

**Kentucky Department of Insurance  
Financial Impact Statement**

- I. Mandating health insurance coverage of BR 966 / HB 102, will increase premiums, based upon our analysis of the proposed mandate and our experience with similar health insurance benefits. The mandate requires the following:
- a. Prohibits insurers from requiring or conducting a prospective or concurrent review for a prescription drug that: (1) is used in the treatment of alcohol or opioid use disorder; and (2) contains Methadone, Buprenorphine, or Naltrexone.
  - b. Requires insurers to annually report to the commissioner the number and type of providers that have prescribed medication for addiction treatment to its insureds: (1) in conjunction with behavioral therapy; and (2) not in conjunction with behavioral therapy.

Our estimated increase in premiums for health benefit plans, not including state employee plans, is approximately \$0.00 to \$0.98 per member per month (PMPM). This represents an increase of approximately 0.0% to 0.2% or approximately \$0 to \$4.5 million for all fully insured policies in Kentucky, excluding Medicaid and state employees, due to the increased costs for health plans.

The proposed BR 966 / HB 102, 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 \$0.00 to \$0.98 per member per month (PMPM). This represents an increase of approximately 0.0% to 0.2% or approximately \$0 to \$4.5 million for all fully insured policies in Kentucky, excluding Medicaid and state employees, due to the increased costs for health plans.

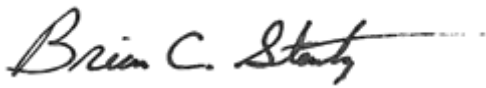
The proposed BR 966 / HB 102, as described above, is not expected to materially increase administrative expenses of insurers, based upon our analysis of the proposed mandate and our experience with similar health insurance benefits. The proposed legislation for all insured health benefit plan coverages, excluding Medicaid and 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.

Our analysis included the use of data and statistics from Virginia Mental Health and Substance Use Disorder Benefits Report for 2018, Express Scripts 2019 Drug Trend Report, actuarial judgement, and a 2019 Annual Data Report provided by DOI.

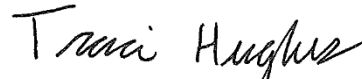
Note: It is acknowledged that there is potential for long-term savings if expensive treatments e.g. ER visits, are replaced with prompt substance use disorder prescription drug treatment. However, we have not located a concrete, statistically credible analysis performed to date that would warrant inclusion of such savings in this analysis. A full cost analysis was not included in this analysis due to time and financial constraints of the analysis.

Disclosure: L&E made several assumptions in performing the analysis. Several of these assumptions are subject to material uncertainty and it is not unexpected that actual results could materially differ from these estimates if a more in-depth analysis were to be performed. Examples of uncertainty inherent in the assumptions include, but are not limited to, data limitations, the percentage of substance use disorder prescriptions denied via prospective or concurrent review, and the percentage of prescription drugs and drug cost that are for substance use disorder treatment.

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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January 14, 2021



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January 14, 2021



(Signature of Commissioner/Date)  
**FIS Actuarial Form 6-03**