

FIS Actuarial Form 6-03


Kentucky Department of Insurance
Financial Impact Statement

- I. Mandating health insurance coverage of HB 582 will not 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) prohibits Insurers from reducing the payment of a negotiated rate for evaluation and management services under a participating provider agreement that are furnished by a participated provider and that are otherwise covered services solely because the provider also billed other health care services on the same day as the evaluation and management services and (2) prohibits Insurers from basing, a final determination of a concurrent or retrospective review on the final diagnosis of the insured when the insured has any condition that reasonably appears to constitute an emergency medical condition.

The proposed HB 582, 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 \$0.38 to \$1.38 per member per month (PMPM). This represents an increase of approximately 0.1% to 0.3% or approximately \$2.1 to \$7.6 million for all fully insured policies in Kentucky, not including state employees, due to the increased costs for health plans.

The proposed HB 582, 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 \$0.38 to \$1.38 per member per month (PMPM). This represents an increase of approximately 0.100 to 0.3% or approximately \$2.1 to \$7.6 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 L&E's medical manual, actuarial judgement, and a 2016 Annual Data Report provided by The Kentucky Department of Insurance (KY DOI). In our opinion, the fiscal impact of prohibiting Insurers from reducing the payment of a negotiated rate for evaluation and management services under a participating provider agreement that are furnished by a participated provider and that are otherwise covered services solely because the provider also billed other health care services on the same day would be negligible. Our estimated impact is due to the mandate prohibiting Insurers from basing a final determination of a concurrent or retrospective review on the final diagnosis of the insured when the insured has any condition that reasonably appears to constitute an emergency medical condition.


Brian Stentz, A.S.A. M.A.A.A.
LEWIS & ELLIS, INC.
March 19, 2018

 3/21/18
(Signature of Commissioner/Date)
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