

**Kentucky Department of Insurance
Financial Impact Statement**

HM Statement

SB 75 GA

- I. The proposed SB 75 BR 901 relating to screening for Krabbe Disease legislation will not materially impact the administrative expenses of insurers.
- II. The proposed SB 75 BR 901 Krabbe Disease screening legislation may increase premiums. The proposed legislation for all insured health benefit plan coverage is estimated to increase premiums from 0.00% to 0.02% due to the increased cost and utilization. This could be an increase from \$0.0 - \$0.2 million annually for all insured policies (not State Employee Plans) in Kentucky. The increase for all insured policies could be \$0.00 - \$0.08 per subscriber per month, or \$0.00 - \$1.00 per subscriber per year.
- III. The proposed SB 75 BR 901 Krabbe Disease screening legislation may increase the total cost of health care in the Commonwealth. The proposed legislation for all insured health benefit plan coverage is estimated to increase the total cost of health care from 0.00% to 0.02% due to the increased cost and utilization. This could be an increase from \$0.0 - \$0.2 million annually for all insured policies (not State Employee Plans) in Kentucky. The increase for all insured policies could be \$0.00 - \$0.08 per subscriber per month, or \$0.00 - \$1.00 per subscriber per year

These estimates are based upon reasonable cost and utilization estimates.

Daniel Pribe, FSA, MAAA
Optum
February 5, 2015

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

03 **Background**

SB 75 BR 901 proposes to include screening for Krabbe disease in the newborn screening program.

Krabbe disease is a rare inherited genetic disease affecting the myelin sheath of the nervous system. It is mostly seen in infants and is often fatal before the age of two. Infants with Krabbe disease are normal at birth. Symptoms begin between the ages of 3 and 6 months and can include fevers, limb stiffness, seizures, feeding difficulties, vomiting, muscle weakness, blindness, and slowing of mental and motor development.

There is no known cure for Krabbe disease. However, bone marrow transplantation has been shown to benefit cases early in the course of the disease and cord blood transplants have been successful in stopping the disease as long as they are given before overt symptoms appear. Generally, treatment for the disorder is symptomatic and supportive.

Analyses

The screening for Krabbe disease will be included in the newborn screening program. This proposal does not mention a change in the fee for this screening. Any increase in the work at the lab for Krabbe screening is assumed to be minimal and with no additional costs being transferred to any insured products (i.e., no increase in premium due to this).

Treatment for this disease appears to be more successful prior to the appearance of overt symptoms. In particular, a cord blood transplant may be used more often as a result of this early diagnosis. Therefore, this screening may prompt more use of cord blood transplantations. Costs for this procedure can be quite high.

Our analysis took into consideration the very low probability of this situation and the high cost if it does happen. Our conclusion is that this may increase health care costs and premiums slightly due to this proposed legislation.