associated with imaging benefits in proposed law for policies issued by qualified health plans through the health insurance exchange beginning in FY 21 with estimated costs totaling \$25,000 to \$38,000 SGF and a phase-up of costs to approximately \$58,000-\$88,000 SGF by FY 24.

FY 21 - \$25,000 (100K members * \$0.04 PMPM * 1.05 * 6 months) - \$38,000 (100K members * \$0.06 PMPM * 1.05 * 6 months)
FY 22 - \$53,000 (100K members * \$0.04 PMPM * 12 * 1.05) - \$79,000 (100K members * \$0.06 PMPM * 12 * 1.05)
FY 23 - \$56,000 - \$83,000
FY 24 - \$58,000 - \$88,000

Office of Group Benefits Impact (Self-Generated Revenue Impact)

Proposed law will increase SGR expenditures for claims for the Office of Group Benefits (OGB) by an estimated \$483,528 - \$684,997 in FY 21 with a phase up of expenditures to \$1.01 M - \$1.43 M by FY 24. OGB's assumptions for their expenditure increases are as follows: the calculations apply on a fiscal year basis; a population of 216,434; a stationary insured population; a PMPM totaling \$0.36-\$0.51; coverage being in effect for only half of FY 21; no reduction in claims made by member out-of-pocket costs; and medical cost inflation of 1.7% annually.

REVENUE EXPLANATION

The Office of Group Benefits does not anticipate that additional costs associated with proposed law will require premium increases, and therefore will not affect SGR premium collections. Furthermore, the OGB reports that projected costs for the proposed legislation would be covered by its fund balance of approximately \$273.17 M. However, while proposed law may not necessitate premium increases for the Office of Group Benefits, to the extent numerous pieces of legislation are enacted that increase the overall costs of the OGB program, the OGB may be required to increase premiums to fund ongoing program costs and maintain an actuarially sound fund balance of \$200 M.

Senate Dual Referral Rules House
[X] 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}

Evan Brasseaux
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Staff Director

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CONTINUED EXPLANATION from page one:

(Expenditure Explanation cont. from Pg. 1)

FY 21 - \$483,500 (216K members * \$0.36 PMPM * 6 months*1.017*1.017) - \$685,000 (216K * \$0.51 PMPM * 6 months * 1.017 * 1.017)
 FY 22 - \$975,300 - \$1.38 M
 FY 23 - \$992,000 - \$1.41 M
 FY 24 - \$1.01 M - \$1.43 M

Note: OGB does not anticipate expenditures associated with proposed law to necessitate premium increases for members, and any expenditures will be funded by its fund balance (see Revenue Explanation).

Private Insurance Impact

Pursuant to LA R.S. 24:603.1, the following is the projected private insurance impact of the proposed legislation. Based upon an actuarial analysis prepared by LDI, proposed law is anticipated to increase expenditures associated with claims (\$900,900 - \$1.39 M) and premium increases (\$2.5 M - \$3.9 M) for the private insurers and the insured in FY 21 with a phase-up to an estimated \$2.09 M - \$3.21 M for claims and an estimated \$2.9 M - \$4.5 M for premiums by FY 24. LDI bases this analysis on the following assumptions: the calculations apply on a fiscal year basis; a private insured population of 550,000 for claims and a total insured population of 650,000 for premiums (inclusive of the Insurance Exchange population); a stationary insured population; a PMPM totaling \$0.04-\$0.06; coverage being in effect for only half of FY 21; medical cost inflation of 5% annually; an 85% loss ratio (LR); Based upon the aforementioned assumptions, the estimated annual cost increases for insurance providers associated with claims are as follows:

FY 21 - \$900,900 (550K members * \$0.26 PMPM * 6 months * 1.05) - \$1.39 M (550K members * \$0.40 PMPM * 6 months * 1.05)
 FY 22 - \$1.89 M (550K members * \$0.26 PMPM * 12 * 1.05) - \$2.91 M (550K members * \$0.06 PMPM * 12 * 1.05)
 FY 23 - \$1.97 M - \$3.06 M
 FY 24 - \$2.09 M - \$3.21 M

Based upon the aforementioned assumptions, the estimated annual cost increases for the insured associated with premiums are as follows (Note: premium increases include persons receiving policies through the Insurance Exchange):

FY 21 - \$2.5 M (650K members*\$0.26 PMPM*6 months*1.05/.85 LR) - \$3.9 M (650K members*\$0.40 PMPM*6 months/.85 LR)
 FY 22 - \$2.6 M (650K members * \$0.04 PMPM * 12 * 1.05 / .85 LR) - \$4.0 M (650K members * \$0.06 PMPM * 12 * 1.05 / .85 LR)
 FY 23 - \$2.8 M - \$4.2 M
 FY 24 - \$2.9 M - \$4.5 M

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House
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