

1 AN ACT relating to the assignment of substance abuse or mental health treatment  
2 benefits.

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

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

6 (1) As used in this section:

7 (a) "Health insurance policy":

8 1. Includes any health insurance policy, certificate, plan, or contract or  
9 managed care plan, as defined in KRS 304.17A-500, regardless of  
10 whether the policy, certificate, plan, or contract was issued or  
11 delivered in this state; and

12 2. Does not include Medicare or Medicaid benefits;

13 (b) "Insurer":

14 1. Means any domestic, foreign, or alien insurer, self-insurer, self-  
15 insured plan, or self-insured group; and

16 2. Includes any domestic, foreign, or alien:

17 a. Health maintenance organization;

18 b. Limited health service organization;

19 c. Provider-sponsored integrated health delivery network; and

20 d. Nonprofit hospital, medical-surgical, dental, and health service  
21 corporation; and

22 (c) "Substance abuse or mental health facility" means a structurally distinct  
23 public or private health care establishment, institution, or facility located  
24 and licensed in this state that is primarily constituted, staffed, and equipped  
25 to deliver substance abuse or mental health treatment services, or both  
26 substance abuse and mental health treatment services, to the general public.

27 (2) To the extent permitted under federal law, an insurer or its agent:

1 (a) Shall not prohibit or restrict, except as provided in paragraph (b) of this  
2 subsection, an insured under a health insurance policy from making a  
3 written assignment of any substance abuse or mental health treatment  
4 benefits available under the policy to a substance abuse or mental health  
5 facility; and

6 (b) May require a substance abuse or mental health facility that receives a  
7 written assignment of benefits from an insured to:

8 1. Provide the following information to the insured prior to performing a  
9 health care service associated with the benefits:

10 a. A statement informing the insured that the facility, as applicable:

11 i. Is an out-of-network provider;

12 ii. May charge the insured for services not covered under the  
13 health insurance policy; and

14 iii. May charge the insured the balance of any bill for services  
15 that are covered under the health insurance policy;

16 b. A schedule of all applicable charges for the services that the  
17 facility may provide to the insured;

18 c. Any terms of payment that may apply to the insured; and

19 d. Whether interest will apply to, and the amount of interest that  
20 will be charged against, any payment owed by the insured to the  
21 facility;

22 2. Submit claims associated with the benefits within ninety (90) days of  
23 the date of service;

24 3. Maintain records of claims associated with the benefits;

25 4. Respond to any inquiry regarding the benefits from an investigative  
26 unit established under KRS 304.47-080 or other similar unit; and

27 5. Make a good-faith effort to abide by the standards of care set forth by

1 the following, as applicable:

2 a. The American Society of Addiction Medicine;

3 b. The American Association for Community Psychiatry's Level of  
4 Care Utilization System (LOCUS); or

5 c. The American Association for Community Psychiatry's and the  
6 American Academy of Child and Adolescent Psychiatry's Child  
7 and Adolescent Level of Care/Service Intensity Utilization  
8 System (CALOCUS-CASII).

9 (3) For an assignment of benefits made in accordance with this section:

10 (a) The assignment shall:

11 1. Be valid as of the effective date contained in the assignment; and

12 2. Remain in effect until the earlier of the following:

13 a. The date the insured is discharged from the care of the substance  
14 abuse or mental health facility; or

15 b. The date the substance abuse or mental health facility receives  
16 written notice of the insured's termination of the assignment;  
17 and

18 (b) Upon notice of the assignment, the insurer shall make payments directly to  
19 the substance abuse or mental health facility for all services rendered by the  
20 facility to the insured for the duration of the assignment.

21 (4) This section shall not be construed to:

22 (a) Provide a coverage or benefit that is not otherwise available under the  
23 health insurance policy;

24 (b) Prohibit an insurer from enforcing any terms or conditions of the health  
25 insurance policy that are not in conflict with this section;

26 (c) Relieve an insured from the contractual obligation to pay deductibles,  
27 copayments, or coinsurance;

1 (d) Permit a substance abuse or mental health facility to waive deductibles,  
 2 copayments, or coinsurance by the notice of assignment; or

3 (e) Violate:

4 1. 29 U.S.C. sec. 1185a, as amended; or

5 2. KRS 304.17A-660 to 304.17A-669.

6 ➔Section 2. KRS 304.14-250 is amended to read as follows:

7 Except as provided in Section 1 of this Act:

8 (1) A policy may be assignable or not assignable, as provided by its terms;~~[-]~~

9 (2) Subject to its terms relating to assignability, a life or health insurance policy,  
 10 regardless of when it was~~whether heretofore or hereafter~~ issued, under the terms  
 11 of which the beneficiary may be changed upon the sole request of the insured or  
 12 owner, may be assigned either by pledge or transfer of title, by an assignment  
 13 executed by the insured or owner alone and delivered to the insurer, whether or not  
 14 the pledgee or assignee is the insurer;~~[-]~~

15 (3) Any assignment of a policy which is otherwise lawful and of which the insurer has  
 16 received notice~~[-]~~ shall entitle the insurer to deal with the assignee as the owner or  
 17 pledgee of the policy in accordance with the terms of the assignment, until the  
 18 insurer has received at its principal office written notice of the termination of the  
 19 assignment or pledge~~[-]~~ or written notice by or on behalf of some interest in the  
 20 policy in conflict with the assignment; and~~[-]~~

21 (4) (a) Any individual insured under a group insurance policy or group annuity  
 22 contract shall have the right, unless expressly prohibited under the terms of  
 23 the policy or contract, to assign to any other person his rights and benefits  
 24 under the policy or contract, including~~[-]~~ but not limited to~~[-]~~ the right to  
 25 designate the beneficiary or beneficiaries and the rights as to conversion  
 26 provided for in KRS 304.16-180 to 304.16-200, inclusive.

27 (b) While the assignment is in effect, and regardless of when it was~~whether~~

1           ~~heretofore or hereafter~~ made, the insurer shall be entitled to deal with the  
 2           assignee as the owner of ~~the~~~~[such]~~ rights and benefits in accordance with the  
 3           terms of the assignment ~~and~~~~[-but]~~ without prejudice to the insurer on account  
 4           of any lawful action taken or payment made by ~~the insurer~~~~[it]~~ prior to receipt  
 5           by ~~the insurer~~~~[it]~~ at its principal office ~~of~~~~[or]~~ written notice of the assignment  
 6           or of the termination thereof.

7           (c) This ~~subsection~~~~[section]~~ acknowledges, confirms, and codifies the existing  
 8           right of assignment of interests under group life insurance policies.

9           ➔Section 3. KRS 304.17-130 is amended to read as follows:

10          (1) There shall be a provision as follows:

11                 "Payment of Claims: Indemnity for loss of life will be payable in accordance  
 12                 with the beneficiary designation and the provisions respecting payment which may  
 13                 be prescribed herein and effective at the time of payment. If no designation or  
 14                 provision is then effective, any indemnity shall be payable to the estate of the  
 15                 insured. Any other accrued indemnities unpaid at the insured's death may, at the  
 16                 option of the insurer, be paid either to a beneficiary or to the estate. All other  
 17                 indemnities will be payable to the insured."

18          (2) **Except as provided in Section 1 of this Act,** the following provisions, or either of  
 19                 them, may be included with the~~[-foregoing]~~ provision **required under subsection**  
 20                 **(1) of this section** at the option of the insurer:

21                 (a) "If any indemnity of this policy shall be payable to the estate of the insured, or  
 22                 to an insured or beneficiary who is a minor or otherwise not competent to give  
 23                 a valid release, the insurer may pay such indemnity, up to an amount not  
 24                 exceeding \$.... (insert an amount which shall not exceed \$5,000), to any  
 25                 relative by blood or connection by marriage of the insured or beneficiary who  
 26                 is deemed by the insurer to be equitably entitled thereto. Any payment made  
 27                 by the insurer in good faith pursuant to this provision shall fully discharge the

1 insurer to the extent of the payment." ; and

2 (b) "Subject to any written direction of the insured in the application or otherwise,  
3 all or a portion of any indemnities provided by this policy on account of  
4 hospital, nursing, medical, or surgical services may, at the insurer's option and  
5 unless the insured requests otherwise in writing not later than the time of  
6 filing proofs of the loss, be paid directly to the hospital or person rendering  
7 services,~~;~~ but it is not required that the service be rendered by a particular  
8 hospital or person."

9 ➔Section 4. KRS 304.18-090 is amended to read as follows:

10 **Except as provided in Section 1 of this Act:**

11 (1) **Subject to**~~Except as provided in~~ subsection (2) of this section, all benefits under  
12 any blanket health **insurance** policy or contract shall be payable to the person  
13 insured, or to **the person's**~~his~~ designated beneficiary or beneficiaries, or to **the**  
14 **person's**~~his~~ estate, except that if the person insured is a minor or otherwise not  
15 competent to give a valid release, **the**~~such~~ benefits may be made payable to **the**  
16 **person's**~~his~~ parent, guardian, conservator, or other person actually supporting **the**  
17 **minor or person not competent to give a valid release; and**~~him.~~

18 (2) (a) **A blanket health insurance policy or contract**~~The policy~~ may provide that  
19 all or a portion of any indemnities provided by **the**~~any such~~ policy **or**  
20 **contract** on account of hospital, nursing, medical, or surgical services may, at  
21 the option of the insurer and unless the insured requests otherwise in writing  
22 not later than the time of filing proofs of such loss, be paid directly to the  
23 hospital or person rendering such services,~~;~~ but the policy **or contract** may  
24 not require that the service be rendered by a particular hospital or person.

25 (b) Payment~~so~~ made **directly to a hospital or other person for all or a portion**  
26 **of any indemnities provided by a blanket health insurance policy or contract**  
27 shall discharge the obligation of the insurer with respect to the amount of

1 insurance so paid.

2 ➔SECTION 5. A NEW SECTION OF SUBTITLE 38A OF KRS CHAPTER 304  
3 IS CREATED TO READ AS FOLLOWS:

4 **Limited health service organizations shall comply with Section 1 of this Act.**

5 ➔Section 6. KRS 18A.225 is amended to read as follows:

- 6 (1) (a) The term "employee" for purposes of this section means:
- 7 1. Any person, including an elected public official, who is regularly  
8 employed by any department, office, board, agency, or branch of state  
9 government; or by a public postsecondary educational institution; or by  
10 any city, urban-county, charter county, county, or consolidated local  
11 government, whose legislative body has opted to participate in the state-  
12 sponsored health insurance program pursuant to KRS 79.080; and who  
13 is either a contributing member to any one (1) of the retirement systems  
14 administered by the state, including but not limited to the Kentucky  
15 Retirement Systems, County Employees Retirement System, Kentucky  
16 Teachers' Retirement System, the Legislators' Retirement Plan, or the  
17 Judicial Retirement Plan; or is receiving a contractual contribution from  
18 the state toward a retirement plan; or, in the case of a public  
19 postsecondary education institution, is an individual participating in an  
20 optional retirement plan authorized by KRS 161.567; or is eligible to  
21 participate in a retirement plan established by an employer who ceases  
22 participating in the Kentucky Employees Retirement System pursuant to  
23 KRS 61.522 whose employees participated in the health insurance plans  
24 administered by the Personnel Cabinet prior to the employer's effective  
25 cessation date in the Kentucky Employees Retirement System;
- 26 2. Any certified or classified employee of a local board of education or a  
27 public charter school as defined in KRS 160.1590;

- 1           3. Any elected member of a local board of education;
- 2           4. Any person who is a present or future recipient of a retirement  
3 allowance from the Kentucky Retirement Systems, County Employees  
4 Retirement System, Kentucky Teachers' Retirement System, the  
5 Legislators' Retirement Plan, the Judicial Retirement Plan, or the  
6 Kentucky Community and Technical College System's optional  
7 retirement plan authorized by KRS 161.567, except that a person who is  
8 receiving a retirement allowance and who is age sixty-five (65) or older  
9 shall not be included, with the exception of persons covered under KRS  
10 61.702(2)(b)3. and 78.5536(2)(b)3., unless he or she is actively  
11 employed pursuant to subparagraph 1. of this paragraph; and
- 12           5. Any eligible dependents and beneficiaries of participating employees  
13 and retirees who are entitled to participate in the state-sponsored health  
14 insurance program;
- 15           (b) The term "health benefit plan" for the purposes of this section means a health  
16 benefit plan as defined in KRS 304.17A-005;
- 17           (c) The term "insurer" for the purposes of this section means an insurer as defined  
18 in KRS 304.17A-005; and
- 19           (d) The term "managed care plan" for the purposes of this section means a  
20 managed care plan as defined in KRS 304.17A-500.
- 21 (2) (a) The secretary of the Finance and Administration Cabinet, upon the  
22 recommendation of the secretary of the Personnel Cabinet, shall procure, in  
23 compliance with the provisions of KRS 45A.080, 45A.085, and 45A.090,  
24 from one (1) or more insurers authorized to do business in this state, a group  
25 health benefit plan that may include but not be limited to health maintenance  
26 organization (HMO), preferred provider organization (PPO), point of service  
27 (POS), and exclusive provider organization (EPO) benefit plans



1 encompassing all or any class or classes of employees. With the exception of  
2 employers governed by the provisions of KRS Chapters 16, 18A, and 151B,  
3 all employers of any class of employees or former employees shall enter into  
4 a contract with the Personnel Cabinet prior to including that group in the state  
5 health insurance group. The contracts shall include but not be limited to  
6 designating the entity responsible for filing any federal forms, adoption of  
7 policies required for proper plan administration, acceptance of the contractual  
8 provisions with health insurance carriers or third-party administrators, and  
9 adoption of the payment and reimbursement methods necessary for efficient  
10 administration of the health insurance program. Health insurance coverage  
11 provided to state employees under this section shall, at a minimum, contain  
12 the same benefits as provided under Kentucky Kare Standard as of January 1,  
13 1994, and shall include a mail-order drug option as provided in subsection  
14 (13) of this section. All employees and other persons for whom the health care  
15 coverage is provided or made available shall annually be given an option to  
16 elect health care coverage through a self-funded plan offered by the  
17 Commonwealth or, if a self-funded plan is not available, from a list of  
18 coverage options determined by the competitive bid process under the  
19 provisions of KRS 45A.080, 45A.085, and 45A.090 and made available  
20 during annual open enrollment.

21 (b) The policy or policies shall be approved by the commissioner of insurance  
22 and may contain the provisions the commissioner of insurance approves,  
23 whether or not otherwise permitted by the insurance laws.

24 (c) Any carrier bidding to offer health care coverage to employees shall agree to  
25 provide coverage to all members of the state group, including active  
26 employees and retirees and their eligible covered dependents and  
27 beneficiaries, within the county or counties specified in its bid. Except as

1 provided in subsection (20) of this section, any carrier bidding to offer health  
2 care coverage to employees shall also agree to rate all employees as a single  
3 entity, except for those retirees whose former employers insure their active  
4 employees outside the state-sponsored health insurance program and as  
5 otherwise provided in KRS 61.702(2)(b)3.b. and 78.5536(2)(b)3.b.

6 (d) Any carrier bidding to offer health care coverage to employees shall agree to  
7 provide enrollment, claims, and utilization data to the Commonwealth in a  
8 format specified by the Personnel Cabinet with the understanding that the data  
9 shall be owned by the Commonwealth; to provide data in an electronic form  
10 and within a time frame specified by the Personnel Cabinet; and to be subject  
11 to penalties for noncompliance with data reporting requirements as specified  
12 by the Personnel Cabinet. The Personnel Cabinet shall take strict precautions  
13 to protect the confidentiality of each individual employee; however,  
14 confidentiality assertions shall not relieve a carrier from the requirement of  
15 providing stipulated data to the Commonwealth.

16 (e) The Personnel Cabinet shall develop the necessary techniques and capabilities  
17 for timely analysis of data received from carriers and, to the extent possible,  
18 provide in the request-for-proposal specifics relating to data requirements,  
19 electronic reporting, and penalties for noncompliance. The Commonwealth  
20 shall own the enrollment, claims, and utilization data provided by each carrier  
21 and shall develop methods to protect the confidentiality of the individual. The  
22 Personnel Cabinet shall include in the October annual report submitted  
23 pursuant to the provisions of KRS 18A.226 to the Governor, the General  
24 Assembly, and the Chief Justice of the Supreme Court, an analysis of the  
25 financial stability of the program, which shall include but not be limited to  
26 loss ratios, methods of risk adjustment, measurements of carrier quality of  
27 service, prescription coverage and cost management, and statutorily required

1 mandates. If state self-insurance was available as a carrier option, the report  
2 also shall provide a detailed financial analysis of the self-insurance fund  
3 including but not limited to loss ratios, reserves, and reinsurance agreements.

4 (f) If any agency participating in the state-sponsored employee health insurance  
5 program for its active employees terminates participation and there is a state  
6 appropriation for the employer's contribution for active employees' health  
7 insurance coverage, then neither the agency nor the employees shall receive  
8 the state-funded contribution after termination from the state-sponsored  
9 employee health insurance program.

10 (g) Any funds in flexible spending accounts that remain after all reimbursements  
11 have been processed shall be transferred to the credit of the state-sponsored  
12 health insurance plan's appropriation account.

13 (h) Each entity participating in the state-sponsored health insurance program shall  
14 provide an amount at least equal to the state contribution rate for the employer  
15 portion of the health insurance premium. For any participating entity that used  
16 the state payroll system, the employer contribution amount shall be equal to  
17 but not greater than the state contribution rate.

18 (3) The premiums may be paid by the policyholder:

19 (a) Wholly from funds contributed by the employee, by payroll deduction or  
20 otherwise;

21 (b) Wholly from funds contributed by any department, board, agency, public  
22 postsecondary education institution, or branch of state, city, urban-county,  
23 charter county, county, or consolidated local government; or

24 (c) Partly from each, except that any premium due for health care coverage or  
25 dental coverage, if any, in excess of the premium amount contributed by any  
26 department, board, agency, postsecondary education institution, or branch of  
27 state, city, urban-county, charter county, county, or consolidated local

- 1 government for any other health care coverage shall be paid by the employee.
- 2 (4) If an employee moves his or her place of residence or employment out of the  
3 service area of an insurer offering a managed health care plan, under which he or  
4 she has elected coverage, into either the service area of another managed health care  
5 plan or into an area of the Commonwealth not within a managed health care plan  
6 service area, the employee shall be given an option, at the time of the move or  
7 transfer, to change his or her coverage to another health benefit plan.
- 8 (5) No payment of premium by any department, board, agency, public postsecondary  
9 educational institution, or branch of state, city, urban-county, charter county,  
10 county, or consolidated local government shall constitute compensation to an  
11 insured employee for the purposes of any statute fixing or limiting the  
12 compensation of such an employee. Any premium or other expense incurred by any  
13 department, board, agency, public postsecondary educational institution, or branch  
14 of state, city, urban-county, charter county, county, or consolidated local  
15 government shall be considered a proper cost of administration.
- 16 (6) The policy or policies may contain the provisions with respect to the class or classes  
17 of employees covered, amounts of insurance or coverage for designated classes or  
18 groups of employees, policy options, terms of eligibility, and continuation of  
19 insurance or coverage after retirement.
- 20 (7) Group rates under this section shall be made available to the disabled child of an  
21 employee regardless of the child's age if the entire premium for the disabled child's  
22 coverage is paid by the state employee. A child shall be considered disabled if he or  
23 she has been determined to be eligible for federal Social Security disability benefits.
- 24 (8) The health care contract or contracts for employees shall be entered into for a  
25 period of not less than one (1) year.
- 26 (9) The secretary shall appoint thirty-two (32) persons to an Advisory Committee of  
27 State Health Insurance Subscribers to advise the secretary or the secretary's

1 designee regarding the state-sponsored health insurance program for employees.  
2 The secretary shall appoint, from a list of names submitted by appointing  
3 authorities, members representing school districts from each of the seven (7)  
4 Supreme Court districts, members representing state government from each of the  
5 seven (7) Supreme Court districts, two (2) members representing retirees under age  
6 sixty-five (65), one (1) member representing local health departments, two (2)  
7 members representing the Kentucky Teachers' Retirement System, and three (3)  
8 members at large. The secretary shall also appoint two (2) members from a list of  
9 five (5) names submitted by the Kentucky Education Association, two (2) members  
10 from a list of five (5) names submitted by the largest state employee organization of  
11 nonschool state employees, two (2) members from a list of five (5) names submitted  
12 by the Kentucky Association of Counties, two (2) members from a list of five (5)  
13 names submitted by the Kentucky League of Cities, and two (2) members from a  
14 list of names consisting of five (5) names submitted by each state employee  
15 organization that has two thousand (2,000) or more members on state payroll  
16 deduction. The advisory committee shall be appointed in January of each year and  
17 shall meet quarterly.

18 (10) Notwithstanding any other provision of law to the contrary, the policy or policies  
19 provided to employees pursuant to this section shall not provide coverage for  
20 obtaining or performing an abortion, nor shall any state funds be used for the  
21 purpose of obtaining or performing an abortion on behalf of employees or their  
22 dependents.

23 (11) Interruption of an established treatment regime with maintenance drugs shall be  
24 grounds for an insured to appeal a formulary change through the established appeal  
25 procedures approved by the Department of Insurance, if the physician supervising  
26 the treatment certifies that the change is not in the best interests of the patient.

27 (12) Any employee who is eligible for and elects to participate in the state health

1 insurance program as a retiree, or the spouse or beneficiary of a retiree, under any  
2 one (1) of the state-sponsored retirement systems shall not be eligible to receive the  
3 state health insurance contribution toward health care coverage as a result of any  
4 other employment for which there is a public employer contribution. This does not  
5 preclude a retiree and an active employee spouse from using both contributions to  
6 the extent needed for purchase of one (1) state sponsored health insurance policy  
7 for that plan year.

8 (13) (a) The policies of health insurance coverage procured under subsection (2) of  
9 this section shall include a mail-order drug option for maintenance drugs for  
10 state employees. Maintenance drugs may be dispensed by mail order in  
11 accordance with Kentucky law.

12 (b) A health insurer shall not discriminate against any retail pharmacy located  
13 within the geographic coverage area of the health benefit plan and that meets  
14 the terms and conditions for participation established by the insurer, including  
15 price, dispensing fee, and copay requirements of a mail-order option. The  
16 retail pharmacy shall not be required to dispense by mail.

17 (c) The mail-order option shall not permit the dispensing of a controlled  
18 substance classified in Schedule II.

19 (14) The policy or policies provided to state employees or their dependents pursuant to  
20 this section shall provide coverage for obtaining a hearing aid and acquiring hearing  
21 aid-related services for insured individuals under eighteen (18) years of age, subject  
22 to a cap of one thousand four hundred dollars (\$1,400) every thirty-six (36) months  
23 pursuant to KRS 304.17A-132.

24 (15) Any policy provided to state employees or their dependents pursuant to this section  
25 shall provide coverage for the diagnosis and treatment of autism spectrum disorders  
26 consistent with KRS 304.17A-142.

27 (16) Any policy provided to state employees or their dependents pursuant to this section

1 shall provide coverage for obtaining amino acid-based elemental formula pursuant  
2 to KRS 304.17A-258.

3 (17) If a state employee's residence and place of employment are in the same county,  
4 and if the hospital located within that county does not offer surgical services,  
5 intensive care services, obstetrical services, level II neonatal services, diagnostic  
6 cardiac catheterization services, and magnetic resonance imaging services, the  
7 employee may select a plan available in a contiguous county that does provide  
8 those services, and the state contribution for the plan shall be the amount available  
9 in the county where the plan selected is located.

10 (18) If a state employee's residence and place of employment are each located in  
11 counties in which the hospitals do not offer surgical services, intensive care  
12 services, obstetrical services, level II neonatal services, diagnostic cardiac  
13 catheterization services, and magnetic resonance imaging services, the employee  
14 may select a plan available in a county contiguous to the county of residence that  
15 does provide those services, and the state contribution for the plan shall be the  
16 amount available in the county where the plan selected is located.

17 (19) The Personnel Cabinet is encouraged to study whether it is fair and reasonable and  
18 in the best interests of the state group to allow any carrier bidding to offer health  
19 care coverage under this section to submit bids that may vary county by county or  
20 by larger geographic areas.

21 (20) Notwithstanding any other provision of this section, the bid for proposals for health  
22 insurance coverage for calendar year 2004 shall include a bid scenario that reflects  
23 the statewide rating structure provided in calendar year 2003 and a bid scenario that  
24 allows for a regional rating structure that allows carriers to submit bids that may  
25 vary by region for a given product offering as described in this subsection:

26 (a) The regional rating bid scenario shall not include a request for bid on a  
27 statewide option;

- 1 (b) The Personnel Cabinet shall divide the state into geographical regions which  
2 shall be the same as the partnership regions designated by the Department for  
3 Medicaid Services for purposes of the Kentucky Health Care Partnership  
4 Program established pursuant to 907 KAR 1:705;
- 5 (c) The request for proposal shall require a carrier's bid to include every county  
6 within the region or regions for which the bid is submitted and include but not  
7 be restricted to a preferred provider organization (PPO) option;
- 8 (d) If the Personnel Cabinet accepts a carrier's bid, the cabinet shall award the  
9 carrier all of the counties included in its bid within the region. If the Personnel  
10 Cabinet deems the bids submitted in accordance with this subsection to be in  
11 the best interests of state employees in a region, the cabinet may award the  
12 contract for that region to no more than two (2) carriers; and
- 13 (e) Nothing in this subsection shall prohibit the Personnel Cabinet from including  
14 other requirements or criteria in the request for proposal.
- 15 (21) Any fully insured health benefit plan or self-insured plan issued or renewed on or  
16 after July 12, 2006, to public employees pursuant to this section which provides  
17 coverage for services rendered by a physician or osteopath duly licensed under KRS  
18 Chapter 311 that are within the scope of practice of an optometrist duly licensed  
19 under the provisions of KRS Chapter 320 shall provide the same payment of  
20 coverage to optometrists as allowed for those services rendered by physicians or  
21 osteopaths.
- 22 (22) Any fully insured health benefit plan or self-insured plan issued or renewed to  
23 public employees pursuant to this section shall comply with:
- 24 (a) KRS 304.12-237;
- 25 (b) KRS 304.17A-270 and 304.17A-525;
- 26 (c) KRS 304.17A-600 to 304.17A-633;
- 27 (d) KRS 205.593;



- 1 (e) KRS 304.17A-700 to 304.17A-730;
- 2 (f) KRS 304.14-135;
- 3 (g) KRS 304.17A-580 and 304.17A-641;
- 4 (h) KRS 304.99-123;
- 5 (i) KRS 304.17A-138;
- 6 (j) KRS 304.17A-148;
- 7 (k) KRS 304.17A-163 and 304.17A-1631;~~and~~
- 8 (l) **Section 1 of this Act; and**
- 9 **(m)** Administrative regulations promulgated pursuant to statutes listed in this
- 10 subsection.

11 ➔Section 7. KRS 164.2871 is amended to read as follows:

- 12 (1) The governing board of each state postsecondary educational institution is
- 13 authorized to purchase liability insurance for the protection of the individual
- 14 members of the governing board, faculty, and staff of such institutions from liability
- 15 for acts and omissions committed in the course and scope of the individual's
- 16 employment or service. Each institution may purchase the type and amount of
- 17 liability coverage deemed to best serve the interest of such institution.
- 18 (2) All retirement annuity allowances accrued or accruing to any employee of a state
- 19 postsecondary educational institution through a retirement program sponsored by
- 20 the state postsecondary educational institution are hereby exempt from any state,
- 21 county, or municipal tax, and shall not be subject to execution, attachment,
- 22 garnishment, or any other process whatsoever, nor shall any assignment thereof be
- 23 enforceable in any court. Except retirement benefits accrued or accruing to any
- 24 employee of a state postsecondary educational institution through a retirement
- 25 program sponsored by the state postsecondary educational institution on or after
- 26 January 1, 1998, shall be subject to the tax imposed by KRS 141.020, to the extent
- 27 provided in KRS 141.010 and 141.0215.

- 1 (3) Except as provided in KRS Chapter 44, the purchase of liability insurance for  
2 members of governing boards, faculty and staff of institutions of higher education  
3 in this state shall not be construed to be a waiver of sovereign immunity or any  
4 other immunity or privilege.
- 5 (4) The governing board of each state postsecondary education institution is authorized  
6 to provide a self-insured employer group health plan to its employees, which plan  
7 shall:
- 8 (a) Conform to the requirements of Subtitle 32 of KRS Chapter 304; and  
9 (b) Except as provided in subsection (5) of this section, be exempt from  
10 conformity with Subtitle 17A of KRS Chapter 304.
- 11 (5) A self-insured employer group health plan provided by the governing board of a  
12 state postsecondary education institution to its employees shall comply with:
- 13 (a) KRS 304.17A-163 and 304.17A-1631; and  
14 (b) *Section 1 of this Act.*
- 15 ➔Section 8. This Act shall apply to:
- 16 (1) Health insurance policies in effect on or after the effective date of this Act;  
17 and  
18 (2) Health insurance policies issued, delivered, or renewed on or after the  
19 effective date of this Act.