

**Kentucky Department of Insurance  
Financial Impact Statement**

I. Mandating health insurance coverage of HB 135, will increase administrative expenses of insurers, based upon our analysis of the proposed mandate and our experience with similar health insurance benefits. The mandate requires the following: (1) requires a health plan, deemed to have an inadequate network to reimburse a registered air ambulance provider no less than the average rates published by the air ambulance providers and determined by the department of insurance on an annual basis; (2) mandatory standards for determining when a patient transport is medically necessary; (3) If an insured receives services from a registered air ambulance that is not a participating provider with the insured's health benefit plan, the insurer shall assume the insured's responsibility for amounts charged less any applicable cost sharing; (4) requires the Department to establish and administer an independent dispute resolution program. The Mandate allows the Department to charge any fee necessary to cover for the additional cost related to the administration and implementation of the independent dispute resolution program. Our estimated increase in administrative expenses for health benefit plans, not including state employee plans, is approximately \$0 to \$0.01 per member per month (PMPM). This represents an increase of approximately 0 % to 0.01% or approximately \$10 to \$50 thousand for all fully insured policies in Kentucky, not including state employees, due to the increased costs for health plans.

The proposed HB 135 as described above, will increase premiums, based upon our analysis of the proposed mandate and our experience with similar health insurance benefits. Our estimated increase in premiums for health benefit plans, not including state employee plans, is approximately \$0.92 to \$3.69 per member per month (PMPM). This represents an increase of approximately 0.2% to 0.8% or approximately \$5.1 to \$20.4 million for all fully insured policies in Kentucky, not including state employees, due to the increased costs for health plans.

The proposed HB 135, as described above, will increase the total cost of health care in the Commonwealth, based upon our analysis of the proposed mandate and our experience with similar health insurance benefits. Our estimated increase in the total cost of health care in the Commonwealth for health benefit plans, is approximately \$0.92 to \$3.69 per member per month (PMPM). This represents an increase of approximately 0.2% to 0.7% or approximately \$5.1 to \$20.4 million for all fully insured policies in Kentucky, not including state employees, due to the increased costs for health plans.

Our analysis included the use of data and statistics from an article by Kaiser Family Foundation "Surprise Medical Bills", estimated billed charges & reimbursement rates for Air ambulance services providers found on FairHealthConsumer's website ([www.fairhealthconsumer.org](http://www.fairhealthconsumer.org)), L&E's medical manual, actuarial judgement, and a 2016 Annual Data Report provided by The Kentucky Department of Insurance (KY DOI). In addition, we also contacted several Kentucky Insurance Companies and utilized information they provided.



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(Signature of Commissioner/Date)  
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