

**Kentucky Department of Insurance  
Financial Impact Statement**

I. Mandating health insurance coverage of SB 146 will increase the administrative expenses of insurers, based upon an analysis of the proposed modifications and our experience with health insurance benefits. The mandate to require health benefit plans that provide drug coverage to include in that coverage amino acid-based elemental medical formula for the dietary treatment of eosinophilic disorders and short-bowel syndrome is estimated to increase expenses from approximately 0.002% to 0.005% due to the increased cost and utilization for health plans that provide drug coverage. While the existing statutes could possibly be interpreted as already including the proposed new coverage, to our knowledge, amino acid-based elemental medical formula has not typically been considered a covered benefit under a health benefit plan.

Mandating health insurance coverage of SB 146 will increase premiums, based upon an analysis of the proposed modifications and our experience with health insurance benefits. The mandate to require health benefit plans that provide drug coverage to include in that coverage amino acid-based elemental medical formula for the dietary treatment of eosinophilic disorders and short-bowel syndrome is estimated to increase expenses from approximately 0.002% to 0.005% due to the increased cost and utilization for health plans that provide drug coverage, or approximately \$0.2-\$0.5 million annually for all insured policies in Kentucky. The increase is approximately \$0.01 to \$0.02 per member per month.

Mandating health insurance coverage of SB 146 will impact the total cost of health care in the Commonwealth, including any potential cost savings that may be realized, based upon an analysis of the proposed modifications and our experience with health insurance benefits. The mandate to require health benefit plans that provide drug coverage to include in that coverage amino acid-based elemental medical formula for the dietary treatment of eosinophilic disorders and short-bowel syndrome is estimated to increase expenses from approximately 0.002% to 0.005% due to the increased cost and utilization for health plans that provide drug coverage, or approximately \$0.2-\$0.5 million annually for all insured policies in Kentucky. The increase is approximately \$0.01 to \$0.02 per member per month.

Brian Stentz, A.S.A. M.A.A.A.

LEWIS & ELLIS, INC.

February 10, 2016

IA. BioMediv. A. Ack 2-11-ib  
(Signature of Commissioner)