

**Kentucky Department of Insurance
Financial Impact Statement**

- I. Mandating health insurance coverage of BR 74, 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 health benefit plans that provide hospital, medical, or surgical expenses to include coverage for twenty visits per event of chronic pain treatments at no greater than the deductible, coinsurance, or copay required for a primary care visit. The required coverage includes acupuncture, massage therapy, physical therapy, occupational therapy, osteopathic manipulation, a chronic pain management program, chiropractic services and psychotherapy when ordered by a licensed provider to treat chronic pain by a licensed professional specializing in at least (1) of the areas listed above. A health care provider referral shall not be required as a condition of coverage. Additionally, a practitioner shall, when prescribing or dispensing any Schedule II and Schedule III controlled substance containing hydrocodone to a human patient, discuss and refer or prescribe, if appropriate based on the practitioner's clinical judgement and treatment availability, a chronic pain treatment provided by a licensed professional specializing in at least (1) of the areas listed above. The proposed legislation for all insured health benefit plan coverages, excluding Medicaid and state employees, is not expected to materially increase administrative expenses of Insurers.

The proposed BR 74, 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 \$0.06 to \$0.40 per member per month (PMPM). This represents an increase of approximately 0.01% to 0.1% or approximately \$0.3 to \$2.1 million for all fully insured policies in Kentucky, excluding Medicaid and state employees, due to the increased costs for health plans.

The proposed BR 74, 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, not including state employee plans, is approximately \$0.06 to \$0.40 per member per month (PMPM). This represents an increase of approximately 0.01% to 0.1% or approximately \$0.3 to \$2.1 million for all fully insured policies in Kentucky, excluding Medicaid and state employees, due to the increased costs for health plans.

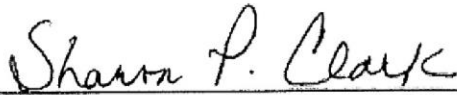
Our analysis included use of data and statistics from National Center for Complimentary and Integrative Health, a report by the Center for Health Information and Analysis based on analysis of similar legislation in the Massachusetts Medicaid program "Mandated Benefit Review of H.B. 3972: An act relative to the practice of Acupuncture", a paper and study by Gallup titled "Americans Prefer Drug-Free pain Management Over Opioids," a study titled "Coverage of Nonpharmacologic Treatments for Low Back Pain Among US Public and Private Insurers", and a 2017 Insurer annual data report provided to us by the Kentucky Department of Insurance.

The proposed bill requires insurers to include coverage for 20 visits to at least one of the listed alternative chronic pain treatments. Since the majority of health benefit plans already cover physical therapy, the impact of the proposed bill will be less than if all treatments were being mandated. However, insureds will no longer need a referral to access additional physical therapy treatments and therefore, we do anticipate additional utilization absent the proposed mandate.

We acknowledge that there is potential for long term savings if these alternative chronic pain treatments are utilized over Schedule II and III substances. However, we do not have any statistically credible studies to refer to and have decided not to include any savings estimates in our analysis at this time.



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LEWIS & ELLIS, INC.
November 5, 2019



(Signature of Commissioner/Date)

FIS Actuarial Form 6-03