

**Local Government Mandate Statement
Kentucky Legislative Research Commission
2026 Regular Session**

Part I: Measure Information

Bill Request #:	BR 1870	Bill #:	HB 453
Document ID #:	3646	Sponsor:	Represenative Patrick Flannery
Bill Title:	AN ACT relating to prescription drugs.		

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

Office(s) Impacted: All local governments that offer health insurance coverage to their 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 453 **Section 1** would prohibit any health insurance plan, pharmacy benefit manager (PBM) or other administrator of pharmacy benefits of an insurance plan from requiring an insured pay cost sharing for a drug covered under the plan in an amount greater than the cash price. “Cash price” would mean the price an insured would pay for a prescription drug if he or she purchased the drug without coverage under the health plan, and includes a price available directly to consumers by a card, program, device, website, or other means. An insurer, PBM or other administrator of pharmacy benefits would be required to apply the amount paid by or on behalf of an insured for a covered prescription drug towards the insured’s cost sharing obligation. “Amount paid” would include any cash price paid that does not exceed the negotiated price for the drug under the insured’s health plan. An insurer, pharmacy, PBM or other administrator of pharmacy benefits would be required to maintain easily accessible written procedures for the same to submit proof to the insurer of the cash price paid by or on behalf of the insured, and to ensure that every health plan contract for pharmacy or pharmacy services requires the parties comply with these

requirements. "Health Plan" would be defined as any health insurance policy, plan, etc. that provides coverage:

- a. On an expense-incurred basis for prescription drugs;
- b. By direct payment or otherwise; and
- c. On a fully insured or self-insured basis, and

Includes:

- a. A health benefit plan;
- b. Short-term limited-duration coverage;
- c. Student health insurance offered by a Kentucky-licensed insurer under contract with a university or college whose students it proposes to insure; and
- d. A limited health service benefit plan per KRS 304.17C-010 which includes;
 - i. A limited health service contract as defined in KRS 304.38A-010; and
 - ii. A prescription drug plan established under Medicare Part D;
- e. Coverage that is advertised, marketed or designed primarily as a supplement to reimbursements under Medicare for expenses of a Medicare-eligible person; and
- f. Medicare Advantage plans under Medicare Part C.

In the event of conflict between Section 1 and other law, Section 1 would control unless application of Section 1 would result in a reduction of coverage or benefits.

Section 5 of the Act would apply the requirements of Section 1 to any health plan or self-insured plan issued to public employees, including the Kentucky Employees Health Plan (KEHP).

HB 453 would have a moderate to significant negative fiscal impact on local governments. Local governments provide health care coverage to their employees in one of three ways: by subscribing to the Kentucky Employees' Health Plan (KEHP), which provides coverage to 157 county and city governments and governmental organizations, by self-insuring, or by contracting with a private health insurance company, including the KACo (Kentucky Association of Counties) Benefits Group or Kentucky League of Cities Health Plan.

The Kentucky Department of Employee Insurance (KDOEI) expects HB 453 would increase costs for KEHP by \$13 million a year, or increase premiums for the KEHP by \$91/year per employee. Since both employers and employees contribute to KEHP premiums, local government employers would be expected see an increase in their share of premiums.

The Fiscal Impact Report prepared for HB 453 estimates the fiscal impact of HB 453 on the Kentucky insurance market other than the KEHP. That Report estimates the bill's prohibition of cost-sharing by an insured greater than a drug's cash price will increase premiums between 0.1% to 0.3%, or from a low of \$0.60 to a high of \$2.38 per member per month.

Information for this mandate analysis has been requested of KACo and KLC. If a response is received from one or both this analysis may be amended.

Data Source(s): Kentucky Department of Employee Insurance; KDOI; Fiscal Impact Report – BR 1870/HB 453, February 6, 2026; LRC Staff

Preparer: MS **Reviewer:** BW (MDA) **Date:** 2/12/26