

**Kentucky Department of Insurance**  
**Financial Impact Statement**  
**BR 1322/HB 339**

- I. Mandating health insurance coverage of BR1322, as revised January 19, 2024, will 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. All health plans must provide coverage for medically necessary treatment of mental health and substance use disorders and cannot limit coverage to short-term or acute treatment;
  - b. Utilization review decisions for substance use disorders must comply with specified criteria based on generally accepted standards of care;
  - c. Insurers cannot rescind or modify prior authorizations for mental health and substance use disorder treatment after treatment provision in good faith;
  - d. Any health plan that covers prescription drug coverage for the treatment of substance use disorders shall not impose any prior authorization requirements, impose any step therapy protocol, shall place the drug on the lowest tier of the drug formulary used by the health plan, and not exclude coverage for drugs that are court-ordered.
  - e. All health plans shall provide coverage for an annual comprehensive mental health wellness examination (both in person and telehealth).

Our estimated increase in premiums for health benefit plans, not including state employee plans, is approximately \$0.00 to \$3.84 per member per month (PMPM). This represents an increase of approximately 0.0% to 0.5% or approximately \$0 to \$17.0 million for all fully insured policies in Kentucky, excluding Medicaid and state employees, due to the increased costs for health plans.

The proposed BR1322, as revised January 19, 2024, 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 \$3.84 per member per month (PMPM). This represents an increase of approximately 0.0% to 0.5% or approximately \$0 to \$17.0 million for all fully insured policies in Kentucky, excluding Medicaid and state employees, due to the increased costs for health plans.

The proposed BR1322, as revised January 19, 2024, 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, American Addiction Centers, a report from the Substance Abuse and Mental Health Services Administration (SAMHSA), The Affordable Care Act, Virginia Mental Health and Substance Use Disorder Benefits Report for 2018, Express Scripts Drug Trend Report, the Journal of the American Medical Association, Forbes, actuarial judgement, and a 2022 Insurer annual data report provided to us by the Kentucky Department of Insurance (KY DOI).

Note: It is acknowledged that there is potential for long-term savings, due to increased affordability and accessibility to mental health benefits leading to prompt and efficient treatment, if expensive treatments (e.g. ER visits, hospitalization), are replaced with less expensive treatments (e.g. prescriptions, outpatient services). 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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February 1, 2024



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February 1, 2024



2/1/2024

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