AN ACT relating to health care to provide for an all-payer claims database and making an appropriation therefor.

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

➔SECTION 1. A NEW SECTION OF KRS CHAPTER 194A IS CREATED TO READ AS FOLLOWS:

(1) A Kentucky all-payer claims database is created and established in Sections 1 to 6 of this Act to effect the following purposes:

(a) Allow for targeted population health initiatives;

(b) Determine state health status needs;

(c) Inform state health care planning;

(d) Support research in the areas of health care cost, quality, and accessibility;

(e) Improve the accessibility, adequacy, and affordability of health care and health care coverage through the review and dissemination of data;

(f) Review health care costs among various treatment settings, providers, and modalities;

(g) Evaluate the effectiveness of health care programs and services to improve patient outcomes; and

(h) Support the development of quality improvement initiatives.

(2) Nothing in Sections 1 to 6 of this Act shall be construed to supersede, supplement, or limit the provisions of KRS Chapter 216B relating to certificates of need.

➔SECTION 2. A NEW SECTION OF KRS CHAPTER 194A IS CREATED TO READ AS FOLLOWS:

As used in Sections 1 to 6 of this Act:

(1) "Executive director" means the executive director of the Office of Data Analytics established under Sections 7, 8, and 9 of this Act;

(2) "Health care claims":

(a) Means claims made for the payment or reimbursement of the following types of health care services:

1. Medical and hospital, which includes surgical, mental health, substance use disorder, nursing, rehabilitative and habilitative services, and laboratory services;

2. Dental;

3. Pharmacy; and

4. Any other health care service designated by the executive director by administrative regulation; and

(b) Does not include claims made to a primary care provider for the provision of primary care services under a direct primary care membership agreement established under KRS 311.6201, 311.6202, 314.198, or 314.199;

(3) (a) "Health payer" means any person that pays, or administers the payment of, health care claims.

(b) As used in paragraph (a) of this subsection, " person" includes but is not limited to:

1. Medicare;

2. Medicaid;

3. The Kentucky Children's Health Insurance Program;

4. Workers' compensation insurers, self-insurers, and self-insured groups;

5. Insurers, self-insurers, and self-insured groups, including self-insured health plans and self-insured employer-organized associations, that provide:

a. Coverage for health care services;

b. Health care benefits; or

c. Any kind of insurance regulated under KRS Chapter 304;

6. Health maintenance organizations;

7. Limited health service organizations;

8. Provider-sponsored integrated health delivery networks;

9. Nonprofit hospital, medical-surgical, dental, and health service corporations;

10. Administrators;

11. Pharmacy benefit managers;

12. Any third-party payor that is not exempt by federal law from regulation under the insurance laws of this state;

13. Any person that contracts with a state or federal agency to provide coverage for health care services; and

14. Any vendor or contractor of any person listed in subparagraphs 1. to 13. of this paragraph; and

(4) "Kentucky all-payer claims database" means the all-payer claims database established under Sections 1 to 6 of this Act.

➔SECTION 3. A NEW SECTION OF KRS CHAPTER 194A IS CREATED TO READ AS FOLLOWS:

(1) The Kentucky all-payer claims database fund is hereby created in the State Treasury.

(2) The following shall be deposited into the fund:

(a) All grants and funds received or raised under Section 4 of this Act;

(b) Any fees collected under Section 6 of this Act;

(c) Any penalties collected under Section 11 of this Act; and

(d) Any appropriations made to the fund by the General Assembly.

(3) Notwithstanding KRS 45.229, moneys in the fund not expended at the close of a fiscal year shall not lapse but shall be carried forward to the next fiscal year. Any interest earnings of the fund shall become part of the fund and shall not lapse.

(4) Moneys in the fund are hereby appropriated by the General Assembly, and shall be available to the executive director, to develop, implement, operate, and maintain the Kentucky all-payer claims database.

➔SECTION 4. A NEW SECTION OF KRS CHAPTER 194A IS CREATED TO READ AS FOLLOWS:

(1) The executive director shall develop, implement, operate, and maintain the Kentucky all-payer claims database in accordance with Sections 1 to 6 of this Act.

(2) In carrying out the duties under subsection (1) of this section, the executive director:

(a) Shall make good-faith efforts to:

1. Seek and accept grants, or raise funds, from any available source, public or private, to support the development, implementation, operation, and maintenance of the database; and

2. Establish agreements:

a. For voluntary reporting of health care claims data from health payers that are not subject to mandatory reporting requirements. If feasible, the executive director shall implement the reporting format for self-insured group health plans described in 29 U.S.C. sec. 1191d, as amended;

b. With the federal Centers for Medicare and Medicaid Services to obtain Medicare health care claims data; and

c. With all-payer claims databases in other states to establish a single application for access to data by authorized users across multiple states, if the executive director determines that the agreements are feasible and beneficial for the operation of the Kentucky all-payer claims database;

(b) Shall:

1. Determine the measures necessary to implement reporting requirements in a manner that:

a. Is cost effective and reasonable for data sources;

b. Is timely, relevant, and reliable for data users;

c. Eliminates, or reduces to the greatest extent practicable, the submission of duplicate or redundant health care claims data; and

d. Does not violate any applicable laws;

2. Establish policies and procedures necessary for the administration and oversight of the database, including all necessary communication, coordination, and data sharing with the commissioner of insurance for enforcement under Section 11 of this Act;

3. Ensure the integrity, privacy, and security of personal health information and other proprietary information related to the collection and release of data;

4. Ensure that the database is operated in compliance with all state and federal law, including but not limited to:

a. The Health Insurance Portability and Accountability Act of 1996, Pub. L. No. 104-191, as amended, and any related federal regulations, as amended;

b. 42 U.S.C. sec. 290dd-2, as amended, and any related federal regulations, as amended, including but not limited to 42 C.F.R. pt. 2; and

c. All other applicable state and federal data privacy and security laws relating to the collection, storage, and release of data, except that the provisions of this section and Section 6 of this Act shall control over any conflicting state laws; and

5. Promulgate any administrative regulations necessary to carry out Sections 1 to 6 of this Act; and

(c) May:

1. a. Audit any data required to be submitted under Section 6 of this Act as needed to corroborate the accuracy of submitted data.

b. Any audit conducted under this subparagraph shall, to the extent practicable, be coordinated with other audits or examinations performed by state or federal agencies;

2. a. Contract with one (1) or more qualified third parties:

i. To collect or process health care claims data; or

ii. For any other expertise, service, or function necessary to carry out the provisions of Sections 1 to 6 of this Act.

b. The authority granted under this subparagraph shall include without limitation designating a qualified third party to implement, operate, and maintain the Kentucky all-payer claims database; and

3. Share and receive data or other information, including confidential and proprietary data or information, with and from state agencies, federal agencies, and all-payer claims databases in other states if:

a. The recipient agrees in a written or electronic record to maintain any confidential or proprietary status afforded to the data or information; and

b. The data or information is shared or received in a manner that does not violate any applicable laws.

(3) If the executive director contracts with a third-party under subsection (2)(c)2. of this section, the executive director shall monitor and supervise the third party to ensure that the third party complies with Sections 1 to 6 of this Act.

(4) A third party that contracts with the executive director under subsection (2)(c)2. of this section shall not release, publish, or otherwise use any information to which the third party has access under the contract without express permission in a written or electronic record from the executive director.

(5) A waiver of any applicable privilege or claim of confidentiality in data or information shall not occur as a result of a disclosure made under this section.

(6) (a) With regard to the Kentucky all-payer claims database, the executive director shall file a written report with the Governor and the Legislative Research Commission not later than September 1 of each year that details the following:

1. The status of any development efforts, including efforts to obtain funding for the database;

2. A detailed summary of database operations for the previous year;

3. The financial stability of the database;

4. An assessment of:

a. The cost, performance, and effectiveness of the database;

b. The performance of any third parties designated by the executive director under subsection (2)(c)2. of this section; and

c. Whether the database has advanced the purposes set forth in Section 1 of this Act; and

5. Any recommendations for database changes or improvements, including statutory changes.

(b) In completing the determination required under paragraph (a)4.c. of this subsection, the executive director shall, to the extent it is available, utilize economic expertise.

➔SECTION 5. A NEW SECTION OF KRS CHAPTER 194A IS CREATED TO READ AS FOLLOWS:

(1) There is hereby created and established a Kentucky All-payer Claims Database Advisory Council, whose duties shall be to make recommendations to the executive director as to the development, implementation, operation, and maintenance of the database.

(2) (a) The council shall consist of the following members:

1. A member of academia with experience in health care data research;

2. A representative from the Kentucky Hospital Association;

3. A representative from the Kentucky Medical Association;

4. A representative from the Kentucky Pharmacists Association;

5. A representative from the Kentucky Dental Association;

6. A representative from the Kentucky Primary Care Association;

7. A representative from a Medicaid managed care organization or an organization that represents Medicaid managed care organizations;

8. A representative from a health insurer that offers health insurance coverage in the private market or an organization that represents such health insurers;

9. A representative from an employer that provides self-insured group health insurance coverage to its employees;

10. A representative from a property and casualty insurer or an organization that represents property and casualty insurers;

11. A representative from a workers' compensation insurer, self-insurer, or self-insured group;

12. A person that advocates on behalf of, or promotes the interests of, health care consumers; and

13. A person with expertise or experience in health care data collection or storage.

(b) In addition to the members described in paragraph (a) of this subsection,

the following persons, or their designees, shall serve as ex officio members of the council:

1. The commissioner of the Department of Insurance;

2. The executive director of the Commonwealth Office of Technology;

3. The commissioner of the Department of Employee Insurance;

4. The commissioner of the Department for Medicaid Services;

5. The commissioner of the Department for Public Health; and

6. The commissioner of the Department for Behavioral Health, Developmental and Intellectual Disabilities.

(c) The council shall include the following nonvoting ex officio members:

1. The executive director, who shall serve as chair of the council; and

2. A representative of the Office of Application Technology Services.

(d) The members described in paragraph (a) of this subsection shall:

1. Be appointed by the Governor; and

2. Serve three (3) year terms.

(e) 1. The Governor shall fill all vacancies under paragraph (a) of this subsection within sixty (60) days of the vacancy.

2. In the event a representative or person referenced in paragraph (a) of this subsection is not available or willing to serve, the Governor shall appoint a person with expertise or experience in the referenced industry or subject matter.

(3) The council's recommendations shall include but not be limited to recommendations that:

(a) Provide specific strategies for measuring and collecting data related to health care safety, quality, utilization, health outcomes, and cost;

(b) Focus on data elements that foster quality improvement and peer group comparisons;

(c) Facilitate value-based, cost-effective purchasing of health care services by public and private purchasers and consumers;

(d) Result in usable and comparable information that allows public and private health care purchasers, consumers, and data analysts to identify and compare health plans, health payers, health care facilities, and health care providers regarding the provision of safe, cost-effective, and high-quality health care services;

(e) Use and build upon existing data collection standards and methods that establish and maintain the database in a cost-effective and efficient manner, which includes incorporating and utilizing uniform data collection that aligns, where possible, with national or federal uniform all-payer claims database standards;

(f) Incorporate and utilize claims, eligibility, and other publicly available data to the extent it is the most cost-effective method of collecting data to minimize the cost and administrative burden on data sources;

(g) Address whether publicly available data, in addition to the data submitted by health payers, should be included to measure or analyze health care quality, safety, or cost issues, including data on the uninsured;

(h) Address the use of a master person identification process to enable matching members across health plans;

(i) Ensure the integrity, privacy, and security of personal health information and other proprietary information related to the collection and release of data, including compliance with all state and federal laws as required under subsection (2)(b) of Section 4 of this Act;

(j) Address ongoing oversight of database operations; and

(k) Address the feasibility and advisability of working with all-payer claims databases in other states to establish a single application for access to data

by authorized users across multiple states.

(4) The first meeting of the council shall take place within thirty (30) days of appointment of all the members described in subsection (2)(a) of this section.

(5) (a) The council shall meet upon the call of the executive director, but not less than quarterly for the first two (2) years after the date of the first council meeting. Thereafter, the council shall meet not less than biannually.

(b) A majority of the members shall constitute a quorum.

(c) Recommendations of the council shall require a majority of the members present and eligible to vote.

(d) A member shall be permitted to participate and vote through distance communication technology.

(6) The council shall be a budgetary unit of the cabinet, which shall:

(a) Pay all of the council's necessary operating expenses; and

(b) Furnish all office space, personnel, equipment, supplies, and technical or administrative services required by the council in the performance of the functions established in this section.

(7) Members of the council described in subsection (2)(a) of this section shall receive no compensation for services, but shall receive actual and necessary travel expenses associated with attending meetings, which shall be in accordance with state administrative regulations relating to travel reimbursement.

➔SECTION 6. A NEW SECTION OF KRS CHAPTER 194A IS CREATED TO READ AS FOLLOWS:

(1) To the extent permitted under federal law, health payers shall submit data relating to health care claims to the executive director, or a third party designated by the executive director, beginning not later than three (3) months after the Kentucky all-payer claims database becomes fully operational.

(2) (a) The executive director shall establish the following by administrative

regulation:

1. The data elements to be collected, the reporting format, and the frequency of submissions under subsection (1) of this section;

2. The data available to data users under subsection (5) of this section, including:

a. The manner in which the data will be made available; and

b. The process for accessing, requesting, and making the data available; and

3. Data access fees, which shall be deposited into the fund established in Section 3 of this Act.

(b) In carrying out the requirements of this subsection, the executive director may require data users to enter into data service agreements or memoranda of understanding.

(3) To the extent permitted under federal law, any health payer not required to comply with this section under state or federal law may opt to submit data under this section.

(4) All state and local government health plans or programs regulated, created, or authorized under Kentucky law, including any insurers or administrators offering or administering those plans or programs, shall comply with the data submission requirements of this section, including:

(a) Any plan or program offered or administered in accordance with KRS Chapter 205; and

(b) Any governmental plan, as defined in 29 U.S.C. sec. 1002, including any plan offered to the Public Employee Health Insurance Program for public employees under KRS 18A.225 or 18A.2254.

(5) Except as otherwise provided in this section, the Kentucky all-payer claims database shall:

(a) Be available to provide data to:

1. Health payers, consumers, employers, health care facilities, health care providers, purchasers of health care, and state agencies, in a form and manner that ensures the privacy and security of personal health information as required by state and federal law, for the purpose of allowing continuous review of health care utilization, expenditures, quality, and safety; and

2. A state agency or other public or private entity for the purpose of supporting the agency's or entity's demonstrated efforts to improve or benefit the health care system through research and analysis, subject to administrative regulations promulgated by the executive director; and

(b) Present data in a manner that:

1. Allows for comparisons of:

a. Geographic, demographic, and economic factors; and

b. Institutional size; and

2. Is consumer-friendly.

(6) (a) To the extent permitted under federal law, a health payer shall not be required to obtain any individual's consent or permission in order to submit the individual's data in accordance with this section.

(b) Compliance with the requirements of this section shall not be deemed a violation of data or consumer privacy laws or any other laws.

(7) Except as provided in Section 4 of this Act and subsection (8) of this section, the Kentucky all-payer claims database shall not disclose any data that:

(a) Could be used to identify an individual;

(b) Is determined by the executive director to be incomplete, preliminary, substantially in error, or not representative; or

(c) Could, due to small sample size or other factors, reveal the identity of an individual or produce misleading information.

(8) (a) The executive director may require health payers to submit or use direct identifying information about individuals for the purpose of assigning a unique patient identifier.

(b) Upon the assignment of a unique patient identifier, all direct identifying information about the individual shall be stripped from any data collected, and not be retained, by the executive director or any third party designated by the executive director.

(9) (a) A person shall not access, request, receive, or use any data or information disclosed under subsection (5) of this section:

1. To obtain or disclose trade secrets;

2. To reidentify or attempt to reidentify an individual's data or information;

3. To sell the data or information;

4. To distribute the data or information for commercial purposes;

5. To take any action in violation of any applicable data privacy or security laws; or

6. For any purpose not identified in subsection (5) of this section.

(b) A person shall not access or receive data from the Kentucky all-payer claims database unless the person agrees in a written or electronic record to comply with this subsection.

(10) All information and data acquired by the executive director or a third party designated by the executive director under this section shall:

(a) Be disclosed only to the extent provided in Section 4 of this Act and this section; and

(b) Not be subject to disclosure under KRS 61.870 to 61.884.

➔Section 7. KRS 194A.030 (Effective between July 1, 2024, and July 1, 2025) is amended to read as follows:

The cabinet consists of the following major organizational units, which are hereby created:

(1) Office of the Secretary. Within the Office of the Secretary, there shall be an Office of Legal Services, an Office of Inspector General, an Office of Public Affairs, an Office of Human Resource Management, an Office of Finance and Budget, an Office of Legislative and Regulatory Affairs, an Office of Administrative Services, an Office of Application Technology Services, and an Office of Data Analytics, as follows:

(a) The Office of Legal Services shall provide legal advice and assistance to all units of the cabinet in any legal action in which it may be involved. The Office of Legal Services shall employ all attorneys of the cabinet who serve the cabinet in the capacity of attorney, giving legal advice and opinions concerning the operation of all programs in the cabinet. The Office of Legal Services shall be headed by a general counsel who shall be appointed by the secretary with the approval of the Governor under KRS 12.050 and 12.210. The general counsel shall be the chief legal advisor to the secretary and shall be directly responsible to the secretary. The Attorney General, on the request of the secretary, may designate the general counsel as an assistant attorney general under the provisions of KRS 15.105;

(b) The Office of Inspector General shall be headed by an inspector general who shall be appointed by the secretary with the approval of the Governor. The inspector general shall be directly responsible to the secretary. The Office of Inspector General shall be responsible for:

1. The conduct of audits and investigations for detecting the perpetration of fraud or abuse of any program by any client, or by any vendor of

services with whom the cabinet has contracted; and the conduct of special investigations requested by the secretary, commissioners, or office heads of the cabinet into matters related to the cabinet or its programs;

2. Licensing and regulatory functions as the secretary may delegate;

3. Review of health facilities participating in transplant programs, as determined by the secretary, for the purpose of determining any violations of KRS 311.1911 to 311.1959, 311.1961, and 311.1963;

4. The duties, responsibilities, and authority pertaining to the certificate of need functions and the licensure appeals functions, pursuant to KRS Chapter 216B;

5. The notification and forwarding of any information relevant to possible criminal violations to the appropriate prosecuting authority;

6. The oversight of the operations of the Kentucky Health Information Exchange; and

7. The support and guidance to health care providers related to telehealth services, including the development of policy, standards, resources, and education to expand telehealth services across the Commonwealth;

(c) The Office of Public Affairs shall be headed by an executive director appointed by the secretary with the approval of the Governor in accordance with KRS 12.050. The office shall provide information to the public and news media about the programs, services, and initiatives of the cabinet;

(d) The Office of Human Resource Management shall be headed by an executive director appointed by the secretary with the approval of the Governor in accordance with KRS 12.050. The office shall coordinate, oversee, and execute all personnel, training, and management functions of the cabinet. The office shall focus on the oversight, development, and implementation of

quality improvement services; curriculum development and delivery of instruction to staff; the administration, management, and oversight of training operations; health, safety, and compliance training; and equal employment opportunity compliance functions;

(e) The Office of Finance and Budget shall be headed by an executive director appointed by the secretary with the approval of the Governor in accordance with KRS 12.050. The office shall provide central review and oversight of budget, contract, and cabinet finances. The office shall provide coordination, assistance, and support to program departments and independent review and analysis on behalf of the secretary;

(f) The Office of Legislative and Regulatory Affairs shall be headed by an executive director appointed by the secretary with the approval of the Governor in accordance with KRS 12.050. The office shall provide central review and oversight of legislation, policy, and administrative regulations. The office shall provide coordination, assistance, and support to program departments and independent review and analysis on behalf of the secretary;

(g) The Office of Administrative Services shall be headed by an executive director appointed by the secretary with the approval of the Governor in accordance with KRS 12.050. The office shall provide central review and oversight of procurement, general accounting including grant monitoring, and facility management. The office shall provide coordination, assistance, and support to program departments and independent review and analysis on behalf of the secretary;

(h) The Office of Application Technology Services shall be headed by an executive director appointed by the secretary with the approval of the Governor in accordance with KRS 12.050. The office shall provide application technology services including central review and oversight. The

office shall provide coordination, assistance, and support to program departments and independent review and analysis on behalf of the secretary; and

(i) The Office of Data Analytics shall be headed by an executive director who shall be appointed by the secretary with the approval of the Governor under KRS 12.050 and shall**:**

1. Identify and innovate strategic initiatives to inform public policy initiatives and provide opportunities for improved health outcomes for all Kentuckians though data analytics**;**~~[. The office shall]~~

2. Provide leadership in the redesign of the health care delivery system using electronic information technology to improve patient care and reduce medical errors and duplicative services; ***and***

3. Implement and administer the Kentucky all-payer claims database in accordance with Sections 1 to 6 of this Act;

(2) Department for Medicaid Services. The Department for Medicaid Services shall serve as the single state agency in the Commonwealth to administer Title XIX of the Federal Social Security Act. The Department for Medicaid Services shall be headed by a commissioner for Medicaid services, who shall be appointed by the secretary with the approval of the Governor under KRS 12.050. The commissioner for Medicaid services shall be a person who by experience and training in administration and management is qualified to perform the duties of this office. The commissioner for Medicaid services shall exercise authority over the Department for Medicaid Services under the direction of the secretary and shall only fulfill those responsibilities as delegated by the secretary;

(3) Department for Public Health. The Department for Public Health shall develop and operate all programs of the cabinet that provide health services and all programs for assessing the health status of the population for the promotion of health and the

prevention of disease, injury, disability, and premature death. This shall include but not be limited to oversight of the Division of Women's Health and the Office for Children with Special Health Care Needs. The duties, responsibilities, and authority set out in KRS 200.460 to 200.490 shall be performed by the Department for Public Health. The Department for Public Health shall advocate for the rights of children with disabilities and, to the extent that funds are available, shall ensure the administration of services for children with disabilities as are deemed appropriate by this office pursuant to Title V of the Social Security Act. The Department for Public Health may promulgate administrative regulations under KRS Chapter 13A as may be necessary to implement and administer its responsibilities. The Office for Children with Special Health Care Needs may be headed by an executive director appointed by the secretary with the approval of the Governor in accordance with KRS 12.050. The Department for Public Health shall be headed by a commissioner for public health who shall be appointed by the secretary with the approval of the Governor under KRS 12.050. The commissioner for public health shall be a duly licensed physician who by experience and training in administration and management is qualified to perform the duties of this office. The commissioner shall advise the head of each major organizational unit enumerated in this section on policies, plans, and programs relating to all matters of public health, including any actions necessary to safeguard the health of the citizens of the Commonwealth. The commissioner shall serve as chief medical officer of the Commonwealth. The commissioner for public health shall exercise authority over the Department for Public Health under the direction of the secretary and shall only fulfill those responsibilities as delegated by the secretary;

(4) Department for Behavioral Health, Developmental and Intellectual Disabilities. The Department for Behavioral Health, Developmental and Intellectual Disabilities shall develop and administer programs for the prevention of mental illness, intellectual

disabilities, brain injury, developmental disabilities, and substance use disorders and shall develop and administer an array of services and support for the treatment, habilitation, and rehabilitation of persons who have a mental illness or emotional disability, or who have an intellectual disability, brain injury, developmental disability, or a substance use disorder. The Department for Behavioral Health, Developmental and Intellectual Disabilities shall be headed by a commissioner for behavioral health, developmental and intellectual disabilities who shall be appointed by the secretary with the approval of the Governor under KRS 12.050. The commissioner for behavioral health, developmental and intellectual disabilities shall be by training and experience in administration and management qualified to perform the duties of the office. The commissioner for behavioral health, developmental and intellectual disabilities shall exercise authority over the department under the direction of the secretary, and shall only fulfill those responsibilities as delegated by the secretary;

(5) Department for Family Resource Centers and Volunteer Services. The Department for Family Resource Centers and Volunteer Services shall streamline the various responsibilities associated with the human services programs for which the cabinet is responsible. This shall include, but not be limited to, oversight of the Division of Family Resource and Youth Services Centers and Serve Kentucky. The Department for Family Resource Centers and Volunteer Services shall be headed by a commissioner who shall be appointed by the secretary with the approval of the Governor under KRS 12.050. The commissioner for family resource centers and volunteer services shall be by training and experience in administration and management qualified to perform the duties of the office, shall exercise authority over the department under the direction of the secretary, and shall only fulfill those responsibilities as delegated by the secretary;

(6) Department for Community Based Services. The Department for Community Based

Services shall administer and be responsible for child and adult protection, guardianship services, violence prevention resources, foster care and adoption, permanency, and services to enhance family self-sufficiency, including child care, social services, public assistance, and family support. The department shall be headed by a commissioner appointed by the secretary with the approval of the Governor in accordance with KRS 12.050;

(7) Department for Income Support. The Department for Income Support shall be responsible for child support enforcement and disability determination. The department shall serve as the state unit as required by Title II and Title XVI of the Social Security Act, and shall have responsibility for determining eligibility for disability for those citizens of the Commonwealth who file applications for disability with the Social Security Administration. The department shall be headed by a commissioner appointed by the secretary with the approval of the Governor in accordance with KRS 12.050; and

(8) Department for Aging and Independent Living. The Department for Aging and Independent Living shall serve as the state unit as designated by the Administration on Aging Services under the Older Americans Act and shall have responsibility for administration of the federal community support services, in-home services, meals, family and caregiver support services, elder rights and legal assistance, senior community services employment program, the state health insurance assistance program, state home and community based services including home care, Alzheimer's respite services and the personal care attendant program, certifications of assisted living facilities, and the state Council on Alzheimer's Disease and other related disorders. The department shall also administer the Long-Term Care Ombudsman Program and the Medicaid Home and Community Based Waivers Participant Directed Services Option (PDS) Program. The department shall serve as the information and assistance center for aging and disability services and

administer multiple federal grants and other state initiatives. The department shall be headed by a commissioner appointed by the secretary with the approval of the Governor in accordance with KRS 12.050.

➔Section 8. KRS 194A.030 (Effective July 1, 2025) is amended to read as follows:

The cabinet consists of the following major organizational units, which are hereby created:

(1) Office of the Secretary. Within the Office of the Secretary, there shall be an Office of Legal Services, an Office of Inspector General, an Office of Public Affairs, an Office of Human Resource Management, an Office of Finance and Budget, an Office of Legislative and Regulatory Affairs, an Office of Administrative Services, an Office of Application Technology Services and an Office of Data Analytics, as follows:

(a) The Office of Legal Services shall provide legal advice and assistance to all units of the cabinet in any legal action in which it may be involved. The Office of Legal Services shall employ all attorneys of the cabinet who serve the cabinet in the capacity of attorney, giving legal advice and opinions concerning the operation of all programs in the cabinet. The Office of Legal Services shall be headed by a general counsel who shall be appointed by the secretary with the approval of the Governor under KRS 12.050 and 12.210. The general counsel shall be the chief legal advisor to the secretary and shall be directly responsible to the secretary. The Attorney General, on the request of the secretary, may designate the general counsel as an assistant attorney general under the provisions of KRS 15.105;

(b) The Office of Inspector General shall be headed by an inspector general who shall be appointed by the secretary with the approval of the Governor. The inspector general shall be directly responsible to the secretary. The Office of

Inspector General shall be responsible for:

1. The conduct of audits and investigations for detecting the perpetration of fraud or abuse of any program by any client, or by any vendor of services with whom the cabinet has contracted; and the conduct of special investigations requested by the secretary, commissioners, or office heads of the cabinet into matters related to the cabinet or its programs;
2. Licensing and regulatory functions as the secretary may delegate;
3. Review of health facilities participating in transplant programs, as determined by the secretary, for the purpose of determining any violations of KRS 311.1911 to 311.1959, 311.1961, and 311.1963;
4. The duties, responsibilities, and authority pertaining to the certificate of need functions and the licensure appeals functions, pursuant to KRS Chapter 216B;
5. The notification and forwarding of any information relevant to possible criminal violations to the appropriate prosecuting authority;
6. The oversight of the operations of the Kentucky Health Information Exchange; and
7. The support and guidance to health care providers related to telehealth services, including the development of policy, standards, resources, and education to expand telehealth services across the Commonwealth;

(c) The Office of Public Affairs shall be headed by an executive director appointed by the secretary with the approval of the Governor in accordance with KRS 12.050. The office shall provide information to the public and news media about the programs, services, and initiatives of the cabinet;

(d) The Office of Human Resource Management shall be headed by an executive director appointed by the secretary with the approval of the Governor in

accordance with KRS 12.050. The office shall coordinate, oversee, and execute all personnel, training, and management functions of the cabinet. The office shall focus on the oversight, development, and implementation of quality improvement services; curriculum development and delivery of instruction to staff; the administration, management, and oversight of training operations; health, safety, and compliance training; and equal employment opportunity compliance functions;

(e) The Office of Finance and Budget shall be headed by an executive director appointed by the secretary with the approval of the Governor in accordance with KRS 12.050. The office shall provide central review and oversight of budget, contract, and cabinet finances. The office shall provide coordination, assistance, and support to program departments and independent review and analysis on behalf of the secretary;

(f) The Office of Legislative and Regulatory Affairs shall be headed by an executive director appointed by the secretary with the approval of the Governor in accordance with KRS 12.050. The office shall provide central review and oversight of legislation, policy, and administrative regulations. The office shall provide coordination, assistance, and support to program departments and independent review and analysis on behalf of the secretary;

(g) The Office of Administrative Services shall be headed by an executive director appointed by the secretary with the approval of the Governor in accordance with KRS 12.050. The office shall provide central review and oversight of procurement, general accounting including grant monitoring, and facility management. The office shall provide coordination, assistance, and support to program departments and independent review and analysis on behalf of the secretary;

(h) The Office of Application Technology Services shall be headed by an

executive director appointed by the secretary with the approval of the Governor in accordance with KRS 12.050. The office shall provide application technology services including central review and oversight. The office shall provide coordination, assistance, and support to program departments and independent review and analysis on behalf of the secretary; and

(i) The Office of Data Analytics shall be headed by an executive director who shall be appointed by the secretary with the approval of the Governor under KRS 12.050 and shall***:***

1. Identify and innovate strategic initiatives to inform public policy initiatives and provide opportunities for improved health outcomes for all Kentuckians though data analytics***;*** ~~[. The office shall]~~

2. Provide leadership in the redesign of the health care delivery system using electronic information technology to improve patient care and reduce medical errors and duplicative services; ***and***

3. Implement and administer the Kentucky all-payer claims database in accordance with Sections 1 to 6 of this Act;

(2) Department for Medicaid Services. The Department for Medicaid Services shall serve as the single state agency in the Commonwealth to administer Title XIX of the Federal Social Security Act. The Department for Medicaid Services shall be headed by a commissioner for Medicaid services, who shall be appointed by the secretary with the approval of the Governor under KRS 12.050. The commissioner for Medicaid services shall be a person who by experience and training in administration and management is qualified to perform the duties of this office. The commissioner for Medicaid services shall exercise authority over the Department for Medicaid Services under the direction of the secretary and shall only fulfill those responsibilities as delegated by the secretary;

(3) Department for Public Health. The Department for Public Health shall develop and operate all programs of the cabinet that provide health services and all programs for assessing the health status of the population for the promotion of health and the prevention of disease, injury, disability, and premature death. This shall include but not be limited to oversight of the Division of Women's Health and the Office for Children with Special Health Care Needs. The duties, responsibilities, and authority set out in KRS 200.460 to 200.490 shall be performed by the Department for Public Health. The Department for Public Health shall advocate for the rights of children with disabilities and, to the extent that funds are available, shall ensure the administration of services for children with disabilities as are deemed appropriate by this office pursuant to Title V of the Social Security Act. The Department for Public Health may promulgate administrative regulations under KRS Chapter 13A as may be necessary to implement and administer its responsibilities. The Office for Children with Special Health Care Needs may be headed by an executive director appointed by the secretary with the approval of the Governor in accordance with KRS 12.050. The Department for Public Health shall be headed by a commissioner for public health who shall be appointed by the secretary with the approval of the Governor under KRS 12.050. The commissioner for public health shall be a duly licensed physician who by experience and training in administration and management is qualified to perform the duties of this office. The commissioner shall advise the head of each major organizational unit enumerated in this section on policies, plans, and programs relating to all matters of public health, including any actions necessary to safeguard the health of the citizens of the Commonwealth. The commissioner shall serve as chief medical officer of the Commonwealth. The commissioner for public health shall exercise authority over the Department for Public Health under the direction of the secretary and shall only fulfill those responsibilities as delegated by the secretary;

(4) Department for Behavioral Health, Developmental and Intellectual Disabilities. The Department for Behavioral Health, Developmental and Intellectual Disabilities shall develop and administer programs for the prevention of mental illness, intellectual disabilities, brain injury, developmental disabilities, and substance use disorders and shall develop and administer an array of services and support for the treatment, habilitation, and rehabilitation of persons who have a mental illness or emotional disability, or who have an intellectual disability, brain injury, developmental disability, or a substance use disorder. The Department for Behavioral Health, Developmental and Intellectual Disabilities shall be headed by a commissioner for behavioral health, developmental and intellectual disabilities who shall be appointed by the secretary with the approval of the Governor under KRS 12.050. The commissioner for behavioral health, developmental and intellectual disabilities shall be by training and experience in administration and management qualified to perform the duties of the office. The commissioner for behavioral health, developmental and intellectual disabilities shall exercise authority over the department under the direction of the secretary, and shall only fulfill those responsibilities as delegated by the secretary;

(5) Department for Family Resource Centers and Volunteer Services. The Department for Family Resource Centers and Volunteer Services shall streamline the various responsibilities associated with the human services programs for which the cabinet is responsible. This shall include, but not be limited to, oversight of the Division of Family Resource and Youth Services Centers and Serve Kentucky. The Department for Family Resource Centers and Volunteer Services shall be headed by a commissioner who shall be appointed by the secretary with the approval of the Governor under KRS 12.050. The commissioner for family resource centers and volunteer services shall be by training and experience in administration and management qualified to perform the duties of the office, shall exercise authority

over the department under the direction of the secretary, and shall only fulfill those responsibilities as delegated by the secretary;

(6) Department for Community Based Services. The Department for Community Based Services shall administer and be responsible for child and adult protection, guardianship services, violence prevention resources, foster care and adoption, permanency, and services to enhance family self-sufficiency, including child care, social services, public assistance, and family support. The department shall be headed by a commissioner appointed by the secretary with the approval of the Governor in accordance with KRS 12.050; and

(7) Department for Aging and Independent Living. The Department for Aging and Independent Living shall serve as the state unit as designated by the Administration on Aging Services under the Older Americans Act and shall have responsibility for administration of the federal community support services, in-home services, meals, family and caregiver support services, elder rights and legal assistance, senior community services employment program, the state health insurance assistance program, state home and community based services including home care, Alzheimer's respite services and the personal care attendant program, certifications of assisted living facilities, and the state Council on Alzheimer's Disease and other related disorders. The department shall also administer the Long-Term Care Ombudsman Program and the Medicaid Home and Community Based Waivers Participant Directed Services Option (PDS) Program. The department shall serve as the information and assistance center for aging and disability services and administer multiple federal grants and other state initiatives. The department shall be headed by a commissioner appointed by the secretary with the approval of the Governor in accordance with KRS 12.050.

➔Section 9. KRS 194A.101 is amended to read as follows:

(1) The Office of Data Analytics is hereby created in the Office of the Secretary. The

office shall***:***

(a) Provide oversight and strategic direction ***for,*** and be responsible for ***the*** coordinating ***of,*** the data analysis initiatives ***of***~~[for]~~ the various departments that regulate health care and social services to ensure that policy is consistent with the long-term goals across the Commonwealth***; and***

(b) Implement and administer the Kentucky all-payer claims database in accordance with Sections 1 to 6 of this Act.

(2) The office shall have the authority to review all data requests received by the cabinet from the public, review the requests for content to determine the cabinet's response, and approve the release of the requested information. The office shall review data analyses conducted by the departments within the cabinet to ensure the consistency, quality, and validity of the analysis prior to its use in operational and policy decisions. The office shall facilitate the process of data integration by initiating and maintaining data-sharing agreements in order to improve inter-agency and cross-cabinet collaboration.

(3) The Office of Data Analytics shall promulgate administrative regulations in accordance with KRS Chapter 13A to implement this section.

➔Section 10. KRS 304.2-100 is amended to read as follows:

(1) The commissioner shall personally supervise the operations of the department.

(2) The commissioner shall examine and inquire into violations of this code, shall enforce the provisions of this code with impartiality and shall execute the duties imposed upon him or her by this code.

(3) The commissioner shall have the powers and authority expressly conferred upon him or her by or reasonably implied from the provisions of this code.

(4) The commissioner may conduct such examinations and investigations of insurance matters, in addition to examinations and investigations expressly authorized, as the commissioner may deem proper upon reasonable and probable cause to determine

whether any person has violated any provisions of this code or to secure information useful in the lawful administration of any such provision. The cost of such additional examinations and investigations shall be borne by the state.

(5) The commissioner may establish and maintain such branch offices in this state as may be reasonably required for the efficient administration of this code.

(6) The commissioner shall have such additional powers and duties as may be provided by other laws of this state.

(7) The commissioner shall assist the Office of~~[Health]~~ Data~~[and]~~ Analytics in carrying out Subtitle 17B of this chapter**,**~~[and]~~ KRS 194A.099***, and Sections 1 to 6 of this Act***.

➔SECTION 11. A NEW SECTION OF SUBTITLE 99 OF KRS CHAPTER 304 IS CREATED TO READ AS FOLLOWS:

(1) (a) The commissioner shall enforce the reporting requirements for health payers under Section 6 of this Act.

(b) In carrying out the duties under paragraph (a) of this subsection, the commissioner:

1. May assess a civil penalty in accordance with this section; and

2. Shall have the authority, powers, and duties set forth in Subtitle 2 of this chapter for violations of this code, including the requirements for orders, notices, and hearings.

(2) (a) Subject to paragraphs (b), (c), (d), and (e) of this subsection, the commissioner shall promulgate an administrative regulation designating a schedule of penalties, not to exceed one thousand dollars ($1,000) per day, for any health payer that fails to comply with the reporting requirements for that person under Section 6 of this Act.

(b) State and federal agencies shall not be assessed or subject to a penalty under this subsection.

(c) The commissioner may, by administrative regulation, adjust the maximum penalty established under paragraph (a) of this subsection every two (2) years based on the percent change in the nonseasonally adjusted annual average Consumer Price Index for All Urban Consumers (CPI-U), U.S. City Average, Medical Care, as published by the United States Bureau of Labor Statistics.

(d) The commissioner shall promulgate an administrative regulation designating the process for notice, hearing, and collection of any penalty assessed under paragraph (a) of this subsection.

(e) The commissioner may, upon such terms and conditions that are determined by the commissioner to be in the public interest, remit or mitigate any penalty assessed under paragraph (a) of this subsection.

(3) Any penalties collected by the department under this section shall be deposited into the fund established in Section 3 of this Act.

(4) The commissioner may promulgate any additional administrative regulations necessary to implement or aid in the effectuation of this section.

➔Section 12. (1) The Governor shall make all initial appointments under subsection (2)(a) of Section 5 of this Act within 90 days of the effective date of this Act.

(2) Notwithstanding subsection (2)(d)2. of Section 5 of this Act, initial appointments under subsection (2)(a) of Section 5 of this Act shall be staggered so that, of the initial 13 appointments:

(a) Five of the appointments expire at four years after the initial appointment;

(b) Four of the appointments expire at three years after the initial appointment; and

(c) Four of the appointments expire at two years after the initial appointment.

➔Section 13. If the Cabinet for Health and Family Services determines that a waiver or any other authorization from a federal agency is necessary to implement

Section 6 of this Act for any reason, including the loss of federal funds, the cabinet shall, within 90 days after the effective date of this Act, request the waiver or authorization, and may only delay implementation of those provisions for which a waiver or authorization was deemed necessary until the waiver or authorization is granted.