

FIS Actuarial Form 6-03

**Kentucky Department of Insurance
Financial Impact Statement**

I. Mandating health insurance coverage of SB 236, is not expected to materially 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 insurers to provide coverage for health care services by a nonparticipating provider to a covered person at an in-network facility (2) requires insurers to reimburse the nonparticipating provider at the in-network maximum allowable rate less any applicable in-network cost sharing owed by the covered person (3) requires insurers to send the reimbursement directly to the nonparticipating provider, (4) prohibits the nonparticipating provider to collect, or attempt to collect, any payment amount from the covered person other than for the applicable in-network cost sharing owed by the covered person and (5) requires all in-network facilities to obtain agreements from all providers performing services at the facility to accept these mandated reimbursement terms as payment in full.

The proposed SB 236, 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 \$1.15 to \$7.06 per member per month (PMPM). This represents an increase of approximately 0.3% to 2.0% or approximately \$6.4 to \$39.0 million for all fully insured policies in Kentucky, not including state employees, due to the increased costs for health plans.

The proposed SB 236, 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 \$1.15 to \$7.06 per member per month (PMPM). This represents an increase of approximately 0.3% to 2.0% or approximately \$6.4 to \$39.0 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).



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LEWIS & ELLIS, INC.
March 12, 2018



(Signature of Commissioner/Date)
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