

**Kentucky Department of Insurance
Financial Impact Statement**

- I. Mandating health insurance coverage of BR 945 / HB 90, will increase premiums, based upon our analysis of the proposed mandate and our experience with similar health insurance benefits. The mandate requires cost sharing for a covered prescription diabetes medication , and the following equipment and supplies: blood glucose monitors, including continuous glucose monitors, monitor supplies, medication injection aids, syringes, medication infusion devices, pharmacological agents for controlling blood sugar, and orthotics, to not exceed \$30 per 30-day supply. The mandate also prohibits the utilization review of diabetes equipment, supplies, outpatient self-management training and education, including medical nutrition therapy, or medications. Our estimated increase in premiums for health benefit plans, not including state employee plans, is approximately \$0.00 to \$11.35 per member per month (PMPM). This represents an increase of approximately 0.0% to 1.9% or approximately \$0 to \$53.9 million for all fully insured policies in Kentucky, excluding Medicaid and state employees, due to the increased costs for health plans.

The proposed BR 945 / HB 90, 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 \$11.35 per member per month (PMPM). This represents an increase of approximately 0.0% to 1.9% or approximately \$0 to \$53.9 million for all fully insured policies in Kentucky, excluding Medicaid and state employees, due to the increased costs for health plans.

The proposed BR 945 / HB 90, 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 Kaiser Family Foundation, The Center for Disease Control (CDC), KY Affordable Care Act (ACA) filings for plan year 2022, The American Diabetes Association, actuarial judgement, and a 2020 Annual Data Report provided by DOI.

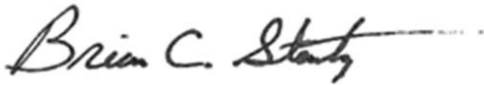
Note: L&E was unable to find credible data or information on the current impact of utilization review, such as step therapy or prior authorization, for diabetes medication, equipment, supplies, education, etc. The prohibition of utilization review in this mandate was considered in estimating the fiscal impact range, however, due to lack of available information, and time and budget constraints, a full and in-depth analysis was not performed.

Note: Our analysis takes into consideration that a \$30 per 30-day supply copay cap on prescription insulin drugs is already mandated in Kentucky.

Note: It is acknowledged that there is potential for long-term savings due to increased affordability and accessibility to diabetes medication, equipment, supplies, and education leading to decreased incidence and/or severity of diabetes complications. This was considered in estimating the fiscal impact range, however, a full cost savings analysis was not included due to time and budget constraints, a full and in-depth analysis was not performed.

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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January 28, 2022



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 1/31/22

(Signature of Commissioner/Date)

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