

**Local Government Mandate Statement
Kentucky Legislative Research Commission
2025 Regular Session**

Part I: Measure Information

Bill Request #:	872	Bill #:	HB 245
Document ID #:	2221	Sponsor:	Representative Ken Fleming
Bill Title:	AN ACT relating to coverage for emergency ground ambulance services.		

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

Office(s) Impacted: Any entity employing emergency ground ambulance services

Requirement: ☒ Mandatory ☐ Optional

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

Other Fiscal Statement(s) that may exist: ☐ Actuarial Analysis ☐ Corrections Impact
 ☒ Health Benefit Mandate ☐ State Employee Health Plan

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

HB 245 would establish a new section of Subtitle 17A of KRS Chapter 304 to require health benefit plans to provide coverage for emergency ground ambulance services, including those provided by out-of-network ground ambulance providers. The bill would require such services, when requested by a first responder, another health care practitioner, or through a 911 answering point, to be deemed medically necessary and not subject to adverse determinations. Health benefit plans would also be prohibited from imposing cost-sharing for out-of-network emergency ground ambulance services that exceeds the cost-sharing for in-network services.

Under HB 245, the minimum reimbursement to an out-of-network ground ambulance provider for emergency services would be the local emergency ambulance service rate for the jurisdiction where the service originated or, if no local rate applies, the lesser of 400% of the Medicare rate for the same services or the provider's billed charges. Insurers would be required to reimburse out-of-network ground ambulance providers for emergency service claims within 30 days of receiving the claim, minus any required cost-sharing.

Payment would be required to be made directly to the provider rather than to the covered person. If a claim is incomplete, lacks documentation, is not covered, or involves cost-sharing, the insurer would have to notify the provider within 30 days, detailing either the reasons for denial or the additional information needed to process the claim.

Additionally, an out-of-network ground ambulance provider would be prohibited from seeking reimbursement from a covered person beyond their required cost-sharing amount for emergency services if the provider receives reimbursement or appropriate notification from the insurer, regardless of whether the reimbursement is full, partial, or entirely subject to cost-sharing.

Section 2 amends KRS 304.17A-099 to exempt Section 1 from the requirement that if the application of a provision of KRS Chapter 304 results, or would result, in a determination that the state must make payments to defray the cost of the provision under federal law, then the provision does not apply to a qualified health plan or any other health insurance policy, certificate, plan or contract until the requirement to make the cost defrayal payments is no longer applicable.

Section 3 of HB 245 would amend KRS 18A.225 to require that any fully insured health benefit plan or self-insured plan issued or renewed for local government employees comply with Section 1 of the Act. This would include employees of cities, urban-counties, charter counties, counties, or consolidated local governments whose legislative bodies have opted to participate in the state-sponsored health insurance program pursuant to KRS 79.080. Covered employees would also include those who are contributing members of either the Kentucky Retirement Systems (KRS) or the County Employees Retirement System (CERS).

The fiscal impact of HB 245 on local government is indeterminable, but is likely to be negative.

According to the Kentucky Department of Employee Insurance, mandating health insurance coverage as required by HB 245 is expected to increase premiums. An analysis provided by their third-party administrator, Anthem, found that similar mandates have led to increased costs. Specifically, HB 245 would prohibit health plans, including the Kentucky Employees' Health Plan (KEHP), from imposing higher cost-sharing for out-of-network emergency ground ambulance services than for in-network services. It also requires out-of-network ground ambulance providers to be reimbursed at the local governing authority's emergency ambulance service rate or, if no local rate applies, the lesser of 400% of the Medicare rate or the provider's billed charges.

The estimated direct annual cost increase to KEHP is up to \$770,000, effective in Plan Year 2026. This equates to an increased cost of up to \$5.40 per planholder/employee based on current enrollment and utilization, which would necessitate higher plan premiums. Additionally, these provisions could create upward pressure on negotiated rates for in-network providers or incentivize providers to leave networks to receive the higher out-of-network reimbursement rates. If all providers opted out of network

participation and billed at 400% of Medicare rates, the annual cost increase to KEHP would be \$7.7 million, representing an increased cost of up to \$53.98 per planholder/employee and an associated increase in plan premiums of the same amount.

The Kentucky Public Pensions Authority (KPPA) reviewed the bill and determined that, as of June 30, 2024, approximately 433,461 active, inactive, and retired members in KPPA-administered plans could be affected. However, there is no estimated change in benefit payments as a result of the bill. Employer costs may increase if insurance premiums for KPPA-offered plans rise. Additionally, KPPA does not anticipate any changes in administrative expenses due to the proposed legislation.

The Kentucky League of Cities (KLC) believes the bill may have a fiscal impact on Kentucky cities. While most health insurance plans currently provide ambulance coverage, KLC expressed concern about how insurers define “medically necessary” emergencies, which could lead to denied claims and increased costs for ambulance services or individuals. However, KLC noted that the prohibition on balance billing by out-of-network ground ambulance providers could protect cities from covering emergency transport costs that hospitals or insurers do not reimburse.

Despite these cost protections, HB 245 mandates coverage and establishes minimum reimbursement rates for out-of-network emergency ground ambulance services. The bill would not materially affect the level of benefits, participation in benefits, or administrative costs, but it could lead to premium increases for insurance policies, resulting in increased costs for cities. However, the exact financial impact on cities remains indeterminable based on available data.

Input was sought from the Kentucky Association of Counties (KACo) for this mandate statement. If additional information is received, this statement may be amended accordingly.

Data Source(s): LRC Staff; Kentucky Public Pension Authority; Kentucky Department of Employee Insurance; Kentucky League of Cities; Anthem

Preparer: AS **Reviewer:** HT (MDA) **Date:** 2/17/25