



LEGISLATIVE FISCAL OFFICE
Fiscal Note

Fiscal Note On: **SB 109** SLS 23RS 353
 Bill Text Version: **ENROLLED**
 Opp. Chamb. Action:
 Proposed Amd.:
 Sub. Bill For.:

Date: June 8, 2023 6:36 AM	Author: TALBOT
Dept./Agy.: Insurance and Office of Group Benefits	Analyst: Patrice Thomas
Subject: Balance Billing - Non-Network Ambulance Ground Services	

INSURANCE POLICIES EN INCREASE SG EX See Note Page 1 of 2

Provides for balance billing by and reimbursement of covered health services provided by out-of-network emergency ambulance services. (8/1/23)

Proposed law requires the minimum allowable reimbursement rate under any healthcare plan issued by a healthcare insurer to an out-of-network ambulance provider is one of the following: (1) at the rates set or approved, whether in contract or ordinance, by a local governmental entity in the jurisdiction in which the covered health care services originate, or as provided by proposed law; and (2) requires if no rates have been set or approved, the minimum allowable rate of reimbursement under any health benefit plan issued by any health care insurer is 325% of the current published rate for ambulance services as established by the Centers for Medicare and Medicaid Services (CMS) for the same service provided in the same geographic area or the ambulance provider's billed charges, whichever is less.

EXPENDITURES	<u>2023-24</u>	<u>2024-25</u>	<u>2025-26</u>	<u>2026-27</u>	<u>2027-28</u>	<u>5 -YEAR TOTAL</u>
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen.	INCREASE	INCREASE	INCREASE	INCREASE	INCREASE	
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	<u>2023-24</u>	<u>2024-25</u>	<u>2025-26</u>	<u>2026-27</u>	<u>2027-28</u>	<u>5 -YEAR TOTAL</u>
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

Proposed law will increase Self-Generated Revenue expenditures within the Office of Group Benefits (OGB) beginning in FY 24. The LA Department of Insurance reports the proposed legislation is not anticipated to have an impact on health insurance policies issued under the health insurance exchanges/marketplace.

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

Proposed law increases expenditures within the Office of Group Benefits (OGB). The proposed law requires OGB to provide a minimum allowable rate of reimbursement for ground ambulance at 325% of the current published rate for ambulance services as established by the Centers for Medicare and Medicaid Services (CMS). Based upon the assumptions listed below, the expenditures to cover this benefit are as follows:

	FY 23-24*	FY 24-25	FY 25-26	FY 26-27	FY 27-28	Total
Low (Non-Network Providers)	\$84,053	\$95,363	\$99,177	\$103,144	\$107,270	\$489,007
High (In-Network and Non-Network Providers)	\$651,790	\$739,486	\$769,065	\$799,828	\$831,821	\$3,791,989

*FY 23-24 represent 11 months of estimated claims expenditures. Unless OGB Fund Balance is utilized, SGF appropriation will be required to cover the state portion of the increase in premium costs, which is approximately 41%. As of February 2023, OGB reports a \$434 M fund balance.

The expenditure estimate is based upon the following assumptions: (1) As of 4/01/2023, the current OGB member population in the five self-funded health plans is 165,015 (excluding 43,515 Medicare primary members, total members of 208,530). Membership will remain constant. (2) The coverage will become effective on 8/01/2023. (3) No change in OGB self-funded health plan membership in future fiscal years from current levels. (4) The third-party administrator (TPA), Blue Cross Blue Shield of LA (BCBSLA), estimates medical claims between \$88,168 (low) and \$683,696 (high) annually based on non-participating ground ambulance provider claims in Plan Year 2022 with point-of-pickup zip codes corresponding to jurisdictions without rates established by local governments. (5) **Low Estimate - Non-participating (non-network) ambulance providers** - The re-pricing of claims includes only the following Current Procedural Terminology (CPT) billing codes: A0427 (ambulance service, advanced life support, emergency transport, level 1) and A0429 (ambulance service, basic life support, emergency transport). **High Estimate - Both participating (in-network) and non-participating (non-network) ambulance providers** - The re-pricing of claims includes two additional CPT billing codes: A0433 (advanced life support, level 2) and A0434 (specialty care transport). (6) In future fiscal years, a medical inflation factor of 4%.

See EXPENDITURE EXPLANATION on Page 2

REVENUE EXPLANATION

The Office of Group Benefits (OGB) does not anticipate the proposed law to require premium increases, therefore there is no impact self-generated revenues collected from premiums. OGB has indicated the estimated costs associated with minimum allowable reimbursement rate for ground ambulance services be absorbed by the existing fund balance reserve. However, to the extent other legislative instruments that are enacted expand covered medical and pharmacy benefits, the cumulative impact may be material and require OGB to increase premiums to maintain an actuarially sound fund balance of \$250 M.

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}

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

Based on the aforementioned methodology on page one, expenditure estimates are between \$88,168 (low) and \$683,696 (high) annually based on establishing minimum allowable reimbursement rate for non-network ground ambulance provider claims in Plan Year 2022, and a medical inflation (MI) factor of 4% compounding annually. Below are expenditure calculations utilized to project the cost within OGB utilizing the assumptions listed on page one.

Expenditure Calculations listed below reflect 12 months of claims expenditures:

Base Cost (Low) = \$88,168

Base Cost (High) = \$683,696

FY 24 (Low) = \$ 91,695 = \$ 88,168 x 4% MI (\$37,822 SGF)

FY 24 (High) = \$711,044 = \$683,696 x 4% MI (\$293,291 SGF)

FY 25 (Low) = \$ 95,363 = \$ 91,695 x 4% MI (\$39,335 SGF)

FY 25 (High) = \$739,486 = \$711,044 x 4% MI (\$305,022 SGF)

FY 26 (Low) = \$ 99,177 = \$ 95,363 x 4% MI (\$40,908 SGF)

FY 26 (High) = \$769,065 = \$739,486 x 4% MI (\$317,223 SGF)

FY 27 (Low) = \$103,144 = \$ 99,177 x 4% MI (\$42,545 SGF)

FY 27 (High) = \$799,828 = \$769,065 x 4% MI (\$329,912 SGF)

FY 28 (Low) = \$107,270 = \$103,144 x 4% MI (\$44,247 SGF)

FY 28 (High) = \$831,821 = \$799,828 x 4% MI (\$343,109 SGF)

Total (Low) = \$ 496,648 (\$ 204,857 SGF)

Total (High) = \$3,851,243 (\$1,588,557 SGF)

Insurance Exchanges Impact (State General Fund Impact)

The LA Department of Insurance reports the proposed legislation is not anticipated to have an impact on health insurance policies issued under the health insurance exchanges/marketplace.

Senate

Dual Referral Rules

House

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}

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