

AN ACT relating to health care coverage.

*Be it enacted by the General Assembly of the Commonwealth of Kentucky:*

➔SECTION 1. A NEW SECTION OF SUBTITLE 17 OF KRS CHAPTER 304 IS CREATED TO READ AS FOLLOWS:

*As used in Sections 1 to 4 of this Act, unless the context requires otherwise:*

*(1) "Direct purchase" means payment for health care services without a public or private third party, not including an employer, paying for any portion of the service;*

*(2) "Health care system" means any public or private entity whose function or purpose is the management, processing, or enrollment of individuals or payment, in full or in part, for health care services, health care data, or health care information for its participants; and*

*(3) "Penalty or fine" means any civil or criminal penalty or fine, tax, salary, or wage withholding or surcharge, or any named fee with a similar effect established by law or administrative regulation by a government-established, government-created, or government-controlled agency that is used to punish or discourage the exercise of rights protected under Sections 1 to 4 of this Act.*

➔SECTION 2. A NEW SECTION OF SUBTITLE 17 OF KRS CHAPTER 304 IS CREATED TO READ AS FOLLOWS:

*Citizens of the Commonwealth may enter into private contracts with health care providers for health care services and to purchase private health care coverage. The General Assembly shall not require any individual to participate in any health care system or plan, nor shall it impose a penalty or fine, of any type, on any individual for choosing to accept or decline health care coverage or for participating in any particular health care system or plan.*

➔SECTION 3. A NEW SECTION OF SUBTITLE 17 OF KRS CHAPTER 304 IS CREATED TO READ AS FOLLOWS:

(1) To preserve the freedom of the citizens of the Commonwealth of Kentucky to provide for their health care:

(a) No law or administrative regulation shall compel, through imposition of a penalty or fine, directly or indirectly, any individual, employer, or health care provider to participate in any health care system;

(b) An individual or employer may pay directly for lawful health care services and shall not be required to pay a penalty or fine for paying directly for lawful health care services. A health care provider may accept direct payment for lawful health care services and shall not be required to pay a penalty or fine for accepting direct payment from an individual or employer for lawful health care services; and

(c) The Attorney General shall undertake and initiate all necessary legal proceedings to protect the rights of citizens of the Commonwealth as delineated in Sections 1 to 4 of this Act and to defend them individually or collectively from any federal prosecution or attempted imposition of a penalty or fine.

(2) Subject to reasonable and necessary rules that do not substantially limit an individual's options, the purchase or sale of health insurance in private health care systems shall not be prohibited by administrative regulation or law.

(3) This section shall not affect:

(a) Which health care services a health care provider is required to perform or provide;

(b) Which health care services are permitted by law; or

(c) The terms or conditions of any health care system to the extent that those terms and conditions do not have the effect of penalizing an individual or employer for paying directly for lawful health care services or a health care provider for accepting direct payment from an individual or employer for

*lawful health care services.*

→SECTION 4. A NEW SECTION OF SUBTITLE 17 OF KRS CHAPTER 304 IS CREATED TO READ AS FOLLOWS:

*The Governor, the Personnel Cabinet, and Commonwealth agencies shall not participate in or comply with any federal law, regulation, or policy that would compromise the freedom of choice in the health care decisions of any citizen of this Commonwealth.*