

**Kentucky Department of Insurance  
Financial Impact Statement**

I.

Mandating health insurance coverage of BR 9 / HB 72, 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 prohibits insurers from prohibiting financial assistance for prescription drugs received by an insured from applying toward any cost sharing owed by the insured under a health benefit plan unless the prohibition is required to comply with federal law or there is a generic alternative for prescription drug. The mandate also requires amounts paid on an insured's behalf to apply towards any out-of-pocket maximums. 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 9 / HB 72, 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, excluding Medicaid and state employee plans, is approximately \$0.00 to \$0.75 per member per month (PMPM). This represents an increase of approximately 0.0% to 0.2% or approximately \$0.0 to \$3.9 million for all fully insured policies in Kentucky, excluding Medicaid and state employees, due to the increased costs for health plans.**

The proposed BR 9 / HB 72, 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, excluding Medicaid state employee plans, is approximately \$0.00 to \$0.75 per member per month (PMPM). This represents an increase of approximately 0.0% to 0.2% or approximately \$0.0 to \$3.9 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 a Congressional Research Services Report "Prescription Drug Discount Coupons and Patient Assistance Programs (PAPs)", a USC Schaeffer White Paper "A Perspective on Prescription Drug Copayment Coupons", a paper named "When Discounts Raise Costs: The Effect of Copay Coupons on Generic Utilization" and a 2017 Insurer annual data report provided to us by the Kentucky Department of Insurance (KY DOI).

Disclosure: Due to the material disclosure requirements required therein, we must acknowledge that the content of this report may not comply with Actuarial Standard of Practice No. 41 Actuarial Communications.



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LEWIS & ELLIS, INC.  
March 11, 2020

  
(Signature of Commissioner/Date)

3/11/2020