

INTERIM JOINT COMMITTEE ON BANKING AND INSURANCE

Minutes of the 4th Meeting of the 2025 Interim

December 17, 2025

Call to Order and Roll Call

The fourth meeting of the Interim Joint Committee on Banking and Insurance was held on December 17, 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: Representative Michael Meredith, Co-Chair; Senators Julie Raque Adams, Cassie Chambers Armstrong, Donald Douglas, Rick Girdler, Jason Howell, Steve Rawlings, and Brandon J. Storm; and Representatives Chad Aull, Josh Bray, Adrielle Camuel, Mike Clines, Jim Gooch Jr., Deanna Gordon, Daniel Grossberg, Tony Hampton, Samara Heavrin, Matt Lockett, Shawn McPherson, Michael Sarge Pollock, Steven Rudy, and Tom Smith.

Guests: Sharon P. Clark, Commissioner, Department of Insurance (DOI); Shaun Orme, Executive Advisor, DOI; Jim Musser, Senior Vice President, Policy and Government Relations, Kentucky Hospital Association (KHA); Maresa Fawns, Chief Executive Officer (CEO), Kentucky Justice Association (KJA); Dustin Miller, Legislative Agent, State Farm Insurance; Bill Meader, Attorney; Avery Schroyer, Legislative Committee Chair, American Physical Therapy Association – Kentucky; Representative Kimberly Poore Moser; Cory Meadows, Deputy Executive Vice President and Director of Advocacy, Kentucky Medical Association (KMA); Hope McLaughlin, Senior Director of Government Relations, Elevance Health DBA Anthem Blue Cross Blue Shield; and Representative T.J. Roberts.

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

Approval of November 04, 2025 Minutes

A motion to approve the minutes from the November 4, 2025, meeting was made by Representative Hampton, seconded by Representative McPherson, and approved by voice vote.

Consideration of Referred Administrative Regulations

The following referred administrative regulations were placed on the agenda for consideration and reviewed by the committee:

806 KAR 002:200 Proposed

Operations, eligibility, and grant procedures for the Strengthen Kentucky Homes Program.

806 KAR 002:210 Proposed

Eligibility requirements for contractors and evaluators in the Strengthen Kentucky Homes Program.

806 KAR 002:220 Proposed

Subsequent reinspection procedures for the Strengthen Kentucky Homes Program.

Sharon P. Clark, Commissioner, DOI, provided an update on the implementation of, and proposed regulations relating to, the Strengthen Kentucky Homes Program. Chair Meredith provided a summary of a suggested substitute to **806 KAR 002:210**. A motion to approve the suggested substitute was made by Representative Hampton, seconded by Representative Rudy, and the suggested substitute was approved by roll call vote.

In response to Representative Pollock, Commissioner Clark stated that mental health parity is a federal law that requires parity between mental health and medical or surgical benefits. She stated insurers are complying with mental health parity reporting requirements and the reports are available upon request. Additionally, DOI does not have authority over reimbursement rates and cannot mandate contractual relationships between providers and insurers. The department conducts market conduct examinations, evaluates complaints, and examines insurer's claims and data with respect to parity.

Proposed Legislation for the 2026 Session

Basic and Added Reparation (PIP) Benefits

Representative Bray; Jim Musser, Senior Vice President of Policy and Government Relations, KHA; Maresa Fawns, CEO, KJA; and Dustin Miller, Legislative Agent, State Farm, discussed proposed legislation relating to basic and added reparation benefits, also commonly referred to as personal injury protection (PIP) benefits. The proposed legislation would apply the workers' compensation fee schedule to PIP benefits with exceptions, increase the amount of PIP benefits that could be used for other expenses, such as work loss and funeral expenses, and establish a maximum amount of time to submit medical expense bills.

In response to Representative Rudy, Mr. Miller confirmed the proposed legislation exempts hospitals from the fee schedule with the exception of hospital-based therapy

providers. Representative Rudy expressed concern that hospitals, the biggest biller, would be exempt from the workers' compensation fee schedule.

In response to Senator Storm, Mr. Musser stated he was unaware of whether other provider stakeholders were consulted when crafting the proposed legislation. Chair Meredith added that physical therapists were consulted.

In response to Representative Smith, Mr. Miller said an analysis of possible rate adjustments has not been performed. Any calculation of possible rate adjustments would be difficult because the proposed legislation does not prohibit the \$10,000 in benefits from being exhausted and does not address whether the treatments are medically necessary. Chair Meredith provided a description of PIP benefits and explained that the proposed legislation would allow the \$10,000 to go further in the treatment of the insured and would hopefully address some of the fraud in this space. Representative Bray stated rates have decreased in states that have passed PIP reform legislation.

In response to Representative Gooch, Mr. Miller recognized Representative Gooch for his efforts in pursuing PIP reform. Under the proposed legislation, a medical expense bill is presumed reasonable if the bill complies with the workers' compensation fee schedule.

Bill Meader, an attorney, spoke in opposition to the proposed legislation, expressing concerns with the hospital exemption amongst others.

Chair Meredith commented that the statistics from the National Insurance Crime Bureau and others have not shown a great deal of billing fraud in the hospital setting because of other rules and regulations imposed on hospitals. While there are a lot of good actors in the private provider space as well, there are organized fraud activities in this space that the proposed legislation is intended to address.

Avery Schroyer, representing the Kentucky chapter of the American Physical Therapy Association, stated despite compromises being made, he believes the proposed bill still needs changes, but is willing to continue being a part of the conversation.

In response to Representative Aull, Cory Meadows, Deputy Executive Vice President and Director of Advocacy, KMA, stated the KMA has no official position on the proposed legislation at this time.

Senator Douglas provided his perspective as a private practice physician and commented on the importance of reconstituting private practice physician practices. A broader conversation that includes all stakeholders must take place regarding how reimbursements are determined.

Chair Meredith commented that the workers' compensation fee schedule would pay a higher reimbursement rate in most instances than other health care coverages.

Prior Authorization

Representative Moser and Mr. Meadows discussed proposed legislation relating to prior authorization that would require insurers to establish a prior authorization exemption program for qualifying providers providing certain health care services and establish reporting requirements relating to prior authorization.

Hope McLaughlin, Senior Director of Government Relations, Elevance Health, thanked members for their efforts in getting to the agreed upon compromises made in the proposed legislation.

Senator Douglas expressed concerns about the maximum utilization provision in the proposed legislation and commented on his experience.

In response to Senator Douglas, Ms. McLaughlin explained that the provision was included as guardrail to prevent utilization becoming excessive following the granting of a prior authorization exemption. Chair Meredith clarified that utilization would be assessed individually for each provider and not in comparison to other providers. Mr. Meadows explained that the maximum utilization provision is permissive and that insurers are not required to implement that guardrail.

Measures to Strengthen Kentucky's Economic Infrastructure

Senator Rawlings and Representative Roberts discussed proposed legislation that would aim to strengthen the state's economic infrastructure by recognizing gold and silver specie as legal tender, require the State Treasurer to establish or designate a bullion depository, facilitate the use of gold and silver in payment transactions, prohibit the use of central bank digital currencies (CBDCs) by state and local governments, prohibit certain foreign investments in digital asset mining businesses, authorize up to 10 percent of the state's total excess cash to be invested in bullion, and establish a licensing and regulatory framework for virtual currency kiosks.

In response to Representative Lockett, Senator Rawlings stated he had not had conversations with law enforcement about the provisions regulating virtual currency

kiosks but has conferred with the Department of Financial Institutions (DFI). The proposed legislation includes a \$3000 maximum daily transaction limit, 72-hour hold or refund requirement, mandatory disclosures and receipt requirements, and a requirement for licensees to adopt anti-fraud and information security policies.

Regarding the virtual currency kiosk provisions, Representative Lockett encouraged having discussions with law enforcement and advocated for additional penalties for violations, including the removal of kiosks. Chair Meredith commented that the proposed legislation, modeled after recently passed legislation in Louisiana, is a work in progress but currently there is not any regulation of virtual currency kiosks in the state. Additional changes that could be considered include decreasing the daily transaction limit and including authority to seize kiosks if the person is not licensed with the DFI.

In response to Representative Grossberg, Senator Rawlings described ways gold and silver could be used as legal tender. Representative Roberts explained that the proposed legislation does not require acceptance of physical gold. Additionally, Representative Roberts discussed what other states have done to affirm gold and silver as money and to enforce gold and silver clause contracts.

Adjournment

There being no further business before the committee, the meeting adjourned at 11:28 AM.