

## REGULATORY IMPACT ANALYSIS AND TIERING STATEMENT

Regulation: 806 KAR 17:280  
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(1) Provide a brief summary of:

(a) What this administrative regulation does: This administrative regulation establishes a process and requirements for the registration of insurers or private review agents, and utilization review process, including internal appeal decisions.

(b) The necessity of this administrative regulation: This administrative regulation is necessary to comply with KRS 304.17A-065, KRS 304.17A-609, and KRS 304.17A-613 which requires the Commissioner to promulgate regulations regarding utilization review, internal appeal process for the registration of insurers or private review agents and includes limited health service benefit plans and national accreditation organizations in the registration, utilization review, and internal appeal process.

(c) How this administrative regulation conforms to the content of the authorizing statutes: KRS 304.2-110(1), authorizes that the Commissioner may promulgate administrative regulations to aid in effectuation of the Insurance Code. 304.17A-609, states that the department shall promulgate emergency administrative regulations regarding utilization review and internal appeal, including the specification of information required of insurers and private review agents. 304.17A-613, requires the department to establish the process for application review, fees and registration of insurers and private review agents.

(d) How this administrative regulation currently assists or will assist in the effective administration of the statutes: This administrative regulation will comply by setting forth the utilization review process, internal appeal, and registration process required by 304.17A-609 and 304.17A-613.

(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 amendments incorporated new forms that were ordinally incorporated in 806 KAR 17:005, remove irrelevant statutory references, additions to include dates of services and pre-service requests, and decision dates to internal appeal process, as well as requiring written notification of decision to insurers and private review agents.

(b) The necessity of the amendment to this administrative regulation: These amendments are necessary to incorporate the requirements of SB 54 of the 2019 session that added new timeframes as required in KRS 304.17A-167 and amended KRS 304.17A-600 through KRS 304.17A-607.

(c) How the amendment conforms to the content of the authorizing statutes: KRS 304.17A-613 which requires the Commissioner to promulgate regulations regarding utilization review, internal appeal process for the registration of insurers or private review agents and includes limited health service benefit plans and national accreditation organizations in the registration, utilization review, and internal appeal process. These amendments help better address the registration, utilization review, and internal appeal process.

(d) How the amendment will assist in the effective administration of the statutes: These amendments ensure that registered utilization review entities are submitting policies and procedures that are in compliance with the statutes as amended

(3) List the type and number of individuals, businesses, organizations, or state and local governments affected by this administrative regulation: This will effect consumers, insurers offering health benefit plans and offering limited health benefit plans in 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: Insurers that follow under this regulation will need to utilize the newly incorporated forms to adhere to the processes set forth in this administrative regulations and relative statutes.

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

(c) As a result of compliance, what benefits will accrue to the entities: Entities will demonstrate compliance with the statutes as amended and therefore will not incur penalties for non-compliance with the statutes.

(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 because this regulation applies equally to all health insurers offering health benefit plans or limited health service benefit plans in 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 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), 304.17A-609, 304.17A-613
- (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. There is no fiscal impact known to be associated with this 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: