



KENTUCKY PUBLIC PENSIONS AUTHORITY

David L. Eager, Executive Director

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March 18, 2024

Ms. Katie Carney
Office of Fiscal Statement Review
Legislative Research Committee
Capitol Annex, Room 104
Frankfort, KY 40601

**RE: Senate Bill 188 (2024 RS BR 1333)– SCS 1 Version
AA Statement Required by KRS 6.350
AA Statement 1 and 2 of 5**

Dear Ms. Carney:

The Kentucky Public Pensions Authority (KPPA) had previously provided an Actuarial Analysis of Senate Bill 188 (2024 RS BR 1333) via letter dated February 13, 2024. We have now examined the SCS 1 Version of Senate Bill 188 (2024 RS BR 1333).

The SCS 1 Version of Senate Bill 188 (2024 RS BR 1333) retains its original provisions, except it exempts Medicare Part D plans and student health insurance from the definition of "health plan"; defines "ambulatory pharmacy"; amends minimum dispensing fee requirements; require the insurance commissioner to make a determination based on a study conducted every two years; deletes prohibition against requiring or incentivizing the use of a mail-order pharmacy to furnish prescription drugs for subsequent administration in a hospital, clinic, pharmacy, or infusion center; amend requirements for the insurance commissioner's review of health plans; creates a new section of KRS Chapter 315 to require reporting by ambulatory pharmacies to the Kentucky Board of Pharmacy; establishes requirements for the collection, use, and sharing of data; requires the Department of Insurance and the Kentucky Board of Pharmacy to consult, share data, and promulgate administrative regulations; and requires administrative regulations to be promulgated by certain dates.

We have determined that the SCS 1 Version of Senate Bill 188 (2024 RS BR 1333) would not change the previous actuarial impact provided for this legislation. Therefore, the Actuarial Analysis statement of Senate Bill 188 (2024 RS BR 1333) dated February 13, 2024, is applicable to the SCS 1 Version of Senate Bill 188 (2024 RS BR 1333).

We have not requested any further actuarial analysis of SCS 1 Version of Senate Bill 188 (2024 RS BR 1333) by the KPPA's independent actuary. Please let me know if you have any questions regarding our analysis of SCS 1 Version of Senate Bill 188 (2024 RS BR 1333).

Sincerely,

A handwritten signature in black ink that reads "David Eager".

David L. Eager, Executive Director
Kentucky Public Pensions Authority



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February 13, 2024

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

RE: Senate Bill 188 (24 RS BR 1333)
AA Statement Required by KRS 6.350
AA Statement 1 and 2 of 5

Dear Ms. Carney:

House Bill 188 (2024 RS BR 1333) creates new sections of Subtitle 17A of Kentucky Revised Statute Chapter 304 to define terms for pharmacy-related insurance practices; requires insurers, pharmacy benefit managers, and other pharmacy benefits administrators to establish reasonably adequate and accessible pharmacy networks; require the filing of an annual report; requires the insurance commissioner to review pharmacy networks; provide that information and data acquired by the Department of Insurance shall be considered proprietary and not subject to disclosure under KRS 61.870 to 61.884 relating to open records; establish requirements for certain contracts between a pharmacy or pharmacist and an insurer, a pharmacy benefit manager, or any other pharmacy benefits administrator; establishes prohibited conduct and requirements for certain pharmacy-related insurance practices; establishes a complaint process for insureds, pharmacies, and pharmacists impacted by a violation of certain pharmacy-related insurance laws; create a new section of Subtitle 99 of KRS Chapter 304 to authorize the insurance commissioner to order reimbursement to persons who incurred a monetary loss as a result of a violation of certain pharmacy-related insurance laws; amend KRS 304.9-053 to require certain filings; amends KRS 304.9-054 to establish requirements for pharmacy benefit manager licensure; amends KRS 304.9-055 to permit the insurance commissioner to promulgate administrative regulations relating to pharmacy benefit managers; amends KRS 304.14-120 to require the insurance commissioner to review certain health plans; amends KRS 304.17A-712 to conform; amend KRS 304.17C-125 to apply certain pharmacy-related insurance laws to limited health service benefit plans, including limited health service contracts; amends KRS 304.38A-115 to apply certain pharmacy-related insurance laws to limited health service organizations; creates a new section of KRS Chapter 18A to require the state employee health plan and state agencies to comply with certain pharmacy-related insurance laws; amends KRS 367.828 to establish certain requirements for health discount plans relating to prescription drugs; makes technical corrections; repeals KRS 304.38A-120, relating to assignment of certain benefits under limited health service organization plans, to consolidate provisions; applies various sections to contracts issued or renewed on or after January 1, 2025; and requires the insurance commissioner to promulgate administrative regulations to implement this Act on or before January 1, 2025. This bill is effective, in part, January 1, 2025.

Kentucky Public Pensions Authority (KPPA) staff members have examined Senate Bill 188 (2024 RS BR 1333). 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 188 (2024 RS BR 1333) 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 188 (2024 RS BR 1333) by the KPPA's independent actuary.

Please let me know if you have any questions regarding our analysis of Senate Bill 188 (2024 RS BR 1333).

Sincerely,



David L. Eager, Executive Director
Kentucky Public Pensions Authority