

FIS Actuarial Form 6-03

BR 1542 HB 370

As introduced

**Kentucky Department of Insurance  
Financial Impact Statement**

- I. Mandating health insurance coverage of BR1542 / HB370, is not expected to materially increase premiums, based upon our analysis of the proposed mandate and our experience with similar health insurance benefits. The proposed bill mandates the following:
- a. A health insurance plan shall comply with the following requirements when providing coverage for dental services –
- i. Shall not deny any claim submitted by a dentist for prior authorization unless at least 1 of the following applies:
1. Benefit limitations, which may include annual maximums and frequency limitations, not applicable at the time of prior authorization are reached due to utilization subsequent to issuance of the prior authorization;
  2. Documentation for the claim provided by the person submitting the claim clearly fails to support the claim as originally authorized;
  3. Subsequent to the issuance of the prior authorization, new procedures are provided to the covered person or a change in the condition of the covered person occurs such that the prior authorized procedure would: (1) no longer be considered medically necessary, based on the prevailing standard of care, or (2) have required disapproval pursuant to the terms and conditions for coverage under the covered person's plan in effect at the time the prior authorization was issued;
  4. Another payer is responsible for payment;
  5. The dentist has already been paid for procedures identified on the claim;
  6. The covered person was not eligible to receive the procedure on the date of service and the dental carrier did not know, and with the exercise of reasonable care could not have known, of the covered person's eligibility status; or
  7. The prior authorization was based on fraudulent, materially inaccurate, or misrepresented information submitted by the covered person or dentist.

Our analysis includes health benefit plans, for all fully insured policies in Kentucky, excluding Medicaid and state employees.

The proposed BR1542 / HB370, as described above, is not expected to materially 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 analysis includes health benefit plans, for all fully insured policies in Kentucky, excluding Medicaid and state employees.

The proposed BR1542 / HB370, 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

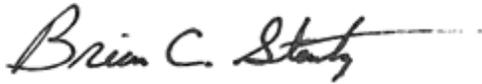
requirements imposed by this mandate would not significantly impact the administrative costs relative to current levels.

Our analysis included use of data and statistics from the Kaiser Family Foundation, actuarial judgement, and a 2020 Insurer annual data report provided to us by the Kentucky Department of Insurance (KY DOI).

Note: Our analysis does not include the impact of mandates for 'Limited Health Service Benefit Plans' as defined in KRS Chapter 304 Subtitle 17C, rather only includes mandates for 'Health Benefit Plans' as defined in KRS Chapter 304 Subtitle 17A.

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, 1) data limitations, 2) the potential changes in available health benefit plan options and 3) the impact this bill may have on pharmacy fee arrangements.

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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February 10, 2022



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2/10/2022

(Signature of Commissioner/Date)

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