

## REGULATORY IMPACT ANALYSIS AND TIERING STATEMENT

Regulation: 806 KAR 17:590

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(1) Provide a brief summary of:

(a) What this administrative regulation does: This new administrative regulation sets forth the format and submission timeframe for the data reporting requirements in KRS 304.17A-732.

(b) The necessity of this administrative regulation: This administrative regulation is needed to adhere to the reporting requirements set forth in KRS 304.17A-732, which requires insurers to annually report to the commissioner the number and type of providers that have prescribed medication for addiction treatment to its insureds in conjunction with behavioral therapy and not in conjunction with behavioral therapy.

(c) How this administrative regulation conforms to the content of the authorizing statutes: KRS 304.2-110 authorizes the Commissioner to promulgate administrative regulations relative to the Kentucky Insurance Code. In addition, KRS 304.17A-732 requires insurers to report this information to the Commissioner, and this regulation sets out the manner in which that reporting should be done, in an effort to provide clarity and promote efficiency.

(d) How this administrative regulation currently assists or will assist in the effective administration of the statutes: This administrative regulation assists in the effectuation of KRS 304.17A-732, which was passed as Senate Bill 51 during the 2021 Regular Session.

(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: This is a new administrative regulation.

(b) The necessity of the amendment to this administrative regulation: This is a new administrative regulation.

(c) How the amendment conforms to the content of the authorizing statutes: This is a new administrative regulation.

(d) How the amendment will assist in the effective administration of the statutes: This is a new administrative regulation.

- (3) List the type and number of individuals, businesses, organizations, or state and local governments affected by this administrative regulation: All insurers offering/transacting in health insurance in the state of Kentucky, as well as any Pharmacy Benefit Managers (PBMs) who manage pharmaceutical claims for health insurers offering pharmacy benefits.
- (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: Health Insurers/PBMs will need to provide the Commissioner with any pharmacy claims that include prescription codes for methadone, buprenorphine, or naltrexone by March 31<sup>st</sup> of each year. The insurer is then required, within 60 days of receipt of a request from the Commissioner, to provide medical claims data for the requested claims and member IDs identified by the Department.
- (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: Insurers and PBMs will be in compliance with statutory reporting requirements.
- (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: There will be no increase in fees or funding to implement this new administrative regulation.
- (8) State whether or not this administrative regulation established any fees or directly or indirectly increased any fees: There a no fees that will be established.
- (9) TIERING: Is tiering applied? Explain why or why not. Tiering is not applied because this administrative regulation requires all insurers licensed to transact health insurance to report the same information to the department.

## 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 of this administrative regulation.

(2) Identify each state or federal statute or federal regulation that requires or authorizes the action taken by the administrative regulation.

(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:

## SUMMARY OF MATERIALS INCOPORATED BY REFERENCE

### 806 KAR 17:590

- (a) “Pharmacy Claims Standardized Data Request”, 10/2021; this form is a standardized reporting form for health insurers or pharmacy benefit managers to report pharmaceutical claims information to the department.
- (b) “Medical Claims Standardized Data Request”, 10/2021; this form is a standardized reporting forms for health insurers to report specified medical claim information to the department.