

**Local Government Mandate Statement
Kentucky Legislative Research Commission
2024 Regular Session**

Part I: Measure Information

Bill Request #: 941

Bill #: HB 317

Document ID #: 2359

Bill Title: AN ACT relating to prior authorization.

Sponsor: Representative Kimberly Poore Moser

Unit of Government: City County Urban-County
Unified Local
 Charter County Consolidated Local Government

Office(s) Impacted: All offices that offer health insurance for their employees.

Requirement: Mandatory Optional

Effect on
Powers & Duties: Modifies Existing Adds New Eliminates Existing

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

HB 317 prohibits insurers or private review agents from requiring a covered person, authorized person, or health care provider to obtain prior authorization for a particular health care service, if the health care provider qualified for an exemption under the bill. Exemptions from needing to obtain prior authorizations could be obtained if in the preceding 6 months, the insurer approved not less than ninety percent (90%) of the prior authorization requests for a particular health care service or another health care service subject to meeting certain requirements.

The bill provides that it shall not be construed to authorize a health care provider to provide a health care service outside the scope of the provider's applicable license or require an insurer or its private review agent to pay for a health care service that is performed in violation of the law.

HB 317 would have a negative fiscal impact on local governments. Based on a 2024 Department of Insurance fiscal impact statement of this bill, the expected increase in

premium for health benefit plans due to HB 317, excluding Medicaid and the state employee's health plan, is approximately \$0.00 to \$11.29 per member per month. While some local governments participate in the Kentucky Employee's Health Plan, those who do not may pay higher premiums due to the requirements of the bill. The bill will likely not increase the administrative expenses of insurers.

According to the Kentucky League of Cities (KLC) HB 317 as proposed would have a fiscal impact on cities. However, the magnitude of that impact is currently indeterminable based upon available data. The proposed legislation may result in a larger number of patients being treated in a shorter period due to the change in the prior authorization process. Nonetheless, a change in the prior authorization period would result in a negative fiscal impact on insurance premiums.

LRC staff also reached out to the Kentucky Association of Counties (KACo). If KACo provides information this mandate statement may be amended.

Data Source(s): Kentucky Department of Insurance; Kentucky League of Cities; LRC staff.

Preparer: Bart Liguori (MS) **Reviewer:** KHC **Date:** 2/5/24