

**Kentucky Department of Insurance  
Financial Impact Statement**

- I. Mandating health insurance coverage of HB 138, 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:
- a. Requires insurers to reimburse providers for unanticipated out-of-network (OON) care for its insureds, at no less than the usual and customary rate (UCR) for the service less any applicable cost sharing owed by the insured, when the insured did not have the ability to direct that the services be provided by an in-network provider. Unanticipated OON care does not include nonemergency health care services when the insured voluntarily selects in writing an OON provider prior to the provision of services. UCR is defined as the 80th percentile of all charges for a particular health care service performed by a health care professional in the same or similar specialty and in the same geographical area.
  - b. Requires insurers to submit to the Department of Insurance (DOI) on an annual basis all of the billed changes it receives from both in-network and out-of-network providers for each health care service. The DOI will provide the reported information to a nonprofit organization to maintain a database of the billed charges to be used as a benchmark for determining the UCR for health care services.

The proposed legislation for all insured health benefit plan coverages, not including state employees, is not expected to materially increase administrative expenses of Insurers. It is our assumption that Insurers will have this information readily available and the additional administrative requirements imposed by this mandate would not significantly impact the administrative costs relative to current levels. It is also noted that the proposed mandate does not appear to allow the DOI to charge Insurers any of the additional costs related to collecting, analyzing & publishing the billed charged data required to be submitted annually.

The proposed HB 138, 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 \$2.84 to \$9.94 per member per month (PMPM). This represents an increase of approximately 0.6% to 2.0% or approximately \$14.7 to \$51.6 million for all fully insured policies in Kentucky, not including state employees, due to the increased costs for health plans.

The proposed HB 138, 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 \$2.84 to \$9.94 per member per month (PMPM). This represents an increase of approximately 0.5% to 1.8% or approximately \$14.7 to \$51.6 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 an article by Yale Institution for Social and Policy Studies "Surprise! Out-of-Network Billing for Emergency Care in the United States", L&E's medical manual, actuarial judgement, and a 2017 Annual Data Report provided by DOI.



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January 25, 2019

