

REGULATORY IMPACT ANALYSIS AND TIERING STATEMENT

Regulation: 806 KAR 18:030

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(1) Provide a brief summary of:

(a) What this administrative regulation does: This administrative regulation establishes guidelines for coordination of benefits by group health insurance contracts.

(b) The necessity of this administrative regulation: The regulation is necessary to clarify the coordination of benefit requirements and order of payment provisions for individual policyholders, to conform to statutory requirements.

(c) How this administrative regulation conforms to the content of the authorizing statutes: This administrative regulation satisfies the statutory mandate of KRS 304.18-085 to prescribe clear guidelines regarding the coordination of benefits between multiple, applicable group health insurance policies.

(d) How this administrative regulation currently assists or will assist in the effective administration of the statutes: By setting forth the determination of benefits, this administrative regulation satisfies the requirements of KRS 304.18-085.

(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 clarify that if a parent has elected a newborn dependent to be covered under one parent's plan within the newborn's first 31 days of birth, the determination of benefits shall not be triggered, as the plan benefits of the selected parent would be primary.

(b) The necessity of the amendment to this administrative regulation: These amendments are to clarify language regarding newborn coverage benefit determinations. The Department issued Advisory Opinion 2020-005 in 2020 to address this concern, and it is now amending the regulation to formally address those concerns.

(c) How the amendment 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, as defined in KRS 304.1-010. KRS 304.18-085 requires the Commissioner to prescribe guidelines regarding the coordination of benefits by group health insurance policies.

(d) How the amendment will assist in the effective administration of the statutes: KRS 304.18-085 requires the Commissioner to prescribe guidelines regarding the coordination of benefits by group health insurance policies, and these amendments ensure that statutory requirement is effectively satisfied.

(3) List the type and number of individuals, businesses, organizations, or state and local governments affected by this administrative regulation: The exact type and number are unknown.

(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: Parents of newborns will have to elect coverage under one parent's plan within the first 31 days of a newborn's life, or the benefit determination in Section 2(2)b will be applicable. This amendment should have no impact on the health insurer (regulated entity).

(b) In complying with this administrative regulation or amendment, how much will it cost each of the entities: The process set forth in this administrative regulation clarifies a long-standing practice and should impose no cost to the regulated entity, nor the policy holder/dependent.

(c) As a result of compliance, what benefits will accrue to the entities: As a result of compliance with this proposed regulatory amendment, regulated entities will ensure compliance with KRS 304.18-085.

(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: This administrative regulation does not directly establish any new 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 group policies.

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 agency 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 304.18-085, KRS 304.32-250, and KRS 304.38-150

(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.