

REGULATORY IMPACT ANALYSIS AND TIERING STATEMENT

Regulation: 806 KAR 17:300
Contact Person: Abigail Gall
Phone: +1 (502) 564-6026
Email: abigail.gall@ky.gov

- (1) Provide a brief summary of: This administrative regulation establishes the filing requirements of provider agreements, subcontractor agreements, and risk sharing arrangements.
 - (a) What this administrative regulation does: This administrative regulation provides information to insurers relating to the requirements of provider agreements, subcontractor agreements, and risk sharing arrangements.
 - (b) The necessity of this administrative regulation: This administrative regulation is necessary to provide information insurers relation to the requirements of provider agreements, subcontractor agreements, and risk sharing arrangements.
 - (c) How this administrative regulation conforms to the content of the authorizing statutes: This administrative regulation conforms to the content of KRS 304.2-110, which authorizes the Commissioner to promulgate regulations necessary for or as an aid to the effectuation of any provision of the Insurance Code. More specifically, KRS 304.17A-527(1) and KRS 304.17C-060(1) require the Commissioner to promulgate administrative regulations regarding the manner and form of required filings of sample copies of providers agreements.
 - (d) How this administrative regulation currently assists or will assist in the effective administration of the statutes: This regulation will assist health insurers by providing the requirements of provider agreements, subcontractor agreements, and risk sharing arrangements.
- (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 amendment to this regulation will incorporate Form HIPMC-R1, Risk Sharing Arrangement Information Sheet, from 806 KAR 17:005, in order to allow for the repeal 806 KAR 17:005. There are also drafting and technical amendments to comply with KRS Chapter 13A.
 - (b) The necessity of the amendment to this administrative regulation: The necessity of this amendment is to incorporate the above-referenced form, in order to allow for the repeal 806 KAR 17:005, and to ensure the regulation cites to the correct forms in 806 KAR 14:007. The forms referenced and incorporated in this regulation are required to be filed as part of the process and requirements set forth in this regulation.

(c) How the amendment conforms to the content of the authorizing statutes: KRS 304.17A-527(1) and KRS 304.17C-060(1) both set forth filing requirements for provider agreements, subcontractor agreements, and risk sharing arrangements. Each statute also authorizes the commissioner to promulgate administrative regulations to prescribe the manner and forms in which an insurer shall meet filing requirements.

(d) How the amendment will assist in the effective administration of the statutes: This amendment prescribes a new form for insurers that enter into provider agreements, subcontractor agreements, and risk sharing arrangements.

(3) List the type and number of individuals, businesses, organizations, or state and local governments affected by this administrative regulation: Any health insurer offering managed care plans or limited health services benefit plan.

(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 amendment to this regulation does not alter or change the requirements or filing process for insurers. An insurer, managed care plan, and limited health service benefit plan shall file a sample copy of the information prescribed in Section 2 of this administrative regulation with the commissioner at least sixty (60) days before its use. If an insurer is filing an amendment, they must abide by the requirements in Section 2(3). An insurer issuing, delivering, or renewing a limited health service benefit plan shall complete and attach Form HL-F11, Health Summary Sheet – Form Filings, incorporated by reference in 806 KAR 14:007. Any insurer partaking in a risk sharing arrangement must meet the requirements set forth in Section 5.

(b) In complying with this administrative regulation or amendment, how much will it cost each of the entities: Insurers will be required to submit the prescribed fees with the specified filings to the Commissioner. The amendment to this regulation does not set forth any new fees.

(c) As a result of compliance, what benefits will accrue to the entities: As a result of compliance with this administrative regulation, insurers will also ensure compliance with the statutory requirements of KRS 304.17A-527 and KRS 304.17C-060.

(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 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: No, this regulation does not prescribe any new fees for these filings. This amendment does not establish any new fees directly or indirectly.
- (9) TIERING: Is tiering applied? Explain why or why not. Tiering does not apply; depending on the submission, any health insurer offering a managed care plan or limited health services benefit plan shall file the appropriate forms and copies as prescribed in this administrative regulation.

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 Kentucky Department of Insurance will be impacted as the entity implementing of the regulation.
- (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), KRS 304.17A-527(1), and KRS 304.17C-060(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 not expected to generate any revenue in the first year.
 - (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 not expected to generate any revenue in subsequent years.
 - (c) How much will it cost to administer this program for the first year? This administrative regulation will not have a cost to implement in the first year.
 - (d) How much will it cost to administer this program for subsequent years? This administrative regulation will not have a cost to administer subsequent years.

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: As the amendments to this administrative regulation simply clarify an existing process, this administrative regulation will not have a fiscal impact on the Department of Insurance.