

January 26, 2017

The Honorable Jene Vickrey, Chairperson
House Committee on Insurance
Statehouse, Room 276-W
Topeka, Kansas 66612

Dear Representative Vickrey:

SUBJECT: Fiscal Note for HB 2103 by House Committee on Insurance

In accordance with KSA 75-3715a, the following fiscal note concerning HB 2103 is respectfully submitted to your committee.

HB 2103 would require that on and after July 1, 2017, all individual or group health insurance policies that provide medical, surgical or hospital expense coverage would be required to provide coverage for amino acid-based elemental formula for the diagnosis or treatment of food protein-induced enterocolitis syndrome, eosinophilic disorders, or short bowel syndrome. This additional coverage would be subject to the same annual deductibles, copayments or coinsurance limits as established for all other covered benefits under the individual or group health insurance policy.

According to the Kansas Department of Health and Environment (KDHE), the health insurance requirements contained in HB 2103 are currently covered by KanCare and would have no fiscal effect on this program. The bill would have a fiscal effect on local governments, depending on current coverage of amino acid-based elemental formula. For municipal self-funded plans, additional costs would be borne by the local government. For municipal insured plans, additional costs would be part of future premium increases. However, the fiscal effect for local governments cannot be estimated.

KDHE indicates the State Employee Health Plan (SEHP) does not currently cover formulas or other food replacement products, except for a small annual allowance for certain treatments on Plan C. KDHE estimates that the bill would require additional expenditures totaling \$160,000 from the SEHP in FY 2018, \$339,200 in FY 2019 and \$359,552 in FY 2020,

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January 26, 2017

Page 2—HB 2103

all from fee funds supporting the SEHP. KDHE notes that the cost assumption for FY 2018 is for six months of expenditures, as the health plan renewal is January 1, 2018. Any fiscal effect associated with HB 2103 is not reflected in *The FY 2018 Governor's Budget Report*.

Sincerely,

A handwritten signature in black ink, appearing to read "Shawn Sullivan", with a horizontal line extending to the right.

Shawn Sullivan,
Director of the Budget

cc: Glenda Haverkamp, Insurance
Dan Thimmesch, Health & Environment