

1 AN ACT relating to pharmacy benefits.

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

3 ➔Section 1. KRS 304.17A-164 is amended to read as follows:

4 (1) As used in this section:

5 (a) "Cost sharing"

6 **1.** Means the cost to an insured under a health plan according to any  
 7 coverage limit, copayment, coinsurance, deductible, or other out-of-  
 8 pocket expense requirements imposed by the plan~~[, which may be~~  
 9 ~~subject to annual limitations on cost sharing, including those imposed~~  
 10 ~~under 42 U.S.C. secs. 18022(c) and 300gg-6(b),]~~ in order for the insured  
 11 to receive a specific ***benefit***~~[health care service]~~ covered by the plan;

12 **and**

13 **2. May be subject to annual limitations, including those imposed under**  
 14 **42 U.S.C. secs. 18022(c) and 300gg-6(b);**

15 (b) "Generic alternative" means a drug that is designated to be therapeutically  
 16 equivalent by the United States Food and Drug Administration's Approved  
 17 Drug Products with Therapeutic Equivalence Evaluations, except that a drug  
 18 shall not be considered a generic alternative until the drug is nationally  
 19 available;

20 (c) "Health plan":

21 1. Means **any**~~[a]~~ policy, contract, certificate, or **plan that offers or**  
 22 **provides pharmacy benefits in this state, whether the coverage is by**  
 23 **direct payment, reimbursement, or otherwise**~~[agreement offered or~~  
 24 ~~issued by an insurer to provide, deliver, arrange for, pay for, or~~  
 25 ~~reimburse any of the cost of health care services]; ~~and]~~~~

26 2. Includes a health benefit plan; **and**

27 **3. Does not include a policy, contract, certificate, or plan that offers or**

1 *provides benefits under KRS Chapter 205;*

2 (d) "Insured" means any individual who is enrolled in a health plan and on whose  
3 behalf the insurer is obligated to pay for or provide *pharmacy benefits*~~[health~~  
4 ~~care services];~~

5 (e) "Insurer":

6 *1. Means any of the following persons that offer or issue a health plan:*

7 *a. An insurance company;*

8 *b. A health maintenance organization;*

9 *c. A limited health service organization;*

10 *d. A self-insurer, including a governmental plan, church plan, or*  
11 *multiple employer welfare arrangement;*

12 *e. A provider-sponsored integrated health delivery network;*

13 *f. A self-insured employer-organized association;*

14 *g. A nonprofit hospital, medical-surgical, dental, and health service*  
15 *corporation; or*

16 *h. Any other third-party payor that is:*

17 *i. Authorized to transact health insurance business in this*  
18 *state; or*

19 *ii. Not exempt by federal law from regulation under the*  
20 *insurance laws of this state; and*

21 *2. Includes any person that has contracted with a state or federal agency*  
22 *to provide coverage in this state for pharmacy benefits, except persons*  
23 *or entities that have contracted to provide benefits under KRS Chapter*  
24 *205*~~[includes:~~

25 ~~1. An insurer offering a health plan providing coverage for pharmacy~~  
26 ~~benefits; or~~

27 ~~2. Any other administrator of pharmacy benefits under a health plan];~~

- 1 (f) "Person" **includes**~~[means]~~ a natural person, corporation, mutual company,  
 2 unincorporated association, partnership, joint venture, limited liability  
 3 company, trust, estate, foundation, nonprofit corporation, unincorporated  
 4 organization, government, or governmental subdivision or agency;
- 5 (g) "Pharmacy" includes:
- 6 1. A pharmacy, as defined in KRS Chapter 315;
  - 7 2. A pharmacist, as defined in KRS Chapter 315; and
  - 8 3. Any employee of a pharmacy or pharmacist; and
- 9 (h) "Pharmacy benefit manager" has the same meaning as in KRS **304.9-**  
 10 **020**~~[304.17A-161]~~.
- 11 (2) To the extent permitted under federal law and except as provided in subsection (4)  
 12 of this section, an insurer,~~[issuing or renewing a health plan on or after January 1,~~  
 13 ~~2022, or]~~ a pharmacy benefit manager, **or any other administrator of pharmacy**  
 14 **benefits** shall not:
- 15 (a) Require an insured purchasing a prescription drug to pay a cost-sharing  
 16 amount greater than the amount the insured would pay for the drug if he or  
 17 she **purchased**~~[were to purchase]~~ the drug without coverage **under the health**  
 18 **plan**;
  - 19 (b) **1. Require or incentivize an insured to use a mail-order pharmaceutical**  
 20 **distributor, including a mail-order pharmacy.**  
 21 **2. Conduct prohibited under this paragraph includes but is not limited to**  
 22 **imposing any cost-sharing requirement, fee, or other condition**  
 23 **relating to the use of a retail pharmacy that is greater, or more**  
 24 **restrictive, than what would otherwise be imposed if the insured used a**  
 25 **mail-order pharmaceutical distributor, including a mail-order**  
 26 **pharmacy;**
  - 27 (c) **1. Except as provided in subparagraph 2. of this paragraph,** exclude any

1 cost-sharing amounts paid by an insured, or on behalf of an insured by  
 2 another person, for a prescription drug, including any amount paid under  
 3 paragraph (a) of this subsection, when calculating an insured's  
 4 contribution to any applicable cost-sharing requirement.

5 **2.** The requirements of this paragraph shall not apply:

6 **a.**~~[1.]~~ In the case of a prescription drug for which there is a generic  
 7 alternative, unless the insured has obtained access to the brand  
 8 prescription drug through prior authorization, a step therapy  
 9 protocol, or the insurer's exceptions and appeals process; or

10 **b.**~~[2.]~~ To any fully insured health benefit plan or self-insured plan  
 11 provided to any employee under KRS 18A.225;

12 **(d)**~~[(e)]~~ Prohibit a pharmacy from discussing any information **authorized** under  
 13 subsection (3) of this section; or

14 **(e)**~~[(d)]~~ Impose a penalty on a pharmacy for complying with this section.

15 (3) A pharmacist shall have the right to provide an insured information regarding the  
 16 applicable limitations on his or her cost sharing pursuant to this section for a  
 17 prescription drug.

18 (4) If the application of any requirement of subsection (2)**(c)**~~[(b)]~~ of this section would  
 19 be the sole cause of a health plan's failure to qualify as a Health Savings Account-  
 20 qualified High Deductible Health Plan under 26 U.S.C. sec. 223, as amended, then  
 21 the requirement shall not apply to that health plan until the minimum deductible  
 22 under 26 U.S.C. sec. 223, as amended, is satisfied.

23 ➔Section 2. KRS 304.17C-125 (Effective January 1, 2025) is amended to read as  
 24 follows:

25 **The following**~~[KRS 304.17A-262]~~ shall apply to limited health service benefit plans,  
 26 including any limited health service contract, as defined in KRS 304.38A-010:

27 **(1) KRS 304.17A-262; and**

1 **(2) Section 1 of this Act.**

2 ➔Section 3. KRS 304.38A-115 (Effective January 1, 2025) is amended to read as  
3 follows:

4 Limited health service organizations shall comply with:

5 **(1) KRS 304.17A-262;**

6 **(2) KRS 304.17A-265; and**

7 **(3) Section 1 of this Act.**

8 ➔Section 4. KRS 18A.225 (Effective January 1, 2025) is amended to read as  
9 follows:

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

11 1. Any person, including an elected public official, who is regularly  
12 employed by any department, office, board, agency, or branch of state  
13 government; or by a public postsecondary educational institution; or by  
14 any city, urban-county, charter county, county, or consolidated local  
15 government, whose legislative body has opted to participate in the state-  
16 sponsored health insurance program pursuant to KRS 79.080; and who  
17 is either a contributing member to any one (1) of the retirement systems  
18 administered by the state, including but not limited to the Kentucky  
19 Retirement Systems, County Employees Retirement System, Kentucky  
20 Teachers' Retirement System, the Legislators' Retirement Plan, or the  
21 Judicial Retirement Plan; or is receiving a contractual contribution from  
22 the state toward a retirement plan; or, in the case of a public  
23 postsecondary education institution, is an individual participating in an  
24 optional retirement plan authorized by KRS 161.567; or is eligible to  
25 participate in a retirement plan established by an employer who ceases  
26 participating in the Kentucky Employees Retirement System pursuant to  
27 KRS 61.522 whose employees participated in the health insurance plans

- 1 administered by the Personnel Cabinet prior to the employer's effective  
2 cessation date in the Kentucky Employees Retirement System;
- 3 2. Any certified or classified employee of a local board of education or a  
4 public charter school as defined in KRS 160.1590;
- 5 3. Any elected member of a local board of education;
- 6 4. Any person who is a present or future recipient of a retirement  
7 allowance from the Kentucky Retirement Systems, County Employees  
8 Retirement System, Kentucky Teachers' Retirement System, the  
9 Legislators' Retirement Plan, the Judicial Retirement Plan, or the  
10 Kentucky Community and Technical College System's optional  
11 retirement plan authorized by KRS 161.567, except that a person who is  
12 receiving a retirement allowance and who is age sixty-five (65) or older  
13 shall not be included, with the exception of persons covered under KRS  
14 61.702(2)(b)3. and 78.5536(2)(b)3., unless he or she is actively  
15 employed pursuant to subparagraph 1. of this paragraph; and
- 16 5. Any eligible dependents and beneficiaries of participating employees  
17 and retirees who are entitled to participate in the state-sponsored health  
18 insurance program;
- 19 (b) The term "health benefit plan" for the purposes of this section means a health  
20 benefit plan as defined in KRS 304.17A-005;
- 21 (c) The term "insurer" for the purposes of this section means an insurer as defined  
22 in KRS 304.17A-005; and
- 23 (d) The term "managed care plan" for the purposes of this section means a  
24 managed care plan as defined in KRS 304.17A-500.
- 25 (2) (a) The secretary of the Finance and Administration Cabinet, upon the  
26 recommendation of the secretary of the Personnel Cabinet, shall procure, in  
27 compliance with the provisions of KRS 45A.080, 45A.085, and 45A.090,

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

- 25 (b) The policy or policies shall be approved by the commissioner of insurance  
26 and may contain the provisions the commissioner of insurance approves,  
27 whether or not otherwise permitted by the insurance laws.

- 1 (c) Any carrier bidding to offer health care coverage to employees shall agree to  
2 provide coverage to all members of the state group, including active  
3 employees and retirees and their eligible covered dependents and  
4 beneficiaries, within the county or counties specified in its bid. Except as  
5 provided in subsection (20) of this section, any carrier bidding to offer health  
6 care coverage to employees shall also agree to rate all employees as a single  
7 entity, except for those retirees whose former employers insure their active  
8 employees outside the state-sponsored health insurance program and as  
9 otherwise provided in KRS 61.702(2)(b)3.b. and 78.5536(2)(b)3.b.
- 10 (d) Any carrier bidding to offer health care coverage to employees shall agree to  
11 provide enrollment, claims, and utilization data to the Commonwealth in a  
12 format specified by the Personnel Cabinet with the understanding that the data  
13 shall be owned by the Commonwealth; to provide data in an electronic form  
14 and within a time frame specified by the Personnel Cabinet; and to be subject  
15 to penalties for noncompliance with data reporting requirements as specified  
16 by the Personnel Cabinet. The Personnel Cabinet shall take strict precautions  
17 to protect the confidentiality of each individual employee; however,  
18 confidentiality assertions shall not relieve a carrier from the requirement of  
19 providing stipulated data to the Commonwealth.
- 20 (e) The Personnel Cabinet shall develop the necessary techniques and capabilities  
21 for timely analysis of data received from carriers and, to the extent possible,  
22 provide in the request-for-proposal specifics relating to data requirements,  
23 electronic reporting, and penalties for noncompliance. The Commonwealth  
24 shall own the enrollment, claims, and utilization data provided by each carrier  
25 and shall develop methods to protect the confidentiality of the individual. The  
26 Personnel Cabinet shall include in the October annual report submitted  
27 pursuant to the provisions of KRS 18A.226 to the Governor, the General



1 Assembly, and the Chief Justice of the Supreme Court, an analysis of the  
2 financial stability of the program, which shall include but not be limited to  
3 loss ratios, methods of risk adjustment, measurements of carrier quality of  
4 service, prescription coverage and cost management, and statutorily required  
5 mandates. If state self-insurance was available as a carrier option, the report  
6 also shall provide a detailed financial analysis of the self-insurance fund  
7 including but not limited to loss ratios, reserves, and reinsurance agreements.

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

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

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

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

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

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

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

- 1 (8) The health care contract or contracts for employees shall be entered into for a  
2 period of not less than one (1) year.
- 3 (9) The secretary shall appoint thirty-two (32) persons to an Advisory Committee of  
4 State Health Insurance Subscribers to advise the secretary or the secretary's  
5 designee regarding the state-sponsored health insurance program for employees.  
6 The secretary shall appoint, from a list of names submitted by appointing  
7 authorities, members representing school districts from each of the seven (7)  
8 Supreme Court districts, members representing state government from each of the  
9 seven (7) Supreme Court districts, two (2) members representing retirees under age  
10 sixty-five (65), one (1) member representing local health departments, two (2)  
11 members representing the Kentucky Teachers' Retirement System, and three (3)  
12 members at large. The secretary shall also appoint two (2) members from a list of  
13 five (5) names submitted by the Kentucky Education Association, two (2) members  
14 from a list of five (5) names submitted by the largest state employee organization of  
15 nonschool state employees, two (2) members from a list of five (5) names submitted  
16 by the Kentucky Association of Counties, two (2) members from a list of five (5)  
17 names submitted by the Kentucky League of Cities, and two (2) members from a  
18 list of names consisting of five (5) names submitted by each state employee  
19 organization that has two thousand (2,000) or more members on state payroll  
20 deduction. The advisory committee shall be appointed in January of each year and  
21 shall meet quarterly.
- 22 (10) Notwithstanding any other provision of law to the contrary, the policy or policies  
23 provided to employees pursuant to this section shall not provide coverage for  
24 obtaining or performing an abortion, nor shall any state funds be used for the  
25 purpose of obtaining or performing an abortion on behalf of employees or their  
26 dependents.
- 27 (11) Interruption of an established treatment regime with maintenance drugs shall be

1 grounds for an insured to appeal a formulary change through the established appeal  
2 procedures approved by the Department of Insurance, if the physician supervising  
3 the treatment certifies that the change is not in the best interests of the patient.

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

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

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

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

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

- 1 (15) Any policy provided to state employees or their dependents pursuant to this section  
2 shall provide coverage for the diagnosis and treatment of autism spectrum disorders  
3 consistent with KRS 304.17A-142.
- 4 (16) Any policy provided to state employees or their dependents pursuant to this section  
5 shall provide coverage for obtaining amino acid-based elemental formula pursuant  
6 to KRS 304.17A-258.
- 7 (17) If a state employee's residence and place of employment are in the same county,  
8 and if the hospital located within that county does not offer surgical services,  
9 intensive care services, obstetrical services, level II neonatal services, diagnostic  
10 cardiac catheterization services, and magnetic resonance imaging services, the  
11 employee may select a plan available in a contiguous county that does provide  
12 those services, and the state contribution for the plan shall be the amount available  
13 in the county where the plan selected is located.
- 14 (18) If a state employee's residence and place of employment are each located in  
15 counties in which the hospitals do not offer surgical services, intensive care  
16 services, obstetrical services, level II neonatal services, diagnostic cardiac  
17 catheterization services, and magnetic resonance imaging services, the employee  
18 may select a plan available in a county contiguous to the county of residence that  
19 does provide those services, and the state contribution for the plan shall be the  
20 amount available in the county where the plan selected is located.
- 21 (19) The Personnel Cabinet is encouraged to study whether it is fair and reasonable and  
22 in the best interests of the state group to allow any carrier bidding to offer health  
23 care coverage under this section to submit bids that may vary county by county or  
24 by larger geographic areas.
- 25 (20) Notwithstanding any other provision of this section, the bid for proposals for health  
26 insurance coverage for calendar year 2004 shall include a bid scenario that reflects  
27 the statewide rating structure provided in calendar year 2003 and a bid scenario that

1 allows for a regional rating structure that allows carriers to submit bids that may  
2 vary by region for a given product offering as described in this subsection:

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

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

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

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

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

19 (21) Any fully insured health benefit plan or self-insured plan issued or renewed on or  
20 after July 12, 2006, to public employees pursuant to this section which provides  
21 coverage for services rendered by a physician or osteopath duly licensed under KRS  
22 Chapter 311 that are within the scope of practice of an optometrist duly licensed  
23 under the provisions of KRS Chapter 320 shall provide the same payment of  
24 coverage to optometrists as allowed for those services rendered by physicians or  
25 osteopaths.

26 (22) Any fully insured health benefit plan or self-insured plan issued or renewed to  
27 public employees pursuant to this section shall comply with:

- 1 (a) KRS 304.12-237;
- 2 (b) KRS 304.17A-270 and 304.17A-525;
- 3 (c) KRS 304.17A-600 to 304.17A-633;
- 4 (d) KRS 205.593;
- 5 (e) KRS 304.17A-700 to 304.17A-730;
- 6 (f) KRS 304.14-135;
- 7 (g) KRS 304.17A-580 and 304.17A-641;
- 8 (h) KRS 304.99-123;
- 9 (i) KRS 304.17A-138;
- 10 (j) KRS 304.17A-148;
- 11 (k) KRS 304.17A-163 and 304.17A-1631;
- 12 (l) KRS 304.17A-265;
- 13 (m) KRS 304.17A-261;
- 14 (n) KRS 304.17A-262;~~[and]~~
- 15 (o) **Section 1 of this Act, to the extent applicable; and**
- 16 **(p)** Administrative regulations promulgated pursuant to statutes listed in this
- 17 subsection.

18 ➔Section 5. KRS 164.2871 (Effective January 1, 2025) is amended to read as  
 19 follows:

- 20 (1) The governing board of each state postsecondary educational institution is
- 21 authorized to purchase liability insurance for the protection of the individual
- 22 members of the governing board, faculty, and staff of such institutions from liability
- 23 for acts and omissions committed in the course and scope of the individual's
- 24 employment or service. Each institution may purchase the type and amount of
- 25 liability coverage deemed to best serve the interest of such institution.
- 26 (2) All retirement annuity allowances accrued or accruing to any employee of a state
- 27 postsecondary educational institution through a retirement program sponsored by

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

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

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

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

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

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

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

22 (b) KRS 304.17A-265;

23 (c) KRS 304.17A-261;~~and~~

24 (d) KRS 304.17A-262; **and**

25 **(e) Subsection (2)(b) of Section 1 of this Act.**

26 ➔Section 6. The following KRS section is repealed:

27 304.38A-120 Compliance with KRS 304.17A-265.



1           ➔Section 7. Sections 1, 2, 4, and 5 of this Act apply to health plans issued or  
2 renewed on or after January 1, 2025.

3           ➔Section 8. This Act takes effect on January 1, 2025.