

March 5, 2019

The Honorable Robert Olson, Chairperson
Senate Committee on Financial Institutions and Insurance
Statehouse, Room 236-E
Topeka, Kansas 66612

Dear Senator Olson:

SUBJECT: Fiscal Note for SB 163 by Senate Committee on Public Health and Welfare

In accordance with KSA 75-3715a, the following fiscal note concerning SB 163 is respectfully submitted to your committee.

SB 163 would require health insurance policies issued on or after January 1, 2020, to provide coverage for United States Food and Drug Administration (FDA) approved contraceptive drugs, devices and other products, or substantially equivalent drugs, devices and other products, as established by rules and regulations adopted by the Insurance Department. The bill would prohibit health insurers from imposing cost-sharing requirements on members except on grandfathered plans and from imposing any delays or restrictions on the coverage. The bill would require the benefits for the insured to be the same as the insured's covered spouse or domestic partner and covered non-spouse dependents. In addition, the bill would allow religious employers to request an exemption and would require such employers to provide written notice prior to enrollment listing the contraceptive healthcare services the employer refuses to cover for religious reasons.

The Kansas Department of Health and Environment (KDHE) indicates that enactment of the bill could result in additional expenditures of \$9,705 in FY 2020 and \$20,768 in FY 2021 for increased employer and employee contributions to the State Employee Health Plan (SEHP). The agency states that enactment of the bill would require coverage of all FDA approved contraceptive drugs and devices without any cost-sharing to members. If the use of contraceptive drugs or devices is deemed inadvisable by a SEHP provider, then the agency states an alternative method would be utilized such as sterilization. Under Internal Revenue Service guidance, Qualified High Deductible Health Plans, such as Plans C or N under the SEHP, would not be able to cover male contraceptives or sterilization in full prior to the member meeting the deductible without placing the tax-exempt status of the health savings account at risk. The agency states that this would require increased premiums to cover such costs. However, KDHE also states that enactment of the bill would have no fiscal effect on the Medicaid program because the drugs, devices or products described in the bill are already covered by Medicaid.

The Insurance Department indicates that enactment of SB 163 would create a mandate for health plans to include coverage that is not included in the state's benchmark plan. The agency indicates that the state would be required to pay the additional cost of benefits for exchange enrollees that are in excess of those associated with the benchmark plan. However, the fiscal effect cannot be estimated. Any fiscal effect associated with SB 163 is not reflected in *The FY 2020 Governor's Budget Report*.

Sincerely,

A handwritten signature in black ink, appearing to read "L. L. Campbell". The signature is fluid and cursive, with the first name "L." and last name "Campbell" clearly visible.

Larry L. Campbell
Director of the Budget

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