

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

Part I: Measure Information

Bill Request #:	1358	Bill #:	HB 539
Document ID #:	2658	Sponsor:	Sarah Stalker
Bill Title:	AN ACT relating to coverage for substance use disorder		

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

Office(s) Impacted: Offices offering health insurance that provides coverage for substance use disorder for employees

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 539 creates a new section of subtitle 17A of KRS chapter 304 that requires any health insurance policy, certificate, contract, or plan, including a health benefit plan, that provides coverage for substance use disorder to provide coverage for comprehensive supervised substance use disorder treatment. The coverage shall not be limited to a duration of less than six months.

The fiscal impact of HB 539 on local government is indeterminable but likely negative. Based on a 2023 Department of Insurance fiscal impact statement of a similar bill (HB 528), the expected increase in premium for health benefit plans due to HB 539, excluding Medicaid and the state employees' health plan, is approximately \$0.00 to \$3.46 per member per month. The bill will likely not increase the administrative expenses of insurers.

LRC staff reached out to the Kentucky Association of Counties (KACo) in 2024 on a similar bill, and they said it would have an indeterminable impact on counties.

LRC staff reached out to the Kentucky League of Cities (KLC) in 2024 on a similar bill (HB 290), and KLC believed this legislation would have a negative fiscal impact on Kentucky cities. According to KLC, this bill would require additional administrative costs associated with identifying qualified treatment centers, crafting new personnel policies, and may require the employee's position to remain available until the individual returns. This could cause additional costs associated with additional work to other employed staff and possible overtime pay. Per KLC, the additional administrative costs would have a negative fiscal impact on insurance premiums.

Data Source(s): LRC Staff, Kentucky Department of Insurance, Kentucky Association of Counties, Kentucky League of Cities

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