

REGULATORY IMPACT ANALYSIS AND TIERING STATEMENT

Regulation: 806 KAR 17:260
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(1) Provide a brief summary of:

(a) What this administrative regulation does: This administrative regulation establishes minimum benefit requirements for a conversion policy issued pursuant to the conversion privilege contained in a group health policy.

(b) The necessity of this administrative regulation: KRS 304.2-110(1) authorizes the Commissioner of Insurance to promulgate administrative regulations necessary for or as an aid to the effectuation of any provision of the Kentucky Insurance Code as defined in KRS 304.1-010 through KRS 304.99-154. KRS 304.18-120(2) requires the Commissioner to promulgate administrative regulations to establish minimum benefits for a conversion policy issued pursuant to the conversion privilege contained in a group health policy.

(c) How this administrative regulation conforms to the content of the authorizing statutes: This regulation establishes minimum benefit requirements for a conversion policy issued pursuant to the conversion privilege contained in a group health policy.

(d) How this administrative regulation currently assists or will assist in the effective administration of the statutes: This regulation establishes minimum benefit requirements for a conversion policy issued pursuant to the conversion privilege contained in a group health policy.

(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 increases the minimum standard amount for PPO, FFS, HMO or POS no more than \$7,000 for a single individual and \$14,000 for a family. The amendment also includes lab benefits in coinsurance plans and several new benefits under HMO, PPO, FFS and POS plans.

(b) The necessity of the amendment to this administrative regulation: KRS 304.18-120(2) requires the Commissioner to promulgate administrative regulations to establish minimum benefits for a conversion policy issued pursuant to the conversion privilege contained in a group health policy, the amendments adhere to the requirements set forth in this statute.

(c) How the amendment conforms to the content of the authorizing statutes: KRS 304.2-110(1) authorizes the Commissioner promulgate any administrative regulations necessary.

(d) How the amendment will assist in the effective administration of the statutes: KRS 304.18-120(2) requires the department to promulgate administrative regulations to establish minimum benefits for a conversion policy issued pursuant to the conversion privilege contained in a group health policy.

(3) List the type and number of individuals, businesses, organizations, or state and local governments affected by this administrative regulation: All insurers licensed to engage in insurance activities and issuing group health policies 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: to the extent, insurers do not have a conversion product that already conforms to the regulation, the insurer will need to file a new product with the department or amend its existing product to conform to the regulation.

(b) In complying with this administrative regulation or amendment, how much will it cost each of the entities: Commissioner can promulgate administrative regulations to establish minimum benefits for a conversion policy issued pursuant to the conversion privilege contained in a group health policy. This administrative regulation establishes those requirements.

(c) As a result of compliance, what benefits will accrue to the entities: To the extent insurers do not have a conversion product that already conforms to the regulation, the insurer will need to file a new product with the department or amend its existing product to conform to the regulation.

(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 insurers authorized to engage in insurance activities and issuing group health policies 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 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), 304.18-120(2)

(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: