

**Kentucky Department of Insurance
Financial Impact Statement**

Health Benefit Mandate Statement

- I. The proposed HB71 SCS/ BR 326 relating to the treatment of alcohol and other substance abuse will not materially impact the administrative expenses of insurers.
- II. The proposed HB71/ BR 326 relating to the treatment of alcohol and other substance abuse legislation will increase premiums. The proposed legislation for all insured health benefit plan coverage is estimated to increase premiums from between 0.01% to 0.02% due to the potential increased cost and utilization. This could be an increase from \$1.4 to \$4.7 million annually for all insured policies (not State Employee Plans) in Kentucky. The increase for all insured policies could be \$0.03 - \$0.12 per subscriber per month, or \$0.40 - \$1.43 per subscriber per year.
- III. The proposed HB71/ BR 326 relating to the treatment of alcohol and other substance abuse legislation will increase the total cost of health care in the Commonwealth. The proposed legislation for all insured health benefit plan coverage is estimated to increase total cost of care from between 0.01% to 0.02% due to the potential increased cost and utilization. This could be an increase from \$1.4 to \$4.7 million annually for all insured policies (not State Employee Plans) in Kentucky. The increase for all insured policies could be \$0.03 - \$0.12 per subscriber per month, or \$0.40 - \$1.43 per subscriber per year.

These estimates are based upon data from Optum's database with similar health insurance benefits and reasonable assumptions including variations in service mix, provider mix, and coverage levels. We also relied on statistics from several government resources offering publically available information, including The Substance Abuse and Mental Health Services Administration, www.whitehouse.gov – Kentucky Drug Control Update. Both sites provided information on Kentucky's specific population statistics and details about substance abuse treatment programs in the state, including how many are currently in treatment, prevalence of substance abuse by age/gender, available beds and waiting lists, details about the treatment of the incarcerated population, and the programs and treatments for the under 18 population. The Kentucky State Police 2013 Statistics provided information like annual DUI/Drug/Narcotic Offenses. We used a combination of this information to create the range for our estimate.



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Optum
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(Signature of Commissioner/Date)FIS Actuarial Form 6-03