

REGULATORY IMPACT ANALYSIS AND TIERING STATEMENT

Regulation: 806 KAR 14:007

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(1) Provide a brief summary of:

(a) What this administrative regulation does: This administrative regulation establishes rate and form filing procedures for health insurers so the Commissioner will have relevant information to approve or disapprove a filing.

(b) The necessity of this administrative regulation: KRS 304.14-120 requires that all policy forms to be delivered or issued in Kentucky be filed with and approved by the Commissioner before being issued or delivered. KRS 304.14-130 requires the Commissioner to determine whether the benefits in the policy are reasonably related to the premium charged. This administrative regulation is necessary to establish the procedures for insurers to file forms and rates with the Commissioner in accordance with the law.

(c) How this administrative regulation conforms to the content of the authorizing statutes: KRS 304.2-110 authorizes the Commissioner to promulgate reasonable administrative rules and administrative regulations necessary for or as an aid to the effectuation of any provision of the Kentucky Insurance Code, KRS 304.1-010 through 304.99-152. This administrative regulation establishes rate and form filing procedures for health insurers.

(d) How this administrative regulation currently assists or will assist in the effective administration of the statutes: This administrative regulation will assist the Commissioner in the proper review of form and rate filings in accordance with the law.

(2) If this is an amendment to an existing administrative regulation, provide a brief summary of:

(a) How the amendment will change this existing administrative regulation: The proposed amendments to this regulation incorporate the updated HIPMC-F1 Form, and address fee filing inconsistencies with 806 KAR 4:010 and KRS 304.4-010. These amendments were requested by subcommittee staff during the promulgation of 806 KAR 17:150.

(b) The necessity of the amendment to this administrative regulation: The amendments to this administrative regulation are necessary to ensure that the Department's fee and fee filing requirements are consistent among both statutes and regulations.

(c) How the amendment conforms to the content of the authorizing statutes: KRS 304.2-110 authorizes the Commissioner to promulgate administrative regulations that aid in the effectuation of the Insurance Code. KRS 304.4-010 also prescribes that the Commissioner determine fees of the Department, and HIPMC F-1 lays out fees and fee schedules.

(d) How the amendment will assist in the effective administration of the statutes: These proposed amendments will assist in the effective administration of statutes because there are currently inconsistencies about the advancement of fee payments; as amended, the regulation and statute will require the same procedures/processes.

(3) List the type and number of individuals, businesses, organizations, or state and local governments affected by this administrative regulation: This regulation affects the 470 licensed insurers writing health insurance in the state of Kentucky.

(4) Provide an analysis of how the entities identified in the previous question will be impacted by either the implementation of this administrative regulation, if new, or by the change, if it is an amendment, including:

(a) List the actions each of the regulated entities have to take to comply with this regulation or amendment: The proposed amendments do not require new actions of regulated entities, and do not require regulated entities to file fees in advance if they are submitting documents pursuant to KRS 304.4-010(3).

(b) In complying with this administrative regulation or amendment, how much will it cost each of the entities: The insurers will be responsible for copying and delivery costs. Because insurers are currently required to file this information, the cost to insurers should not increase significantly, if at all.

(c) As a result of compliance, what benefits will accrue to the entities: Meeting the proper filing requirements means that filings are more likely to be approved by the Commissioner, thereby assisting with their transaction of insurance business.

(5) Provide an estimate of how much it will cost the administrative body to implement this administrative regulation: No cost is expected.

(a) Initially: Implementation of this amendment is not anticipated to have an initial cost on the Department of Insurance.

(b) On a continuing basis: Implementation of this amendment is not anticipated to have an ongoing cost on the Department of Insurance.

(6) What is the source of the funding to be used for the implementation and enforcement of this administrative regulation: The Department will use funds from its current operational budget to perform the tasks necessary.

(7) Provide an assessment of whether an increase in fees or funding will be necessary to implement this administrative regulation, if new, or by the change if it is an amendment: An increase of fees will not be necessary because additional personnel is likely unnecessary.

(8) State whether or not this administrative regulation established any fees or directly or indirectly increased any fees: This administrative regulation does not establish any fees.

(9) TIERING: Is tiering applied? Explain why or why not. Tiering is not applied because this administrative regulation applies to all insurers.

FISCAL NOTE ON STATE OR LOCAL GOVERNMENT

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(1) What units, parts or divisions of state or local government (including cities, counties, fire departments, or school districts) will be impacted by this administrative regulation? The Department as the implementer.

(2) Identify each state or federal statute or federal regulation that requires or authorizes the action taken by the administrative regulation. KRS 304.2-110(1)

(3) Estimate the effect of this administrative regulation on the expenditures and revenues of a state or local government agency (including cities, counties, fire departments, or school districts) for the first full year the administrative regulation is to be in effect. If specific dollar estimates cannot be determined, provide a brief narrative to explain the fiscal impact of the administrative regulation.

(a) How much revenue will this administrative regulation generate for the state or local government (including cities, counties, fire departments, or school districts) for the first year? This administrative regulation is revenue neutral.

(b) How much revenue will this administrative regulation generate for the state or local government (including cities, counties, fire departments, or school districts) for subsequent years? This administrative regulation is revenue neutral.

(c) How much will it cost to administer this program for the first year? There is no associated cost with this administrative regulation.

(d) How much will it cost to administer this program for subsequent years? There is no associated cost with this administrative regulation.

Note: If specific dollar estimates cannot be determined, provide a brief narrative to explain the fiscal impact of the administrative regulation.

(4) Revenues (+/-): Neutral

(5) Expenditures (+/-): Neutral

(6) Other Explanation: