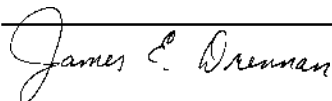


**Kentucky Department of Insurance
Financial Impact Statement**

HM Statement

- I. The proposed SB 31 (BR491) Tiered Prescription Drug legislation will increase the administrative expenses of insurers, based upon data from Optum's database with similar health insurance benefits. The proposed legislation for all insured health benefit plan coverage (not State Employee Plans) is estimated to increase administrative expenses from .48% to .60% due to the increased cost and utilization.
- II. The proposed SB 31 (BR491) Tiered Prescription Drug legislation will increase premiums, based upon data from Optum's database with similar health insurance benefits. The proposed legislation for all insured health benefit plan coverage (not State Employee Plans) is estimated to increase premiums from .48% to .60% due to the increased cost and utilization. This could be an increase from \$10.7-13.4 million annually for all insured policies (not State Employee Plans) in Kentucky. The increase for all insured policies is \$3.20-4.00 per subscriber per month, or \$38.40-48.00 per subscriber per year.
- III. The proposed SB 31 (BR491) Tiered Prescription Drug legislation will impact the total cost of health care in the Commonwealth, including any potential cost savings that may be realized, based upon data from Optum's database with similar health insurance benefits. The proposed legislation for all insured health benefit plan coverage (not State Employee Plans) is estimated to increase total cost of health care from .48% to .60% due to the increased cost and utilization. This could be an increase from \$8.6-10.6million annually for all insured policies in Kentucky (not State Employee Plans). The increase for all insured policies is \$2.58-3.23 per subscriber per month, or \$30.98-38.72 per subscriber per year.

The language for the 2015 proposed legislation for Tiered Prescription Drugs is the same as 2015 proposed HB 99, except it applies to all drugs and not just specialty drugs. We updated the underlying data from HB 99 to reflect the application to all drugs.



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FIS Actuarial Form 6-03