

March 4, 2015

The Honorable Jeff Longbine, Chairperson
Senate Committee on Financial Institutions and Insurance
Statehouse, Room 235-E
Topeka, Kansas 66612

Dear Senator Longbine:

SUBJECT: Fiscal Note for SB 202 by Senate Committee on Financial Institutions and Insurance

In accordance with KSA 75-3715a, the following fiscal note concerning SB 202 is respectfully submitted to your committee.

SB 202 would require health plans that have to meet a metal level under the Affordable Care Act (ACA) to limit insured drug costs to \$100 per month for each prescription for up to a 30-day supply for platinum, gold or silver level coverage and \$200 per month for bronze level coverage. The cap would not apply to a high deductible health plan until the minimum deductible of approximately \$1,300 is reached. The bill would also require health plans to implement an exception process and if the exception is denied it would be considered an adverse event and would be subject to the plan's internal and external review process.

The Kansas Insurance Department notes that the difference between the amounts that are currently charged and the limits set in SB 202 would be considered mandated health coverage. As such, if state law mandates coverage benefits that are not included on the ACA essential benefits list, the state would be required to pay any additional costs for those benefits for exchange enrollees. The Department would also have increased expenditures in FY 2016 for actuarial services to re-review all metal level plans available in Kansas as of January 1, 2015. Annual actuarial costs would also be higher.

The Department states that SB 202 could increase health insurance premiums for metal level plans for all end users, which could include local and state governments. Increased premiums could result in higher premium tax collections for the state. Any fiscal effect associated with SB 202 is not reflected in *The FY 2016 Governor's Budget Report*.

Sincerely,



Shawn Sullivan,
Director of the Budget

cc: Glenda Haverkamp, Insurance Department
Aaron Dunkel, KDHE