Local Government Mandate Statement Kentucky Legislative Research Commission 2024 Regular Session

Part I: Measure Information

Bill Request #: 1333						
SB 188 SCS 1						
Document ID #: 8491						
Bill Title: AN ACT relating to patient access to pharmacy benefits.						
Sponsor: Senator Max Wise						
Unit of Government: X City X County X 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: <u>X</u> Mandatory Optional						
Effect on Powers & Duties: X Modifies Existing X Adds New Eliminates Existing						

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

Section 2 of SB 188 SCS 1 creates a new section of subtitle 17A of KRS Chapter 304 that requires insurers, pharmacy benefits managers (PBMs), or any other administrator of pharmacy benefits to ensure that the network is reasonably adequate and accessible with respect to the provision of pharmacy or pharmacist services. An adequate network of pharmacy or pharmacy services includes an adequate number of accessible pharmacies that are not mail-order pharmacies and within a reasonable distance from the insured's residence.

Section 3 of SB 188 SCS 1 sets the minimum reimbursements to pharmacies for each drug or service provided by the pharmacy as the national average drug acquisition cost for the drug or service at the time the drug or service is administered. If the national average drug acquisition cost for the drug is not available, then the wholesale acquisition cost for the drug shall be used.

Section 4 of SB 188 SCS 1 prohibits administrators of pharmacy benefits from

- requiring or incentivizing an insured to use a mail order pharmaceutical distributor,
- prohibiting or imposing a penalty on a pharmacy for selling or providing information concerning a lower-cost alternative to an insured,
- discriminating against any pharmacy located in the geographic coverage area of the health plan and willing to agree to reasonable terms established for participation in the pharmacy benefits network,
- imposing quantity limits or refill frequency limits on an insured's access to medication that are more restrictive than those existing for a pharmacy affiliate,
- requiring or incentivizing an insured to receive pharmacy services from a pharmacy affiliate, or
- interfering with an insured's right to choose their network pharmacy of choice.

SB 188 SCS 1 would likely have a negative fiscal impact on local governments. It is anticipated there will be an increase to insurance premium rates to implement the conditions of the bill. The exact range is not known at the 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 higher premiums due to the requirements of the bill.

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

Data Source(s)	: <u>LRC Staff.</u>				
Preparer: Bar	rt Liguori (MS)	Reviewer:	KHC	Date:	3/14/24