

**Kentucky Department of Insurance**  
**Financial Impact Statement**

- I. Mandating health insurance coverage of SB 143, will increase administrative expenses of insurers, based upon our analysis of the proposed mandate and our experience with similar health insurance benefits. The following is a brief description of the proposed mandates:
- a) Requires Insurers to develop a process for electronically requesting and transmitting prior authorization requests for prescription drugs. Requires a prior authorization for a prescribed drug to remain valid for 1 year when the drug is prescribed to treat a condition requiring ongoing medication therapy, unless the drug is otherwise prohibited by state or federal law, deemed unsafe by the FDA or the provider stops prescribing the drug;
  - b) Requires Insurers to pay for prehospital emergency medical transportation without prior authorization for conditions that reasonably appear to a prudent layperson to constitute an emergency medical condition based on the patient's presenting symptoms and conditions;
  - c) Prohibits Insurers from applying any coverage restrictions for emergency room screening & stabilization services or prehospital medical transportation being provided by a nonparticipating provider that are greater than any that are applied to services provided by a participating provider;
  - d) Prohibits Insurers from requiring a concurrent or retrospective review for screening and stabilization services provided in an emergency department or prehospital medical transportation services;
  - e) Requires Insurers provide an approval or disapproval within sixty minutes after receiving a prior authorization request for poststabilization services after a covered person with an emergency medical condition has been stabilize. Otherwise, it will be deemed approved;
  - f) Requires Insurers to make written procedures for utilization review plans readily accessible on its website and stipulates that these procedures cannot be enforced unless it's been updated on the insurer's website;
  - g) Requires that utilization review services be performed only by physicians licensed in Kentucky, who are of the same specialty and subspecialty, when possible, as the ordering provider; and
  - h) Requires Insurers or their agent to render a utilization review decision, after obtaining all necessary information, no later than twenty-four hours for urgent care services and within forty-eight hours for nonurgent care services. If the utilization review is related to the dispensing of a prescription drug, then the health benefit plan is required to issue an electronic authorization to the covered person's pharmacy for a temporary supply of the prescription drug in sufficient quantity at the in-network cost sharing rate.

Our estimated increase in administrative expenses for health benefit plans, not including state employee plans, is approximately \$0 to \$0.49 per member per month (PMPM). This represents an increase of approximately 0.0% to 0.5% or approximately \$0 to \$2.7 million for all fully insured policies in Kentucky, not including state employees, due to the increased costs for health plans.

The proposed SB 143, 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 \$0.40 to \$1.75 per member per month (PMPM). This represents an increase of approximately 0.1% to 0.4% or

approximately \$2.2 to \$9.7 million for all fully insured policies in Kentucky, not including state employees, due to the increased costs for health plans.

The proposed SB 143, 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 \$0.40 to \$1.75 per member per month (PMPM). This represents an increase of approximately 0.1% to 0.4% or approximately \$2.2 to \$9.7 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). We have estimated Insurer administrative costs could increase by up to 0.5% due to the additional requirements and time restrictions being mandated regarding utilization reviews and prior authorization, which was based on actuarial judgement. Our estimated increase in claim costs are primarily driven by the mandated restrictions related to the current and retrospective utilization reviews of prehospital emergency medical transportation and emergency screening and stabilization services.



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(Signature of Commissioner/Date)

FIS Actuarial Form 6-03