

REGULATORY IMPACT ANALYSIS AND TIERING STATEMENT

Regulation: 806 KAR 17:085

Contact Person: Abigail Gall

Phone: +1 (502) 564-6026

Email: abigail.gall@ky.gov

(1) Provide a brief summary of:

(a) What this administrative regulation does: This administrative regulation provides standards for short-term nursing home insurance policies.

(b) The necessity of this administrative regulation: This administrative regulation is necessary to comply KRS 304.14-660, which requires the Commissioner to promulgate administrative regulations establishing requirements for short-term nursing home insurance policies.

(c) How this administrative regulation conforms to the content of the authorizing statutes: KRS 304.2-110 provides that the Commissioner of Insurance may make reasonable rules and administrative regulations necessary for or as an aid to the effectuation of any provision of the Kentucky Insurance Code. This administrative regulation provides minimum standards for short-term nursing home insurance policies as required by KRS 304.14-660.

(d) How this administrative regulation currently assists or will assist in the effective administration of the statutes: This administrative regulation will assist by providing the minimum standards for short-term nursing home insurance policies as required by KRS 304.14-660.

(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 to this administrative regulation include new benefit explanations for Home Health and Community Care services; marketing standards and advertisement filing procedures; details regarding benefit triggers, premium charges, discontinuance and replacement policies; a new option to purchase inflation protections at a minimum standard of 3%; the incorporation of a new form HIPMC-STN-1. There are also many technical changes to meet the drafting requirements of Chapter 13A.

(b) The necessity of the amendment to this administrative regulation: the necessity of these amendments is based on the relationship to other administrative regulations and statutes. Previously, the requirements currently being added to this regulation were non-existent and thus, they allow for more efficient regulation of policies concerning Home Health and Community Care benefits.

(c) How the amendment conforms to the content of the authorizing statutes: This administrative regulation provides minimum standards for short-term nursing home insurance policies as required by KRS 304.14-660. Many of these amendments provide the minimum standard for these policies and procedures.

(d) How the amendment will assist in the effective administration of the statutes: These amendments assist in the administration of statutes KRS 304.14-660 and 304.2-110 in order to establish requirements for short-term nursing home insurance policies.

(3) List the type and number of individuals, businesses, organizations, or state and local governments affected by this administrative regulation: This regulation will effect approximately six (6) Kentucky insurers who offer short-term nursing home insurance policies to residents 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 regulated entities providing short-term nursing home insurance policies must abide by the requirements set forth in the applicable sections of this administrative regulation. More specifically, the amended sections such as the benefit triggers, cancellations stipulations, premium charge requirements, extension of benefit updates, advertising and marketing requirements and standards, and utilizing the HIPMC-STN-1 form when outlining coverage to the consumer.

(b) In complying with this administrative regulation or amendment, how much will it cost each of the entities: There are no cost associated with this administrative regulation nor the amendments.

(c) As a result of compliance, what benefits will accrue to the entities: Insurers writing short-term nursing home insurance policies will meet the statutory and regulatory requirements.

(5) Provide an estimate of how much it will cost the administrative body to implement this administrative regulation: There is no cost associated with the 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 insurers offering short-term nursing home policies in Kentucky.

FISCAL NOTE ON STATE OR LOCAL GOVERNMENT

Regulation: 806 KAR 17:085

Contact Person: Abigail Gall

Phone: +1 (502) 564-6026

Email: abigail.gall@ky.gov

(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), 304.14-660

(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: