

**Kentucky Department of Insurance
Financial Impact Statement**

- I. The proposed HB 330 GA requiring health insurers to cover abuse-deterrent opioid analgesic drug products as preferred drugs or other lists will not materially increase the administrative expenses of insurers, because updating or changing formularies is normal course of business.

- H. The proposed HB 330 requiring health insurers to cover abuse-deterrent opioid analgesic drug products as preferred drugs or other lists will slightly 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 0.08% to 0.10% due to the increased cost and utilization. This could be an increase from \$2.0 to \$2.5 million annually for all insured policies (not State Employee Plans) in Kentucky. The increase for all insured policies is \$0.53 to \$0.66- per subscriber per month, or \$6.34 to \$7.93 per subscriber per year.

- III. The proposed **HB** 330 requiring health insurers to cover abuse-deterrent opioid analgesic drug products as preferred drugs or other lists will slightly impact the total cost of health care in the Commonwealth 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 0.07% to 0.09% due to the increased cost and utilization. This could be an increase from \$1.9 to \$2.3 million annually for all insured policies in Kentucky (not State Employee Plans). The increase for all insured policies is \$0.48 to \$0.60 per subscriber per month, or \$5.77 to \$7.21 per subscriber per year.

In summary, the overall the PMPM plan impact is relatively small. There are a few reasons for this: 1) Opioids only represent 2.5% of total cost (only 5% of Opioid volume is from abuse deterrent drugs). 2) Generics are a large portion of Opioid volume (92%) and since generics are so prevalent there will most likely **not** be as big a shift to abuse deterrent brands that have much higher copays. This estimate is based off analysis prepared last year trended forward using the refreshed state data for 2014 and trend for the additional drugs required on the formulary.

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FIS Actuarial Form 6-03

(Signature of Commissioner/Date)
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