

REGULATORY IMPACT ANALYSIS AND TIERING STATEMENT

Regulation: 806 KAR 17:230

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(1) Provide a brief summary of:

(a) What this administrative regulation does: This administrative regulation establishes the procedure to be used when a medical director's signature is required on health care benefit denials.

(b) The necessity of this administrative regulation: This administrative regulation clarifies when and what type of medical director's signature is acceptable for purposes of KRS 304.17A-545.

(c) How this administrative regulation conforms to the content of the authorizing statutes: KRS 304.2-110(1) provides that the Commissioner make reasonable rules and regulations necessary for or as an aid to the effectuation of any provision of the insurance code. This administrative regulation will aid in implementation of KRS 304.17 A-545.

(d) How this administrative regulation currently assists or will assist in the effective administration of the statutes: KRS 304.2-110(1) provides that the Commissioner make reasonable rules and regulations necessary for or as an aid to the effectuation of any provision of the insurance code. This administrative regulation clarifies when and what type of medical director's signature is acceptable for purposes of KRS 304.1 7A-545.

(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: Several of the amendments to this administrative regulation are technical in nature and are set forth by Chapter 13A's drafting requirements. This administrative regulation was changed to generalized "medical director" instead of solely the "medical director of the managed care plan". The amendments to the form incorporated update the Department's contact information and include 806 KAR 17:280 as an authorizing regulation.

(b) The necessity of the amendment to this administrative regulation: The necessity of these amendments derive from Chapter 13A and to generalize the term medical director, not just applying to the medical director of a managed care plan.

(c) How the amendment conforms to the content of the authorizing statutes: KRS 304.2-110(1) provides that the Commissioner make reasonable rules and regulations necessary for or as an aid to the effectuation of any provision of the insurance code.

(d) How the amendment will assist in the effective administration of the statutes: These amendments help to clarify when and what type of medical director's signature is acceptable for purposes of KRS 304.17A-545.

(3) List the type and number of individuals, businesses, organizations, or state and local governments affected by this administrative regulation: This administrative regulation will affect all licensed managed care plans in the state of Kentucky. Currently, there are five (5) licensed managed care plans in this state.

(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: This administrative regulation establishes the procedure to be used when a medical director's signature is required on health care benefit denials. The Department anticipates that this administrative regulation will have minimal effect upon the costs of complying with the statutory requirements.

(b) In complying with this administrative regulation or amendment, how much will it cost each of the entities: There is no associated cost with this administrative regulation.

(c) As a result of compliance, what benefits will accrue to the entities: If the regulated entities meet the regulatory and statutory guidelines set forth in this administrative regulation, then they will not face potential civil penalty by the Commissioner and the Medical Director will have been properly determined for signature if need be.

(5) Provide an estimate of how much it will cost the administrative body to implement this administrative regulation:

(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 on-going 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:

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

(9) TIERING: Is tiering applied? Explain why or why not. Tiering is not applied since this administrative regulation applies to all managed care plans in the state of Kentucky.

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 of Insurance 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? No revenue is expected to be generated.

(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? No revenue is expected to be generated.

(c) How much will it cost to administer this program for the first year? No cost is expected.

(d) How much will it cost to administer this program for subsequent years? No cost is expected.

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: