Local Government Mandate Statement Kentucky Legislative Research Commission 2024 Regular Session

Part I: Measure Information

Bill Request #: 898
Bill #: HB 190 GA
Document ID #: 8306
Bill Title: AN ACT relating to pharmacy benefits.
Sponsor: Representative Scott Sharp
Unit of Government: X City X County X Urban-County Unified Local X Charter County X Consolidated Local X Government
Office(s) Impacted: Benefits
Requirement: X Mandatory Optional
Effect on Powers & Duties: X Modifies Existing Adds New Eliminates Existing

Part II: Bill Provisions and the Estimated Fiscal Impact Relating to Local Government

HB 190 GA **Section 1** would amend KRS 304.17A-164 to expand the definition of "health plan" to include a plan that offers pharmacy benefits. The bill would amend the definition of "insured" to include a plan participant on whose behalf the insurer must provide pharmacy benefits and would expand the definition of "insurer."

The bill would prohibit an insurer, a pharmacy benefit manager, or any administrator of pharmacy benefits requiring an insured pay a cost-sharing amount for a prescription drug greater than if the insured purchased the drug without coverage under the plan; neither may they impose cost-sharing, a fee, or other condition relating to use of an in-network brick and mortar pharmacy that is greater or more restrictive than that imposed if the insured used an in-network mail-order pharmaceutical distributer if use of an in-network mail-order distributor resulted in the drug delivered later than 7 days of the fill/refill request.

Section 3 would establish that limited health service organizations must comply with KRS 304.17A-265 and with Section 1.

Section 4 would amend KRS 18A.225 (Kentucky Employees Health Plan) (KEHP) to require the KEHP comply with the requirements of Section 1 of the bill.

Section 6 would repeal KRS 304.38A-120, which requires limited health service organizations to comply with KRS 304.17A-265 (which prohibits an insurer restricting assignment of benefits to substance abuse or mental health facility).

Section 7 would establish that Sections 1, 2, 4 and 5 of HB 190 GA would apply to health plans issued or renewed on or after January 1, 2025.

HB 190 GA would likely have a minimal but indeterminable positive fiscal impact on local governments. The use of mail order pharmacies could reduce health insurance premiums due to potential cost savings to insurers.

Data Source(s): Kentucky League of Cities; Kentucky Association of Counties; LRC staff

Preparer: Mary Stephens (BW) **Reviewer:** KHC **Date:** 3/13/24