

REGULATORY IMPACT ANALYSIS AND TIERING STATEMENT

Regulation: 806 KAR 40:020

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(1) Provide a brief summary of: This administrative regulation sets forth the guidelines for charitable health care providers on how to register to receive paid premium reimbursement.

(a) What this administrative regulation does: The function of this administrative regulation is to create registration guidelines for charitable health care providers who want to obtain paid premium reimbursements for medical professional liability insurance.

(b) The necessity of this administrative regulation: KRS 304.40-075 requires the Department of Insurance to establish guidelines for the registration processes of charitable health care providers that seek premium paid reimbursement for medical professional liability insurance.

(c) How this administrative regulation conforms to the content of the authorizing statutes: KRS 304.40-07 5 charges the Department with the promulgation of administrative regulations which establish reasonable guidelines for the registration of charitable health care providers. This administrative regulation carries out the duties required by the statute.

(d) How this administrative regulation currently assists or will assist in the effective administration of the statutes: KRS 304.2-110(1) authorizes the commissioner to promulgate administrative regulations to assert the Insurance code. Also, KRS 304.40-075(3)(b), KRS 304.010 to 304.99-152 authorizes the commissioner to promulgate administrative regulations to set forth the guidelines for the registration process of charitable health care providers who seek reimbursements for paid premiums of medical professional liability insurance.

(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 are to address the statutory requirements set forth in Chapter 13A.

(b) The necessity of the amendment to this administrative regulation: To meet the requirements of Chapter 13A.222 drafting rules.

(c) How the amendment conforms to the content of the authorizing statutes: The amendments made remove and replace outdated language that does not conform to Chapter 13A.

(d) How the amendment will assist in the effective administration of the statutes: The amendments will assist in the effectuation of the administration of cited statutes by ensuring the language of the regulation is easier to read for those effected by the administrative regulation itself.

(3) List the type and number of individuals, businesses, organizations, or state and local governments affected by this administrative regulation: Charitable health care providers who wish to obtain reimbursement of premiums paid for medical professional liability insurance will be affected. Currently, there are twenty-five (25) charitable health care providers in Kentucky. Insurers that provide medical professional liability insurance to charitable health care providers will be required to report information to the Department. Other insurers that offer medical professional liability insurance will be required to report information to the Department upon request.

(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: Each charitable health care provider must inform the Department of any changes in its reported data. Insurers providing medical professional liability insurance must annually report information to the Department. Other insurers offering medical professional liability insurance must continually report information to the Department upon request.

(b) In complying with this administrative regulation or amendment, how much will it cost each of the entities: There are no expected costs aside from filing fees that have been in place prior to this amendment.

(c) As a result of compliance, what benefits will accrue to the entities: Charitable health care providers that follow the registration process thoroughly may, if justifiable, receive reimbursements of premium payments for medical professional liability insurance.

(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: 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 establish any fees.

(9) TIERING: Is tiering applied? Explain why or why not. No tiering is applied. These requirements apply equally to all charitable health care providers seeking reimbursement of medical professional liability insurance premium payments.

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 will be impacted.

(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), 304.40-075(3)(b)

(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: