

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) "Insurer":*

8 *1. Means any domestic, foreign, or alien insurer, self-insurer, self-*  
9 *insured plan, or self-insured group; and*

10 *2. Includes any domestic, foreign, or alien:*

11 *a. Health maintenance organization;*

12 *b. Limited health service organization;*

13 *c. Provider-sponsored integrated health delivery network; and*

14 *d. Nonprofit hospital, medical-surgical, dental, and health service*  
15 *corporation;*

16 *(b) "Health insurance policy" includes any health insurance policy, certificate,*  
17 *plan, or contract or managed care plan, as defined in KRS 304.17A-500,*  
18 *regardless of whether the policy, certificate, plan, or contract was issued or*  
19 *delivered in this state; and*

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

24 *(2) To the extent permitted under federal law, an insurer or its agent shall not*  
25 *prohibit or restrict an insured under a health insurance policy from making a*  
26 *written assignment of any substance abuse or mental health treatment benefits*  
27 *available under the policy to a substance abuse and mental health facility or*

1 other health care provider located in this state that provides both substance abuse  
 2 and mental health treatment services to the general public.

3 (3) For assignments made by an insured under subsection (2) of this section:

4 (a) The assignment shall be valid as of the effective date contained in the  
 5 assignment; and

6 (b) The insurer shall make payments directly to the substance abuse and mental  
 7 health facility or other health care provider:

8 1. Upon notice of the assignment;

9 2. Subject to any written direction of the insured, including any written  
 10 direction of the insured in an agreement between the insured and a  
 11 substance abuse and mental health facility or other health care  
 12 provider; and

13 3. In accordance with applicable state and federal law.

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

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

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

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

20 Except as provided in Section 1 of this Act:

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

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

1 (3) Any assignment of a policy which is otherwise lawful and of which the insurer has  
 2 received notice~~[,]~~ shall entitle the insurer to deal with the assignee as the owner or  
 3 pledgee of the policy in accordance with the terms of the assignment, until the  
 4 insurer has received at its principal office written notice of the termination of the  
 5 assignment or pledge~~[,]~~ or written notice by or on behalf of some interest in the  
 6 policy in conflict with the assignment; **and**~~[,]~~

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

13 **(b)** While the assignment is in effect, and **regardless of when it was**~~[whether~~  
 14 ~~heretofore or hereafter]~~ made, the insurer shall be entitled to deal with the  
 15 assignee as the owner of **the**~~[such]~~ rights and benefits in accordance with the  
 16 terms of the assignment **and**~~[; but]~~ without prejudice to the insurer on account  
 17 of any lawful action taken or payment made by **the insurer**~~[it]~~ prior to receipt  
 18 by **the insurer**~~[it]~~ at its principal office ~~of~~~~[or]~~ written notice of the assignment  
 19 or of the termination thereof.

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

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

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

24 "Payment of Claims: Indemnity for loss of life will be payable in accordance  
 25 with the beneficiary designation and the provisions respecting payment which may  
 26 be prescribed herein and effective at the time of payment. If no designation or  
 27 provision is then effective, any indemnity shall be payable to the estate of the

1 insured. Any other accrued indemnities unpaid at the insured's death may, at the  
 2 option of the insurer, be paid either to a beneficiary or to the estate. All other  
 3 indemnities will be payable to the insured."

4 (2) **Except as provided in Section 1 of this Act,** the following provisions, or either of  
 5 them, may be included with the ~~foregoing~~ provision **required under subsection**  
 6 **(1) of this section** at the option of the insurer:

7 (a) "If any indemnity of this policy shall be payable to the estate of the insured, or  
 8 to an insured or beneficiary who is a minor or otherwise not competent to give  
 9 a valid release, the insurer may pay such indemnity, up to an amount not  
 10 exceeding \$.... (insert an amount which shall not exceed \$5,000), to any  
 11 relative by blood or connection by marriage of the insured or beneficiary who  
 12 is deemed by the insurer to be equitably entitled thereto. Any payment made  
 13 by the insurer in good faith pursuant to this provision shall fully discharge the  
 14 insurer to the extent of the payment." **; and**

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

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

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

24 (1) **Subject to** ~~Except as provided in~~ subsection (2) of this section, all benefits under  
 25 any blanket health **insurance** policy or contract shall be payable to the person  
 26 insured, or to **the person's** ~~his~~ designated beneficiary or beneficiaries, or to **the**  
 27 **person's** ~~his~~ estate, except that if the person insured is a minor or otherwise not

1 competent to give a valid release, ~~the~~<sup>[such]</sup> benefits may be made payable to the  
 2 person's<sup>[his]</sup> parent, guardian, conservator, or other person actually supporting the  
 3 minor or person not competent to give a valid release; and<sup>[him.]</sup>

4 (2) (a) A blanket health insurance policy or contract<sup>[The policy]</sup> may provide that  
 5 all or a portion of any indemnities provided by ~~the~~<sup>[any such]</sup> policy or  
 6 contract on account of hospital, nursing, medical, or surgical services may, at  
 7 the option of the insurer and unless the insured requests otherwise in writing  
 8 not later than the time of filing proofs of such loss, be paid directly to the  
 9 hospital or person rendering such services,<sup>[;]</sup> but the policy or contract may  
 10 not require that the service be rendered by a particular hospital or person.

11 (b) Payment<sup>[so]</sup> made directly to a hospital or other person for all or a portion  
 12 of any indemnities provided by a blanket health insurance policy or contract  
 13 shall discharge the obligation of the insurer with respect to the amount of  
 14 insurance so paid.

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

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

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

19 (1) (a) The term "employee" for purposes of this section means:

20 1. Any person, including an elected public official, who is regularly  
 21 employed by any department, office, board, agency, or branch of state  
 22 government; or by a public postsecondary educational institution; or by  
 23 any city, urban-county, charter county, county, or consolidated local  
 24 government, whose legislative body has opted to participate in the state-  
 25 sponsored health insurance program pursuant to KRS 79.080; and who  
 26 is either a contributing member to any one (1) of the retirement systems  
 27 administered by the state, including but not limited to the Kentucky

- 1 Retirement Systems, County Employees Retirement System, Kentucky  
2 Teachers' Retirement System, the Legislators' Retirement Plan, or the  
3 Judicial Retirement Plan; or is receiving a contractual contribution from  
4 the state toward a retirement plan; or, in the case of a public  
5 postsecondary education institution, is an individual participating in an  
6 optional retirement plan authorized by KRS 161.567; or is eligible to  
7 participate in a retirement plan established by an employer who ceases  
8 participating in the Kentucky Employees Retirement System pursuant to  
9 KRS 61.522 whose employees participated in the health insurance plans  
10 administered by the Personnel Cabinet prior to the employer's effective  
11 cessation date in the Kentucky Employees Retirement System;
- 12 2. Any certified or classified employee of a local board of education or a  
13 public charter school as defined in KRS 160.1590;
- 14 3. Any elected member of a local board of education;
- 15 4. Any person who is a present or future recipient of a retirement  
16 allowance from the Kentucky Retirement Systems, County Employees  
17 Retirement System, Kentucky Teachers' Retirement System, the  
18 Legislators' Retirement Plan, the Judicial Retirement Plan, or the  
19 Kentucky Community and Technical College System's optional  
20 retirement plan authorized by KRS 161.567, except that a person who is  
21 receiving a retirement allowance and who is age sixty-five (65) or older  
22 shall not be included, with the exception of persons covered under KRS  
23 61.702(2)(b)3. and 78.5536(2)(b)3., unless he or she is actively  
24 employed pursuant to subparagraph 1. of this paragraph; and
- 25 5. Any eligible dependents and beneficiaries of participating employees  
26 and retirees who are entitled to participate in the state-sponsored health  
27 insurance program;

- 1 (b) The term "health benefit plan" for the purposes of this section means a health  
2 benefit plan as defined in KRS 304.17A-005;
- 3 (c) The term "insurer" for the purposes of this section means an insurer as defined  
4 in KRS 304.17A-005; and
- 5 (d) The term "managed care plan" for the purposes of this section means a  
6 managed care plan as defined in KRS 304.17A-500.
- 7 (2) (a) The secretary of the Finance and Administration Cabinet, upon the  
8 recommendation of the secretary of the Personnel Cabinet, shall procure, in  
9 compliance with the provisions of KRS 45A.080, 45A.085, and 45A.090,  
10 from one (1) or more insurers authorized to do business in this state, a group  
11 health benefit plan that may include but not be limited to health maintenance  
12 organization (HMO), preferred provider organization (PPO), point of service  
13 (POS), and exclusive provider organization (EPO) benefit plans  
14 encompassing all or any class or classes of employees. With the exception of  
15 employers governed by the provisions of KRS Chapters 16, 18A, and 151B,  
16 all employers of any class of employees or former employees shall enter into  
17 a contract with the Personnel Cabinet prior to including that group in the state  
18 health insurance group. The contracts shall include but not be limited to  
19 designating the entity responsible for filing any federal forms, adoption of  
20 policies required for proper plan administration, acceptance of the contractual  
21 provisions with health insurance carriers or third-party administrators, and  
22 adoption of the payment and reimbursement methods necessary for efficient  
23 administration of the health insurance program. Health insurance coverage  
24 provided to state employees under this section shall, at a minimum, contain  
25 the same benefits as provided under Kentucky Kare Standard as of January 1,  
26 1994, and shall include a mail-order drug option as provided in subsection  
27 (13) of this section. All employees and other persons for whom the health care

1 coverage is provided or made available shall annually be given an option to  
2 elect health care coverage through a self-funded plan offered by the  
3 Commonwealth or, if a self-funded plan is not available, from a list of  
4 coverage options determined by the competitive bid process under the  
5 provisions of KRS 45A.080, 45A.085, and 45A.090 and made available  
6 during annual open enrollment.

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

10 (c) Any carrier bidding to offer health care coverage to employees shall agree to  
11 provide coverage to all members of the state group, including active  
12 employees and retirees and their eligible covered dependents and  
13 beneficiaries, within the county or counties specified in its bid. Except as  
14 provided in subsection (20) of this section, any carrier bidding to offer health  
15 care coverage to employees shall also agree to rate all employees as a single  
16 entity, except for those retirees whose former employers insure their active  
17 employees outside the state-sponsored health insurance program and as  
18 otherwise provided in KRS 61.702(2)(b)3.b. and 78.5536(2)(b)3.b.

19 (d) Any carrier bidding to offer health care coverage to employees shall agree to  
20 provide enrollment, claims, and utilization data to the Commonwealth in a  
21 format specified by the Personnel Cabinet with the understanding that the data  
22 shall be owned by the Commonwealth; to provide data in an electronic form  
23 and within a time frame specified by the Personnel Cabinet; and to be subject  
24 to penalties for noncompliance with data reporting requirements as specified  
25 by the Personnel Cabinet. The Personnel Cabinet shall take strict precautions  
26 to protect the confidentiality of each individual employee; however,  
27 confidentiality assertions shall not relieve a carrier from the requirement of



- 1 providing stipulated data to the Commonwealth.
- 2 (e) The Personnel Cabinet shall develop the necessary techniques and capabilities  
3 for timely analysis of data received from carriers and, to the extent possible,  
4 provide in the request-for-proposal specifics relating to data requirements,  
5 electronic reporting, and penalties for noncompliance. The Commonwealth  
6 shall own the enrollment, claims, and utilization data provided by each carrier  
7 and shall develop methods to protect the confidentiality of the individual. The  
8 Personnel Cabinet shall include in the October annual report submitted  
9 pursuant to the provisions of KRS 18A.226 to the Governor, the General  
10 Assembly, and the Chief Justice of the Supreme Court, an analysis of the  
11 financial stability of the program, which shall include but not be limited to  
12 loss ratios, methods of risk adjustment, measurements of carrier quality of  
13 service, prescription coverage and cost management, and statutorily required  
14 mandates. If state self-insurance was available as a carrier option, the report  
15 also shall provide a detailed financial analysis of the self-insurance fund  
16 including but not limited to loss ratios, reserves, and reinsurance agreements.
- 17 (f) If any agency participating in the state-sponsored employee health insurance  
18 program for its active employees terminates participation and there is a state  
19 appropriation for the employer's contribution for active employees' health  
20 insurance coverage, then neither the agency nor the employees shall receive  
21 the state-funded contribution after termination from the state-sponsored  
22 employee health insurance program.
- 23 (g) Any funds in flexible spending accounts that remain after all reimbursements  
24 have been processed shall be transferred to the credit of the state-sponsored  
25 health insurance plan's appropriation account.
- 26 (h) Each entity participating in the state-sponsored health insurance program shall  
27 provide an amount at least equal to the state contribution rate for the employer

1           portion of the health insurance premium. For any participating entity that used  
2           the state payroll system, the employer contribution amount shall be equal to  
3           but not greater than the state contribution rate.

- 4   (3) The premiums may be paid by the policyholder:
- 5       (a) Wholly from funds contributed by the employee, by payroll deduction or  
6       otherwise;
- 7       (b) Wholly from funds contributed by any department, board, agency, public  
8       postsecondary education institution, or branch of state, city, urban-county,  
9       charter county, county, or consolidated local government; or
- 10      (c) Partly from each, except that any premium due for health care coverage or  
11      dental coverage, if any, in excess of the premium amount contributed by any  
12      department, board, agency, postsecondary education institution, or branch of  
13      state, city, urban-county, charter county, county, or consolidated local  
14      government for any other health care coverage shall be paid by the employee.
- 15   (4) If an employee moves his or her place of residence or employment out of the  
16      service area of an insurer offering a managed health care plan, under which he or  
17      she has elected coverage, into either the service area of another managed health care  
18      plan or into an area of the Commonwealth not within a managed health care plan  
19      service area, the employee shall be given an option, at the time of the move or  
20      transfer, to change his or her coverage to another health benefit plan.
- 21   (5) No payment of premium by any department, board, agency, public postsecondary  
22      educational institution, or branch of state, city, urban-county, charter county,  
23      county, or consolidated local government shall constitute compensation to an  
24      insured employee for the purposes of any statute fixing or limiting the  
25      compensation of such an employee. Any premium or other expense incurred by any  
26      department, board, agency, public postsecondary educational institution, or branch  
27      of state, city, urban-county, charter county, county, or consolidated local

- 1 government shall be considered a proper cost of administration.
- 2 (6) The policy or policies may contain the provisions with respect to the class or classes  
3 of employees covered, amounts of insurance or coverage for designated classes or  
4 groups of employees, policy options, terms of eligibility, and continuation of  
5 insurance or coverage after retirement.
- 6 (7) Group rates under this section shall be made available to the disabled child of an  
7 employee regardless of the child's age if the entire premium for the disabled child's  
8 coverage is paid by the state employee. A child shall be considered disabled if he or  
9 she has been determined to be eligible for federal Social Security disability benefits.
- 10 (8) The health care contract or contracts for employees shall be entered into for a  
11 period of not less than one (1) year.
- 12 (9) The secretary shall appoint thirty-two (32) persons to an Advisory Committee of  
13 State Health Insurance Subscribers to advise the secretary or the secretary's  
14 designee regarding the state-sponsored health insurance program for employees.  
15 The secretary shall appoint, from a list of names submitted by appointing  
16 authorities, members representing school districts from each of the seven (7)  
17 Supreme Court districts, members representing state government from each of the  
18 seven (7) Supreme Court districts, two (2) members representing retirees under age  
19 sixty-five (65), one (1) member representing local health departments, two (2)  
20 members representing the Kentucky Teachers' Retirement System, and three (3)  
21 members at large. The secretary shall also appoint two (2) members from a list of  
22 five (5) names submitted by the Kentucky Education Association, two (2) members  
23 from a list of five (5) names submitted by the largest state employee organization of  
24 nonschool state employees, two (2) members from a list of five (5) names submitted  
25 by the Kentucky Association of Counties, two (2) members from a list of five (5)  
26 names submitted by the Kentucky League of Cities, and two (2) members from a  
27 list of names consisting of five (5) names submitted by each state employee

1 organization that has two thousand (2,000) or more members on state payroll  
2 deduction. The advisory committee shall be appointed in January of each year and  
3 shall meet quarterly.

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

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

13 (12) Any employee who is eligible for and elects to participate in the state health  
14 insurance program as a retiree, or the spouse or beneficiary of a retiree, under any  
15 one (1) of the state-sponsored retirement systems shall not be eligible to receive the  
16 state health insurance contribution toward health care coverage as a result of any  
17 other employment for which there is a public employer contribution. This does not  
18 preclude a retiree and an active employee spouse from using both contributions to  
19 the extent needed for purchase of one (1) state sponsored health insurance policy  
20 for that plan year.

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

25 (b) A health insurer shall not discriminate against any retail pharmacy located  
26 within the geographic coverage area of the health benefit plan and that meets  
27 the terms and conditions for participation established by the insurer, including

1 price, dispensing fee, and copay requirements of a mail-order option. The  
2 retail pharmacy shall not be required to dispense by mail.

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

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

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

13 (16) Any policy provided to state employees or their dependents pursuant to this section  
14 shall provide coverage for obtaining amino acid-based elemental formula pursuant  
15 to KRS 304.17A-258.

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

23 (18) If a state employee's residence and place of employment are each located in  
24 counties in which the hospitals do not offer surgical services, intensive care  
25 services, obstetrical services, level II neonatal services, diagnostic cardiac  
26 catheterization services, and magnetic resonance imaging services, the employee  
27 may select a plan available in a county contiguous to the county of residence that

1 does provide those services, and the state contribution for the plan shall be the  
2 amount available in the county where the plan selected is located.

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

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

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

14 (b) The Personnel Cabinet shall divide the state into geographical regions which  
15 shall be the same as the partnership regions designated by the Department for  
16 Medicaid Services for purposes of the Kentucky Health Care Partnership  
17 Program established pursuant to 907 KAR 1:705;

18 (c) The request for proposal shall require a carrier's bid to include every county  
19 within the region or regions for which the bid is submitted and include but not  
20 be restricted to a preferred provider organization (PPO) option;

21 (d) If the Personnel Cabinet accepts a carrier's bid, the cabinet shall award the  
22 carrier all of the counties included in its bid within the region. If the Personnel  
23 Cabinet deems the bids submitted in accordance with this subsection to be in  
24 the best interests of state employees in a region, the cabinet may award the  
25 contract for that region to no more than two (2) carriers; and

26 (e) Nothing in this subsection shall prohibit the Personnel Cabinet from including  
27 other requirements or criteria in the request for proposal.

- 1 (21) Any fully insured health benefit plan or self-insured plan issued or renewed on or  
2 after July 12, 2006, to public employees pursuant to this section which provides  
3 coverage for services rendered by a physician or osteopath duly licensed under KRS  
4 Chapter 311 that are within the scope of practice of an optometrist duly licensed  
5 under the provisions of KRS Chapter 320 shall provide the same payment of  
6 coverage to optometrists as allowed for those services rendered by physicians or  
7 osteopaths.
- 8 (22) Any fully insured health benefit plan or self-insured plan issued or renewed to  
9 public employees pursuant to this section shall comply with:
- 10 (a) KRS 304.12-237;  
11 (b) KRS 304.17A-270 and 304.17A-525;  
12 (c) KRS 304.17A-600 to 304.17A-633;  
13 (d) KRS 205.593;  
14 (e) KRS 304.17A-700 to 304.17A-730;  
15 (f) KRS 304.14-135;  
16 (g) KRS 304.17A-580 and 304.17A-641;  
17 (h) KRS 304.99-123;  
18 (i) KRS 304.17A-138;  
19 (j) KRS 304.17A-148;  
20 (k) KRS 304.17A-163 and 304.17A-1631;~~and~~  
21 (l) **Section 1 of this Act; and**  
22 **(m)** Administrative regulations promulgated pursuant to statutes listed in this  
23 subsection.
- 24 ➔Section 7. KRS 164.2871 is amended to read as follows:
- 25 (1) The governing board of each state postsecondary educational institution is  
26 authorized to purchase liability insurance for the protection of the individual  
27 members of the governing board, faculty, and staff of such institutions from liability

1 for acts and omissions committed in the course and scope of the individual's  
2 employment or service. Each institution may purchase the type and amount of  
3 liability coverage deemed to best serve the interest of such institution.

4 (2) All retirement annuity allowances accrued or accruing to any employee of a state  
5 postsecondary educational institution through a retirement program sponsored by  
6 the state postsecondary educational institution are hereby exempt from any state,  
7 county, or municipal tax, and shall not be subject to execution, attachment,  
8 garnishment, or any other process whatsoever, nor shall any assignment thereof be  
9 enforceable in any court. Except retirement benefits accrued or accruing to any  
10 employee of a state postsecondary educational institution through a retirement  
11 program sponsored by the state postsecondary educational institution on or after  
12 January 1, 1998, shall be subject to the tax imposed by KRS 141.020, to the extent  
13 provided in KRS 141.010 and 141.0215.

14 (3) Except as provided in KRS Chapter 44, the purchase of liability insurance for  
15 members of governing boards, faculty and staff of institutions of higher education  
16 in this state shall not be construed to be a waiver of sovereign immunity or any  
17 other immunity or privilege.

18 (4) The governing board of each state postsecondary education institution is authorized  
19 to provide a self-insured employer group health plan to its employees, which plan  
20 shall:

21 (a) Conform to the requirements of Subtitle 32 of KRS Chapter 304; and

22 (b) Except as provided in subsection (5) of this section, be exempt from  
23 conformity with Subtitle 17A of KRS Chapter 304.

24 (5) A self-insured employer group health plan provided by the governing board of a  
25 state postsecondary education institution to its employees shall comply with:

26 (a) KRS 304.17A-163 and 304.17A-1631; and

27 (b) Section 1 of this Act.



1           ➔Section 8. This Act shall apply to:

2           (1) Health insurance policies in effect on or after the effective date of this Act;

3           and

4           (2) Health insurance policies issued, delivered, or renewed on or after the

5           effective date of this Act.