

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 ~~[individual]~~ insured under a health plan according
7 to any coverage limit, copayment, coinsurance, deductible, or other out-
8 of-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***
11 ***insured***~~[an individual]~~ to receive a specific health care service covered
12 by the plan; ***and***

13 2. ***May be subject to annual limitations, including those imposed under***
14 ***42 U.S.C. secs. 18022(c) and 300gg-6(b);***

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

20 (c) "Health plan":

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

24 2. Includes a health benefit plan as defined in KRS 304.17A-005;

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

27 (e) "Insurer" includes~~[-~~:

1 1. ~~An insurer offering a health plan providing coverage for pharmacy~~
2 ~~benefits; or~~

3 2. ~~] any [other]~~ administrator of pharmacy benefits under a health plan;

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

8 (g) "Pharmacy" includes:

9 1. A pharmacy, as defined in KRS Chapter 315;

10 2. A pharmacist, as defined in KRS Chapter 315; ~~and [or]~~

11 3. Any employee of a pharmacy or pharmacist; ~~[and]~~

12 (h) "Pharmacy benefit manager" has the same meaning as in KRS 304.17A-161;

13 (i) **"Price protection rebate" means a negotiated price concession that accrues**
14 **directly or indirectly to an insurer, pharmacy benefit manager, or another**
15 **party on behalf of an insurer or pharmacy benefit manager if there is an**
16 **increase in the wholesale acquisition cost of a prescription drug above a**
17 **specified threshold; and**

18 (j) **"Rebate" means a discount or other negotiated price concession, including**
19 **a base price concession whether described as a rebate or otherwise, a price**
20 **protection rebate, a performance-based price concession, and any**
21 **reasonable estimates of negotiated price concessions, fees, or other**
22 **administrative costs that may accrue directly or indirectly, or are anticipated**
23 **to be passed through, to an insurer or pharmacy benefit manager from a**
24 **manufacturer, dispensing pharmacy, or other party in connection with the**
25 **dispensing or administration of a prescription drug to reduce the insurer's**
26 **or pharmacy benefit manager's liability for the prescription drug.**

27 (2) (a) **To the extent permitted by federal law:**

- 1 1. An insured's cost sharing for a prescription drug shall be calculated at
2 the point of sale; and
- 3 2. All rebates received or estimated to be received by the insurer or
4 pharmacy benefit manager in connection with the dispensing or
5 administration of a prescription drug to an insured shall be passed
6 through as follows:
- 7 a. The cost sharing charged to the insured shall be calculated
8 based on a prescription drug price that is reduced by at least
9 eighty-five percent (85%) of the rebates received or estimated to
10 be received; and
- 11 b. The rebates remaining after the reductions required under
12 subdivision a. of this subparagraph shall be used to reduce the
13 premiums charged by the health plan.
- 14 (b) As used in paragraph (a) of this subsection, "cost sharing" shall not
15 include copayments.
- 16 (c) 1. In complying with paragraphs (a) and (d) of this subsection, an
17 insurer, pharmacy benefit manager, or an insurer's or pharmacy
18 benefit manager's agent shall not publish or otherwise reveal
19 information regarding the actual amount of rebates the insurer or
20 pharmacy benefit manager receives on a product-specific,
21 manufacturer-specific, or pharmacy-specific basis.
- 22 2. The information referenced in subparagraph 1. of this paragraph
23 shall:
- 24 a. Be protected as a trade secret under KRS 365.880 to 365.900;
25 b. Not be a public record subject to disclosure under KRS 61.870 to
26 61.884; and
- 27 c. Not otherwise be disclosed by the insurer, pharmacy benefit

manager, or an insurer's or pharmacy benefit manager's agent:

i. Directly or indirectly;

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

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

3. An insurer or pharmacy benefit manager shall impose the confidentiality requirements of this paragraph on any vendor or third party that performs health care or administrative services on behalf of the insurer or pharmacy benefit manager that may receive or have access to rebate information.

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

1. Require the insurer, pharmacy benefit manager, or the insurer's or pharmacy benefit manager's agent to report any information necessary to determine compliance with this section; and

2. Otherwise use the information in furtherance of any regulatory action authorized under this chapter.

(3) To the extent permitted under federal law, an insurer ~~issuing or renewing a health plan on or after January 1, 2022,~~ or a pharmacy benefit manager~~[,]~~ shall not:

(a) Require an insured purchasing a prescription drug to pay a cost-sharing amount greater than the amount the insured would pay for the drug if he or she were to purchase the drug without coverage;

(b) Exclude any cost-sharing amounts paid by an insured~~,~~ or on behalf of an insured by another person~~,~~ for a prescription drug, including any amount paid

under paragraph (a) of this subsection, when calculating an insured's contribution to any applicable cost-sharing requirement. The requirements of this paragraph shall not apply:

1. In the case of a prescription drug for which there is a generic alternative, unless the insured has obtained access to the brand prescription drug through prior authorization, a step therapy protocol, or the insurer's exceptions and appeals process; **or**

2. To any fully insured health benefit plan or self-insured plan provided to an employee under KRS 18A.225;

(c) Prohibit a pharmacy from discussing any information under subsection ~~(4)~~(3) of this section; or

(d) Impose a penalty on a pharmacy for complying with this section.

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

~~(5)~~(4) **Nothing in this section shall be construed to prohibit an insurer or a pharmacy benefit manager from imposing a cost-sharing amount that is less than the amount permitted under this section**~~[Subsection (2)(b) of this section shall not apply to any fully insured health benefit plan or self-insured plan provided to an employee under KRS 18A.225].~~

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

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

(a) "Insurer";

(b) "Pharmacy benefit manager"; and

(c) "Rebate".

1 (2) The actual amount of rebates received by an insurer or pharmacy benefit
2 manager on a product-specific, manufacturer-specific, or pharmacy-specific
3 basis shall be a trade secret.

4 (3) Compliance with Section 1 of this Act shall not be construed to violate KRS
5 365.880 to 365.900.

6 ➔SECTION 3. A NEW SECTION OF SUBTITLE 17C OF KRS CHAPTER 304
7 IS CREATED TO READ AS FOLLOWS:

8 Section 1 of this Act shall apply to limited health service benefit plans, including any
9 limited health service contract as defined in KRS 304.38A-010.

10 ➔SECTION 4. A NEW SECTION OF SUBTITLE 38A OF KRS CHAPTER 304
11 IS CREATED TO READ AS FOLLOWS:

12 Limited health service organizations shall comply with Section 1 of this Act.

13 ➔Section 5. KRS 18A.225 is amended to read as follows:

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

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

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

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

- 1 (b) The policy or policies shall be approved by the commissioner of insurance and
2 may contain the provisions the commissioner of insurance approves, whether
3 or not otherwise permitted by the insurance laws.
- 4 (c) Any carrier bidding to offer health care coverage to employees shall agree to
5 provide coverage to all members of the state group, including active
6 employees and retirees and their eligible covered dependents and
7 beneficiaries, within the county or counties specified in its bid. Except as
8 provided in subsection (20) of this section, any carrier bidding to offer health
9 care coverage to employees shall also agree to rate all employees as a single
10 entity, except for those retirees whose former employers insure their active
11 employees outside the state-sponsored health insurance program.
- 12 (d) Any carrier bidding to offer health care coverage to employees shall agree to
13 provide enrollment, claims, and utilization data to the Commonwealth in a
14 format specified by the Personnel Cabinet with the understanding that the data
15 shall be owned by the Commonwealth; to provide data in an electronic form
16 and within a time frame specified by the Personnel Cabinet; and to be subject
17 to penalties for noncompliance with data reporting requirements as specified
18 by the Personnel Cabinet. The Personnel Cabinet shall take strict precautions
19 to protect the confidentiality of each individual employee; however,
20 confidentiality assertions shall not relieve a carrier from the requirement of
21 providing stipulated data to the Commonwealth.
- 22 (e) The Personnel Cabinet shall develop the necessary techniques and capabilities
23 for timely analysis of data received from carriers and, to the extent possible,
24 provide in the request-for-proposal specifics relating to data requirements,
25 electronic reporting, and penalties for noncompliance. The Commonwealth
26 shall own the enrollment, claims, and utilization data provided by each carrier
27 and shall develop methods to protect the confidentiality of the individual. The

- 1 Personnel Cabinet shall include in the October annual report submitted
2 pursuant to the provisions of KRS 18A.226 to the Governor, the General
3 Assembly, and the Chief Justice of the Supreme Court, an analysis of the
4 financial stability of the program, which shall include but not be limited to
5 loss ratios, methods of risk adjustment, measurements of carrier quality of
6 service, prescription coverage and cost management, and statutorily required
7 mandates. If state self-insurance was available as a carrier option, the report
8 also shall provide a detailed financial analysis of the self-insurance fund
9 including but not limited to loss ratios, reserves, and reinsurance agreements.
- 10 (f) If any agency participating in the state-sponsored employee health insurance
11 program for its active employees terminates participation and there is a state
12 appropriation for the employer's contribution for active employees' health
13 insurance coverage, then neither the agency nor the employees shall receive
14 the state-funded contribution after termination from the state-sponsored
15 employee health insurance program.
- 16 (g) Any funds in flexible spending accounts that remain after all reimbursements
17 have been processed shall be transferred to the credit of the state-sponsored
18 health insurance plan's appropriation account.
- 19 (h) Each entity participating in the state-sponsored health insurance program shall
20 provide an amount at least equal to the state contribution rate for the employer
21 portion of the health insurance premium. For any participating entity that used
22 the state payroll system, the employer contribution amount shall be equal to
23 but not greater than the state contribution rate.
- 24 (3) The premiums may be paid by the policyholder:
- 25 (a) Wholly from funds contributed by the employee, by payroll deduction or
26 otherwise;
- 27 (b) Wholly from funds contributed by any department, board, agency, public

1 postsecondary education institution, or branch of state, city, urban-county,
2 charter county, county, or consolidated local government; or

3 (c) Partly from each, except that any premium due for health care coverage or
4 dental coverage, if any, in excess of the premium amount contributed by any
5 department, board, agency, postsecondary education institution, or branch of
6 state, city, urban-county, charter county, county, or consolidated local
7 government for any other health care coverage shall be paid by the employee.

8 (4) If an employee moves his or her place of residence or employment out of the service
9 area of an insurer offering a managed health care plan, under which he or she has
10 elected coverage, into either the service area of another managed health care plan or
11 into an area of the Commonwealth not within a managed health care plan service
12 area, the employee shall be given an option, at the time of the move or transfer, to
13 change his or her coverage to another health benefit plan.

14 (5) No payment of premium by any department, board, agency, public postsecondary
15 educational institution, or branch of state, city, urban-county, charter county,
16 county, or consolidated local government shall constitute compensation to an
17 insured employee for the purposes of any statute fixing or limiting the
18 compensation of such an employee. Any premium or other expense incurred by any
19 department, board, agency, public postsecondary educational institution, or branch
20 of state, city, urban-county, charter county, county, or consolidated local
21 government shall be considered a proper cost of administration.

22 (6) The policy or policies may contain the provisions with respect to the class or classes
23 of employees covered, amounts of insurance or coverage for designated classes or
24 groups of employees, policy options, terms of eligibility, and continuation of
25 insurance or coverage after retirement.

26 (7) Group rates under this section shall be made available to the disabled child of an
27 employee regardless of the child's age if the entire premium for the disabled child's

1 coverage is paid by the state employee. A child shall be considered disabled if he or
2 she has been determined to be eligible for federal Social Security disability benefits.

3 (8) The health care contract or contracts for employees shall be entered into for a period
4 of not less than one (1) year.

5 (9) The secretary shall appoint thirty-two (32) persons to an Advisory Committee of
6 State Health Insurance Subscribers to advise the secretary or the secretary's designee
7 regarding the state-sponsored health insurance program for employees. The
8 secretary shall appoint, from a list of names submitted by appointing authorities,
9 members representing school districts from each of the seven (7) Supreme Court
10 districts, members representing state government from each of the seven (7)
11 Supreme Court districts, two (2) members representing retirees under age sixty-five
12 (65), one (1) member representing local health departments, two (2) members
13 representing the Kentucky Teachers' Retirement System, and three (3) members at
14 large. The secretary shall also appoint two (2) members from a list of five (5) names
15 submitted by the Kentucky Education Association, two (2) members from a list of
16 five (5) names submitted by the largest state employee organization of nonschool
17 state employees, two (2) members from a list of five (5) names submitted by the
18 Kentucky Association of Counties, two (2) members from a list of five (5) names
19 submitted by the Kentucky League of Cities, and two (2) members from a list of
20 names consisting of five (5) names submitted by each state employee organization
21 that has two thousand (2,000) or more members on state payroll deduction. The
22 advisory committee shall be appointed in January of each year and shall meet
23 quarterly.

24 (10) Notwithstanding any other provision of law to the contrary, the policy or policies
25 provided to employees pursuant to this section shall not provide coverage for
26 obtaining or performing an abortion, nor shall any state funds be used for the
27 purpose of obtaining or performing an abortion on behalf of employees or their

1 dependents.

2 (11) Interruption of an established treatment regime with maintenance drugs shall be
3 grounds for an insured to appeal a formulary change through the established appeal
4 procedures approved by the Department of Insurance, if the physician supervising
5 the treatment certifies that the change is not in the best interests of the patient.

6 (12) Any employee who is eligible for and elects to participate in the state health
7 insurance program as a retiree, or the spouse or beneficiary of a retiree, under any
8 one (1) of the state-sponsored retirement systems shall not be eligible to receive the
9 state health insurance contribution toward health care coverage as a result of any
10 other employment for which there is a public employer contribution. This does not
11 preclude a retiree and an active employee spouse from using both contributions to
12 the extent needed for purchase of one (1) state sponsored health insurance policy for
13 that plan year.

14 (13) (a) The policies of health insurance coverage procured under subsection (2) of
15 this section shall include a mail-order drug option for maintenance drugs for
16 state employees. Maintenance drugs may be dispensed by mail order in
17 accordance with Kentucky law.

18 (b) A health insurer shall not discriminate against any retail pharmacy located
19 within the geographic coverage area of the health benefit plan and that meets
20 the terms and conditions for participation established by the insurer, including
21 price, dispensing fee, and copay requirements of a mail-order option. The
22 retail pharmacy shall not be required to dispense by mail.

23 (c) The mail-order option shall not permit the dispensing of a controlled
24 substance classified in Schedule II.

25 (14) The policy or policies provided to state employees or their dependents pursuant to
26 this section shall provide coverage for obtaining a hearing aid and acquiring hearing
27 aid-related services for insured individuals under eighteen (18) years of age, subject

- 1 to a cap of one thousand four hundred dollars (\$1,400) every thirty-six (36) months
2 pursuant to KRS 304.17A-132.
- 3 (15) Any policy provided to state employees or their dependents pursuant to this section
4 shall provide coverage for the diagnosis and treatment of autism spectrum disorders
5 consistent with KRS 304.17A-142.
- 6 (16) Any policy provided to state employees or their dependents pursuant to this section
7 shall provide coverage for obtaining amino acid-based elemental formula pursuant
8 to KRS 304.17A-258.
- 9 (17) If a state employee's residence and place of employment are in the same county, and
10 if the hospital located within that county does not offer surgical services, intensive
11 care services, obstetrical services, level II neonatal services, diagnostic cardiac
12 catheterization services, and magnetic resonance imaging services, the employee
13 may select a plan available in a contiguous county that does provide those services,
14 and the state contribution for the plan shall be the amount available in the county
15 where the plan selected is located.
- 16 (18) If a state employee's residence and place of employment are each located in counties
17 in which the hospitals do not offer surgical services, intensive care services,
18 obstetrical services, level II neonatal services, diagnostic cardiac catheterization
19 services, and magnetic resonance imaging services, the employee may select a plan
20 available in a county contiguous to the county of residence that does provide those
21 services, and the state contribution for the plan shall be the amount available in the
22 county where the plan selected is located.
- 23 (19) The Personnel Cabinet is encouraged to study whether it is fair and reasonable and
24 in the best interests of the state group to allow any carrier bidding to offer health
25 care coverage under this section to submit bids that may vary county by county or
26 by larger geographic areas.
- 27 (20) Notwithstanding any other provision of this section, the bid for proposals for health

1 insurance coverage for calendar year 2004 shall include a bid scenario that reflects
2 the statewide rating structure provided in calendar year 2003 and a bid scenario that
3 allows for a regional rating structure that allows carriers to submit bids that may
4 vary by region for a given product offering as described in this subsection:

5 (a) The regional rating bid scenario shall not include a request for bid on a
6 statewide option;

7 (b) The Personnel Cabinet shall divide the state into geographical regions which
8 shall be the same as the partnership regions designated by the Department for
9 Medicaid Services for purposes of the Kentucky Health Care Partnership
10 Program established pursuant to 907 KAR 1:705;

11 (c) The request for proposal shall require a carrier's bid to include every county
12 within the region or regions for which the bid is submitted and include but not
13 be restricted to a preferred provider organization (PPO) option;

14 (d) If the Personnel Cabinet accepts a carrier's bid, the cabinet shall award the
15 carrier all of the counties included in its bid within the region. If the Personnel
16 Cabinet deems the bids submitted in accordance with this subsection to be in
17 the best interests of state employees in a region, the cabinet may award the
18 contract for that region to no more than two (2) carriers; and

19 (e) Nothing in this subsection shall prohibit the Personnel Cabinet from including
20 other requirements or criteria in the request for proposal.

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

- 1 (22) Any fully insured health benefit plan or self-insured plan issued or renewed ~~on or~~
2 ~~after June 29, 2021,~~ to public employees pursuant to this section shall comply with:
- 3 (a) KRS 304.12-237;
- 4 (b) KRS 304.17A-270 and 304.17A-525;
- 5 (c) KRS 304.17A-600 to 304.17A-633;
- 6 (d) KRS 205.593;
- 7 (e) KRS 304.17A-700 to 304.17A-730;
- 8 (f) KRS 304.14-135;
- 9 (g) KRS 304.17A-580 and 304.17A-641;
- 10 (h) KRS 304.99-123;
- 11 (i) KRS 304.17A-138;~~and~~
- 12 (j) **KRS 304.17A-148;**
- 13 **(k) Subsection (2) of Section 1 of this Act; and**
- 14 **(l)** Administrative regulations promulgated pursuant to statutes listed in this
15 subsection.
- 16 ~~[(23) Any fully insured health benefit plan or self-insured plan issued or renewed on or~~
17 ~~after January 1, 2022, to public employees pursuant to this section shall comply~~
18 ~~with KRS 304.17A-148.]~~
- 19 ➔Section 6. KRS 164.2871 is amended to read as follows:
- 20 (1) The governing board of each state postsecondary educational institution is
21 authorized to purchase liability insurance for the protection of the individual
22 members of the governing board, faculty, and staff of such institutions from liability
23 for acts and omissions committed in the course and scope of the individual's
24 employment or service. Each institution may purchase the type and amount of
25 liability coverage deemed to best serve the interest of such institution.
- 26 (2) All retirement annuity allowances accrued or accruing to any employee of a state
27 postsecondary educational institution through a retirement program sponsored by

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

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

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

16 (a) Conform to the requirements of Subtitle 32 of KRS Chapter 304; and ~~shall~~

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

19 (5) A self-insured employer group health plan provided by the governing board of a
20 state postsecondary education institution to its employees shall comply with
21 subsection (2) of Section 1 of this Act.

22 ➔Section 7. This Act applies to health plans issued or renewed on or after the
23 effective date of this Act.

24 ➔Section 8. This Act takes effect January 1, 2023.