LEGISLATIVE FISCAL OFFICE
Fiscal Note

Louisiana Legislative Fiscal Office — Fiscal Notes

Fiscal Note On: **HB 537** HLS 22RS 648
Bill Text Version: **REENGROSSED**
Opp. Chamb. Action:
Proposed Amd.:
Sub. Bill For.:

Date:	May 31, 2022 9:20 AM	**Author:**	DAVIS
Dept./Agy.:	Dept of Insurance		
Subject:	Mandates Coverage for Infertility Diagnosis and Treatment	**Analyst:**	Patrice Thomas

INSURANCE/HEALTH RE INCREASE GF EX See Note

Requires health insurance coverage for infertility treatments

Proposed law requires health insurance plans to provide coverage for standard fertility preservation services. Proposed law provides coverage including hospital, medical, or surgical benefits to cover medically necessary expenses of standard fertility preservation services. Proposed law provides that an individual must have a medical condition that may cause infertility, or medication therapy, surgery, radiation, chemotherapy, or other medical treatments directly or indirectly cause infertility. Proposed law has a religious exemption. Proposed law effective January 1, 2023 (new health coverage plans) and January 1, 2024 (existing health coverage plans). Proposed law shall be known as "The Medically Necessary Fertility Preservation Act".

EXPENDITURES	**2022-23**	**2023-24**	**2024-25**	**2025-26**	**2026-27**	**5 -YEAR TOTAL**
State Gen. Fd.	$0	INCREASE	INCREASE	INCREASE	INCREASE	**$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**

REVENUES	**2022-23**	**2023-24**	**2024-25**	**2025-26**	**2026-27**	**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 may increase State General Fund expenditures associated with a mandate to health insurance policies issued under the insurance exchanges beginning in FY 24 and subsequent fiscal years (see narrative below). Furthermore, the proposed law will increase claims expenditures for the private health insurance industry by an estimated $9 M - $27.8 M and premiums by an estimated $10.6 M - $32.8 M, which represents a 0.17% - 0.52% total premium increase in FY 24 (see Expenditure Explanation on Page 2).

Insurance Exchanges Impact (State General Fund Impact)

Proposed law may increase SGF expenditures beginning in FY 24 and subsequent fiscal years according to an analysis provided by the health actuary for LDI. The state would be required to fund health claims expenditures associated with infertility treatment coverage in the proposed law for policies issued by qualified health plans through the health insurance exchange beginning in FY 24 with estimated costs totaling $1.4 M to $4.3 M SGF and a potential phase-up to over $1.6 M to $5 M SGF by FY 27 and beyond. 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 100,000 and the insured population is assumed to be stationary; medical cost inflation is 5%; the premium loss ratio is 85%; and the **estimated cost is between $1.10 PMPM and $3.40 PMPM over the entire insured population**. Based upon the aforementioned assumptions, the estimated annual cost increases for insurance providers associated with claims are as follows:

Aggregate Cost Determination
Aggregate cost = exchange population x PMPM cost x 12 months
Base Cost (Low) - 100,000 x $1.70 PMPM x 12 months = $1,320,000
Base Cost (High) - 100,000 x $4.10 PMPM x 12 months = $4,080,000

FY 24 (Low) - $1,320,000 x 5% MI = $1,386,000
FY 24 (High) - $4,080,000 x 5% MI = $4,284,000

FY 25 (Low) - $1,386,000 x 5% MI = $1,455,300
FY 25 (High) - $4,284,000 x 5% MI = $4,498,200

FY 26 (Low) - $1,455,300 x 5% MI = $1,528,065
FY 26 (High) - $4,498,200 x 5% MI = $4,723,110

FY 27 (Low) - $1,528,065 x 5% MI = $1,604,468
FY 27 (High) - $4,723,110 x 5% MI = $4,959,266

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	House
[x] 13.5.1 >= $100,000 Annual Fiscal Cost {S & H}	[x] 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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Interim Deputy Fiscal Officer

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CONTINUED EXPLANATION from page one:

EXPENDITURE EXPLANATION Continued from Page 1

PRIVATE INSURANCE IMPACT
Pursuant to R.S. 24:603.1, the information below is the projected private insurance impact of the proposed law. Based upon an actuarial analysis prepared by LDI, the proposed law is anticipated to increase expenditures associated with claims by $13.9 M - $33.6 M and premium increases by $16.4 M - $39.5 M for private insurers and the insured in FY 24 with phase-up costs of an estimated $16.1 M -$38.9 M claims and $19 M - $45.7 M premiums by FY 27. LDI bases this analysis on the following assumptions: the calculations are on a fiscal year basis; the exchange population is approximately 650,000 and the insured population is assumed to be stationary; medical cost inflation is 5%; the premium loss ratio is 85%; and the **estimated cost is between $1.10 PMPM and $3.40 PMPM over the entire insured population, which represents a 0.17% to 0.52% annual premium increase**. Based upon the aforementioned assumptions, the estimated annual cost increases for insurance providers associated with claims are as follows:

Aggregate Cost Determination
(exchange population x PMPM cost x 12 months)
Base Cost (Low) - 650,000 x $1.10 PMPM x 12 months = $ 8,580,000
Base Cost (High) - 650,000 x $3.40 PMPM x 12 months = $26,520,000

FY 24 (Low) - $ 8,580,000 x 5% MI = $ 9,009,000
FY 24 (High) - $26,520,000 x 5% MI = $27,846,000

FY 25 (Low) - $ 9,009,000 x 5% MI = $ 9,459,450
FY 25 (High) - $27,846,000 x 5% MI = $29,238,300

FY 26 (Low) - $ 9,459,450 x 5% MI = $ 9,932,423
FY 26 (High) - $29,238,300 x 5% MI = $30,700,215

FY 27 (Low) - $ 9,932,423 x 5% MI = $10,429,044
FY 27 (High) - $30,700,215 x 5% MI = $32,235,226

Aggregate Extra Premium Determination
(PMPM cost x 12 months)/medical loss ratio
Base Cost (Low) - ($1.10 PMPM x 12 months)/85% = $15.53 (0.17% annual increase)
Base Cost (High) - ($3.40 PMPM x 12 months)/85% = $48.00 (0.52% annual increase)

FY 24 (Low) - $15.53 x 5% MI = $16.31
FY 24 (High) - $48.00 x 5% MI = $50.40

FY 25 (Low) - $16.31 x 5% MI = $17.13
FY 25 (High) - $50.40 x 5% MI = $52.92

FY 26 (Low) - $17.13 x 5% MI = $17.99
FY 26 (High) - $52.92 x 5% MI = $55.57

FY 27 (Low) - $17.99 x 5% MI = $18.89
FY 27 (High) - $55.57 x 5% MI = $58.35

Senate Dual Referral Rules House

[x] 13.5.1 >= $100,000 Annual Fiscal Cost {S & H}
[ ] 13.5.2 >= $500,000 Annual Tax or Fee Change {S & H}

[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}

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