



KENTUCKY PUBLIC PENSIONS AUTHORITY

David L. Eager, Executive Director

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February 8, 2024

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

RE: Senate Bill 149 (24 RS BR 1495)
AA Statement Required by KRS 6.350
AA Statement 1 and 2 of 5

Dear Ms. Carney:

Senate Bill 149 (2024 RS BR 1495) amends Kentucky Revised Statute 304.17A-164 to establish cost-sharing requirements for prescription drugs; it requires rebates to be passed through; establishes confidentiality requirements for the rebate information; creates a new section of KRS 365.880 to 365.900 to provide that the actual amount of rebates received is a trade secret; provides that compliance with the prescription drugs cost-sharing and rebate requirements shall not be in violation of the Uniform Trade Secrets Act; amends KRS 304.17C-125, 304.38A-115, 18A.225, and 164.2871 to apply the cost-sharing and rebate requirements for prescription drugs to limited health service benefit plans, limited health service organizations, the state employee health plan, and self-insured employer group health plans provided by the governing board of a state postsecondary education institution; repeals KRS 304.38A-120, relating to assignment of certain benefits under limited health service organization plans, to consolidate like provisions; and applies provisions to health plans issued or renewed on or after January 1, 2025. This bill is effective January 1, 2025.

Kentucky Public Pensions Authority (KPPA) staff members have examined Senate Bill 149 (2024 RS BR 1495). 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. Senate Bill 149 (2024 RS BR 1495) 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 the change 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 Senate Bill 149 (2024 RS BR 1495) by the KPPA's independent actuary.

Please let me know if you have any questions regarding our analysis of Senate Bill 149 (2024 RS BR 1495).

Sincerely,

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

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: SB 149 (BR 1495) - AN ACT relating to prescription drugs.
AA Statement 3 and 4 of 5**

Dear Ms. Carney:

SB 149 (BR 1495) amends KRS Chapter 304 to establish cost-sharing requirements for prescription drugs, require rebates to be passed through and establish confidentiality requirements for the rebate information. It also creates a new section of KRS Chapter 365 to provide that the actual amount of rebates received is a trade secret and provide that compliance with the prescription drugs cost-sharing and rebate requirements shall not be in violation of the Uniform Trade Secrets Act. In addition, applies the cost-sharing and rebate requirements for prescription drugs to limited health service benefit plans, limited health service organizations, the state employee health plan, and self-insured employer group health plans provided by the governing board of a state postsecondary education institution. Applies provisions to health plans issued or renewed on or after January 1, 2025.

Staff of the Judicial Form Retirement System (JFRS) has reviewed **SB 149 (BR 1495)** 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 inclusion of cost-sharing requirements on prescription drugs 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 **SB 149 (BR 1495)** by the Systems' independent actuary. Please let me know if you have any questions regarding this analysis.

Sincerely,



Bo Cracraft,
Executive Director