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

**Part I: Measure Information** 

Bill Request #: 2262
Bill #: _ HB 677
<b>Document ID #:</b> 6449
Bill Title: AN ACT relating to network participation by medical laboratories.
Sponsor: Representative Kimberly Poore Moser
Unit of Government: X City X County Urban-County Unified Local
X Charter County X Consolidated Local X Government
Office(s) Impacted: All offices that offer health insurance for their employees.
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 677 includes medical laboratories in the definition of providers for purposes of inclusion in medical insurance participation networks. HB 677 also prohibits health insurers from excluding medical laboratories in their list of network providers if they are located in the geographic coverage area of the health benefit plan and willing to meet the terms and conditions for participation established by the health insurer.

The fiscal impact of HB 677 is indeterminable. It is anticipated there may be some cost savings due to network provisions. The exact range is not known at this time. If additional information is received, then this impact statement will be revised accordingly.

Some local governments participate in the Kentucky Employee's Health Plan, those who do not may pay lower premiums due to the requirements of the bill.

It is not anticipated that the bill will increase the administrative expenses of insurers.

LRC staff reached out to the Kentucky League of Cities, which indicated that HB 677 as proposed may have a positive fiscal impact on cities. The magnitude of that impact would be minimal. The addition of medical laboratories to the in-network provider list may result in positive outcomes because of the increase in coverage for those services to patients within their geographic areas. A reduction in healthcare claims from providers outside of service could result in cost-savings. However, medical laboratories may attempt to increase costs or renegotiate rates in the future to recuperate any losses due to the policy changes.

LRC staff also reached out to the Kentucky Association of Counties (KACo). KACo believes the bill would have a positive fiscal impact on counties through insurance cost savings but the amount is indeterminable.

**Data Source(s):** LRC Staff. Kentucky League Of Cities. Kentucky Association of

Counties.

**Preparer:** Bart Liguori (MS) **Reviewer:** KHC **Date:** 2/26/24