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Kentucky Department of Employee Insurance
State Employee Health Plan Impact Statement
HB 245 – Emergency Ground Ambulance Service
February 5, 2025

Mandating health insurance coverage as required by HB 245 is expected to increase premiums, based upon the analysis of our third-party administrator ("TPA"), Anthem, of the proposed mandate and experience with similar health insurance benefits. The proposed mandate prohibits plans, including the Kentucky Employees' Health Plan ("KEHP"), from imposing cost sharing for emergency ground ambulance services provided by an out-of-network (OON) ground ambulance provider that exceeds the cost sharing imposed by the plan for services that are not provided by an out-of-network provider. The mandate also requires OON ground ambulance providers be reimbursed at the rate of the local governing authority in whose jurisdiction the services originated or, in the absence, the lesser of 400% of CMS or the billed charges.

The estimated direct annual cost increase to KEHP is up to $770,000, effective in Plan Year 2026. This represents an increased cost of up to $5.40 per planholder/employee based on current enrollment and utilization. Because the KEHP trust is funded by employee and employer premium contributions, this amount will necessitate an increase in plan premiums to be borne by the same.

In addition to mandating coverage, it is expected these provisions would create upward pressure on negotiated rates for network providers or encourage providers to leave networks in order to receive the higher OON rates. If all providers opted out of network participation and billed at 400% of CMS rates, the annual cost increase to KEHP would be $ 7.7 million. This represents an increased cost of up to $53.98 per planholder/employee based on current enrollment and utilization and an associated increase in plan premiums of the same amount.

Our analysis is limited to the impact on KEHP.

Disclosure: Estimated impacts for KEHP on a per-member-per-month basis may be lower than would otherwise apply to a smaller health plan in the commercial space, due to the benefits of a larger risk pool, the nature of existing KEHP coverages, the use of tailored cost avoidance programs, and/or the ability to have greater purchasing power in the marketplace. Estimates are based on recent KEHP enrollment data which is subject to change.

Disclosure: Anthem made several assumptions in performing the analysis. Several of these assumptions are subject to uncertainties about future utilization and changes, 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.

Chris Chamness

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Christopher M.A. Chamness
Commissioner
Department of Employee Insurance