

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **HB 237** HLS 19RS 165
 Bill Text Version: **ORIGINAL**
 Opp. Chamb. Action:
 Proposed Amd.:
 Sub. Bill For.:

Date: April 23, 2019 6:59 PM	Author: BROWN, CHAD
Dept./Agy.: LA Dept. of Insurance	Analyst: Zachary Rau
Subject: Prohibits Preexisting Condition Exclusions for Health Policies	

INSURANCE/HEALTH OR SEE FISC NOTE GF EX Page 1 of 1
 Prohibits preexisting condition exclusions or other discrimination based on health status

Proposed law prohibits a group health plan or health insurance issuer offering group or individual coverage from imposing preexisting condition exclusions. Proposed law requires health insurers to offer coverage on the individual or group market to accept all persons applying for coverage and allows for restricted enrollment periods. Proposed law allows for certain limitations of proposed law. Proposed law requires health insurance issuers to continue or renew coverage at the option of the insured, but allows for nonrenewal in certain circumstances. Proposed law places prohibitions on insurers for establishing rules for eligibility associated with: health status, medical conditions, claims experience, receipt of health care, medical history, genetic information, evidence of insurability, disability, and any other health-related factor determined appropriate by the Commissioner of Insurance. Proposed law enumerates what constitutes essential health benefits. Proposed law places limitations on waiting periods exceeding 90 days for insurers offering group or individual health coverage. Proposed law prohibits lifetime limits on the dollar value of participants or beneficiaries. Proposed law prohibits annual limits on the dollar value of benefits for participants or beneficiaries except for plan years beginning prior to January 1, 2014. Proposed law does not apply to grandfathered health plan coverage or limited benefit coverage. Proposed law supercedes present law in case of conflict.

EXPENDITURES	2019-20	2020-21	2021-22	2022-23	2023-24	5 -YEAR TOTAL
State Gen. Fd.	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	
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	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Annual Total						
REVENUES	2019-20	2020-21	2021-22	2022-23	2023-24	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	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Annual Total	\$0	\$0	\$0	\$0	\$0	\$0

EXPENDITURE EXPLANATION

There is no anticipated direct material effect on governmental expenditures as a result of this measure. Staff at the LA Dept. of Insurance report that the proposed legislation is duplicative of current federal law (the Patient Protection and Affordable Care Act). However, in the event the Patient Protection and Affordable Care Act is repealed or ruled unconstitutional, LDI reports that the proposed legislation will result in increased SGF expenditures. For illustrative purposes, the LDI estimates these expenditures to total \$280 M - \$343.2 M in FY 20 with a phase-up of costs to \$683 M - \$834 M by FY 24. The expenditure increase is associated with the state subsidizing insurance premiums for policies issued on the Insurance Exchange as a result of the federal government no longer issuing such subsidies (see narrative below).

For illustrative purposes, the LDI provided a cost estimate associated with proposed law for FYs 20-24. The LDI's cost projections are assumed to be SGF expenditures that would be paid out to insurers offering policies on the Insurance Exchange. Funds for this purpose would require appropriation prior to disbursement. LDI's methodology for the cost increases is as follows: calculations are assumed to apply on a fiscal year basis; a subsidized Insurance Exchange population totaling approximately 80,000 persons; a stationary insured population (entries equal exits); medical inflation totaling 5% annually; a monthly exchange premium totaling \$650 for Louisiana based upon the state average as reported by the Centers for Medicare and Medicaid Services; anticipated claims cost increases between 90% - 110%; and coverage only being in effect for half of FY 20.

FY 20 - \$280 M (80,000 persons * \$650 * 6 months * 0.9) - \$343.20 M (80,000 persons * \$650 * 6 months * 1.1)
 FY 21 - \$590 M (80,000 persons * \$650 * 12 months * 0.9 * 1.05) - \$721 M (80,000 persons * \$650 * 12 months * 1.1 * 1.05)
 FY 22 - \$619 M - \$757 M
 FY 23 - \$650 M - \$795 M
 FY 24 - \$683 M - \$834 M

REVENUE EXPLANATION

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

<p><u>Senate</u></p> <p><input type="checkbox"/> 13.5.1 >= \$100,000 Annual Fiscal Cost {S & H}</p> <p><input type="checkbox"/> 13.5.2 >= \$500,000 Annual Tax or Fee Change {S & H}</p>	<p><u>House</u></p> <p><input type="checkbox"/> 6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S}</p> <p><input type="checkbox"/> 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S}</p>	<p align="right"><i>Evan Brasseaux</i></p> <hr/> <p>Evan Brasseaux Staff Director</p>
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