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Fiscal Impact Report – BR1812/HB683

Coverage for Postpartum Mood Disorder Drugs

PREPARED FOR THE KENTUCKY DEPARTMENT OF INSURANCE

MARCH 6, 2025

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Introduction

Lewis & Ellis, LLC (L&E) was engaged by the Kentucky Department of Insurance (KY DOI) to perform a fiscal impact analysis of BR1812/HB683, which would mandate that health benefit plans provide coverage for all FDA-approved prescription drugs for the treatment of postpartum mood disorders. Health benefit plans must cover either the original FDA-approved prescription drug or at least one therapeutic equivalent.

Kentucky Revised Statute (KRS) 6.948[a] mandates that the sponsor of any bill proposing a health benefit mandate must request a financial impact statement from the Kentucky Department of Insurance (DOI). This statement must be completed within 30 days of the request and should include the following:

1. An assessment of the impact of the mandated health benefit on administrative expenses, premiums, and the overall cost of healthcare including any potential future cost savings.
2. Supporting documentation, including studies, written opinions, calculations, and citations that validate the findings and conclusions.
3. An estimate of any potential cost savings in the future, along with an explanation of why the bill would or would not lead to such savings, and
4. A certification confirming the accuracy of the information provided.

Additionally, KRS 6.948 mandates that the sponsor of any bill proposing a health benefit mandate must also request a federal cost defrayal impact statement from the Kentucky DOI. This statement must be completed within 30 days of the request. The federal defrayal cost impact statement shall:

1. Indicate whether a bill or amendment that contains a mandated health benefit may result in the state being required to make payments to defray costs.
2. If applicable, indicate which provision(s) of the bill or amendment may trigger the requirement to make payments to defray the costs.
3. If applicable, include an estimate of the payment amount that the state may be required to make if the bill or amendment is enacted into law.

L&E is tasked with performing the health mandate fiscal impact and federal cost defrayal impact analyses for the Kentucky insurance market, excluding the Kentucky Employee Health Plan (KEHP) and the Kentucky Medicaid programs. The fiscal impact analyses for these programs are performed by other entities. For this analysis, L&E reviewed literature, gathered statistics from public sources[b], and used data from the KY DOI's 2023 Insurer Annual Data report.

Administrative Expense Impact Analysis

The proposed bill is estimated to have **an immaterial (within +/- 0.05%) impact on administrative expenses** as a percentage of premium, based upon our analysis of the proposed mandate and our experience with similar health insurance benefits. It is our assumption that insurers either already provide coverage for the mandated benefits or the additional

[a] As amended by 2024 House Bill 635.

[b] Including reports for other states who have considered or passed similar legislation.

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

Premium Impact Analysis

To estimate BR1812/HB683's premium impact, L&E evaluated data from KY DOI's 2023 Insurer Annual Data report and publicly available sources. L&E used the collected information and data to estimate the aggregate premium impact range.

INFORMATION CONSIDERED

The following information was considered in determining the premium impact estimate:

- There are currently two FDA-approved prescription drugs for postpartum depression. There are no other known FDA-approved prescriptions drugs for postpartum anxiety or other postpartum mood disorders beyond postpartum depression.
  - Approved in 2019, Zulresso (brexanolone) is an intravenous (IV) treatment for postpartum depression in adult women[1].
  - Approved in 2023, Zurzuvae (Zuranolone) is the first oral medication indicated for postpartum depression.[2]
- Based on the FDA current approved drugs and research on current plan coverage[3,4,5,6,7,8], L&E is assuming that an immaterial portion of KY health benefit plans do not currently cover the prescription drugs mandated by this bill.
- Other drugs are often prescribed for postpartum depression, anxiety, and other mood disorders including SSRIs and benzodiazepines. However, these drugs are prescribed off-label to manage symptoms during the postpartum period as they are not specifically approved for postpartum mood disorders by the FDA.[9] [10]
- L&E notes that a future premium impact is plausible if a new FDA drug is approved that is not included within the formulary of KY carriers.
- The incidence for postpartum depression is approximately 0.1% to 0.2% with an even lower number of mothers seeking treatment.[11] [12]

RESULTING PREMIUM IMPACT ESTIMATE

Given the information outlined in the prior subsection of this report, the proposed bill is estimated to have **an immaterial (within +/- 0.05%[c]) impact on premium**, based upon our analysis of the proposed mandate.

[c] 0.05% premium impact translates to approximately $0.36 per member per month (PMPM).

Total Cost of Health Care Impact Analysis

L&E defines 'Total Cost of Health Care' as being equal to the sum of the Allowed Cost (i.e., the amount paid by the insurer plus the amount paid by the insured) and the insurer Non-Benefit Expenses. Additionally, as required by KRS 6.948, L&E considered the impact of potential future cost savings.

POTENTIAL FOR FUTURE COST SAVINGS

L&E acknowledges the potential for long-term cost savings if increased access to postpartum mood disorder drugs were to prevent higher-severity claims, such as hospital admissions and emergency care. However, given the level of current coverage, L&E does not anticipate this mandate to materially alter the current mix of services. Based on experience and actuarial judgment, L&E estimates the impact of potential future savings as a result of the BR1812/HB683 to be immaterial (within +/- 0.05%).

RESULTING TOTAL COST OF HEALTH CARE IMPACT ESTIMATE

The proposed bill is estimated to have **an immaterial (within +/- 0.05%) impact on total cost of health care**, including potential future cost savings, based upon our analysis of the proposed mandate and our experience with similar health insurance benefits.

Cost Defrayal Impact Analysis

Based on L&E's research and actuarial judgment, L&E determined that this bill contains a mandated health benefit that may result in the state being required to make payments to defray costs under 42 U.S.C sec 18031(d)(3) and 45 C.F.R. sec 155.170, as amended. The provision that may trigger this requirement is found on page 1, lines 11-13, which mandates coverage for 'all FDA-approved prescription drugs.' This could lead to the inclusion of a future FDA-approved drug that is not currently covered by Kentucky's benchmark plan formulary, thereby triggering defrayal.

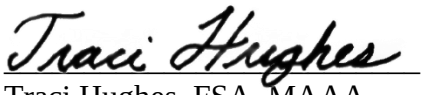
The estimated annual cost defrayal payment that the state may be required to make is $0 in 2025 since all current FDA approved drugs are covered. However, the defrayal cost may be greater than $0 in the future should a new FDA drug be approved that is not included within the KY benchmark plan formulary.

L&E has disclosed its defrayal determination based on its earnest interpretation of federal guidance available as of the date of this report. However, determination of defrayal is ultimately under the regulatory purview of Centers for Medicare and Medicaid Services (CMS).

Certification of Accuracy

L&E believes the estimates are accurate based on the information disclosed in the report. To the extent that there are material inaccuracies, misrepresentations, or lack of adequate disclosure in the data, the results may be accordingly affected. Several of the assumptions made in this analysis are subject to uncertainty and it is expected that actual results could differ from the calculated estimates.

Robert Dorman, ASA, MAAA
Vice President & Consulting Actuary
Lewis & Ellis, LLC



Traci Hughes, FSA, MAAA
Vice President & Principal
Lewis & Ellis, LLC

3/6/2025
(Signature of Commissioner/Date)

ASOP 41 Disclosures

The Actuarial Standards Board (ASB), vested by the U.S.-based actuarial organizations[d], promulgates actuarial standards of practice (ASOPs) for use by actuaries when providing professional services in the United States.

Each of these organizations requires its members, through its Code of Professional Conduct[e], to observe the ASOPs of the ASB when practicing in the United States. ASOP 41 provides guidance to actuaries with respect to actuarial communications and requires certain disclosures which are contained in the following.

Identification of the Responsible Actuary

The responsible actuaries are:

- Bobby Dorman, ASA, MAAA, Vice President & Consulting Actuary
- Traci Hughes, FSA, MAAA, Vice President & Principal

These actuaries are available to provide supplementary information and explanation.

Identification of Actuarial Documents

The date of this document is March 6, 2025. The date (a.k.a. "latest information date") through which data or other information has been considered in performing this analysis is March 6, 2025.

Disclosures in Actuarial Reports

- The contents of this report are intended for the use of the Kentucky Department of Insurance. The authors of this report are aware that it may be distributed to third parties. Any third party with access to this report acknowledges, as a condition of receipt, that they cannot bring suit, claim, or action against L&E, under any theory of law, related in any way to this material.
- Lewis & Ellis, LLC is financially and organizationally independent from the health insurers and providers involved in this analysis. There is nothing that would impair or seem to impair the objectivity of the work.
- The purpose of this report is to assist the Kentucky Department of Insurance in assessing the financial impact and federal cost defrayal impact of proposed legislation that includes a proposed health benefit mandate.
- The responsible actuaries identified above are qualified as specified in the Qualification Standards of the American Academy of Actuaries.
- L&E has reviewed the data provided by the insurers and Kentucky Department of Insurance for reasonableness, but the data has not been audited. L&E nor the responsible actuaries assume responsibility for these items that may have a material impact on the analysis. To the extent that there are material inaccuracies in, misrepresentations in, or lack of adequate disclosure by the data, the results may be accordingly affected.

[d] The American Academy of Actuaries (Academy), the American Society of Pension Professionals and Actuaries, the Casualty Actuarial Society, the Conference of Consulting Actuaries, and the Society of Actuaries.

[e] These organizations adopted identical *Codes of Professional Conduct* effective January 1, 2001.

- Several of the assumptions made in this analysis are subject to uncertainty and it is not unexpected that actual results could differ from the calculated estimates.
- L&E is not aware of any subsequent events that may have a material effect on the findings.
- There are no other documents or files that accompany this report.

Actuarial Findings

The actuarial findings of the report can be found in the body of this report.

Bibliography

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[3] UnitedHealthcare. (n.d.). *Zulresso (brexanolone) intravenous infusion: Medical benefit drug policy*. UnitedHealthcare. https://www.uhcprovider.com/content/dam/provider/docs/public/policies/comm-medical-drug/zulresso-brexanolone.pdf?utm

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[10] U.S. Food and Drug Administration. (n.d.). *Drugs@FDA: FDA-approved drug products*. Retrieved February 2025, from https://www.accessdata.fda.gov/scripts/cder/daf/index.cfm.

[11] Medscape. (n.d.). *Traumatic brain injury*. Retrieved March 4, 2025, from https://emedicine.medscape.com/article/271662-overview.

[12] Centers for Disease Control and Prevention. (n.d.). *Births and natality*. National Center for Health Statistics. Retrieved March 4, 2025, from https://www.cdc.gov/nchs/fastats/births.htm.

Kentucky Department of Insurance
Initial Cost Defrayal
Statement

After reviewing BR 1812/ HB 683 as currently drafted, the Department's initial determination is that this bill contains a mandated health benefit that may result in the state being required to make payments to defray costs under 42 U.S.C sec 18031(d)(3) and 45 C.F.R. sec 155.170, as amended. Specifically, page 1 lines 12-19, is unclear what may become FDA-approved in the future that would fall under this mandate that would not be required by the KY benchmark plan formulary, therefore it MAY trigger cost defrayal. Therefore, in accordance with KRS 304.17A-099(2), if the bill is enacted this provision will not be effective until it no longer triggers cost defrayal under 42 U.S.C sec 18031(d)(3) and 45 C.F.R. sec 155.170, as amended.

Therefore, a cost defrayal analysis will be performed within the statutorily required timeframe.

Sharon P. Clark 2/24/2025

(Signature of Commissioner/Date)