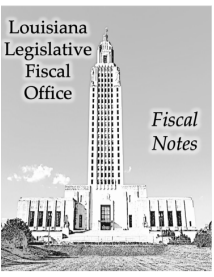


LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **HB 408** HLS 25RS 618
 Bill Text Version: **ENGROSSED**
 Opp. Chamb. Action: **w/ SEN COMM AMD**
 Proposed Amd.:
 Sub. Bill For.:

Date: June 2, 2025	4:14 PM	Author: DICKERSON
Dept./Agy.: Insurance/Health		Analyst: Anthony Shamis
Subject: Pediatric acute-onset neuropsychiatric syndrome		

INSURANCE/HEALTH EG1 INCREASE GF EX See Note Page 1 of 2
 Requires health insurance coverage relative to pediatric acute-onset neuropsychiatric syndrome and related conditions

Proposed law requires coverage for pediatric acute-onset neuropsychiatric syndrome (PANS); Pediatric autoimmune neuropsychiatric disorders associated with streptococcal infections (PANDAS); types of autoimmune encephalitis (AE). Symptoms of PANS, PANDAS, and other types of AE, cause disruption to a child’s neurological functioning and may appear in episodes of anxiety, incontinence, seizures, confusion, depression, tics, personality changes, declines in school performance, and changes in sensory sensitivities. Early treatment is important to prevent permanent brain injury and nervous system damage, cognitive decline and mental illness that may persist into adulthood and death because the conditions are potentially fatal. Proposed law requires every health coverage plan issued in this state to provide coverage for PANS, PANDAS, and other types of AE, including, but not limited to immunoglobulin therapy. Coverage may be subject to annual deductibles, co-insurance, and copayment provisions established under the health coverage plan. Proposed law requires insurers to consider, but not require strict adherence to other treatment options or recommendations developed by a medical professional consortium convened for diagnosis and treatment of these disorders. A health coverage plan may limit intravenous immunoglobulin treatments to no more than three monthly courses of treatment, unless additional treatment is deemed medically necessary based on clinical review using such guidelines. Proposed law applies to any new policy, contract, or health coverage plan issued on or after January 1, 2026. Any policy, contract, or health coverage plan in effect prior to January 1, 2026, shall conform to the provisions of this Act on or before the renewal date, but no later than January 1, 2027.

EXPENDITURES	2025-26	2026-27	2027-28	2028-29	2029-30	5 -YEAR TOTAL
State Gen. Fd.	INCREASE	INCREASE	INCREASE	INCREASE	INCREASE	
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
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	2025-26	2026-27	2027-28	2028-29	2029-30	5 -YEAR TOTAL
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
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	\$0	\$0	\$0	\$0	\$0	\$0

EXPENDITURE EXPLANATION

Proposed law will have no impact on the Office of Group Benefits (OGB), because OGB was specifically excluded from this legislation. Proposed law is anticipated to increase SGF expenditures in the healthcare exchanges by \$430,000 to \$900,000 beginning in FY 26 and increasing in subsequent fiscal years (plus annual medical inflation growth) according to an analysis provided by the LA Department of Insurance (LDI) actuary. Under the Affordable Care Act (ACA), any state benefit mandate, through legislative or regulatory action, that exceeds what is considered an essential health benefit (EHB) would subject the state to defrayal costs. The proposed law would be considered a state benefit mandate; therefore, the state may be required to make payments to defray the cost of additional required benefits specified under this proposed law. Defrayal costs are estimated between a low of \$430,000 and a high of \$900,000. Furthermore, the proposed law will increase claims expenditures for the health insurance industry by an estimated \$1.1 M - \$2.3 M for private insurers and the insured in FY 26 (see Expenditure Explanation on page 2).

Insurance Exchanges Impact (State General Fund Defrayal Impact)

Proposed law will increase SGF expenditures beginning in FY 26 and subsequent fiscal years according to an analysis provided by the LDI health actuary. The state would be required to refund health claims expenditures associated with providing coverage for pediatric acute-onset neuropsychiatric syndrome and related types of autoimmune encephalitis for policies issued by qualified health plans through the health insurance exchange beginning in FY 26 with estimated claims costs totaling approximately \$430,000 to \$900,000 SGF. Claims expenses associated with the proposed law would be paid out by the state Treasury Department. LDI bases this analysis on the following assumptions: the calculations are on a fiscal year basis; the exchange population is approximately 300,000 and the insured population is assumed to be stationary; medical cost inflation is 3%; the premium loss ratio is 85%. The estimated cost for therapies and treatments for pediatric acute-onset neuropsychiatric syndrome and related types of autoimmune encephalitis is between \$0.12 PMPM (low) and \$0.25 PMPM (high) on an average \$1,200 monthly premium over the entire insured population based on research and analysis.

SEE EXPENDITURE EXPLANATION ON PAGE 2

REVENUE EXPLANATION

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

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}

Patrice Thomas
 Deputy Fiscal Officer



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CONTINUED EXPLANATION from page one:

PRIVATE INSURANCE IMPACT

Pursuant to R.S. 24:603.1, the information below is the projected impact of the proposed law on the private insurance market. Based upon an actuarial analysis prepared by LDI, the proposed law is anticipated to increase expenditures associated with claims by \$1.1 M - \$2.3 M and premium increases by \$1.3 M - \$2.7 M for private insurers and the insured in FY 26 with phase-up costs of an estimated \$1.3 M - \$2.5 M claims and \$1.5 M - \$2.9 M premiums by FY 30. LDI bases this analysis on the following assumptions: the calculations are on a fiscal year basis; the exchange population is approximately 750,000 and the insured population is assumed to be stationary, entries equal exits; medical cost inflation (MI) is 3% in FY 26; the premium loss ratio is 85%; and the estimated cost is between \$0.12 PMPM and \$.25 PMPM over the entire insured population, which represents an annual premium increase between 0.010% (low) to 0.021% (high) on an average monthly premium/PMPM of \$1,200. Based upon the aforementioned assumptions, the estimated annual cost increases for insurance providers associated with claims are as follows:

Aggregate Cost Determination

Aggregate cost = PMPM x (Number of Policies) x 12 months

FY 26 (Low) - 750,000 x \$0.12 PMPM x 12 months = \$1,080,000 (\$540,000 for 6 months)
FY 26 (High) - 750,000 x \$0.25 PMPM x 12 months = \$2,250,000 (\$1,125,000 for 6 months)
FY 27 (Low) - 750,000 x \$0.13 PMPM x 12 months = \$1,170,000
FY 27 (High) - 750,000 x \$0.26 PMPM x 12 months = \$2,340,000

Premium Increase Determination

Aggregate premium for the requirement in a given fiscal year = Aggregate Cost / Loss Ratio

FY 26 (Low) = \$1,080,000 / 0.85 = \$1,270,588
FY 26 (High) = \$2,250,000 / 0.85 = \$2,647,059
FY 27 (Low) = \$1,170,000 / 0.85 = \$1,376,471
FY 27 (High) = \$2,340,000 / 0.85 = \$2,752,941

Aggregate Extra Premium Determination

Annual premium increase per policy in a given fiscal year = (PMPM X 12 Months) / Loss Ratio

FY 26 (Low) = (.012 x 12) / 0.85 = \$1.69
FY 26 (High) = (.25 x 12) / 0.85 = \$3.52
FY 27 (Low) = (0.13 x 12) / 0.85 = \$1.84
FY 27 (High) = (0.26 x 12) / 0.85 = \$3.67

Senate Dual Referral Rules
[X] 13.5.1 >= \$100,000 Annual Fiscal Cost {S & H}
[] 13.5.2 >= \$500,000 Annual Tax or Fee Change {S & H}

House
[X] 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}

Signature of Patrice Thomas
Patrice Thomas
Deputy Fiscal Officer