

February 20, 2025

The Honorable William Sutton, Chairperson
 House Committee on Insurance
 300 SW 10th Avenue, Room 218-N
 Topeka, Kansas 66612

Dear Representative Sutton:

SUBJECT: Fiscal Note for HB 2199 by House Committee on Insurance

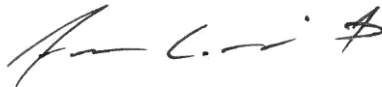
In accordance with KSA 75-3715a, the following fiscal note concerning HB 2199 is respectfully submitted to your committee.

HB 2199 would allow the State Employee Health Care Commission to provide coverage in the State Employee Health Plan for early egg and peanut allergen introductory dietary supplements in plan year 2026. If the coverage is provided, the bill would require the Commission to submit a report to the President of the Senate and the Speaker of the House of Representatives on or before March 1, 2027, containing the following information regarding such dietary supplements for the 2026 plan year: (1) the impact the mandated coverage has had on the state health care benefits program, (2) data on the utilization of coverage and the costs of providing such coverage, and (3) a recommendation whether the mandated coverage should continue or if additional utilization and cost data is required. Following receipt of the report, the bill would allow the Legislature to consider whether to require the coverage in any individual or group health insurance policy, medical service plan, contract, hospital service corporation contract, hospital and medical service corporation contract, fraternal benefit society, or health maintenance organization that provides coverage for accident and health services on or after January 1, 2028.

Estimated State Fiscal Effect			
	FY 2025	FY 2026	FY 2027
Expenditures			
State General Fund	--	--	--
Fee Fund(s)	--	\$80,641	\$174,991
Federal Fund	--	--	--
Total Expenditures	--	\$80,641	\$174,991
Revenues			
State General Fund	--	--	--
Fee Fund(s)	--	--	--
Federal Fund	--	--	--
Total Revenues	--	--	--
FTE Positions	--	--	--

The Division of State Employee Health Benefits Program in the Department of Administration indicates enactment of the bill would require \$80,641 in FY 2026 and \$174,991 in FY 2027 from the Health Benefits Administration Clearing Fund if the coverage is provided. Revenue in this fund comes from premiums collected for the State Employee Health Benefits Plan. The Department estimates that approximately 668 children would participate in the coverage. Annual treatment costs would total approximately \$239.94 and administrative costs would total \$1.50 per child ($\$241.44 \text{ annual cost} \times 668 \text{ children} = \$161,281.92$). Because the first year of the program would begin on January 1, 2025, six months of total estimated expenditures, or \$80,640.96, would be required for FY 2026. For FY 2027, the Department assumes prescription costs would increase approximately 8.5 percent, making the total cost for FY 2027 \$174,990.88 ($\$161,281.92 \times 1.085 = \$174,990.88$). The Department notes that over-the-counter dietary supplements are not typically covered by health insurance in Kansas and only participants of the State Employee Health Plan, including local governments participating in the Plan, would be affected. Any fiscal effect associated with HB 2199 is not reflected in *The FY 2026 Governor's Budget Report*.

Sincerely,

A handwritten signature in black ink, appearing to read "Adam C. Proffitt", followed by a stylized flourish.

Adam C. Proffitt
Director of the Budget

cc: Samir Arif, Department of Administration