

March 19, 2024

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 2824 by House Committee on Federal and State Affairs

In accordance with KSA 75-3715a, the following fiscal note concerning HB 2824 is respectfully submitted to your committee.

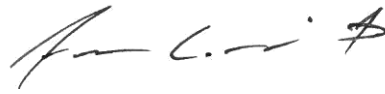
HB 2824 would require every individual or group health insurance policy, medical service plan, contract, hospital service corporation contract, hospital and medical service corporation contract, fraternal benefit society or health maintenance organization that provides coverage for accident and health services on or after January 1, 2025 to provide coverage for the diagnosis and treatment of pediatric acute-onset neuro-psychiatric syndrome (PANS) and pediatric autoimmune neuropsychiatric disorders associated with streptococcal infections (PANDAS). The bill would require that on or before March 1, 2024, the Health Care Commission must submit a report to the President of the Senate and the Speaker of the House of Representatives that includes certain information pertaining to the coverage for PANS and PANDAS provided during the 2023 plan year. Following receipt of the report, the Legislature could consider whether to require coverage for PANS and PANDAS to be included in any individual or group health insurance policy, medical service plan, contract, hospital service corporation, 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, 2025.

The Department of Administration's State Employee Health Benefits Program estimates that enactment of the bill would increase expenditures by \$140,000 in calendar year 2024 to provide the additional coverage and to issue a report. For calendar year 2025, expenditures would increase by \$210,000 and, for calendar year 2026, expenditures would increase by \$221,550. All expenditures would be from agency fee funds. The Department notes that the added cost to cover these services will be paid by plan sponsors and covered members in the form of higher premiums.

The estimate above only includes the State Employee Health Plan and does not include other groups.

The Insurance Department indicates enactment of the bill would constitute a benefit in addition to the state's essential health benefits, which would require defrayal under federal regulations. As such, federal funds would not be available for the additional state-mandated benefits. Any fiscal effect associated with HB 2824 is not reflected in *The FY 2025 Governor's Budget Report*.

Sincerely,

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

Adam C. Proffitt
Director of the Budget

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