

1 AN ACT relating to prescription drugs.

2 ***Be it enacted by the General Assembly of the Commonwealth of Kentucky:***

3 ➔Section 1. KRS 304.17A-164 is amended to read as follows:

4 (1) As used in this section:

5 (a) "Cost sharing":

6 **1.** Means the cost to an insured under a health plan according to any
7 coverage limit, copayment, coinsurance, deductible, or other out-of-
8 pocket expense requirements imposed by the plan~~[, which may be~~
9 ~~subject to annual limitations on cost sharing, including those imposed~~
10 ~~under 42 U.S.C. secs. 18022(c) and 300gg-6(b),]~~ in order for the insured
11 to receive a specific health care service covered by the plan; ***and***

12 **2.** ***May be subject to annual limitations, including those imposed under***
13 **42 U.S.C. secs. 18022(c) and 300gg-6(b);**

14 (b) "Generic alternative" means a drug that is designated to be therapeutically
15 equivalent by the United States Food and Drug Administration's Approved
16 Drug Products with Therapeutic Equivalence Evaluations, except that a drug
17 shall not be considered a generic alternative until the drug is nationally
18 available;

19 (c) "Health plan":

20 1. Means a policy, contract, certificate, or agreement offered or issued by
21 an insurer to provide, deliver, arrange for, pay for, or reimburse any of
22 the cost of health care services; and

23 2. Includes a health benefit plan;

24 (d) "Insured" means any individual who is enrolled in a health plan and on whose
25 behalf the insurer is obligated to pay for or provide health care services;

26 (e) "Insurer"~~[includes]:~~

27 1. **Has the same meaning as in KRS 304.17A-005**~~[An insurer offering a~~

1 health plan providing coverage for pharmacy benefits]; and~~or~~

2 2. Includes limited health service organizations as defined in KRS
3 304.38A-010~~[Any other administrator of pharmacy benefits under a~~
4 ~~health plan];~~

5 (f) ~~["Person" means a natural person, corporation, mutual company,~~
6 ~~unincorporated association, partnership, joint venture, limited liability~~
7 ~~company, trust, estate, foundation, nonprofit corporation, unincorporated~~
8 ~~organization, government, or governmental subdivision or agency;~~

9 ~~(g)~~ "Pharmacy" includes:

- 10 1. A pharmacy, as defined in KRS Chapter 315;
- 11 2. A pharmacist, as defined in KRS Chapter 315; and
- 12 3. Any employee of a pharmacy or pharmacist; and

13 ~~(g)~~~~(h)~~ "Pharmacy benefit manager" has the same meaning as in KRS 304.17A-
14 161;

15 (h) "Price protection rebate" means a negotiated price concession that accrues
16 directly or indirectly to an insurer, pharmacy benefit manager, or any other
17 administrator of pharmacy benefits, or another party on behalf of an
18 insurer, pharmacy benefit manager, or any other administrator of
19 pharmacy benefits, if there is an increase in the wholesale acquisition cost
20 of a prescription drug above a specified threshold; and

21 (i) "Rebate" means a discount or other negotiated price concession, including
22 a base price concession whether described as a rebate or otherwise, a price
23 protection rebate, a performance-based price concession, and any
24 reasonable estimates of negotiated price concessions, fees, or other
25 administrative costs that may accrue directly or indirectly, or are anticipated
26 to be passed through, to an insurer, pharmacy benefit manager, or any
27 other administrator of pharmacy benefits from a manufacturer, dispensing

1 pharmacy, or other party in connection with the dispensing or
2 administration of a prescription drug to reduce the insurer's, pharmacy
3 benefit manager's, or other administrator's liability for the prescription
4 drug.

5 (2) (a) As used in this subsection, "cost sharing" does not include copayments.

6 (b) To the extent permitted under federal law and except as provided in
7 subsection (5) of this section:

8 1. An insured's cost sharing for a prescription drug shall be calculated at
9 the point of sale; and

10 2. All rebates received or estimated to be received by an insurer,
11 pharmacy benefit manager, or any other administrator of pharmacy
12 benefits in connection with the dispensing or administration of a
13 prescription drug to an insured shall be passed through as follows:

14 a. The cost sharing charged to the insured shall be calculated
15 based on a prescription drug price that is reduced by at least
16 eighty-five percent (85%) of the rebates received or estimated to
17 be received; and

18 b. Any rebates not used to reduce cost sharing under subdivision a.
19 of this subparagraph shall be used to reduce the premiums
20 charged by the health plan.

21 (c) Subject to the requirements of paragraph (d) of this subsection, the
22 commissioner may:

23 1. Require an insurer, pharmacy benefit manager, or any other
24 administrator of pharmacy benefits, including the insurer's, pharmacy
25 benefit manager's, or other administrator's agent, to report any
26 information necessary to determine compliance with this subsection;
27 and

1 2. Otherwise use the information reported under subparagraph 1. of this
2 paragraph in furtherance of any regulatory action authorized under
3 this chapter.

4 (d) 1. In complying with paragraphs (b) and (c) of this subsection, an
5 insurer, pharmacy benefit manager, or any other administrator of
6 pharmacy benefits, including the insurer's, pharmacy benefit
7 manager's, or other administrator's agent, shall not publish or
8 otherwise reveal information regarding the actual amounts of rebates
9 the insurer, pharmacy benefit manager, or other administrator
10 receives on a product-specific, manufacturer-specific, or pharmacy-
11 specific basis.

12 2. The information referenced in subparagraph 1. of this paragraph
13 shall:

14 a. Be protected as a trade secret under KRS 365.880 to 365.900;

15 b. Not be a public record subject to disclosure under KRS 61.870 to
16 61.884; and

17 c. Not otherwise be disclosed by the insurer, pharmacy benefit
18 manager, or other administrator of pharmacy benefits, including
19 the insurer's, pharmacy benefit manager's, or other
20 administrator's agent:

21 i. Directly or indirectly;

22 ii. In a manner that would allow for identification of an
23 individual product, therapeutic class of products, or
24 manufacturer; or

25 iii. In a manner that would have the potential to compromise
26 the financial, competitive, or proprietary nature of the
27 information.

1 3. An insurer, pharmacy benefit manager, or any other administrator of
 2 pharmacy benefits shall impose the confidentiality requirements of
 3 this paragraph on any vendor or third party that:

- 4 a. Performs health care or administrative services on behalf of the
 5 insurer, pharmacy benefit manager, or other administrator; and
 6 b. May receive or have access to rebate information.

7 **(3)** To the extent permitted under federal law and except as provided in subsection
 8 ~~(5)(4)~~ of this section, an insurer~~[issuing or renewing a health plan on or after~~
 9 ~~January 1, 2022],~~[or a]~~ pharmacy benefit manager, or any other administrator of
 10 pharmacy benefits shall not:~~

- 11 (a) Require an insured purchasing a prescription drug to pay a cost-sharing
 12 amount greater than the amount the insured would pay for the drug if he or
 13 she were to purchase the drug without coverage;
- 14 (b) Exclude any cost-sharing amounts paid by an insured, or on behalf of ~~the~~~~[an]~~
 15 insured~~[by another person]~~, for a prescription drug, including any amount
 16 paid under paragraph (a) of this subsection, when calculating an insured's
 17 contribution to any applicable cost-sharing requirement. The requirements of
 18 this paragraph shall not apply:
- 19 1. In the case of a prescription drug for which there is a generic alternative,
 20 unless the insured has obtained access to the brand prescription drug
 21 through prior authorization, a step therapy protocol, or the insurer's
 22 exceptions and appeals process; or
- 23 2. To any fully insured health benefit plan or self-insured plan provided to
 24 any employee under KRS 18A.225;
- 25 (c) Prohibit a pharmacy from discussing any information under subsection
 26 ~~(4)(3)~~ of this section; or
- 27 (d) Impose a penalty on a pharmacy for complying with this section.

1 ~~(4)~~~~(3)~~ A pharmacist shall have the right to provide an insured information regarding
 2 the applicable limitations on his or her cost sharing pursuant to this section for a
 3 prescription drug.

4 ~~(5)~~~~(4)~~ If the application of any requirement of subsection (2) or (3)(b) of this section
 5 would be the sole cause of a health plan's failure to qualify as a Health Savings
 6 Account-qualified High Deductible Health Plan under 26 U.S.C. sec. 223, as
 7 amended, then the requirement shall not apply to that health plan until the minimum
 8 deductible under 26 U.S.C. sec. 223, as amended, is satisfied.

9 **(6) Nothing in this section shall be construed to prohibit an insurer, pharmacy**
 10 **benefit manager, or any other administrator of pharmacy benefits from imposing**
 11 **a cost-sharing amount that is less than the amount permitted under this section.**

12 ➔SECTION 2. A NEW SECTION OF KRS 365.880 TO 365.900 IS CREATED
 13 TO READ AS FOLLOWS:

14 **(1) As used in this section, the following have the same meaning as in Section 1 of**
 15 **this Act:**

16 **(a) "Insurer";**

17 **(b) "Pharmacy benefit manager"; and**

18 **(c) "Rebate."**

19 **(2) The actual amount of rebates received by an insurer, pharmacy benefit manager,**
 20 **or any other administrator of pharmacy benefits on a product-specific,**
 21 **manufacturer-specific, or pharmacy-specific basis shall be a trade secret.**

22 **(3) Compliance with Section 1 of this Act shall not be construed to violate KRS**
 23 **365.880 to 365.900.**

24 ➔Section 3. KRS 304.17C-125 (Effective January 1, 2025) is amended to read as
 25 follows:

26 **The following**~~[KRS 304.17A-262]~~ shall apply to limited health service benefit plans,
 27 including any limited health service contract, as defined in KRS 304.38A-010:

1 (1) KRS 304.17A-262; and

2 (2) Section 1 of this Act.

3 →Section 4. KRS 304.38A-115 (Effective January 1, 2025) is amended to read as
4 follows:

5 Limited health service organizations shall comply with:

6 (1) KRS 304.17A-262;

7 (2) KRS 304.17A-265; and

8 (3) Section 1 of this Act.

9 →Section 5. KRS 18A.225 (Effective January 1, 2025) is amended to read as
10 follows:

11 (1) (a) The term "employee" for purposes of this section means:

12 1. Any person, including an elected public official, who is regularly
13 employed by any department, office, board, agency, or branch of state
14 government; or by a public postsecondary educational institution; or by
15 any city, urban-county, charter county, county, or consolidated local
16 government, whose legislative body has opted to participate in the state-
17 sponsored health insurance program pursuant to KRS 79.080; and who
18 is either a contributing member to any one (1) of the retirement systems
19 administered by the state, including but not limited to the Kentucky
20 Retirement Systems, County Employees Retirement System, Kentucky
21 Teachers' Retirement System, the Legislators' Retirement Plan, or the
22 Judicial Retirement Plan; or is receiving a contractual contribution from
23 the state toward a retirement plan; or, in the case of a public
24 postsecondary education institution, is an individual participating in an
25 optional retirement plan authorized by KRS 161.567; or is eligible to
26 participate in a retirement plan established by an employer who ceases
27 participating in the Kentucky Employees Retirement System pursuant to

- 1 KRS 61.522 whose employees participated in the health insurance plans
2 administered by the Personnel Cabinet prior to the employer's effective
3 cessation date in the Kentucky Employees Retirement System;
- 4 2. Any certified or classified employee of a local board of education or a
5 public charter school as defined in KRS 160.1590;
- 6 3. Any elected member of a local board of education;
- 7 4. Any person who is a present or future recipient of a retirement
8 allowance from the Kentucky Retirement Systems, County Employees
9 Retirement System, Kentucky Teachers' Retirement System, the
10 Legislators' Retirement Plan, the Judicial Retirement Plan, or the
11 Kentucky Community and Technical College System's optional
12 retirement plan authorized by KRS 161.567, except that a person who is
13 receiving a retirement allowance and who is age sixty-five (65) or older
14 shall not be included, with the exception of persons covered under KRS
15 61.702(2)(b)3. and 78.5536(2)(b)3., unless he or she is actively
16 employed pursuant to subparagraph 1. of this paragraph; and
- 17 5. Any eligible dependents and beneficiaries of participating employees
18 and retirees who are entitled to participate in the state-sponsored health
19 insurance program;
- 20 (b) The term "health benefit plan" for the purposes of this section means a health
21 benefit plan as defined in KRS 304.17A-005;
- 22 (c) The term "insurer" for the purposes of this section means an insurer as defined
23 in KRS 304.17A-005; and
- 24 (d) The term "managed care plan" for the purposes of this section means a
25 managed care plan as defined in KRS 304.17A-500.
- 26 (2) (a) The secretary of the Finance and Administration Cabinet, upon the
27 recommendation of the secretary of the Personnel Cabinet, shall procure, in

1 compliance with the provisions of KRS 45A.080, 45A.085, and 45A.090,
2 from one (1) or more insurers authorized to do business in this state, a group
3 health benefit plan that may include but not be limited to health maintenance
4 organization (HMO), preferred provider organization (PPO), point of service
5 (POS), and exclusive provider organization (EPO) benefit plans
6 encompassing all or any class or classes of employees. With the exception of
7 employers governed by the provisions of KRS Chapters 16, 18A, and 151B,
8 all employers of any class of employees or former employees shall enter into
9 a contract with the Personnel Cabinet prior to including that group in the state
10 health insurance group. The contracts shall include but not be limited to
11 designating the entity responsible for filing any federal forms, adoption of
12 policies required for proper plan administration, acceptance of the contractual
13 provisions with health insurance carriers or third-party administrators, and
14 adoption of the payment and reimbursement methods necessary for efficient
15 administration of the health insurance program. Health insurance coverage
16 provided to state employees under this section shall, at a minimum, contain
17 the same benefits as provided under Kentucky Kare Standard as of January 1,
18 1994, and shall include a mail-order drug option as provided in subsection
19 (13) of this section. All employees and other persons for whom the health care
20 coverage is provided or made available shall annually be given an option to
21 elect health care coverage through a self-funded plan offered by the
22 Commonwealth or, if a self-funded plan is not available, from a list of
23 coverage options determined by the competitive bid process under the
24 provisions of KRS 45A.080, 45A.085, and 45A.090 and made available
25 during annual open enrollment.

- 26 (b) The policy or policies shall be approved by the commissioner of insurance
27 and may contain the provisions the commissioner of insurance approves,

1 whether or not otherwise permitted by the insurance laws.

2 (c) Any carrier bidding to offer health care coverage to employees shall agree to
3 provide coverage to all members of the state group, including active
4 employees and retirees and their eligible covered dependents and
5 beneficiaries, within the county or counties specified in its bid. Except as
6 provided in subsection (20) of this section, any carrier bidding to offer health
7 care coverage to employees shall also agree to rate all employees as a single
8 entity, except for those retirees whose former employers insure their active
9 employees outside the state-sponsored health insurance program and as
10 otherwise provided in KRS 61.702(2)(b)3.b. and 78.5536(2)(b)3.b.

11 (d) Any carrier bidding to offer health care coverage to employees shall agree to
12 provide enrollment, claims, and utilization data to the Commonwealth in a
13 format specified by the Personnel Cabinet with the understanding that the data
14 shall be owned by the Commonwealth; to provide data in an electronic form
15 and within a time frame specified by the Personnel Cabinet; and to be subject
16 to penalties for noncompliance with data reporting requirements as specified
17 by the Personnel Cabinet. The Personnel Cabinet shall take strict precautions
18 to protect the confidentiality of each individual employee; however,
19 confidentiality assertions shall not relieve a carrier from the requirement of
20 providing stipulated data to the Commonwealth.

21 (e) The Personnel Cabinet shall develop the necessary techniques and capabilities
22 for timely analysis of data received from carriers and, to the extent possible,
23 provide in the request-for-proposal specifics relating to data requirements,
24 electronic reporting, and penalties for noncompliance. The Commonwealth
25 shall own the enrollment, claims, and utilization data provided by each carrier
26 and shall develop methods to protect the confidentiality of the individual. The
27 Personnel Cabinet shall include in the October annual report submitted

1 pursuant to the provisions of KRS 18A.226 to the Governor, the General
2 Assembly, and the Chief Justice of the Supreme Court, an analysis of the
3 financial stability of the program, which shall include but not be limited to
4 loss ratios, methods of risk adjustment, measurements of carrier quality of
5 service, prescription coverage and cost management, and statutorily required
6 mandates. If state self-insurance was available as a carrier option, the report
7 also shall provide a detailed financial analysis of the self-insurance fund
8 including but not limited to loss ratios, reserves, and reinsurance agreements.

9 (f) If any agency participating in the state-sponsored employee health insurance
10 program for its active employees terminates participation and there is a state
11 appropriation for the employer's contribution for active employees' health
12 insurance coverage, then neither the agency nor the employees shall receive
13 the state-funded contribution after termination from the state-sponsored
14 employee health insurance program.

15 (g) Any funds in flexible spending accounts that remain after all reimbursements
16 have been processed shall be transferred to the credit of the state-sponsored
17 health insurance plan's appropriation account.

18 (h) Each entity participating in the state-sponsored health insurance program shall
19 provide an amount at least equal to the state contribution rate for the employer
20 portion of the health insurance premium. For any participating entity that used
21 the state payroll system, the employer contribution amount shall be equal to
22 but not greater than the state contribution rate.

23 (3) The premiums may be paid by the policyholder:

24 (a) Wholly from funds contributed by the employee, by payroll deduction or
25 otherwise;

26 (b) Wholly from funds contributed by any department, board, agency, public
27 postsecondary education institution, or branch of state, city, urban-county,

- 1 charter county, county, or consolidated local government; or
- 2 (c) Partly from each, except that any premium due for health care coverage or
3 dental coverage, if any, in excess of the premium amount contributed by any
4 department, board, agency, postsecondary education institution, or branch of
5 state, city, urban-county, charter county, county, or consolidated local
6 government for any other health care coverage shall be paid by the employee.
- 7 (4) If an employee moves his or her place of residence or employment out of the
8 service area of an insurer offering a managed health care plan, under which he or
9 she has elected coverage, into either the service area of another managed health care
10 plan or into an area of the Commonwealth not within a managed health care plan
11 service area, the employee shall be given an option, at the time of the move or
12 transfer, to change his or her coverage to another health benefit plan.
- 13 (5) No payment of premium by any department, board, agency, public postsecondary
14 educational institution, or branch of state, city, urban-county, charter county,
15 county, or consolidated local government shall constitute compensation to an
16 insured employee for the purposes of any statute fixing or limiting the
17 compensation of such an employee. Any premium or other expense incurred by any
18 department, board, agency, public postsecondary educational institution, or branch
19 of state, city, urban-county, charter county, county, or consolidated local
20 government shall be considered a proper cost of administration.
- 21 (6) The policy or policies may contain the provisions with respect to the class or classes
22 of employees covered, amounts of insurance or coverage for designated classes or
23 groups of employees, policy options, terms of eligibility, and continuation of
24 insurance or coverage after retirement.
- 25 (7) Group rates under this section shall be made available to the disabled child of an
26 employee regardless of the child's age if the entire premium for the disabled child's
27 coverage is paid by the state employee. A child shall be considered disabled if he or

- 1 she has been determined to be eligible for federal Social Security disability benefits.
- 2 (8) The health care contract or contracts for employees shall be entered into for a
3 period of not less than one (1) year.
- 4 (9) The secretary shall appoint thirty-two (32) persons to an Advisory Committee of
5 State Health Insurance Subscribers to advise the secretary or the secretary's
6 designee regarding the state-sponsored health insurance program for employees.
7 The secretary shall appoint, from a list of names submitted by appointing
8 authorities, members representing school districts from each of the seven (7)
9 Supreme Court districts, members representing state government from each of the
10 seven (7) Supreme Court districts, two (2) members representing retirees under age
11 sixty-five (65), one (1) member representing local health departments, two (2)
12 members representing the Kentucky Teachers' Retirement System, and three (3)
13 members at large. The secretary shall also appoint two (2) members from a list of
14 five (5) names submitted by the Kentucky Education Association, two (2) members
15 from a list of five (5) names submitted by the largest state employee organization of
16 nonschool state employees, two (2) members from a list of five (5) names submitted
17 by the Kentucky Association of Counties, two (2) members from a list of five (5)
18 names submitted by the Kentucky League of Cities, and two (2) members from a
19 list of names consisting of five (5) names submitted by each state employee
20 organization that has two thousand (2,000) or more members on state payroll
21 deduction. The advisory committee shall be appointed in January of each year and
22 shall meet quarterly.
- 23 (10) Notwithstanding any other provision of law to the contrary, the policy or policies
24 provided to employees pursuant to this section shall not provide coverage for
25 obtaining or performing an abortion, nor shall any state funds be used for the
26 purpose of obtaining or performing an abortion on behalf of employees or their
27 dependents.

- 1 (11) Interruption of an established treatment regime with maintenance drugs shall be
2 grounds for an insured to appeal a formulary change through the established appeal
3 procedures approved by the Department of Insurance, if the physician supervising
4 the treatment certifies that the change is not in the best interests of the patient.
- 5 (12) Any employee who is eligible for and elects to participate in the state health
6 insurance program as a retiree, or the spouse or beneficiary of a retiree, under any
7 one (1) of the state-sponsored retirement systems shall not be eligible to receive the
8 state health insurance contribution toward health care coverage as a result of any
9 other employment for which there is a public employer contribution. This does not
10 preclude a retiree and an active employee spouse from using both contributions to
11 the extent needed for purchase of one (1) state sponsored health insurance policy
12 for that plan year.
- 13 (13) (a) The policies of health insurance coverage procured under subsection (2) of
14 this section shall include a mail-order drug option for maintenance drugs for
15 state employees. Maintenance drugs may be dispensed by mail order in
16 accordance with Kentucky law.
- 17 (b) A health insurer shall not discriminate against any retail pharmacy located
18 within the geographic coverage area of the health benefit plan and that meets
19 the terms and conditions for participation established by the insurer, including
20 price, dispensing fee, and copay requirements of a mail-order option. The
21 retail pharmacy shall not be required to dispense by mail.
- 22 (c) The mail-order option shall not permit the dispensing of a controlled
23 substance classified in Schedule II.
- 24 (14) The policy or policies provided to state employees or their dependents pursuant to
25 this section shall provide coverage for obtaining a hearing aid and acquiring hearing
26 aid-related services for insured individuals under eighteen (18) years of age, subject
27 to a cap of one thousand four hundred dollars (\$1,400) every thirty-six (36) months

- 1 pursuant to KRS 304.17A-132.
- 2 (15) Any policy provided to state employees or their dependents pursuant to this section
3 shall provide coverage for the diagnosis and treatment of autism spectrum disorders
4 consistent with KRS 304.17A-142.
- 5 (16) Any policy provided to state employees or their dependents pursuant to this section
6 shall provide coverage for obtaining amino acid-based elemental formula pursuant
7 to KRS 304.17A-258.
- 8 (17) If a state employee's residence and place of employment are in the same county,
9 and if the hospital located within that county does not offer surgical services,
10 intensive care services, obstetrical services, level II neonatal services, diagnostic
11 cardiac catheterization services, and magnetic resonance imaging services, the
12 employee may select a plan available in a contiguous county that does provide
13 those services, and the state contribution for the plan shall be the amount available
14 in the county where the plan selected is located.
- 15 (18) If a state employee's residence and place of employment are each located in
16 counties in which the hospitals do not offer surgical services, intensive care
17 services, obstetrical services, level II neonatal services, diagnostic cardiac
18 catheterization services, and magnetic resonance imaging services, the employee
19 may select a plan available in a county contiguous to the county of residence that
20 does provide those services, and the state contribution for the plan shall be the
21 amount available in the county where the plan selected is located.
- 22 (19) The Personnel Cabinet is encouraged to study whether it is fair and reasonable and
23 in the best interests of the state group to allow any carrier bidding to offer health
24 care coverage under this section to submit bids that may vary county by county or
25 by larger geographic areas.
- 26 (20) Notwithstanding any other provision of this section, the bid for proposals for health
27 insurance coverage for calendar year 2004 shall include a bid scenario that reflects

1 the statewide rating structure provided in calendar year 2003 and a bid scenario that
2 allows for a regional rating structure that allows carriers to submit bids that may
3 vary by region for a given product offering as described in this subsection:

- 4 (a) The regional rating bid scenario shall not include a request for bid on a
5 statewide option;
- 6 (b) The Personnel Cabinet shall divide the state into geographical regions which
7 shall be the same as the partnership regions designated by the Department for
8 Medicaid Services for purposes of the Kentucky Health Care Partnership
9 Program established pursuant to 907 KAR 1:705;
- 10 (c) The request for proposal shall require a carrier's bid to include every county
11 within the region or regions for which the bid is submitted and include but not
12 be restricted to a preferred provider organization (PPO) option;
- 13 (d) If the Personnel Cabinet accepts a carrier's bid, the cabinet shall award the
14 carrier all of the counties included in its bid within the region. If the Personnel
15 Cabinet deems the bids submitted in accordance with this subsection to be in
16 the best interests of state employees in a region, the cabinet may award the
17 contract for that region to no more than two (2) carriers; and
- 18 (e) Nothing in this subsection shall prohibit the Personnel Cabinet from including
19 other requirements or criteria in the request for proposal.

20 (21) Any fully insured health benefit plan or self-insured plan issued or renewed on or
21 after July 12, 2006, to public employees pursuant to this section which provides
22 coverage for services rendered by a physician or osteopath duly licensed under KRS
23 Chapter 311 that are within the scope of practice of an optometrist duly licensed
24 under the provisions of KRS Chapter 320 shall provide the same payment of
25 coverage to optometrists as allowed for those services rendered by physicians or
26 osteopaths.

27 (22) Any fully insured health benefit plan or self-insured plan issued or renewed to

1 public employees pursuant to this section shall comply with:

- 2 (a) KRS 304.12-237;
- 3 (b) KRS 304.17A-270 and 304.17A-525;
- 4 (c) KRS 304.17A-600 to 304.17A-633;
- 5 (d) KRS 205.593;
- 6 (e) KRS 304.17A-700 to 304.17A-730;
- 7 (f) KRS 304.14-135;
- 8 (g) KRS 304.17A-580 and 304.17A-641;
- 9 (h) KRS 304.99-123;
- 10 (i) KRS 304.17A-138;
- 11 (j) KRS 304.17A-148;
- 12 (k) KRS 304.17A-163 and 304.17A-1631;
- 13 (l) KRS 304.17A-265;
- 14 (m) KRS 304.17A-261;
- 15 (n) KRS 304.17A-262;~~[and]~~
- 16 (o) **Subsection (2) of Section 1 of this Act; and**
- 17 **(p)** Administrative regulations promulgated pursuant to statutes listed in this
- 18 subsection.

19 ➔Section 6. KRS 164.2871 (Effective January 1, 2025) is amended to read as

20 follows:

- 21 (1) The governing board of each state postsecondary educational institution is
- 22 authorized to purchase liability insurance for the protection of the individual
- 23 members of the governing board, faculty, and staff of such institutions from liability
- 24 for acts and omissions committed in the course and scope of the individual's
- 25 employment or service. Each institution may purchase the type and amount of
- 26 liability coverage deemed to best serve the interest of such institution.
- 27 (2) All retirement annuity allowances accrued or accruing to any employee of a state

1 postsecondary educational institution through a retirement program sponsored by
2 the state postsecondary educational institution are hereby exempt from any state,
3 county, or municipal tax, and shall not be subject to execution, attachment,
4 garnishment, or any other process whatsoever, nor shall any assignment thereof be
5 enforceable in any court. Except retirement benefits accrued or accruing to any
6 employee of a state postsecondary educational institution through a retirement
7 program sponsored by the state postsecondary educational institution on or after
8 January 1, 1998, shall be subject to the tax imposed by KRS 141.020, to the extent
9 provided in KRS 141.010 and 141.0215.

10 (3) Except as provided in KRS Chapter 44, the purchase of liability insurance for
11 members of governing boards, faculty and staff of institutions of higher education
12 in this state shall not be construed to be a waiver of sovereign immunity or any
13 other immunity or privilege.

14 (4) The governing board of each state postsecondary education institution is authorized
15 to provide a self-insured employer group health plan to its employees, which plan
16 shall:

17 (a) Conform to the requirements of Subtitle 32 of KRS Chapter 304; and

18 (b) Except as provided in subsection (5) of this section, be exempt from
19 conformity with Subtitle 17A of KRS Chapter 304.

20 (5) A self-insured employer group health plan provided by the governing board of a
21 state postsecondary education institution to its employees shall comply with:

22 (a) KRS 304.17A-163 and 304.17A-1631;

23 (b) KRS 304.17A-265;

24 (c) KRS 304.17A-261;~~and~~

25 (d) KRS 304.17A-262; **and**

26 **(e) Subsection (2) of Section 1 of this Act.**

27 ➔Section 7. The following KRS section is repealed:

1 304.38A-120 Compliance with KRS 304.17A-265.

2 ➔Section 8. This Act applies to health plans issued or renewed on or after
3 January 1, 2025.

4 ➔Section 9. This Act takes effect January 1, 2025.