

# **INTERIM JOINT COMMITTEE ON BANKING AND INSURANCE**

## **Minutes of the Third Meeting of the 2025 Interim**

**November 4, 2025**

### **Call to Order and Roll Call**

The third meeting of the Interim Joint Committee on Banking and Insurance was held on November 4, 2025, at 10:00 AM in Room 149 of the Capitol Annex. Representative Michael Meredith, Chair, called the meeting to order, and the secretary called the roll.

### **Present were:**

Members: Senator Jared Carpenter, Co-Chair; Representative Michael Meredith, Co-Chair; Senators Julie Raque Adams, Donald Douglas, Greg Elkins, Rick Girdler, Jason Howell, Steve Rawlings, and Brandon Smith; and Representatives Chad Aull, Jared Bauman, Josh Bray, Adrielle Camuel, Robert Duvall, Jim Gooch Jr., Deanna Gordon, Daniel Grossberg, Erika Hancock, Samara Heavrin, Derek Lewis, Matt Lockett, Shawn McPherson, Michael Sarge Pollock, and Tom Smith.

Guests: John Sparrow, Chief Executive Officer and Executive Vice President, Kentucky Farm Bureau Mutual Insurance; Paula Smith, Vice President of Legal Services, Kentucky Farm Bureau Mutual Insurance; Anne Marie Franklin, Governmental Affairs Manager, Kentucky Farm Bureau Mutual Insurance; Representative Vanessa Grossl; Representative Lisa Willner; Sheila Schuster, PhD, Chair, Kentucky Mental Health Coalition; Nicole Sartini, M.Ed., LPCC, Co-Founder and President, Bridge Counseling and Wellness; Dustin Miller, Retained Legislative Agent, Elevance Health and Affiliates DBA Anthem Inc.; Billy Bingham, President, Bluegrass Community Bankers Association Board of Directors; and Jim DeCesare, Executive Director, Bluegrass Community Bankers Association.

LRC Staff: Jessica Sharpe, Breanna Patterson, and Sasche Allen.

### **Approval of October 14, 2025 Minutes**

A motion to approve the minutes from the October 14, 2025, meeting was made by Representative Pollock, seconded by Representative Lockett, and approved by voice vote.

### **Proposed Mental Health Parity Legislation for the 2026 Session**

Representative Grossl discussed the enactment of 2021 RS HB 50, which established mental health parity requirements, and shared concerns about the Department of

Insurance's (DOI's) capability to enforce the requirements. The proposed legislation would grant additional oversight and enforcement capabilities and establish an advisory committee of experts.

Representative Willner noted the proposed legislation is a bipartisan effort, emphasized challenges with enforcement of state and federal parity laws, and highlighted disparities in access to in-network behavioral health services compared to medical services, both nationally and in Kentucky.

Nicole Sartini, M.Ed., LPCC, Co-Founder and President of Bridge Counseling and Wellness, shared her experiences and concerns relating to providers leaving the field or going to private pay-only, reimbursement rates, increased behavioral health carve-outs, claw backs, payment delays and denials, and telehealth sessions being reimbursed at lower rates.

Sheila Schuster, PhD, Chair of the Kentucky Mental Health Coalition, discussed the prevalence of behavioral health issues and highlighted that stigma persists. Dr. Schuster reviewed previously enacted mental health parity legislation, noted that the enforcement component is missing, and recommended strengthening the law to ensure full compliance by insurers.

In response to Senator Raque Adams, Ms. Sartini stated her practice has far less prior authorizations but is seeing claw backs because some patients have primary and secondary insurance. Additionally, the timeframe for providers to act on claims is shorter than the timeframe in which insurers may claw back reimbursements. Representative Grossl added claw backs are occurring for services with prior authorization as well and can occur for up to two years after the date of service. Dr. Schuster stated the proposed legislation does not address the timeframe for claw backs but would require insurers to demonstrate that their policies treat mental health services and physical health services equally.

In response to Representative Camuel, Dr. Schuster stated anything included in the insurance policy, including preventive services, would be required to be covered at parity. Representative Grossl stated cost sharing requirements are not the heart of the proposal, but rather it requires reporting so that compliance can be measured and ensures enforcement of existing law. Ms. Sartini stated cost sharing and premiums have been increasing anyway and better oversight may allow for the system to be rebalanced.

Representative Camuel commented on the challenges of having multiple agencies enforcing mental health parity laws and suggested working with the DOI to provide the

agency with the resources needed to better enforce existing law. In response, Representative Grossl stated it is the legislature's responsibility to strengthen the law when an agency is not fulfilling its requirements.

In response to Representative Lockett, Dr. Schuster confirmed the proposed legislation does not add a new coverage requirement for substance use disorder.

Representative Lockett commented that adding requirements, whether it be coverage, administrative, or otherwise, on insurers will result in additional premium costs and that a study is needed to determine the projected cost. Chair Meredith stated his policy that health insurance bills must have a health mandate impact statement attached to receive a committee vote or hearing during session. Dr. Schuster discussed an actuarial analysis performed when parity legislation was first passed in 2000, and Ms. Sartini added that without enforcement of existing law, mental health services are at risk. Representative Grossl stated the proposed legislation should not cause an increase in premiums because it does not impose additional coverages.

In response to Representative Aull, Representative Grossl stated the projected \$300,000 cost for the proposed legislation is associated with the hiring of two paralegals for the Attorney General's office. Representative Willner stated the advisory board is advisory only. Representative Grossl expressed an openness to a conversation about shifting enforcement back to the DOI with additional resources.

Senator Smith commented that the proposed legislation simply enforces current law, should not increase insurance premiums, and provides the Attorney General with enforcement tools.

Representative Gooch made remarks about the mental health care industry over diagnosing and over medicating patients and the associated impact on insurance premiums.

In response to Representative Hancock, Representative Grossl stated she has been in contact with the Attorney General's office about the proposed legislation but has not been in contact with the DOI. Dr. Schuster discussed the importance of early intervention with regard to mental health disorders and the lack of access to behavioral health services through insurance. Parity would give providers a reasonable expectation of stability.

Representative Grossberg commented on the parity of legal protection for mental health compared to physical health, stating the patient-provider relationship should be equally protected.

Dustin Miller, a retained legislative agent for Elevance Health, known as Anthem, stated Anthem is compliant with current state and federal mental health parity laws and is regularly reporting to the DOI. The federal parity laws are not about reimbursement rates but are about parity in coverage limitations and how the benefits are offered.

### **Kentucky Farm Bureau Mutual Insurance: Industry Update**

John Sparrow, Chief Executive Officer and Executive Vice President, Kentucky Farm Bureau Mutual Insurance, provided an update on Kentucky Farm Bureau Mutual Insurance and the property and casualty insurance industry. Mr. Sparrow discussed legislation passed by the General Assembly, several recent loss events, and issues impacting the industry, including fraud, severe weather, and, labor rates. Deer strike events through the rest of the year are expected to be significant.

Representative Pollock commented on the damage caused by severe weather events and that property and casualty insurance-related legislation passed by the General Assembly is being noticed nationwide for consumer protection and helping to offset premium increases.

Chair Meredith noted that the work the General Assembly has done in the insurance space, which is being looked at both nationally and internationally, during the past few years has not been a futile effort, but rather the situation in Kentucky's insurance market would be much worse without this work.

In response to Representative Gooch, Mr. Sparrow commented there are good and bad actors and insurance fraud can be committed by anyone. Kentucky Farm Bureau covers vandalism, therefore manufactured losses are often still covered.

In response to Senator Girdler, Mr. Sparrow stated the impact of vandalism losses on an individual's premium would depend on the specific circumstances. Chair Meredith commented on the difficulty of proving fraud in a catastrophic weather situation. Senator Girdler commented on the importance of prosecuting insurance fraud.

Representative Smith thanked Kentucky Farm Bureau Mutual Insurance for its work.

### **Bluegrass Community Bankers Association: Legislative Update**

Jim DeCesare, Executive Director, Bluegrass Community Bankers Association, and Billy Bingham, President, Bluegrass Community Bankers Association Board of Directors, discussed the community banking industry's contributions to local communities. Community banks drive local economic growth, provide personalized financial services, and support community development initiatives. Areas of legislative concern include credit union acquisition of community banks, credit union acceptance of public deposits, and the regulation of revenue-based financing.

In response to Senator Girdler, Mr. DeCesare stated Tennessee and West Virginia have passed legislation prohibiting credit unions from acquiring state-chartered banks. Credit unions were created to serve a certain group of individuals but have significantly opened their membership.

In response to Representative Smith, Mr. DeCesare agreed to provide a comparison of community banks and credit unions and stated credit unions are operating in the banking space but are not playing by the same rules.

In response to Representative McPherson, Mr. DeCesare discussed credit union requirements for membership, and Mr. Bingham added there are existing membership requirements in place that are no longer being enforced. Chair Meredith commented that all banks and credit unions have individual lending requirements and standards. Mr. DeCesare noted credit unions can work on loan percentages because of their tax-exempt status. Chair Meredith stated there is federal preemption of credit union tax exemptions and there may be some preemption of field of membership requirements.

In response to Representative Bauman, Mr. Bingham said he would need to further research the amount paid in deposit tax compared to the amount paid to shareholders. Chair Meredith explained the taxes implicated and the variables in calculating the amount of taxes paid compared to shareholder returns.

In response to Senator Elkins, Mr. DeCesare stated there has been one bank acquired by a credit union in Kentucky in the past year and this trend has increased across the country. Credit unions and community banks can co-exist if both stay in their respective lanes. Chair Meredith stated public deposits are exempt from local deposit tax, but the taxation differential impacts overall business models. Mr. Bingham stated banks lend their deposits and if banks don't have public deposits, they have less to lend to the community.

**Adjournment**

There being no further business before the committee, the meeting adjourned at 12:02 PM.