

1 AN ACT relating to health care to provide for an all-payer claims database and
2 making an appropriation therefor.

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

4 ➔SECTION 1. A NEW SECTION OF KRS CHAPTER 194A IS CREATED TO
5 READ AS FOLLOWS:

6 *(1) A Kentucky all-payer claims database is created and established in Sections 1 to 6*
7 *of this Act to effect the following purposes:*

8 *(a) Allow for targeted population health initiatives;*

9 *(b) Determine state health status needs;*

10 *(c) Inform state health care planning;*

11 *(d) Support research in the areas of health care cost, quality, and accessibility;*

12 *(e) Improve the accessibility, adequacy, and affordability of health care and*
13 *health care coverage through the review and dissemination of data;*

14 *(f) Review health care costs among various treatment settings, providers, and*
15 *modalities;*

16 *(g) Evaluate the effectiveness of health care programs and services to improve*
17 *patient outcomes; and*

18 *(h) Support the development of quality improvement initiatives.*

19 *(2) Nothing in Sections 1 to 6 of this Act shall be construed to supersede,*
20 *supplement, or limit the provisions of KRS Chapter 216B relating to certificates*
21 *of need.*

22 ➔SECTION 2. A NEW SECTION OF KRS CHAPTER 194A IS CREATED TO
23 READ AS FOLLOWS:

24 *As used in Sections 1 to 6 of this Act:*

25 *(1) "Executive director" means the executive director of the Office of Data Analytics*
26 *established under Sections 7, 8, and 9 of this Act;*

27 *(2) "Health care claims":*

1 (a) Means claims made for the payment or reimbursement of the following
2 types of health care services:

3 1. Medical and hospital, which includes surgical, mental health,
4 substance use disorder, nursing, rehabilitative and habilitative
5 services, and laboratory services;

6 2. Dental;

7 3. Pharmacy; and

8 4. Any other health care service designated by the executive director by
9 administrative regulation; and

10 (b) Does not include claims made to a primary care provider for the provision
11 of primary care services under a direct primary care membership agreement
12 established under KRS 311.6201, 311.6202, 314.198, or 314.199;

13 (3) (a) "Health payer" means any person that pays, or administers the payment of,
14 health care claims.

15 (b) As used in paragraph (a) of this subsection, " person" includes but is not
16 limited to:

17 1. Medicare;

18 2. Medicaid;

19 3. The Kentucky Children's Health Insurance Program;

20 4. Workers' compensation insurers, self-insurers, and self-insured
21 groups;

22 5. Insurers, self-insurers, and self-insured groups, including self-insured
23 health plans and self-insured employer-organized associations, that
24 provide:

25 a. Coverage for health care services;

26 b. Health care benefits; or

27 c. Any kind of insurance regulated under KRS Chapter 304;

- 1 6. Health maintenance organizations;
 2 7. Limited health service organizations;
 3 8. Provider-sponsored integrated health delivery networks;
 4 9. Nonprofit hospital, medical-surgical, dental, and health service
 5 corporations;
 6 10. Administrators;
 7 11. Pharmacy benefit managers;
 8 12. Any third-party payor that is not exempt by federal law from
 9 regulation under the insurance laws of this state;
 10 13. Any person that contracts with a state or federal agency to provide
 11 coverage for health care services; and
 12 14. Any vendor or contractor of any person listed in subparagraphs 1. to
 13 13. of this paragraph; and

14 (4) "Kentucky all-payer claims database" means the all-payer claims database
 15 established under Sections 1 to 6 of this Act.

16 ➔SECTION 3. A NEW SECTION OF KRS CHAPTER 194A IS CREATED TO
 17 READ AS FOLLOWS:

18 (1) The Kentucky all-payer claims database fund is hereby created in the State
 19 Treasury.

20 (2) The following shall be deposited into the fund:

21 (a) All grants and funds received or raised under Section 4 of this Act;

22 (b) Any fees collected under Section 6 of this Act;

23 (c) Any penalties collected under Section 11 of this Act; and

24 (d) Any appropriations made to the fund by the General Assembly.

25 (3) Notwithstanding KRS 45.229, moneys in the fund not expended at the close of a
 26 fiscal year shall not lapse but shall be carried forward to the next fiscal year. Any
 27 interest earnings of the fund shall become part of the fund and shall not lapse.

1 (4) Moneys in the fund are hereby appropriated by the General Assembly, and shall
2 be available to the executive director, to develop, implement, operate, and
3 maintain the Kentucky all-payer claims database.

4 ➔SECTION 4. A NEW SECTION OF KRS CHAPTER 194A IS CREATED TO
5 READ AS FOLLOWS:

6 (1) The executive director shall develop, implement, operate, and maintain the
7 Kentucky all-payer claims database in accordance with Sections 1 to 6 of this Act.

8 (2) In carrying out the duties under subsection (1) of this section, the executive
9 director:

10 (a) Shall make good-faith efforts to:

11 1. Seek and accept grants, or raise funds, from any available source,
12 public or private, to support the development, implementation,
13 operation, and maintenance of the database; and

14 2. Establish agreements:

15 a. For voluntary reporting of health care claims data from health
16 payers that are not subject to mandatory reporting requirements.
17 If feasible, the executive director shall implement the reporting
18 format for self-insured group health plans described in 29 U.S.C.
19 sec. 1191d, as amended;

20 b. With the federal Centers for Medicare and Medicaid Services to
21 obtain Medicare health care claims data; and

22 c. With all-payer claims databases in other states to establish a
23 single application for access to data by authorized users across
24 multiple states, if the executive director determines that the
25 agreements are feasible and beneficial for the operation of the
26 Kentucky all-payer claims database;

27 (b) Shall:

- 1 1. Determine the measures necessary to implement reporting
2 requirements in a manner that:
- 3 a. Is cost effective and reasonable for data sources;
4 b. Is timely, relevant, and reliable for data users;
5 c. Eliminates, or reduces to the greatest extent practicable, the
6 submission of duplicate or redundant health care claims data;
7 and
8 d. Does not violate any applicable laws;
- 9 2. Establish policies and procedures necessary for the administration
10 and oversight of the database, including all necessary communication,
11 coordination, and data sharing with the commissioner of insurance
12 for enforcement under Section 11 of this Act;
- 13 3. Ensure the integrity, privacy, and security of personal health
14 information and other proprietary information related to the collection
15 and release of data;
- 16 4. Ensure that the database is operated in compliance with all state and
17 federal law, including but not limited to:
- 18 a. The Health Insurance Portability and Accountability Act of
19 1996, Pub. L. No. 104-191, as amended, and any related federal
20 regulations, as amended;
- 21 b. 42 U.S.C. sec. 290dd-2, as amended, and any related federal
22 regulations, as amended, including but not limited to 42 C.F.R.
23 pt. 2; and
- 24 c. All other applicable state and federal data privacy and security
25 laws relating to the collection, storage, and release of data,
26 except that the provisions of this section and Section 6 of this Act
27 shall control over any conflicting state laws; and

1 5. Promulgate any administrative regulations necessary to carry out
2 Sections 1 to 6 of this Act; and

3 (c) May:

4 1. a. Audit any data required to be submitted under Section 6 of this
5 Act as needed to corroborate the accuracy of submitted data.

6 b. Any audit conducted under this subparagraph shall, to the extent
7 practicable, be coordinated with other audits or examinations
8 performed by state or federal agencies;

9 2. a. Contract with one (1) or more qualified third parties:

10 i. To collect or process health care claims data; or

11 ii. For any other expertise, service, or function necessary to
12 carry out the provisions of Sections 1 to 6 of this Act.

13 b. The authority granted under this subparagraph shall include
14 without limitation designating a qualified third party to
15 implement, operate, and maintain the Kentucky all-payer claims
16 database; and

17 3. Share and receive data or other information, including confidential
18 and proprietary data or information, with and from state agencies,
19 federal agencies, and all-payer claims databases in other states if:

20 a. The recipient agrees in a written or electronic record to maintain
21 any confidential or proprietary status afforded to the data or
22 information; and

23 b. The data or information is shared or received in a manner that
24 does not violate any applicable laws.

25 (3) If the executive director contracts with a third-party under subsection (2)(c)2. of
26 this section, the executive director shall monitor and supervise the third party to
27 ensure that the third party complies with Sections 1 to 6 of this Act.

1 (4) A third party that contracts with the executive director under subsection (2)(c)2.
2 of this section shall not release, publish, or otherwise use any information to
3 which the third party has access under the contract without express permission in
4 a written or electronic record from the executive director.

5 (5) A waiver of any applicable privilege or claim of confidentiality in data or
6 information shall not occur as a result of a disclosure made under this section.

7 (6) (a) With regard to the Kentucky all-payer claims database, the executive
8 director shall file a written report with the Governor and the Legislative
9 Research Commission not later than September 1 of each year that details
10 the following:

11 1. The status of any development efforts, including efforts to obtain
12 funding for the database;

13 2. A detailed summary of database operations for the previous year;

14 3. The financial stability of the database;

15 4. An assessment of:

16 a. The cost, performance, and effectiveness of the database;

17 b. The performance of any third parties designated by the executive
18 director under subsection (2)(c)2. of this section; and

19 c. Whether the database has advanced the purposes set forth in
20 Section 1 of this Act; and

21 5. Any recommendations for database changes or improvements,
22 including statutory changes.

23 (b) In completing the determination required under paragraph (a)4.c. of this
24 subsection, the executive director shall, to the extent it is available, utilize
25 economic expertise.

26 ➔SECTION 5. A NEW SECTION OF KRS CHAPTER 194A IS CREATED TO
27 READ AS FOLLOWS:

1 (1) There is hereby created and established a Kentucky All-payer Claims Database
2 Advisory Council, whose duties shall be to make recommendations to the
3 executive director as to the development, implementation, operation, and
4 maintenance of the database.

5 (2) (a) The council shall consist of the following members:

6 1. A member of academia with experience in health care data research;

7 2. A representative from the Kentucky Hospital Association;

8 3. A representative from the Kentucky Medical Association;

9 4. A representative from the Kentucky Pharmacists Association;

10 5. A representative from the Kentucky Dental Association;

11 6. A representative from the Kentucky Primary Care Association;

12 7. A representative from a Medicaid managed care organization or an
13 organization that represents Medicaid managed care organizations;

14 8. A representative from a health insurer that offers health insurance
15 coverage in the private market or an organization that represents such
16 health insurers;

17 9. A representative from an employer that provides self-insured group
18 health insurance coverage to its employees;

19 10. A representative from a property and casualty insurer or an
20 organization that represents property and casualty insurers;

21 11. A representative from a workers' compensation insurer, self-insurer,
22 or self-insured group;

23 12. A person that advocates on behalf of, or promotes the interests of,
24 health care consumers; and

25 13. A person with expertise or experience in health care data collection or
26 storage.

27 (b) In addition to the members described in paragraph (a) of this subsection,

1 the following persons, or their designees, shall serve as ex officio members
2 of the council:

- 3 1. The commissioner of the Department of Insurance;
- 4 2. The executive director of the Commonwealth Office of Technology;
- 5 3. The commissioner of the Department of Employee Insurance;
- 6 4. The commissioner of the Department for Medicaid Services;
- 7 5. The commissioner of the Department for Public Health; and
- 8 6. The commissioner of the Department for Behavioral Health,
9 Developmental and Intellectual Disabilities.

10 (c) The council shall include the following nonvoting ex officio members:

- 11 1. The executive director, who shall serve as chair of the council; and
- 12 2. A representative of the Office of Application Technology Services.

13 (d) The members described in paragraph (a) of this subsection shall:

- 14 1. Be appointed by the Governor; and
- 15 2. Serve three (3) year terms.

16 (e) 1. The Governor shall fill all vacancies under paragraph (a) of this
17 subsection within sixty (60) days of the vacancy.

18 2. In the event a representative or person referenced in paragraph (a) of
19 this subsection is not available or willing to serve, the Governor shall
20 appoint a person with expertise or experience in the referenced
21 industry or subject matter.

22 (3) The council's recommendations shall include but not be limited to
23 recommendations that:

24 (a) Provide specific strategies for measuring and collecting data related to
25 health care safety, quality, utilization, health outcomes, and cost;

26 (b) Focus on data elements that foster quality improvement and peer group
27 comparisons;

- 1 (c) Facilitate value-based, cost-effective purchasing of health care services by
2 public and private purchasers and consumers;
- 3 (d) Result in usable and comparable information that allows public and private
4 health care purchasers, consumers, and data analysts to identify and
5 compare health plans, health payers, health care facilities, and health care
6 providers regarding the provision of safe, cost-effective, and high-quality
7 health care services;
- 8 (e) Use and build upon existing data collection standards and methods that
9 establish and maintain the database in a cost-effective and efficient manner,
10 which includes incorporating and utilizing uniform data collection that
11 aligns, where possible, with national or federal uniform all-payer claims
12 database standards;
- 13 (f) Incorporate and utilize claims, eligibility, and other publicly available data
14 to the extent it is the most cost-effective method of collecting data to
15 minimize the cost and administrative burden on data sources;
- 16 (g) Address whether publicly available data, in addition to the data submitted by
17 health payers, should be included to measure or analyze health care quality,
18 safety, or cost issues, including data on the uninsured;
- 19 (h) Address the use of a master person identification process to enable
20 matching members across health plans;
- 21 (i) Ensure the integrity, privacy, and security of personal health information
22 and other proprietary information related to the collection and release of
23 data, including compliance with all state and federal laws as required under
24 subsection (2)(b) of Section 4 of this Act;
- 25 (j) Address ongoing oversight of database operations; and
- 26 (k) Address the feasibility and advisability of working with all-payer claims
27 databases in other states to establish a single application for access to data

- 1 by authorized users across multiple states.
- 2 (4) The first meeting of the council shall take place within thirty (30) days of
3 appointment of all the members described in subsection (2)(a) of this section.
- 4 (5) (a) The council shall meet upon the call of the executive director, but not less
5 than quarterly for the first two (2) years after the date of the first council
6 meeting. Thereafter, the council shall meet not less than biannually.
- 7 (b) A majority of the members shall constitute a quorum.
- 8 (c) Recommendations of the council shall require a majority of the members
9 present and eligible to vote.
- 10 (d) A member shall be permitted to participate and vote through distance
11 communication technology.
- 12 (6) The council shall be a budgetary unit of the cabinet, which shall:
- 13 (a) Pay all of the council's necessary operating expenses; and
- 14 (b) Furnish all office space, personnel, equipment, supplies, and technical or
15 administrative services required by the council in the performance of the
16 functions established in this section.
- 17 (7) Members of the council described in subsection (2)(a) of this section shall receive
18 no compensation for services, but shall receive actual and necessary travel
19 expenses associated with attending meetings, which shall be in accordance with
20 state administrative regulations relating to travel reimbursement.
- 21 ➔SECTION 6. A NEW SECTION OF KRS CHAPTER 194A IS CREATED TO
22 READ AS FOLLOWS:
- 23 (1) To the extent permitted under federal law, health payers shall submit data
24 relating to health care claims to the executive director, or a third party designated
25 by the executive director, beginning not later than three (3) months after the
26 Kentucky all-payer claims database becomes fully operational.
- 27 (2) (a) The executive director shall establish the following by administrative

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regulation:

1. The data elements to be collected, the reporting format, and the frequency of submissions under subsection (1) of this section;

2. The data available to data users under subsection (5) of this section, including:

a. The manner in which the data will be made available; and

b. The process for accessing, requesting, and making the data available; and

3. Data access fees, which shall be deposited into the fund established in Section 3 of this Act.

(b) In carrying out the requirements of this subsection, the executive director may require data users to enter into data service agreements or memoranda of understanding.

(3) To the extent permitted under federal law, any health payer not required to comply with this section under state or federal law may opt to submit data under this section.

(4) All state and local government health plans or programs regulated, created, or authorized under Kentucky law, including any insurers or administrators offering or administering those plans or programs, shall comply with the data submission requirements of this section, including:

(a) Any plan or program offered or administered in accordance with KRS Chapter 205; and

(b) Any governmental plan, as defined in 29 U.S.C. sec. 1002, including any plan offered to the Public Employee Health Insurance Program for public employees under KRS 18A.225 or 18A.2254.

(5) Except as otherwise provided in this section, the Kentucky all-payer claims database shall:

1 (a) Be available to provide data to:

2 1. Health payers, consumers, employers, health care facilities, health
3 care providers, purchasers of health care, and state agencies, in a
4 form and manner that ensures the privacy and security of personal
5 health information as required by state and federal law, for the
6 purpose of allowing continuous review of health care utilization,
7 expenditures, quality, and safety; and

8 2. A state agency or other public or private entity for the purpose of
9 supporting the agency's or entity's demonstrated efforts to improve or
10 benefit the health care system through research and analysis, subject
11 to administrative regulations promulgated by the executive director;
12 and

13 (b) Present data in a manner that:

14 1. Allows for comparisons of:

15 a. Geographic, demographic, and economic factors; and

16 b. Institutional size; and

17 2. Is consumer-friendly.

18 (6) (a) To the extent permitted under federal law, a health payer shall not be
19 required to obtain any individual's consent or permission in order to submit
20 the individual's data in accordance with this section.

21 (b) Compliance with the requirements of this section shall not be deemed a
22 violation of data or consumer privacy laws or any other laws.

23 (7) Except as provided in Section 4 of this Act and subsection (8) of this section, the
24 Kentucky all-payer claims database shall not disclose any data that:

25 (a) Could be used to identify an individual;

26 (b) Is determined by the executive director to be incomplete, preliminary,
27 substantially in error, or not representative; or

1 (c) Could, due to small sample size or other factors, reveal the identity of an
2 individual or produce misleading information.

3 (8) (a) The executive director may require health payers to submit or use direct
4 identifying information about individuals for the purpose of assigning a
5 unique patient identifier.

6 (b) Upon the assignment of a unique patient identifier, all direct identifying
7 information about the individual shall be stripped from any data collected,
8 and not be retained, by the executive director or any third party designated
9 by the executive director.

10 (9) (a) A person shall not access, request, receive, or use any data or information
11 disclosed under subsection (5) of this section:

12 1. To obtain or disclose trade secrets;

13 2. To reidentify or attempt to reidentify an individual's data or
14 information;

15 3. To sell the data or information;

16 4. To distribute the data or information for commercial purposes;

17 5. To take any action in violation of any applicable data privacy or
18 security laws; or

19 6. For any purpose not identified in subsection (5) of this section.

20 (b) A person shall not access or receive data from the Kentucky all-payer
21 claims database unless the person agrees in a written or electronic record to
22 comply with this subsection.

23 (10) All information and data acquired by the executive director or a third party
24 designated by the executive director under this section shall:

25 (a) Be disclosed only to the extent provided in Section 4 of this Act and this
26 section; and

27 (b) Not be subject to disclosure under KRS 61.870 to 61.884.

1 ➔Section 7. KRS 194A.030 (Effective between July 1, 2024, and July 1, 2025) is
2 amended to read as follows:

3 The cabinet consists of the following major organizational units, which are hereby
4 created:

5 (1) Office of the Secretary. Within the Office of the Secretary, there shall be an Office
6 of Legal Services, an Office of Inspector General, an Office of Public Affairs, an
7 Office of Human Resource Management, an Office of Finance and Budget, an
8 Office of Legislative and Regulatory Affairs, an Office of Administrative Services,
9 an Office of Application Technology Services, and an Office of Data Analytics, as
10 follows:

11 (a) The Office of Legal Services shall provide legal advice and assistance to all
12 units of the cabinet in any legal action in which it may be involved. The
13 Office of Legal Services shall employ all attorneys of the cabinet who serve
14 the cabinet in the capacity of attorney, giving legal advice and opinions
15 concerning the operation of all programs in the cabinet. The Office of Legal
16 Services shall be headed by a general counsel who shall be appointed by the
17 secretary with the approval of the Governor under KRS 12.050 and 12.210.
18 The general counsel shall be the chief legal advisor to the secretary and shall
19 be directly responsible to the secretary. The Attorney General, on the request
20 of the secretary, may designate the general counsel as an assistant attorney
21 general under the provisions of KRS 15.105;

22 (b) The Office of Inspector General shall be headed by an inspector general who
23 shall be appointed by the secretary with the approval of the Governor. The
24 inspector general shall be directly responsible to the secretary. The Office of
25 Inspector General shall be responsible for:

26 1. The conduct of audits and investigations for detecting the perpetration of
27 fraud or abuse of any program by any client, or by any vendor of

- 1 services with whom the cabinet has contracted; and the conduct of
2 special investigations requested by the secretary, commissioners, or
3 office heads of the cabinet into matters related to the cabinet or its
4 programs;
- 5 2. Licensing and regulatory functions as the secretary may delegate;
 - 6 3. Review of health facilities participating in transplant programs, as
7 determined by the secretary, for the purpose of determining any
8 violations of KRS 311.1911 to 311.1959, 311.1961, and 311.1963;
 - 9 4. The duties, responsibilities, and authority pertaining to the certificate of
10 need functions and the licensure appeals functions, pursuant to KRS
11 Chapter 216B;
 - 12 5. The notification and forwarding of any information relevant to possible
13 criminal violations to the appropriate prosecuting authority;
 - 14 6. The oversight of the operations of the Kentucky Health Information
15 Exchange; and
 - 16 7. The support and guidance to health care providers related to telehealth
17 services, including the development of policy, standards, resources, and
18 education to expand telehealth services across the Commonwealth;
- 19 (c) The Office of Public Affairs shall be headed by an executive director
20 appointed by the secretary with the approval of the Governor in accordance
21 with KRS 12.050. The office shall provide information to the public and news
22 media about the programs, services, and initiatives of the cabinet;
- 23 (d) The Office of Human Resource Management shall be headed by an executive
24 director appointed by the secretary with the approval of the Governor in
25 accordance with KRS 12.050. The office shall coordinate, oversee, and
26 execute all personnel, training, and management functions of the cabinet. The
27 office shall focus on the oversight, development, and implementation of

- 1 quality improvement services; curriculum development and delivery of
2 instruction to staff; the administration, management, and oversight of training
3 operations; health, safety, and compliance training; and equal employment
4 opportunity compliance functions;
- 5 (e) The Office of Finance and Budget shall be headed by an executive director
6 appointed by the secretary with the approval of the Governor in accordance
7 with KRS 12.050. The office shall provide central review and oversight of
8 budget, contract, and cabinet finances. The office shall provide coordination,
9 assistance, and support to program departments and independent review and
10 analysis on behalf of the secretary;
- 11 (f) The Office of Legislative and Regulatory Affairs shall be headed by an
12 executive director appointed by the secretary with the approval of the
13 Governor in accordance with KRS 12.050. The office shall provide central
14 review and oversight of legislation, policy, and administrative regulations.
15 The office shall provide coordination, assistance, and support to program
16 departments and independent review and analysis on behalf of the secretary;
- 17 (g) The Office of Administrative Services shall be headed by an executive
18 director appointed by the secretary with the approval of the Governor in
19 accordance with KRS 12.050. The office shall provide central review and
20 oversight of procurement, general accounting including grant monitoring, and
21 facility management. The office shall provide coordination, assistance, and
22 support to program departments and independent review and analysis on
23 behalf of the secretary;
- 24 (h) The Office of Application Technology Services shall be headed by an
25 executive director appointed by the secretary with the approval of the
26 Governor in accordance with KRS 12.050. The office shall provide
27 application technology services including central review and oversight. The

1 office shall provide coordination, assistance, and support to program
2 departments and independent review and analysis on behalf of the secretary;
3 and

4 (i) The Office of Data Analytics shall be headed by an executive director who
5 shall be appointed by the secretary with the approval of the Governor under
6 KRS 12.050 and shall:

7 1. Identify and innovate strategic initiatives to inform public policy
8 initiatives and provide opportunities for improved health outcomes for
9 all Kentuckians through data analytics; ~~[- The office shall]~~

10 2. Provide leadership in the redesign of the health care delivery system
11 using electronic information technology to improve patient care and
12 reduce medical errors and duplicative services; and

13 3. *Implement and administer the Kentucky all-payer claims database in*
14 *accordance with Sections 1 to 6 of this Act;*

15 (2) Department for Medicaid Services. The Department for Medicaid Services shall
16 serve as the single state agency in the Commonwealth to administer Title XIX of
17 the Federal Social Security Act. The Department for Medicaid Services shall be
18 headed by a commissioner for Medicaid services, who shall be appointed by the
19 secretary with the approval of the Governor under KRS 12.050. The commissioner
20 for Medicaid services shall be a person who by experience and training in
21 administration and management is qualified to perform the duties of this office. The
22 commissioner for Medicaid services shall exercise authority over the Department
23 for Medicaid Services under the direction of the secretary and shall only fulfill
24 those responsibilities as delegated by the secretary;

25 (3) Department for Public Health. The Department for Public Health shall develop and
26 operate all programs of the cabinet that provide health services and all programs for
27 assessing the health status of the population for the promotion of health and the

1 prevention of disease, injury, disability, and premature death. This shall include but
2 not be limited to oversight of the Division of Women's Health and the Office for
3 Children with Special Health Care Needs. The duties, responsibilities, and authority
4 set out in KRS 200.460 to 200.490 shall be performed by the Department for Public
5 Health. The Department for Public Health shall advocate for the rights of children
6 with disabilities and, to the extent that funds are available, shall ensure the
7 administration of services for children with disabilities as are deemed appropriate
8 by this office pursuant to Title V of the Social Security Act. The Department for
9 Public Health may promulgate administrative regulations under KRS Chapter 13A
10 as may be necessary to implement and administer its responsibilities. The Office for
11 Children with Special Health Care Needs may be headed by an executive director
12 appointed by the secretary with the approval of the Governor in accordance with
13 KRS 12.050. The Department for Public Health shall be headed by a commissioner
14 for public health who shall be appointed by the secretary with the approval of the
15 Governor under KRS 12.050. The commissioner for public health shall be a duly
16 licensed physician who by experience and training in administration and
17 management is qualified to perform the duties of this office. The commissioner
18 shall advise the head of each major organizational unit enumerated in this section
19 on policies, plans, and programs relating to all matters of public health, including
20 any actions necessary to safeguard the health of the citizens of the Commonwealth.
21 The commissioner shall serve as chief medical officer of the Commonwealth. The
22 commissioner for public health shall exercise authority over the Department for
23 Public Health under the direction of the secretary and shall only fulfill those
24 responsibilities as delegated by the secretary;

25 (4) Department for Behavioral Health, Developmental and Intellectual Disabilities. The
26 Department for Behavioral Health, Developmental and Intellectual Disabilities shall
27 develop and administer programs for the prevention of mental illness, intellectual

1 disabilities, brain injury, developmental disabilities, and substance use disorders
2 and shall develop and administer an array of services and support for the treatment,
3 habilitation, and rehabilitation of persons who have a mental illness or emotional
4 disability, or who have an intellectual disability, brain injury, developmental
5 disability, or a substance use disorder. The Department for Behavioral Health,
6 Developmental and Intellectual Disabilities shall be headed by a commissioner for
7 behavioral health, developmental and intellectual disabilities who shall be
8 appointed by the secretary with the approval of the Governor under KRS 12.050.
9 The commissioner for behavioral health, developmental and intellectual disabilities
10 shall be by training and experience in administration and management qualified to
11 perform the duties of the office. The commissioner for behavioral health,
12 developmental and intellectual disabilities shall exercise authority over the
13 department under the direction of the secretary, and shall only fulfill those
14 responsibilities as delegated by the secretary;

15 (5) Department for Family Resource Centers and Volunteer Services. The Department
16 for Family Resource Centers and Volunteer Services shall streamline the various
17 responsibilities associated with the human services programs for which the cabinet
18 is responsible. This shall include, but not be limited to, oversight of the Division of
19 Family Resource and Youth Services Centers and Serve Kentucky. The Department
20 for Family Resource Centers and Volunteer Services shall be headed by a
21 commissioner who shall be appointed by the secretary with the approval of the
22 Governor under KRS 12.050. The commissioner for family resource centers and
23 volunteer services shall be by training and experience in administration and
24 management qualified to perform the duties of the office, shall exercise authority
25 over the department under the direction of the secretary, and shall only fulfill those
26 responsibilities as delegated by the secretary;

27 (6) Department for Community Based Services. The Department for Community Based

1 Services shall administer and be responsible for child and adult protection,
2 guardianship services, violence prevention resources, foster care and adoption,
3 permanency, and services to enhance family self-sufficiency, including child care,
4 social services, public assistance, and family support. The department shall be
5 headed by a commissioner appointed by the secretary with the approval of the
6 Governor in accordance with KRS 12.050;

7 (7) Department for Income Support. The Department for Income Support shall be
8 responsible for child support enforcement and disability determination. The
9 department shall serve as the state unit as required by Title II and Title XVI of the
10 Social Security Act, and shall have responsibility for determining eligibility for
11 disability for those citizens of the Commonwealth who file applications for
12 disability with the Social Security Administration. The department shall be headed
13 by a commissioner appointed by the secretary with the approval of the Governor in
14 accordance with KRS 12.050; and

15 (8) Department for Aging and Independent Living. The Department for Aging and
16 Independent Living shall serve as the state unit as designated by the Administration
17 on Aging Services under the Older Americans Act and shall have responsibility for
18 administration of the federal community support services, in-home services, meals,
19 family and caregiver support services, elder rights and legal assistance, senior
20 community services employment program, the state health insurance assistance
21 program, state home and community based services including home care,
22 Alzheimer's respite services and the personal care attendant program, certifications
23 of assisted living facilities, and the state Council on Alzheimer's Disease and other
24 related disorders. The department shall also administer the Long-Term Care
25 Ombudsman Program and the Medicaid Home and Community Based Waivers
26 Participant Directed Services Option (PDS) Program. The department shall serve as
27 the information and assistance center for aging and disability services and

1 administer multiple federal grants and other state initiatives. The department shall
2 be headed by a commissioner appointed by the secretary with the approval of the
3 Governor in accordance with KRS 12.050.

4 ➔Section 8. KRS 194A.030 (Effective July 1, 2025) is amended to read as
5 follows:

6 The cabinet consists of the following major organizational units, which are hereby
7 created:

8 (1) Office of the Secretary. Within the Office of the Secretary, there shall be an Office
9 of Legal Services, an Office of Inspector General, an Office of Public Affairs, an
10 Office of Human Resource Management, an Office of Finance and Budget, an
11 Office of Legislative and Regulatory Affairs, an Office of Administrative Services,
12 an Office of Application Technology Services and an Office of Data Analytics, as
13 follows:

14 (a) The Office of Legal Services shall provide legal advice and assistance to all
15 units of the cabinet in any legal action in which it may be involved. The
16 Office of Legal Services shall employ all attorneys of the cabinet who serve
17 the cabinet in the capacity of attorney, giving legal advice and opinions
18 concerning the operation of all programs in the cabinet. The Office of Legal
19 Services shall be headed by a general counsel who shall be appointed by the
20 secretary with the approval of the Governor under KRS 12.050 and 12.210.
21 The general counsel shall be the chief legal advisor to the secretary and shall
22 be directly responsible to the secretary. The Attorney General, on the request
23 of the secretary, may designate the general counsel as an assistant attorney
24 general under the provisions of KRS 15.105;

25 (b) The Office of Inspector General shall be headed by an inspector general who
26 shall be appointed by the secretary with the approval of the Governor. The
27 inspector general shall be directly responsible to the secretary. The Office of

- 1 Inspector General shall be responsible for:
- 2 1. The conduct of audits and investigations for detecting the perpetration of
3 fraud or abuse of any program by any client, or by any vendor of
4 services with whom the cabinet has contracted; and the conduct of
5 special investigations requested by the secretary, commissioners, or
6 office heads of the cabinet into matters related to the cabinet or its
7 programs;
 - 8 2. Licensing and regulatory functions as the secretary may delegate;
 - 9 3. Review of health facilities participating in transplant programs, as
10 determined by the secretary, for the purpose of determining any
11 violations of KRS 311.1911 to 311.1959, 311.1961, and 311.1963;
 - 12 4. The duties, responsibilities, and authority pertaining to the certificate of
13 need functions and the licensure appeals functions, pursuant to KRS
14 Chapter 216B;
 - 15 5. The notification and forwarding of any information relevant to possible
16 criminal violations to the appropriate prosecuting authority;
 - 17 6. The oversight of the operations of the Kentucky Health Information
18 Exchange; and
 - 19 7. The support and guidance to health care providers related to telehealth
20 services, including the development of policy, standards, resources, and
21 education to expand telehealth services across the Commonwealth;
- 22 (c) The Office of Public Affairs shall be headed by an executive director
23 appointed by the secretary with the approval of the Governor in accordance
24 with KRS 12.050. The office shall provide information to the public and news
25 media about the programs, services, and initiatives of the cabinet;
- 26 (d) The Office of Human Resource Management shall be headed by an executive
27 director appointed by the secretary with the approval of the Governor in

- 1 accordance with KRS 12.050. The office shall coordinate, oversee, and
2 execute all personnel, training, and management functions of the cabinet. The
3 office shall focus on the oversight, development, and implementation of
4 quality improvement services; curriculum development and delivery of
5 instruction to staff; the administration, management, and oversight of training
6 operations; health, safety, and compliance training; and equal employment
7 opportunity compliance functions;
- 8 (e) The Office of Finance and Budget shall be headed by an executive director
9 appointed by the secretary with the approval of the Governor in accordance
10 with KRS 12.050. The office shall provide central review and oversight of
11 budget, contract, and cabinet finances. The office shall provide coordination,
12 assistance, and support to program departments and independent review and
13 analysis on behalf of the secretary;
- 14 (f) The Office of Legislative and Regulatory Affairs shall be headed by an
15 executive director appointed by the secretary with the approval of the
16 Governor in accordance with KRS 12.050. The office shall provide central
17 review and oversight of legislation, policy, and administrative regulations.
18 The office shall provide coordination, assistance, and support to program
19 departments and independent review and analysis on behalf of the secretary;
- 20 (g) The Office of Administrative Services shall be headed by an executive
21 director appointed by the secretary with the approval of the Governor in
22 accordance with KRS 12.050. The office shall provide central review and
23 oversight of procurement, general accounting including grant monitoring, and
24 facility management. The office shall provide coordination, assistance, and
25 support to program departments and independent review and analysis on
26 behalf of the secretary;
- 27 (h) The Office of Application Technology Services shall be headed by an

1 executive director appointed by the secretary with the approval of the
 2 Governor in accordance with KRS 12.050. The office shall provide
 3 application technology services including central review and oversight. The
 4 office shall provide coordination, assistance, and support to program
 5 departments and independent review and analysis on behalf of the secretary;
 6 and

7 (i) The Office of Data Analytics shall be headed by an executive director who
 8 shall be appointed by the secretary with the approval of the Governor under
 9 KRS 12.050 and shall:

10 1. Identify and innovate strategic initiatives to inform public policy
 11 initiatives and provide opportunities for improved health outcomes for
 12 all Kentuckians through data analytics; ~~[- The office shall]~~

13 2. Provide leadership in the redesign of the health care delivery system
 14 using electronic information technology to improve patient care and
 15 reduce medical errors and duplicative services; and

16 3. *Implement and administer the Kentucky all-payer claims database in*
 17 *accordance with Sections 1 to 6 of this Act;*

18 (2) Department for Medicaid Services. The Department for Medicaid Services shall
 19 serve as the single state agency in the Commonwealth to administer Title XIX of
 20 the Federal Social Security Act. The Department for Medicaid Services shall be
 21 headed by a commissioner for Medicaid services, who shall be appointed by the
 22 secretary with the approval of the Governor under KRS 12.050. The commissioner
 23 for Medicaid services shall be a person who by experience and training in
 24 administration and management is qualified to perform the duties of this office. The
 25 commissioner for Medicaid services shall exercise authority over the Department
 26 for Medicaid Services under the direction of the secretary and shall only fulfill
 27 those responsibilities as delegated by the secretary;

1 (3) Department for Public Health. The Department for Public Health shall develop and
2 operate all programs of the cabinet that provide health services and all programs for
3 assessing the health status of the population for the promotion of health and the
4 prevention of disease, injury, disability, and premature death. This shall include but
5 not be limited to oversight of the Division of Women's Health and the Office for
6 Children with Special Health Care Needs. The duties, responsibilities, and authority
7 set out in KRS 200.460 to 200.490 shall be performed by the Department for Public
8 Health. The Department for Public Health shall advocate for the rights of children
9 with disabilities and, to the extent that funds are available, shall ensure the
10 administration of services for children with disabilities as are deemed appropriate
11 by this office pursuant to Title V of the Social Security Act. The Department for
12 Public Health may promulgate administrative regulations under KRS Chapter 13A
13 as may be necessary to implement and administer its responsibilities. The Office for
14 Children with Special Health Care Needs may be headed by an executive director
15 appointed by the secretary with the approval of the Governor in accordance with
16 KRS 12.050. The Department for Public Health shall be headed by a commissioner
17 for public health who shall be appointed by the secretary with the approval of the
18 Governor under KRS 12.050. The commissioner for public health shall be a duly
19 licensed physician who by experience and training in administration and
20 management is qualified to perform the duties of this office. The commissioner
21 shall advise the head of each major organizational unit enumerated in this section
22 on policies, plans, and programs relating to all matters of public health, including
23 any actions necessary to safeguard the health of the citizens of the Commonwealth.
24 The commissioner shall serve as chief medical officer of the Commonwealth. The
25 commissioner for public health shall exercise authority over the Department for
26 Public Health under the direction of the secretary and shall only fulfill those
27 responsibilities as delegated by the secretary;

1 (4) Department for Behavioral Health, Developmental and Intellectual Disabilities. The
2 Department for Behavioral Health, Developmental and Intellectual Disabilities shall
3 develop and administer programs for the prevention of mental illness, intellectual
4 disabilities, brain injury, developmental disabilities, and substance use disorders
5 and shall develop and administer an array of services and support for the treatment,
6 habilitation, and rehabilitation of persons who have a mental illness or emotional
7 disability, or who have an intellectual disability, brain injury, developmental
8 disability, or a substance use disorder. The Department for Behavioral Health,
9 Developmental and Intellectual Disabilities shall be headed by a commissioner for
10 behavioral health, developmental and intellectual disabilities who shall be
11 appointed by the secretary with the approval of the Governor under KRS 12.050.
12 The commissioner for behavioral health, developmental and intellectual disabilities
13 shall be by training and experience in administration and management qualified to
14 perform the duties of the office. The commissioner for behavioral health,
15 developmental and intellectual disabilities shall exercise authority over the
16 department under the direction of the secretary, and shall only fulfill those
17 responsibilities as delegated by the secretary;

18 (5) Department for Family Resource Centers and Volunteer Services. The Department
19 for Family Resource Centers and Volunteer Services shall streamline the various
20 responsibilities associated with the human services programs for which the cabinet
21 is responsible. This shall include, but not be limited to, oversight of the Division of
22 Family Resource and Youth Services Centers and Serve Kentucky. The Department
23 for Family Resource Centers and Volunteer Services shall be headed by a
24 commissioner who shall be appointed by the secretary with the approval of the
25 Governor under KRS 12.050. The commissioner for family resource centers and
26 volunteer services shall be by training and experience in administration and
27 management qualified to perform the duties of the office, shall exercise authority

1 over the department under the direction of the secretary, and shall only fulfill those
2 responsibilities as delegated by the secretary;

3 (6) Department for Community Based Services. The Department for Community Based
4 Services shall administer and be responsible for child and adult protection,
5 guardianship services, violence prevention resources, foster care and adoption,
6 permanency, and services to enhance family self-sufficiency, including child care,
7 social services, public assistance, and family support. The department shall be
8 headed by a commissioner appointed by the secretary with the approval of the
9 Governor in accordance with KRS 12.050; and

10 (7) Department for Aging and Independent Living. The Department for Aging and
11 Independent Living shall serve as the state unit as designated by the Administration
12 on Aging Services under the Older Americans Act and shall have responsibility for
13 administration of the federal community support services, in-home services, meals,
14 family and caregiver support services, elder rights and legal assistance, senior
15 community services employment program, the state health insurance assistance
16 program, state home and community based services including home care,
17 Alzheimer's respite services and the personal care attendant program, certifications
18 of assisted living facilities, and the state Council on Alzheimer's Disease and other
19 related disorders. The department shall also administer the Long-Term Care
20 Ombudsman Program and the Medicaid Home and Community Based Waivers
21 Participant Directed Services Option (PDS) Program. The department shall serve as
22 the information and assistance center for aging and disability services and
23 administer multiple federal grants and other state initiatives. The department shall
24 be headed by a commissioner appointed by the secretary with the approval of the
25 Governor in accordance with KRS 12.050.

26 ➔Section 9. KRS 194A.101 is amended to read as follows:

27 (1) The Office of Data Analytics is hereby created in the Office of the Secretary. The

1 office shall:

2 **(a)** Provide oversight and strategic direction **for**, and be responsible for **the**
3 coordinating **of**, the data analysis initiatives ~~off for~~ the various departments
4 that regulate health care and social services to ensure that policy is consistent
5 with the long-term goals across the Commonwealth; **and**

6 **(b) Implement and administer the Kentucky all-payer claims database in**
7 **accordance with Sections 1 to 6 of this Act.**

8 (2) The office shall have the authority to review all data requests received by the
9 cabinet from the public, review the requests for content to determine the cabinet's
10 response, and approve the release of the requested information. The office shall
11 review data analyses conducted by the departments within the cabinet to ensure the
12 consistency, quality, and validity of the analysis prior to its use in operational and
13 policy decisions. The office shall facilitate the process of data integration by
14 initiating and maintaining data-sharing agreements in order to improve inter-agency
15 and cross-cabinet collaboration.

16 (3) The Office of Data Analytics shall promulgate administrative regulations in
17 accordance with KRS Chapter 13A to implement this section.

18 ➔Section 10. KRS 304.2-100 is amended to read as follows:

19 (1) The commissioner shall personally supervise the operations of the department.

20 (2) The commissioner shall examine and inquire into violations of this code, shall
21 enforce the provisions of this code with impartiality and shall execute the duties
22 imposed upon him or her by this code.

23 (3) The commissioner shall have the powers and authority expressly conferred upon
24 him or her by or reasonably implied from the provisions of this code.

25 (4) The commissioner may conduct such examinations and investigations of insurance
26 matters, in addition to examinations and investigations expressly authorized, as the
27 commissioner may deem proper upon reasonable and probable cause to determine

1 whether any person has violated any provisions of this code or to secure
2 information useful in the lawful administration of any such provision. The cost of
3 such additional examinations and investigations shall be borne by the state.

4 (5) The commissioner may establish and maintain such branch offices in this state as
5 may be reasonably required for the efficient administration of this code.

6 (6) The commissioner shall have such additional powers and duties as may be provided
7 by other laws of this state.

8 (7) The commissioner shall assist the Office of ~~Health~~ Data ~~and~~ Analytics in
9 carrying out Subtitle 17B of this chapter, ~~and~~ KRS 194A.099, **and Sections 1 to 6**
10 **of this Act.**

11 ➔SECTION 11. A NEW SECTION OF SUBTITLE 99 OF KRS CHAPTER 304
12 IS CREATED TO READ AS FOLLOWS:

13 **(1) (a) The commissioner shall enforce the reporting requirements for health**
14 **payers under Section 6 of this Act.**

15 **(b) In carrying out the duties under paragraph (a) of this subsection, the**
16 **commissioner:**

17 **1. May assess a civil penalty in accordance with this section; and**

18 **2. Shall have the authority, powers, and duties set forth in Subtitle 2 of**
19 **this chapter for violations of this code, including the requirements for**
20 **orders, notices, and hearings.**

21 **(2) (a) Subject to paragraphs (b), (c), (d), and (e) of this subsection, the**
22 **commissioner shall promulgate an administrative regulation designating a**
23 **schedule of penalties, not to exceed one thousand dollars (\$1,000) per day,**
24 **for any health payer that fails to comply with the reporting requirements for**
25 **that person under Section 6 of this Act.**

26 **(b) State and federal agencies shall not be assessed or subject to a penalty**
27 **under this subsection.**

1 (c) The commissioner may, by administrative regulation, adjust the maximum
 2 penalty established under paragraph (a) of this subsection every two (2)
 3 years based on the percent change in the nonseasonally adjusted annual
 4 average Consumer Price Index for All Urban Consumers (CPI-U), U.S. City
 5 Average, Medical Care, as published by the United States Bureau of Labor
 6 Statistics.

7 (d) The commissioner shall promulgate an administrative regulation
 8 designating the process for notice, hearing, and collection of any penalty
 9 assessed under paragraph (a) of this subsection.

10 (e) The commissioner may, upon such terms and conditions that are
 11 determined by the commissioner to be in the public interest, remit or
 12 mitigate any penalty assessed under paragraph (a) of this subsection.

13 (3) Any penalties collected by the department under this section shall be deposited
 14 into the fund established in Section 3 of this Act.

15 (4) The commissioner may promulgate any additional administrative regulations
 16 necessary to implement or aid in the effectuation of this section.

17 ➔Section 12. (1) The Governor shall make all initial appointments under
 18 subsection (2)(a) of Section 5 of this Act within 90 days of the effective date of this Act.

19 (2) Notwithstanding subsection (2)(d)2. of Section 5 of this Act, initial
 20 appointments under subsection (2)(a) of Section 5 of this Act shall be staggered so that,
 21 of the initial 13 appointments:

22 (a) Five of the appointments expire at four years after the initial appointment;

23 (b) Four of the appointments expire at three years after the initial appointment;

24 and

25 (c) Four of the appointments expire at two years after the initial appointment.

26 ➔Section 13. If the Cabinet for Health and Family Services determines that a
 27 waiver or any other authorization from a federal agency is necessary to implement

1 Section 6 of this Act for any reason, including the loss of federal funds, the cabinet shall,
2 within 90 days after the effective date of this Act, request the waiver or authorization, and
3 may only delay implementation of those provisions for which a waiver or authorization
4 was deemed necessary until the waiver or authorization is granted.