

February 22, 2023

The Honorable Beverly Gossage, Chairperson
Senate Committee on Public Health and Welfare
300 SW 10th Avenue, Room 142-S
Topeka, Kansas 66612

Dear Senator Gossage:

SUBJECT: Fiscal Note for SB 161 by Senate Committee on Public Health and Welfare

In accordance with KSA 75-3715a, the following fiscal note concerning SB 161 is respectfully submitted to your committee.

SB 161 would prohibit imposing cost-sharing requirements for diagnostic and supplemental breast examinations for any individual or group health insurance policy (or similar contract or plan) that provides coverage for accident and health services that is delivered, issued for delivery, amended, or renewed on or after January 1, 2024.

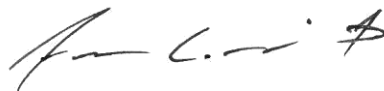
The Department of Administration estimates enactment of SB 161 would increase costs to the State Employee Health Plan by \$1.2 million from special revenue funds in FY 2024. The estimate assumes a first-year cost increase of \$2.3 million; however, because the bill's provisions would not go into effect until January 1, 2024, only half the annual cost would apply to FY 2024.

The Department of Administration notes for employees enrolled in an Internal Revenue Service (IRS) qualified high deductible health plan (QHDHP) and contributing to a health savings account (HSA), the IRS has identified those services which may be paid by a health plan before the QHDHP deductible has been satisfied. Screening mammography is identified in the Preventive Care Screening Safe Harbor as a service that can be paid before the QHDHP deductible is satisfied. Screening mammography is an Affordable Care Act preventive care service paid at 100.0 percent by the health plan for all State Employee Health Program (SEHP) members. The additional services being proposed in this bill are not included as eligible under the IRS safe harbor guidance. If they are not eligible and the health insurance plan is required to cover them at 100.0 percent like screening mammography, it likely disqualifies employees and the state from contributing to an HSA. This could affect approximately 50.0 percent of the SEHP enrollment who have an HSA today. Without the HSA, members would likely change their plan enrollment to Plans A or J,

which have a richer benefit, but no HSA. This enrollment shift likely would have a direct fiscal effect on the SEHP's finances and rates; however, a fiscal effect cannot be estimated. In addition, any Kansan enrolled today on an insured QHDHP with an HSA would likely face this same issue.

The Kansas Insurance Department indicates the bill's enactment would constitute a new mandate for purposes of state cost defrayal under the Affordable Care Act and the Department states it is unable to estimate a fiscal effect. Any fiscal effect associated with SB 161 is not reflected in *The FY 2024 Governor's Budget Report*.

Sincerely,

A handwritten signature in black ink, appearing to read "Adam Proffitt", with a stylized flourish at the end.

Adam Proffitt
Director of the Budget

cc: Tamara Emery, Department of Administration
Bobbi Mariani, Insurance Department