

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **HB 638** HLS 13RS 1014

Bill Text Version: **ENROLLED**

Opp. Chamb. Action:

Proposed Amd.:

Sub. Bill For.:

Date: June 11, 2013 3:05 PM	Author: STOKES
Dept./Agy.: Louisiana Health Plan	Analyst: Alan M. Boxberger
Subject: Provides relative to the Louisiana Health Plan	

INSURANCE/HEALTH

EN SEE FISC NOTE GF RV See Note

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Provides relative to the Louisiana Health Plan

Present law provides for the Louisiana Health Plan to provide a mechanism to insure the availability of health and accident insurance coverage to citizens who cannot secure such coverage; provides for hospitals treating plan members to include service charges in the plan member's bills; and authorizes the plan to assess fees to all insurers issuing health insurance in this state. Proposed law, in consideration of the Patient Protection and Affordable Care Act, provides for the cessation of the Louisiana Health Plan; requires the plan to cease enrollment and coverage by 1/1/14; provides that the board of directors take reasonable steps to transfer enrollees into the individual health market; requires 90 days notice to current policyholders; provides for notification and processing of claims; provides for end of operations; provides for continuation of the Board until cessation; provides for cessation of charges for claims and fee assessments; provides for final assessment payments; provides for return of HIPAA funds to participating insurers; provides that excess High Risk Pool funds shall be returned to the SGF; provides for legal representation by the Attorney General; and provides for a preemptive period.

EXPENDITURES	2013-14	2014-15	2015-16	2016-17	2017-18	5 -YEAR TOTAL
State Gen. Fd.	SEE BELOW	SEE BELOW	\$0	\$0	\$0	\$0
Agy. Self-Gen.	SEE BELOW	\$0	\$0	\$0	\$0	\$0
Ded./Other	\$0	\$0	\$0	\$0	\$0	\$0
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	\$0
Annual Total			\$0	\$0	\$0	\$0

REVENUES	2013-14	2014-15	2015-16	2016-17	2017-18	5 -YEAR TOTAL
State Gen. Fd.	SEE BELOW	SEE BELOW	\$0	\$0	\$0	\$0
Agy. Self-Gen.	SEE BELOW	\$0	\$0	\$0	\$0	\$0
Ded./Other	\$0	\$0	\$0	\$0	\$0	\$0
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	\$0
Annual Total			\$0	\$0	\$0	\$0

EXPENDITURE EXPLANATION

The Louisiana Health Plan (LHP) is a quasi-governmental entity providing health insurance to individuals that cannot secure such coverage on the individual market. On 1/1/14, the Patient Protection and Affordable Care Act (PPACA) will require that health insurance carriers in the individual market cannot reject applicants based on preexisting health conditions. Proposed law provides for cessation LHP operations.

During Calendar Year 11, the Louisiana Health Plan expended \$20.8 M (\$18.8 M associated with claims expenses, \$806,000 associated with claims administration expenses, and \$1.2 M with general and administrative expenses). Proposed law requires the Louisiana Health Plan to establish a succession plan to provide for cessation of operations and closeout costs. An indeterminable amount of monies from the HIPAA Fund and High Risk Fund will be retained to provide for cessation expenses.

Proposed law provides that the attorney general shall provide legal representation associated with any judicial process after 12/31/13. These activities may result in a need for indeterminable SGF expenditure authority by the attorney general.

For informational purposes, individuals in the Louisiana Health Plan can enroll in commercial health insurance plans effective 1/1/14 without consideration of preexisting conditions under the provisions of PPACA. Proposed law provides for continuation of the Louisiana Health Plan if in the event there are no insurers offering health insurance at usual and customary rates on 1/1/14, which would in turn extend operations and expenditures of the plan for an undetermined time.

REVENUE EXPLANATION

Any excess High Risk Pool funds remaining after certification of cessation of operations of the High Risk Plan shall be returned to the SGF. To the degree that any funds remain in the High Risk Pool, the state may realize an indeterminable, one-time increase in SGF. The Louisiana Health Plan estimated the High Risk fund balance at approximately \$18 M as of 4/23/13. Any excess HIPAA funds remaining after certification of cessation of operations of the HIPAA plan shall be returned to the participating insurers on the same basis upon which the fees were assessed.

During Calendar Year 11, the Louisiana Health Plan collected \$19.85 M in revenues as follows:

- \$505,635 - Mandated Service Charges (\$1/day for outpatient surgery procedures, \$2/day for inpatient, paid by insurers)
- \$7,405,667 - Insurance Company Assessments (Actuarial determination of rate assessment, assigned to health insurance companies pro-rata on a basis of premium volume)
- \$9,044,622 - Premium Collections (from insureds)
- \$1,550,115 - Investment revenues
- \$1,348,493 - Grant revenues (federal grants provided for rate reduction and preventive disease management)

Proposed law provides for continuation of the Louisiana Health Plan if in the event there are no insurers offering health insurance at usual and customary rates on 1/1/14, which would in turn extend revenue collections for an undetermined time.

<u>Senate</u>	<u>Dual Referral Rules</u>	<u>House</u>
<input type="checkbox"/> 13.5.1 >= \$100,000 Annual Fiscal Cost {S&H}		<input type="checkbox"/> 6.8(F) >= \$500,000 Annual Fiscal Cost {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}

Evan Brasseaux

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