

1 Cabinet for Health and Family Services
2 Office of the Kentucky Health Benefit Exchange
3 (New Emergency Administrative Regulation)
4 900 KAR 10:020E. Kentucky Health Benefit Exchange Small Business Health Options
5 Program.

6 RELATES TO: KRS 194A.050(1), 42 U.S.C. 18031, 45 C.F.R. Parts 155, 156

7 STATUTORY AUTHORITY: KRS 194A.050(1)

8 NECESSITY, FUNCTION, AND CONFORMITY: The Cabinet for Health and Family
9 Services, Office of the Kentucky Health Benefit Exchange, has responsibility to
10 administer the state-based American Health Benefit Exchange. KRS 194A.050(1)
11 requires the secretary of the cabinet to promulgate administrative regulations necessary
12 to protect, develop, and maintain the health, personal dignity, integrity, and sufficiency
13 of the individual citizens of the Commonwealth; to operate the programs and fulfill the
14 responsibilities vested in the cabinet; and to implement programs mandated by federal
15 law or to qualify for the receipt of federal funds. This administrative regulation
16 establishes the policies and procedures relating to the operation of a Small Business
17 Health Options Program in accordance with 42 U.S.C. 18031 and 45 C.F.R. parts 155
18 and 156.

19 Section 1. Definitions.

20 (1) "Agent" is defined by KRS 304.9-020(1).

21 (2) "Annual open enrollment period" means the period each year during which a

1 qualified employee may enroll or change coverage in a qualified health plan through an
2 exchange.

3 (3) "Annual renewal date" means the date following twelve (12) months from the first
4 day of the first coverage month and every twelve (12) months thereafter.

5 (4) "Children's Health Insurance Program" or "CHIP" is defined by 42 C.F.R. 457.10.

6 (5) "COBRA" means continuation of coverage under the Consolidated Omnibus
7 Budget Reconciliation Act of 1986, as amended.

8 (6) "Department of Health and Human Services" or "HHS" means the U.S.
9 Department of Health and Human Services.

10 (7) "Employer identification number" means a unique numerical identifier which is
11 used to identify a business, partnership, or other entity.

12 (8) "Full-time employee" is defined by 45 C.F.R. 155.20.

13 (9) "Full-time equivalent employee" shall be the number of employees determined by
14 using the method set forth in section 4980H(c)(2) of the Internal Revenue Code.

15 (10) "Group participation rate" means the number of eligible employees enrolled in a
16 group health plan in relation to the number of employees eligible to enroll in the group
17 health plan.

18 (11) "Health plan" is defined by 42 U.S.C. 18021(b)(1).

19 (12) "Indian" means any individual as defined by 25 U.S.C. 450b(d).

20 (13) "Initial open enrollment period" means the period during which a qualified
21 employee may enroll in health coverage through an exchange for the 2014 benefit year
22 which shall:

23 (a) Begin October 1, 2013; and

1 (b) Extend through March 31, 2014.

2 (14) "Kentucky Health Benefit Exchange" or "KHBE" means the Kentucky state-
3 based exchange conditionally approved by HHS under standards set forth in 45 C.F.R.
4 §155.105 to offer qualified health plans on January 1, 2014.

5 (15) "Kentucky Health Insurance Premium Payment Program" or "KHIPP" means a
6 Kentucky Medicaid program that pays the costs of some or the entire employee portion
7 of employer-sponsored health insurance premiums.

8 (16) "Medicaid" means coverage in accordance with Title XIX of the Social Security
9 Act, 42 U.S.C. sections 1396 et seq. as amended.

10 (17) "Medicare advantage plan" means a Medicare program under Part C of title
11 XVIII of the Social Security Act, which provides Medicare Part A and B benefits through
12 a private insurer.

13 (18) "Metal level of coverage" means health care coverage provided within plus or
14 minus two (2) percentage points of the full actuarial value as follows:

15 (a) Bronze level with an actuarial value of 60 percent;

16 (b) Silver level with an actuarial value of 70 percent;

17 (c) Gold level with an actuarial value of 80 percent; and

18 (d) Platinum level with an actuarial value of 90 percent.

19 (19) "Minimum essential coverage" is defined by 26 C.F.R. 1.5000A-2.

20 (20) "Participation agreement" means an agreement between the Office and a small
21 employer participating in the KHBE Small Business Health Options Program.

22 (21) "Plan year" means a consecutive twelve (12) month period during which a
23 health plan provides coverage for health benefits.

1 (22) "Premium" is defined by KRS 304.14-030.

2 (23) "Qualified employee" means an individual employed full-time by a qualified
3 employer who has been offered health insurance coverage by the qualified employer
4 through the SHOP.

5 (24) "Qualified employer" means a small employer that elects to offer, at a minimum,
6 all full-time employees of such employer eligible for one or more QHPs in the small
7 group market offered through a SHOP.

8 (25) "Qualified Health Plan" or "QHP" means a health plan that has in effect a
9 certification issued by the KHBE that it meets the standards described in 45 CFR 156
10 subpart C.

11 (26) "Qualifying event" means an event described in Section 9 (1) of this
12 administrative regulation.

13 (27) "Reference plan" means the selection of a single plan on which an employer will
14 base their contribution and employees are then able to elect other plans and pay the
15 premium differential.

16 (28) "Service area" means a geographical area in which an individual shall reside or
17 be employed in order to enroll in a QHP.

18 (29) "Shared responsibility payment" means a penalty imposed for failing to meet the
19 requirement to maintain minimum essential coverage in accordance with 26 U.S.C.
20 Section 5000A.

21 (30) "SHOP" means a Small Business Health Options Program operated by an
22 Exchange through which a qualified employer can provide employees, spouses and
23 their dependents with access to one or more QHPs.

1 (31) "Small employer" of "small group" means for a plan year beginning:

2 (a) Before January 1, 2016, an employer who employed an average of at least two

3 (2) but no more than fifty (50) full-time employees on business days during the
4 preceding calendar year; or

5 (b) On or after January 1, 2016, an employer who employed an average of at least
6 one (1) but no more than one hundred (100) full-time equivalent employees on business
7 days during the preceding calendar year and who employs at least one (1) employee on
8 the first day of the plan year.

9 (32) "Special enrollment period" means a period during which a qualified employee
10 who experiences certain qualifying events may enroll in, or change enrollment, in a
11 QHP through the KHBE outside the initial and annual open enrollment periods.

12 (33) "TRICARE" means the Department of Defense health care program
13 administered serving active uniformed service members, retirees and their families.

14 Section 2. Employer Eligibility and Participation Requirements.

15 (1) Beginning October 1, 2013, a small employer shall be eligible to purchase health
16 insurance coverage for its small group through the KHBE SHOP if the employer is a
17 small employer that:

18 (a) Elects to offer, at a minimum, a full-time employee coverage in a QHP through
19 the KHBE SHOP; and

20 (b) 1. Has its principal business address in the service area and offers coverage to
21 its full-time employees through the KHBE SHOP; or

22 2. Offers coverage to each eligible employee through the KHBE SHOP serving that
23 employee's primary work site;

- 1 (c) Has a valid federal employer identification number; and
- 2 (d) Has a group participation rate of at least seventy five (75) percent in accordance
- 3 with subsection (6) of this section.

4 (2) A small employer participating in more than one SHOP and meeting the criteria
5 in subsection (1) of this section, shall offer coverage to its employees whose primary
6 work site is in the service area of the KHBE SHOP.

7 (3) A small employer may submit an application to participate in KHBE SHOP:

- 8 (a) Via the KHBE website at www.kynect.ky.gov;
- 9 (b) By telephone by contacting the KHBE customer service center;
- 10 (c) By mail; or
- 11 (d) In person.

12 (4) A qualified employer who ceases to be a small employer solely by reason of an
13 increase in the number of employees shall be eligible to participate in the KHBE SHOP
14 until the employer:

- 15 (a) Fails to otherwise meet the eligibility criteria of this section; or
- 16 (b) Chooses to no longer purchase health insurance coverage for qualified
- 17 employees through the KHBE SHOP.

18 (5) As part of the verification of an application of the employer application, a small
19 employer shall submit:

- 20 (a) An employee census that includes the name, address, and social security
- 21 number of all eligible employees;
- 22 (b) Proof of a federal employer identification number; and
- 23 (c) Copy of most recent Employer's Quarterly Unemployment Wage and Tax

1 Report, if applicable.

2 (6) A calculation of a group participation rate shall not include in the count of eligible
3 employees an employee:

4 (a) Enrolled in:

5 1. A group health plan offered by a second employer;

6 2. A group health plan offer through the spouse of the employee;

7 3. An individual health plan;

8 4. Medicare, including a Medicare advantage plan;

9 5. Medicaid or CHIP;

10 6. TRICARE or other veteran's health coverage;

11 7. A parent's health plan;

12 8. Coverage identified in 45 C.F.R. 156.602; or

13 9. Coverage recognized by HHS as meeting the requirement for minimum essential
14 coverage under 45 C.F.R. 156.604.

15 (b) Issued a certificate of exemption from the shared responsibility payment by
16 KHBE or HHS; or

17 (c) Not residing in the service area of at least one QHP offered by the employer.

18 (7) If a small employer's group participation rate falls below the requirement in
19 subsection (1)(d) of this section during a plan year, the qualified small employer shall be
20 eligible to participate in the KHBE SHOP through the remainder of the plan year.

21 (8) If the information submitted by a small employer is inconsistent with the eligibility
22 standards in this section, the employer shall have thirty (30) days after a notification of
23 the inconsistency to present documentation to support the employer's application or

1 resolve the inconsistency.

2 (9) A qualified small employer participating in the KHBE SHOP shall:

3 (a) Disseminate information to its qualified employees about the process to enroll in
4 a QHP through the KHBE SHOP;

5 (b) Make a contribution toward the premium of any qualified employee in accordance
6 with Section 4 of this administrative regulation;

7 (c) Remit to the KHBE, employer and employee contributions upon receipt of invoice
8 from the KHBE;

9 (d) Notify the KHBE of a change in eligibility status of an employee or dependent of
10 an employee enrolled in a QHP within thirty (30) days of the event; and

11 (e) Enter into a participation agreement with the KHBE.

12 (10) A small employer may designate an agent to:

13 (a) Perform an employer function on behalf of the employer; or

14 (b) Assist an employee with enrollment and plan selection.

15 (11) A small employer participating in a SHOP may be eligible for small employer
16 health insurance tax credits in accordance with 26 USC 45R.

17 Section 3. Employer Selection of Qualified Health Plans.

18 (1) A small employer shall make available to a qualified employee:

19 (a) A single QHP;

20 (b) All available QHPs at a single metal level of coverage; or

21 (c) If metal levels are contiguous, one (1) or more QHPs at more than one (1) metal
22 level of coverage.

23 (2) A qualified employer may apply for coverage through the KHBE SHOP for its

1 small group at any time in a year.

2 (3) The employer's plan year shall consist of the 12-month period beginning with the
3 qualified employer's effective date of coverage.

4 Section 4. Minimum Contribution.

5 (1) If a small employer selects one (1) QHP to offer to a qualified employee in
6 accordance with Section 3 of this administrative regulation, the small employer shall:

7 (a) Define a percentage contribution of at least fifty (50) percent toward a premium
8 for employee-only coverage under the QHP; and

9 (b) Apply the employer contribution determined in paragraph (a) of this subsection
10 toward a QHP selected by the employee.

11 (2) If a small employer selects more than one (1) QHP to offer to a qualified
12 employee in accordance with Section 3 of this administrative regulation, the small
13 employer shall:

14 (a) Select a QHP to serve as a reference plan on which a contribution shall be
15 based;

16 (b) Make a percentage contribution of at least fifty (50) percent toward a premium for
17 employee-only coverage under the reference plan; and

18 (c) Apply the employer contribution determined in paragraph (b) of this subsection
19 toward a QHP selected by the employee.

20 (3) If a small employer elects to provide dependent coverage, the small employer
21 may make a contribution toward a premium for dependent coverage.

22 Section 5. Annual Employer Election Period.

23 (1) On an annual basis a small employer shall have a thirty (30) day period prior to

1 the completion of the employer's plan year and before the annual open enrollment to
2 change the employer's participation in the KHBE SHOP for the next plan year.

3 (2) During the employer annual election period, a small employer may change the:

4 (a) Method by which the qualified employer makes QHPs available to qualified
5 employees in accordance with Section 3 of this administrative regulation;

6 (b) Employer contribution towards the premium of a qualified employee made in
7 accordance with Section 4 of this administrative regulation; and

8 (c) QHP or QHPs offered to qualified employees in accordance with Section 3 of this
9 administrative regulation.

10 Section 6. Employee Eligibility.

11 (1) An employee shall be eligible to enroll in a QHP through the KHBE SHOP if the
12 employee receives an offer of coverage from a qualified employer.

13 (2) An employee shall submit an application to enroll in a QHP:

14 (a) Via the internet at www.kynect.ky.gov;

15 (b) By telephone by calling the KHBE customer service center;

16 (c) By mail; or

17 (d) In person.

18 (3) If the information submitted by an employee is inconsistent with the eligibility
19 standards in this section, the employee shall have thirty (30) days after a notification of
20 the inconsistency to present documentation to support the employee's application or
21 resolve the inconsistency.

22 (4) A qualified employer may designate an individual or organization as an
23 authorized representative.

1 (5) An eligible employee who does not want to enroll in a QHP offered by a qualified
2 employer shall waive coverage.

3 (6) A small employer shall be notified if a qualified employee enrolled in a QHP
4 terminates coverage in the QHP.

5 Section 7. Enrollment and Effective Dates of Coverage.

6 (1) A qualified employee shall select a QHP or change a QHP offered by a qualified
7 employer in accordance with Section 3 of this administrative regulation during:

8 (a) The initial open enrollment period;

9 (b) An annual open enrollment period as set forth in Section 8 of this administrative
10 regulation;

11 (c) A special enrollment period set forth in Section 9 of this administrative regulation;

12 or

13 (d) An enrollment period outside of the employer's open enrollment period as set
14 forth in Section 8(3) of this administrative regulation, only for a qualified employee who
15 is newly eligible,

16 (2) The length of an initial open enrollment period and annual open enrollment
17 period shall be:

18 (a) Thirty (30) days; and

19 (b) At the request of a small employer, extended up to a maximum of fifteen (15)
20 additional days.

21 (3) Coverage in a QHP shall be effective:

22 (a) If plan selection is made prior to December 15, 2013, during the initial open
23 enrollment period, January 1, 2014;

1 (b) If open enrollment ends between the first and fifteenth day of any month, the first
2 day of the following month;

3 (c) If open enrollment ends between the sixteenth and the last day of any month, the
4 first day of the second following month; and

5 (d) Upon receipt of the full first month's premium from a small employer.

6 (4) For a renewal, the effective date of coverage shall be an employer's annual
7 renewal date.

8 (5) For a special enrollment period, the effective date of coverage shall be in
9 accordance with subsection (5) and (6) of Section 9 of this administrative regulation.

10 (6) (a) Except for the death of an employee or dependent of an employee, the
11 effective date for cancellation of coverage shall be the last day of the month during
12 which an issuer terminates an employee's or dependent of an employee's coverage.

13 (b) The effective date for cancellation of coverage for the death of an employee or
14 dependent of an employee shall be the date of death.

15 (7) Unless an employee changes coverage due to a qualifying event, a premium
16 shall not change until the employer's annual renewal date.

17 Section 8. Annual Open Enrollment Period.

18 (1) A qualified employee shall select a QHP or change QHPs during an annual open
19 enrollment period that shall be:

20 (a) No less than thirty (30) days; and

21 (b) Prior to the end of the employer's plan year.

22 (2) If a qualified employee enrolled in a QHP remains eligible for coverage, the
23 qualified employee shall remain enrolled in the QHP selected the previous year unless:

1 (a) The qualified employee enrolls in another QHP; or

2 (b) The QHP is no longer available to the qualified employee.

3 (3) (a) A newly added employee who becomes eligible after the beginning of the
4 plan year and prior to the annual enrollment period shall have thirty (30) days prior to
5 the date the newly added employee becomes eligible for employer-sponsored coverage
6 to enroll in a QHP.

7 (b) The effective date of coverage of a newly added employee is the first day of the
8 month following the month the newly added employee becomes eligible for employer-
9 sponsored coverage.

10 Section 9. Special Enrollment Period.

11 (1) A qualified employee or dependent of a qualified employee may enroll in a QHP
12 or a qualified employee may change QHPs during a special enrollment period if:

13 (a) The qualified employee or dependent of a qualified employee loses minimal
14 essential coverage;

15 (b) The qualified employee gains a dependent through marriage, birth, adoption, or
16 placement for adoption;

17 (c) The qualified employee or dependent of the qualified employee enrolls or fails to
18 enroll in a QHP due to an error, misrepresentation, or inaction of an officer, employee,
19 or agent of the KHBE or HHS;

20 (d) The qualified employee or dependent of the qualified employee demonstrates to
21 the KHBE that the QHP in which the qualified employee or dependent of the qualified
22 employee is enrolled substantially violated a material provision of its contract in relation
23 to the enrollee;

1 (e) The qualified employee or dependent of the qualified employee gains access to
2 new QHPs as a result of a permanent move;

3 (f) The qualified employee or dependent of the qualified employee demonstrates that
4 the qualified employee or dependent of an employee meets other exceptional
5 circumstances;

6 (g) The qualified employee is an Indian who may change from one QHP to another
7 QHP one time per month;

8 (h) The qualified employee or dependent of the qualified employee loses eligibility
9 for coverage under Medicaid or CHIP; or

10 (i) The qualified employee or dependent of a qualified employee becomes eligible for
11 premium assistance through KHIPP.

12 (2) A qualified employee or dependent of a qualified employee has thirty (30) days
13 from the date of a triggering event described in paragraphs (a) through (g) of subsection
14 (1) of this section to select a QHP through the KHBE SHOP.

15 (3) A qualified employee or dependent of a qualified employee has sixty (60) days
16 from the date of a triggering event described in paragraphs (h) and (i) of subsection (1)
17 of this section to select a QHP through the KHBE SHOP.

18 (4) A dependent of a qualified employee shall not be eligible for a special enrollment
19 period if a small employer does not offer coverage to a dependent.

20 (5) Except as provided in subsection (6) of this section, the effective date of
21 coverage for an enrollment during a special enrollment period if a qualified employee
22 selects a QHP shall be:

23 (a) Between the first and the fifteenth day of any month, the first day of the following

1 month; and

2 (b) Between the sixteenth and the last day of any month, the first day of the second
3 following month.

4 (6) (a) In the case of birth, adoption, or placement for adoption, the effective date of
5 coverage shall be the date of birth, adoption, or placement for adoption; and

6 (b) In the case of marriage, or in the case where a qualified employee loses
7 minimum essential coverage as described in subsection (7) and (8) of this section, the
8 effective date of coverage shall be the first day of the following month.

9 (7) Loss of minimum essential coverage includes those circumstances described in
10 26 CFR 54.9801-6(a)(3)(i) through (iii).

11 (8) Loss of minimum essential coverage does not include termination or loss due to:

12 (a) Failure to pay premiums on a timely basis, including COBRA premiums prior to
13 expiration of COBRA coverage, or

14 (b) A situation allowing for a rescission as specified in 45 CFR 147.128.

15 Section 10. Employer Voluntary and Involuntary Termination from KHBE SHOP.

16 (1) (a) An employer may terminate its participation in KHBE SHOP at any time and
17 for any reason by providing written notice to KHBE.

18 (b) The earliest effective date of termination shall be the last day of the calendar
19 month following the calendar month in which notice is given.

20 (2) An employer may be terminated from participation in KHBE SHOP if the
21 employer:

22 (a) Fails to pay a premium in accordance with Section 4 of this administrative
23 regulation;

1 (b) Fails to meet the employer eligibility requirements established in Section 2 of this
2 administrative regulation; or

3 (c) Commits fraud or misrepresentation.

4 (3) The effective date of employer termination from participation in the KHBE SHOP
5 shall be:

6 (a) The date of notification of termination for non-payment of premiums, if the
7 condition in subsection (2) (a) of this section is met,

8 (b) The last day of the plan year, if the condition in subsection (2) (b) of this section
9 is met; or

10 (c) The last day of the calendar month following the month in which an employer
11 shall be notified of the termination by the KHBE, if the condition in subsection (2) (c) of
12 this section is met.

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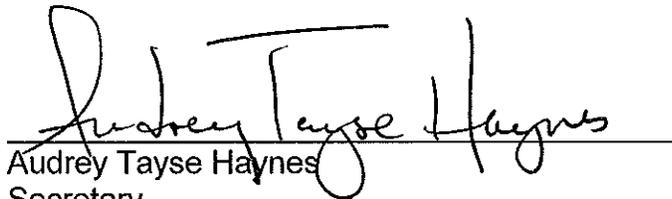
APPROVED:



Carrie Banahan
Executive Director
Office of the Kentucky Health Benefit Exchange

5/28/13
Date

APPROVED:



Audrey Tayse Haynes
Secretary
Cabinet for Health and Family Services

6/1/13
Date

REGULATORY IMPACT ANALYSIS AND TEIRING STATEMENT

Administrative Regulation Number: 900 KAR 10:020E

Contact Person: Carrie Banahan (502) 564-7940

1. Provide a brief summary of:
 - (a) What this administrative regulation does: This administrative regulation establishes the policies and procedures relating to the operation of a Small Business Health Options Program in accordance with 42 U.S.C. Section 18031 and 45 C.F.R. parts 155 and 156.
 - (b) The necessity of this administrative regulation: This administrative regulation is necessary to establish the policies and procedures relating to the operation of a Small Business Health Options Program.
 - (c) How this administrative regulation conforms to the content of the authorizing statutes: This administrative regulation is necessary so that small businesses are aware of the small business health options program which will allow them to enroll employees in qualified health plans offered on the Kentucky Health Benefit Exchange as required by 45 C.F.R. Parts 155 and 156 and qualify for small employer health insurance tax credits pursuant to 26 U.S.C. 45R.
 - (d) How this administrative regulation currently assists or will assist in the effective administration of the statutes: This administrative regulation provides detailed requirements for the small business health options program and how small businesses may enroll employees in qualified plans to be offered on the Kentucky Health Benefit Exchange to comply with the statute and qualify for small employer health insurance tax credits pursuant to 26 U.S.C. 45R.

2. If this is an amendment to an existing administrative regulation, provide a brief summary of:
 - (a) How the amendment will change this existing administrative regulation: This is a new administrative regulation.
 - (b) The necessity of the amendment to this administrative regulation: This is a new administrative regulation.
 - (c) How the amendment conforms to the content of the authorizing statutes: This is a new administrative regulation.
 - (d) How the amendment will assist in the effective administration of the statutes: This is a new administrative regulation.

3. List the type and number of individuals, businesses, organizations, or state and local governments affected by this administrative regulation: This administrative regulation will affect approximately 2,500 small businesses that may purchase health insurance for their employees on the Kentucky Health Benefit Exchange and potentially qualify for small employer health insurance tax credits.
4. Provide an analysis of how the entities identified in question (3) will be impacted by either the implementation of this administrative regulation, if new, or by the change, if it is an amendment, including:
 - (a) List the actions that each of the regulated entities identified in question (3) will have to take to comply with this administrative regulation or amendment: Each entity will be able to submit an application online to purchase health insurance coverage for their employees through the Exchange, provide supporting documentation, and contribute at least 50% of the premium towards an employee coverage.
 - (b) In complying with this administrative regulation or amendment, how much will it cost each of the entities identified in question (3): No cost will be incurred by the entities.
 - (c) As a result of compliance, what benefits will accrue to the entities identified in question (3): This administrative regulation will benefit each small business as it may ease the administrative burden of administering their health insurance program and may benefit certain employers through health insurance tax credits.
5. Provide an estimate of how much it will cost the administrative body to implement this administrative regulation:
 - (a) Initially: No additional costs will be incurred to implement this administrative regulation.
 - (b) On a continuing basis: No additional costs will be incurred.
6. What is the source of the funding to be used for the implementation and enforcement of this administrative regulation: The source of funding to be used for the implementation and enforcement of this administrative regulation will be from Kentucky Office of Health Benefit Exchange existing budget. No new funding will be needed to implement the provisions of this regulation.
7. Provide an assessment of whether an increase in fees or funding will be necessary to implement this administrative regulation, if new, or by the change if it is an amendment: No increase in fees or funding is necessary.

8. State whether or not this administrative regulation established any fees or directly or indirectly increased any fees: This administrative regulation does not establish any fees and does not increase any fees either directly or indirectly.

9. TIERING: Is tiering applied? (Explain why or why not)
Tiering was not appropriate in this administrative regulation because the administrative regulation applies equally to all those individuals or entities regulated by it.

FISCAL NOTE ON STATE OR LOCAL GOVERNMENT

Regulation Number: 900 KAR 10:020E

Contact Person: Carrie Banahan

Phone number: 502-564-7940

(1) What units, parts, or divisions of state or local government (including cities, counties, fire departments, or school districts) will be impacted by this administrative regulation? This administrative regulation affects the Office of the Kentucky Health Benefit Exchange within the Cabinet for Health and Family Services.

(2) Identify each state or federal statute or federal regulation that requires or authorizes the action taken by the administrative regulation. KRS 194A.050(1), 42 U.S.C. § 18031, and 45 C.F.R. Parts 155 and 156.

(3) Estimate the effect of this administrative regulation on the expenditures and revenues of a state or local government agency (including cities, counties, fire departments, or school districts) for the first full year the administrative regulation is to be in effect.

(a) How much revenue will this administrative regulation generate for the state or local government (including cities, counties, fire departments, or school districts) for the first year? This administrative regulation will not generate any revenue.

(b) How much revenue will this administrative regulation generate for the state or local government (including cities, counties, fire departments, or school districts) for subsequent years? This administrative regulation will not generate any revenue.

(c) How much will it cost to administer this program for the first year? No additional costs will be incurred to implement this administrative regulation.

(d) How much will it cost to administer this program for subsequent years? No additional costs will be incurred to implement this administrative regulation on a continuing basis.

Note: If specific dollar estimates cannot be determined, provide a brief narrative to explain the fiscal impact of the administrative regulation.

Revenues (+/-):

Expenditures (+/-):

Other Explanation:

FEDERAL MANDATE ANALYSIS COMPARISON

Administrative Regulation #: 900 KAR 10:020E

Contact Person: Carrie Banahan, 564-7940

1. Federal statute or regulation constituting the federal mandate. 42 U.S.C. Section 18031 and 45 C.F.R. Parts 155 and 156.
2. State compliance standards. KRS 194A.050(1) requires the secretary of the cabinet to promulgate administrative regulations necessary to protect, develop, and maintain the health, personal dignity, integrity, and sufficiency of the individual citizens of the Commonwealth; to operate the programs and fulfill the responsibilities vested in the cabinet, and to implement programs mandated by federal law or to qualify for the receipt of federal funds. This administrative regulation establishes the policies and procedures relating to the operation of a Small Business Health Options Program in accordance with 42 U.S.C. Section 18031 and 45 C.F.R. parts 155 and 156.
3. Minimum or uniform standards contained in the federal mandate. The Affordable Care Act establishes the creation of the American Health Benefit Exchange as identified in Section 1311(a) of the Affordable Care Act. The "Kentucky Health Benefit Exchange" (KHBE) is the Kentucky state-based exchange conditionally approved by HHS established by 45 C.F.R. 155.105. An Exchange must establish a Small Business Health Options Program (SHOP). A SHOP is designed to assist qualified small employers in the state in enrolling their employees in qualified health plans in the state's small group market.
4. Will this administrative regulation impose stricter requirements, or additional or different responsibilities or requirements, than those required by the federal mandate? No.
5. Justification for the imposition of the stricter standard, or additional or different responsibilities or requirements. This administrative regulation does not impose stricter requirements than those required by the federal mandate.