



KENTUCKY PUBLIC PENSIONS AUTHORITY

David L. Eager, Executive Director

1260 Louisville Road • Frankfort, Kentucky 40601
kyret.ky.gov • Phone: 502-696-8800 • Fax: 502-696-8822



February 1, 2024

Ms. Katie Carney
Executive Assistant, Director's Office
Legislative Research Commission
Capitol Annex, Room 186
Frankfort, KY 40601

RE: House Bill 317 (24 RS BR 941)
AA Statement Required by KRS 6.350
AA Statement 1 and 2 of 5

Dear Ms. Carney:

House Bill 317 (2024 RS BR 941) amends Kentucky Revised Statute (KRS) 304.17A-600 to define "health care provider"; it makes conforming amendments; creates new sections of KRS 304.17A-600 to 304.17A-633 to establish eligibility criteria and requirements for prior authorization exemptions; establishes requirements for rescinding prior authorization exemptions; sets forth requirements for external reviews of prior authorization exemption denials and rescissions; establishes requirements for sending forms and notices to health care providers; provides that nothing shall be construed to authorize a health care provider to act outside the provider's scope of practice or require an insurer or private review agent to pay for a health care service performed in violation of law; requires the commissioner of the Department of Insurance to establish forms; amends KRS 304.17A-605 to establish applicability of provisions relating to prior authorization exemptions to certain insurers and private review agents; amends KRS 304.17A-607 to establish requirements for prior authorizations; amends KRS 304.17A-611 to prohibit the retrospective denial, reduction in payment, and review of health care services for which a health care provider has a prior authorization exemption and establish exceptions; amends KRS 304.17A-621 to conform; amends KRS 304.17A-627 to prohibit conflicts of interest with independent review entities and reviewers of prior authorization exemption denials and rescissions; requires independent review entities and reviewers of prior authorization exemption denials and rescissions to submit an annual report to the Department of Insurance; amends KRS 304.17A-633 to require the commissioner of the Department of Insurance to report on external reviews of prior authorization exemptions denials and rescissions; amends KRS 304.17A-706 to conform; amends KRS 205.536 to require managed care organizations contracted to provide Medicaid benefits to comply with the sections on prior authorization exemptions; apply the provisions to contracts delivered, entered, renewed, extended, or amended on or after the effective date of the Act; and requires the Cabinet for Health and Family Services to seek approval if it is determined that such approval is necessary. This bill becomes effective, in part, January 1, 2025.

Kentucky Public Pensions Authority (KPPA) staff members have examined House Bill 317 (2024 RS BR 941). We have determined that the bill will not increase or decrease benefits, nor will it increase or decrease the participation in benefits, in any of the retirement systems administered by the Kentucky Public Pensions Authority. House Bill 317 (2024 RS BR 941) will not change the actuarial accrued liability of any of the systems administered by KPPA.

In accordance with KRS 6.350 (2)(c), Kentucky Public Pensions Authority certifies the following:

1. The estimated number of individuals potentially affected as of June 30, 2023, are 421,609 active, inactive, and retired members in the plans administered by KPPA;
2. There is no estimated change in benefit payments;
3. There may be an increase in employer costs if new healthcare regulations and prior authorization exemptions requiring external review increases insurance premiums for the plans offered by the KPPA; and
4. There is no estimated change in administrative expenses.

We have not requested any further actuarial analysis of House Bill 317 (2024 RS BR 941) by the KPPA's independent actuary.

Please let me know if you have any questions regarding our analysis of House Bill 317 (2024 RS BR 941).

Sincerely,



David L. Eager, Executive Director
Kentucky Public Pensions Authority

February 13, 2024

Ms. Katie Carney
Director's Office
Legislative Research Commission
Capitol Annex, Room 104
Frankfort, KY 40601

**RE: HB 317 (BR 941) - AN ACT relating to prior authorization.
AA Statement 3 and 4 of 5**

Dear Ms. Carney:

HB 317 (BR 941) creates a new section of KRS Chapter 304 to establish eligibility criteria and requirements for prior authorization exemptions, establish requirements for rescinding prior authorization exemptions and set forth requirements for external reviews of prior authorization exemption denials and rescissions. Establish requirements for sending forms and notices to health care providers, provide that nothing shall be construed to authorize a health care provider to act outside the provider's scope of practice or require an insurer or private review agent to pay for a health care service performed in violation of law, and require the commissioner of the Department of Insurance to establish forms. The bill would also amend statute to establish applicability of provisions relating to prior authorization exemptions to certain insurers and private review agents, establish requirements for prior authorizations, and prohibit the retrospective denial, reduction in payment, and review of health care services for which a health care provider has a prior authorization exemption and establish exceptions. In addition, amend statute to conform, prohibit conflicts of interest with independent review entities and reviewers of prior authorization exemption denials and rescissions and require independent review entities and reviewers of prior authorization exemption denials and rescissions to submit an annual report to the Department of Insurance. Amend statute to require the commissioner of the Department of Insurance to report on external reviews of prior authorization exemption denials and rescissions, to require managed care organizations contracted to provide Medicaid benefits to comply with the sections on prior authorization exemptions, and apply provisions to contracts delivered, entered, renewed, extended, or amended on or after the effective date of the Act.

Staff of the Judicial Form Retirement System (JFRS) has reviewed **HB 317 (BR 941)** and determined it would not materially increase or decrease benefits, or increase or decrease participation in benefits, or change the current actuarial liability of either plan administered by JFRS. The requirements outlined in the legislation could cause an increase to insurance premiums for the plans provided through JFRS, but that is not easily measurable at this time.

In compliance with KRS 6.350(2)(c), the Judicial Form Retirement Systems (the agency in charge with the administration of JRP and LRP) certifies the following:

1. The estimated number of participants potentially affected, as of June 30, 2023, are 1,018 individuals participating in JRP or LRP.
2. There is no estimated change in benefits.

3. There is no estimated change to current employer costs; however, if the requirement with regards to prior authorization and exemptions resulted in increased insurance premiums, there could be an increase in employer cost.
4. There is no estimated change to administrative expenses.

We have not requested any further actuarial analysis of **HB 317 (BR 941)** by the Systems' independent actuary. Please let me know if you have any questions regarding this analysis.

Sincerely,

A handwritten signature in black ink that reads "Bo Cracraft". The signature is written in a cursive, flowing style.

Bo Cracraft,
Executive Director