

Kentucky Department of Insurance
Financial Impact Statement

1. Mandating health insurance coverage of BR 862/HB 290, will increase premiums, based upon our analysis of the proposed mandate and our experience with similar health insurance benefits. The proposed mandate requires that health benefit plans that provide coverage for substance use disorder must provide coverage for treatment in an inpatient facility, partial hospitalization program, or in-home program accesses through telehealth for at least six months. The level of cost-sharing is not mandated. Our estimated increase in premiums for health benefit plans, excluding Medicaid and state employees, is approximately \$0.00 to \$3.80 per member per month (PMPM). This represents an increase of approximately 0.0% to 0.5% or approximately \$0.0 to \$ 16.8 million for all fully insured policies in Kentucky, not including Medicaid and state employees. due to the increased costs for health plans.

The proposed BR 862/HB 290, 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 \$3.80 per member per month (PMPM). This represents an increase of approximately 0.0% to 0.5% or approximately \$0.0 to \$16.8 million for all fully insured policies in Kentucky, not including Medicaid and state employees, due to the increased costs for health plans.

The proposed BR 862/HB 290, 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 either already provide coverage for the mandated benefits or 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 the American Addiction Centers, a report from the Substance Abuse and Mental Health Services Administration (SAMHSA), The Affordable Care Act, actuarial judgement, and a 2022 Annual Data Report provided by DOI.

Note: It is acknowledged that there is potential for long-term savings due to increased affordability and accessibility to telehealth benefits leading to prompt and efficient treatment. This was considered in estimating the fiscal impact range, however, a full cost savings analysis was not included due to time and budget constraints.

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.

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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Sharon P. Clark 1/29/2024

(Signature of Commissioner/Date)

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