

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

Part I: Measure Information

Bill Request #:	287	Bill #:	SB 74
Document ID #:	2080	Sponsor:	Senator Keturah J. Herron
Bill Title:	AN ACT relating to coverage of annual mental health wellness examinations.		

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

Office(s) Impacted: Health insurance

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

SB 74 would apply to all health plans that offer or provide coverage for both medical and surgical benefits and mental health or substance use disorder benefits. Sections 1 and 2 of the bill would create a new section of KRS 304.17A to require that these health plans, to the extent allowed by federal law, provide coverage for a stand-alone annual mental health wellness examination by a mental health professional. Coverage must be no less extensive than that for medical and surgical benefits and must comply with the Mental Health Parity and Addiction Equity Act of 2008. The bill would be cited as the Kentucky Act in Support of Annual Mental Health Wellness Exams. Coverage would not be subject to any cost sharing requirement. If such requirement would prevent a health benefit plan from qualifying as a Health Savings Account-qualified High deductible Health Plan the requirement would not apply to that plan until the minimum deductible is satisfied. The requirement would apply to limited health service benefit plans, Medicaid benefits, Kentucky Children’s Health Insurance Program (KCHIP), self-insured employer group health plans provided by a college to its employees, and to the Kentucky Employees Health Plan (KEHP).

Sections 1, 2, 5 and 6 of the bill would apply to health plans issued or renewed on or after January 1, 2026. Sections 1 to 8 and 10 would take effect January 1, 2026.

SB 74 would likely have no fiscal impact on cities and would likely have a moderate negative fiscal impact on other local governments. Many local governments participate in the Kentucky Employees Health Plan (KEHP). The Kentucky Department of Employee Insurance estimates beginning in Plan Year 2026 the bill would result in an increase in premiums of \$35.76 per employee. Because the KEHP trust is funded by employee and employer premium contributions, this amount will necessitate an increase in plan premiums to be borne by the same.

Other local governments self-insure or purchase health insurance for their employees through the Kentucky Association of Counties (KACo) or the Kentucky League of Cities (KLC). The impact on health insurance plans smaller than KEHP could be greater, due to a smaller risk pool. However, KLC reports that SB 74 would have no fiscal impact on cities because annual mental health exams are considered preventive health care and employee participants are questioned regarding their mental health status prior to a physical or surgical procedure. Since SB 74 requires an annual “stand-alone” mental health exam, it is not known whether the pre-physical or pre-surgical mental health questioning would comply. Whether or not SB 74 would result directly in an increase in premiums for other local governments, their costs could increase due to employees taking advantage of the covered mental health wellness examinations, which could ultimately result in an increase in premiums.

Data Source(s): Kentucky Department of Employee Insurance; Kentucky League of Cities; LRC staff

Preparer: MS **Reviewer:** AS (MDA) **Date:** 2/11/25