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

## **Part I: Measure Information**

Bill Request #:	870	Bill #:	HB 413				
<b>Document ID #:</b>	1664	Sponsor:	Rep. Kimberly Poore Moser				
Bill Title:	AN ACT relating to prescription drugs.						
Unit of	⊠ City ⊠	County	☑ Urban-County				
Government:	Charter County	Consolid	ated Local 🛛 Unified Local				
Office(s) Impacted: All offices that offer health insurance for their employees							
Requirement: 🛛 Mandatory 🗌 Optional							
Effect on Powers & Duties:							
Other Fiscal Statement(s) <ul><li>Actuarial Analysis</li><li>Health Benefit Mandate</li><li>State Employee Health Plan</li></ul>							

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

HB 413 amends KRS 304.17A-164 to establish cost-sharing requirements for prescription drugs and requires rebates to be passed through. **Section 1** requires an insured's cost sharing for a prescription drug to be calculated at the point of sale and that all rebates received shall reduce the cost sharing amount by at least eighty-five percent (85%); any rebates not used to reduce cost sharing shall be used to reduce the premiums charged by the health plan.

Insurers, pharmacy benefit managers (PBMs), or any other administrators shall not publish the amount of rebates the insurer receives. The amount included in a rebate shall be protected as a trade secret in accordance with KRS 365.880 to 365.900 and be confidential.

**HB 413 could have a negative fiscal impact on local governments.** Based on 2024 data from the Department of Insurance (DOI), HB 413 will increase premiums for all fully insured policies in Kentucky, excluding Medicaid and the state employees' health plan, by approximately \$0.00 to \$20.08 per member per month. This represents an increase of

approximately 0.0% to 2.6% or \$0 to \$89 million for all fully insured policies in Kentucky, excluding Medicaid and the state employees' health plan.

While the health benefit mandate does not address the state employees' health plan, which a portion of local governments and local government agencies participate in, it is expected that there will be an increase in premiums. Local governments not participating in the state employees' health plan, would see an increase in premiums and possibly employer contributions.

**Data Source(s):** LRC Staff, Department of Insurance

	Preparer: BV	W	<b>Reviewer:</b>	MS (MDA)	Date:	1/29/25
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