Kentucky Department of Insurance

2025-2026 Review Guide:

- Complete the entire Review Guide and submit all policies and procedures and relative information including provider agreement and pharmacy agreement templates to expedite the review process timeline.
- Use the third column of the Review Guide named, “Policy Reference” to cite the location within your policies and procedures for each requirement.
- If you outsource, co-source, delegate, or are delegated to provide functions for another entity, use the “Delegated Entities and Delegated Functions” box on page one of the Review Guide to specify.
- If you do not have Kentucky specific requirements in your policies and procedures, please include a Kentucky specific addendum with your submission and cite that where needed in column three of the Review Guide where necessary.
- **Please note the Senate Bill 188 additions in the back of the Review Guide. You may find the codified regulation here.**

Kentucky Department of Insurance

Pharmacy Benefit Manager Review Guide

PBM ENTITY NAME_____ **Incorporation/Formation Date** _____

PBM Entity ID #: _____ **Date of Receipt:** _____ **Payment Date** _____ ☐ **Check #**_____ ☐ **eServices**

☐ **Initial Application** ☐ **Renewal Application** **Website Address** _____

Address of Home Office: _____**City**_____ **State**_____ **Zip Code**_____

Business Address: _____ **City**_____ **State** _____**Zip Code**_____

Mailing Address: _____**P.O. Box**_____ **City** _____ **State** _____ **Zip Code** _____

Phone Number _____ **Fax Number** _____ **Business E-Mail Address**_____

Contact Person _____**Contact's Phone Number** _____ **Contact's E-mail address**_____

Please Check All That Apply Below:

☐ **Workers Comp** ☐ **Workers Comp Only** ☐ **ERISA** ☐ **Self-Funded** ☐ **Long-Term Care** ☐ **Medicare Part D** ☐ **Medicaid** ☐ **Commercial**

☐ **340b** ☐ **Other (Specify)** ☐ **No Kentucky Clients (MUST PROVIDE A STATEMENT OF COMPLIANCE WITH APPLICATION –** See FAQ for further info)

Delegated Entitites	Delegated Functions

Please add delegated companies that your entity contracts with or that your entity performs delegated functions in the box above and include your policies and procedures and your delegates (if you have one).

Administration & Operation	Compliant	Need Additional Information RE:	Policy Reference	REQUIREMENTS
KRS 304.17A-162 (1) (a) PBM IDENTIFY SOURCES & ESTABLISH APPEALS PROCESS RE: MAC PRICING				
Have a policy that PBM shall identify sources used to calculate drug reimbursement and establish a process to appeal and resolve disputes regarding maximum allowable cost pricing. 806 KAR 17:575 Process for MAC appeals process and process for the review of complaint associated with MAC appeal and requirements for the cost listings made available by a PBM.				
KRS 304.17A-162 (1) (b) APPEAL PROCESS & 806 KAR 17:575				
Have a policy with detailed description of the MAC Pricing Dispute Appeal Process to be used by contracted pharmacies, pharmacy services and administration organizations of group purchasing organization, including the appeals policy and procedure, pursuant to KRS.17A-162 (1) (b) and 806 KAR 17:575. **PLEASE NOTE: IF THIS IS DELEGATED, PLEASE SPECIFY SPECIFICALLY WHAT FUNCTION IS DELEGATED AND TO WHOM.**				
806 KAR 17:575 (2) PBM shall establish a MAC pricing appeal process where a contracted pharmacy or the pharmacy's designee may appeal if (a) The maximum allowable cost established for a drug reimbursement is below the cost at which the drug is available for purchase by pharmacists and pharmacies in Kentucky from national or regional wholesalers licensed in Kentucky by the Kentucky Board of Pharmacy; or (b) The pharmacy benefit manager has placed a drug on the maximum allowable cost list in violation of KRS 304.17A-162(8). **PLEASE NOTE: IF THIS IS DELEGATED, PLEASE SPECIFY SPECIFICALLY WHAT FUNCTION IS DELEGATED AND TO WHOM.**				
Right to appeal limited to 60 days following initial claim and PBM shall accept an appeal on or before 60 days of initial claim per 806 KAR 17:575 (2) (a) and 304.17A-162 (1)(b)(1)				
Per 806 KAR 17:575 (3)b A provision allowing a contracted pharmacy, pharmacy service administration organization or group purchasing organization, to initiate the appeal process, regardless if an appeal has previously been submitted by a pharmacy or the pharmacy's designee outside of Kentucky, by contacting the pharmacy benefit manager's designated contact person electronically, by mail, or telephone. If the appeal process is initiated by telephone, the appealing party shall follow up with a written request within three (3) days. **PLEASE NOTE: IF THIS IS DELEGATED, PLEASE SPECIFY SPECIFICALLY WHAT FUNCTION IS DELEGATED AND TO WHOM.**				
Per 806 KAR 17:575 (4) and KRS 304.17A-162 The pharmacy benefit manager's maximum allowable cost pricing appeal process shall be readily accessible to contracted pharmacies electronically through publication on the pharmacy benefit manager's website, and in either the contracted pharmacy's contract with the pharmacy benefit manager or through a pharmacy provider manual distributed to contracted pharmacies, pharmacy service administration organizations, and group purchasing organizations.				

Acknowledgement Letter **Provide templates for the following:** Per 806 KAR 17:575 (6), 806 KAR 17:575 (2)(6), 806 KAR 17:575 (2)(7) and 304.17A-162 (1)(b)(2) The pharmacy benefit manager shall investigate, resolve, and respond to the appeal within ten (10) calendar days of receipt of the appeal. Upon resolution, the pharmacy benefit manager shall issue a written response to the appealing party that shall include the following: (a) The date of the decision; (b) The name, phone number, mailing address, email address, and title of the person making the decision; and (c) A statement setting forth the specific reason for the decision, including specific requirements for appeals denied and granted. (Listed below) **PLEASE NOTE: IF THIS IS DELEGATED, PLEASE SPECIFY SPECIFICALLY WHAT FUNCTION IS DELEGATED AND TO WHOM.**			
Detailed description of the MAC Pricing Dispute Appeal Process to be used by contracted pharmacies, pharmacy services and administration organizations of group purchasing organization, including the appeals policy and procedure, pursuant to KRS.17A-162 (1) (b). Appeals process should include following provisions: ☐ Right to appeal limited to appeal received on or before 60 days following initial claim; ☐ The appeal shall be investigated and resolved by PBM within 10 calendar days; ☐ The PBM shall respond to all appeals in a manner approved by the department ☐ 806 KAR 17:575(2)(9) A pharmacy benefit manager shall submit the maximum allowable cost pricing appeal process and a template response satisfying the requirements of 806 KAR 17:575(2)(5) to the department for review and approval. 806 KAR 17:575(8) and 304.17A-162 (1)(b)(3) **Denial Letter** ☐ If an appeal is denied the PBM shall provide the following: ☐ a.) the reason for the denial per KRS 17A-162 and additional requirements for 806 KAR 17:575 including ☐ (a) The date of the decision; ☐ (b) The name, phone number, mailing address, email address, and title of the person making the decision; and ☐ (c) A statement setting forth the specific reason for the decision, including: (i) The NDC or the NDC of a therapeutically equivalent drug as defined in KRS 304.17A-162(9) of the same dosage, dosage form, and strength of the appealed drug and (ii) identify the source where (NDC) may be purchased from the Kentucky licensed wholesaler offering the drug at or below MAC on the date of fill the reason for the denial ((C)and where it may be purchased by contracted pharmacies)806 KAR 17:575(2)(9) ☐ A pharmacy benefit manager shall submit the maximum allowable cost pricing appeal process and a template response satisfying the requirements of 806 KAR 17:575(2)(5) to the department for review and approval. 806 KAR 17:575(8) and 304.17A-162 (1)(b)(3)			

KRS 304.17A-162 (2) (a-f) APPEALS GRANTED FOR PRICE UPDATES			
☐ KRS 304.17A-162 (2)(a) and 806 KAR 17:575 (6)(c)(1) If the appeal is granted: Per 806 KAR 17:575(2)(6)The pharmacy benefit manager shall **investigate, resolve, and respond** to the appeal within ten (10) calendar days of receipt of the appeal. Upon resolution, the pharmacy benefit manager shall issue a written response to the appealing party that shall include the following: (a) The date of the decision; ☐ (b) The name, phone number, mailing address, email address, and title of the person making the decision; and ☐ (c) A statement setting forth the specific reason for the decision, including: KRS 304.17A-162 (2)(a-f) and 806 KAR 17:575 (2)(6)(c)(1)) If the appeal is granted: ☐ (i) The amount of the adjustment to be paid retroactive to the initial date of service to the appealing pharmacy, (which is the date appealed drug was dispensed); (ii) The drug name, national drug code, and prescription number of the appealed drug; (iii) The appeal number assigned by the pharmacy benefit manager, if applicable PLUS (a-f of statute 162) items listed below. ☐ If a price update is warranted as a result of an appeal granted the PBM shall: ☐ A.) make the change in the maximum allowable cost to the initial date of service the appealed drug was dispensed; ☐ B.) adjust the maximum allowable cost of the drug for the appealing pharmacy and for all other contracted pharmacies in the network of that PBM that filled a prescription for patients covered under the same health benefit plan to the initial date of service the appealed drug was dispensed; ☐ C.) individually notify all other contracted pharmacies in the network of that PBM that a retroactive maximum allowable cost adjustment has been made as a result of a granted appeal effective to the initial date of service the appealed drug was dispensed; ☐ D.) adjust the drug product reimbursement for contracted pharmacies that resubmit claims to reflect the adjusted maximum allowable cost if applicable to their contract; ☐ E.) allow the appealing pharmacy and all other contracted pharmacies in the network that filled prescriptions for patients covered under the same health benefit plan to reverse and resubmit claims and receive payment based on the adjusted maximum allowable cost from the initial date of service the appealed drug was dispensed; and ☐ F.) make retroactive price adjustments in the next payment cycle.			
806 KAR 17:575(2)(9) A pharmacy benefit manager shall submit the maximum allowable cost pricing appeal process and a template response satisfying the requirements of 806 KAR 17:575(2)(5) to the department for review and approval. 806 KAR 17:575(8) and 304.17A-162 (1)(b)(3)			

KRS 304.17A-162 (3) NATIONAL DRUG SOURCES USED TO ESTABLISH MAC FOR REIMBURSEMENT			
Identify the national drug pricing compendia or sources used to obtain drug price data (in a manner established by administrative regulations promulgated by the department) for every drug for which the PBM establishes a maximum allowable cost to determine the drug product reimbursement. Section 6. Data Source Availability. Each pharmacy benefit manager shall identify electronically or within contracts to all contracted pharmacies the national drug pricing compendia or sources used to obtain drug price data for those drugs subject to maximum allowable cost provisions. If any changes are made to the data sources following the execution of a contract, the pharmacy benefit manager shall individually notify the contracted pharmacies of the changes either through correspondence submitted electronically, facsimile, or mail courier. KRS 304.17A-162(3)			
KRS 304.17A-162 (3) & KRS 304.17A-162 (4) EACH DRUG SUBJECT TO MAC & ACTUAL MAC			
Identify the location of the PBM's comprehensive list of every drug subject to MAC for each drug and the actual maximum allowable cost for each drug. KRS 304.17A-162(4)			
Provide a screenshot of headers from your website that show requirements are met for the following: Make available the PBM's comprehensive list of every drug subject to MAC for each drug and the actual maximum allowable cost for each drug. Section 4. Maximum allowable cost list availability and format. (1) The pharmacy benefit manager shall make available to the contracted pharmacy a comprehensive list of drugs subject to maximum allowable cost pricing. (2) The comprehensive maximum allowable cost pricing list shall: (a) Be a complete listing by drug in an electronically accessible format, unless, upon a pharmacy's written request the list be provided in a paper or other agreed format upon receiving the necessary information required for each list requested; (b) Identify the applicable health plan for which the pricing is applicable; (c) **Be electronically searchable and sortable by individual drug name, national drug code, and generic code number**; (d) **Contain data elements including the drug name, national drug code, per unit price, and strength of drug;** (e) List a specific maximum allowable cost for each drug that will be reimbursed by the pharmacy benefit manager; (f) Provide the effective date for that maximum allowable cost price; and (g) Provide the date the maximum allowable cost list was updated. (3) The pharmacy benefit manager shall retain in accordance with subsection (2)(a) of this section historical pricing data for a minimum of 120 days. 806 KAR 17:575 (4)(2)			
KRS 304.17A-162 (5) & 304.2-165 REQUESTED INFO TO RESOLVE APPEAL PROVIDED TO DEPARTMENT			
Have a policy that upon request, information that is needed to resolve an appeal shall be made available to the Kentucky Department of Insurance within 15 calendar days and if the department is unable to obtain information from the PBM appeal shall be granted to the appealing pharmacy. KRS 304.17A-162(5) & 304.2-165			

KRS 304.17A-162 (6) UPDATE MAC PRICING EVERY 7 DAYS & NOTIFY CONTRACTED PHARMACIES			
Include policy for the following: Have a policy and procedure used for updating MAC pricing (for every drug PBM establishes MAC to determine reimbursement) every 7 calendar days and shall immediately utilize the updated MAC in calculating the payments made to all contracted pharmacies (and the PBM's ability to provide notification to all contractors. ***This update must be every 7 calendar days from the change in pricing, not a once weekly update.*** KRS 304.17A-162(6) **PLEASE NOTE: IF THIS IS DELEGATED, PLEASE SPECIFY SPECIFICALLY WHAT FUNCTION IS DELEGATED AND TO WHOM.**			
KRS 304.17A-162 & 806 KAR 17:575 WEEKLY UPDATES TO MAC & ACTUAL COST NOTIFICATIONS			
Provide screenshot from website of the headers for weekly updates. Have a policy and procedure indicating PBMs ability to provide notification to all contracted pharmacies to the pharmacists the weekly updates to the list of drugs subject to maximum allowable cost and the actual maximum allowable cost for each drug. Section 5. Weekly Updates to Maximum Allowable Cost Price List. (1) Pharmacy benefit managers shall send to all contracted pharmacies one (1) weekly update to the maximum allowable cost price list. (2) The weekly update shall include the information below for **all drugs added, removed, or changed in price since the last weekly update:** (a) Be in an electronically accessible format, unless, upon written request by the pharmacy the update be provided in paper or other agreed format upon receipt of the request from the contracted pharmacy; (b) Identify the basis for each drug's inclusion on the update; (c) If a drug is added to the maximum allowable cost list, the maximum allowable cost price shall be indicated; (d) Identify all drugs removed from the maximum allowable cost list; (e) If a change in the maximum allowable cost price is made**, include the old price, and new price**; (f) **Identify the drug name, national drug code, generic code number, and the applicable health benefit plan information**; and (g) Identify the effective date of the change. KRS 304.17A-162(7) & 806 KAR 17:575 (5)(2) **PLEASE NOTE: IF THIS IS DELEGATED, PLEASE SPECIFY SPECIFICALLY WHAT FUNCTION IS DELEGATED AND TO WHOM.**			
KRS 304.17A-162 DRUG PRODUCTS & TEEs SUBJECT TO MAC ARE AVAILABLE			
Ensure every drug subject to PBM's maximum allowable costs are: ☐ A.) Generally available for purchase by pharmacists and pharmacies in Kentucky from a national or regional wholesaler licensed in Kentucky by the Kentucky Board of Pharmacy; ☐ B.) Not obsolete, temporarily unavailable, or listed on a drug shortage list; and ☐ C1.) Drugs that have an "A" or "B" rating in the most recent version of the United States Food and Drug Administration Approved (USDA) Drug Products with Therapeutic Equivalence Evaluations(TEE), also known as the Orange Book KRS 304.17A-162(10); or ☐ C2.) Drugs that have a "NR" or NA" rating or have a similar rating by a nationally recognized reference. KRS 304.17A-162(11) Any methodologies utilized, or to be utilized, by the pharmacy benefit manager in connection with reimbursement, which shall:			

☐ Comply with SB188 (3)(2)(c); and ☐ Be used in determining all appeals under KRS 304.17A-162 **PLEASE NOTE: IF THIS IS DELEGATED, PLEASE SPECIFY SPECIFICALLY WHAT FUNCTION IS DELEGATED AND TO WHOM.**			

KRS 304.17A-162 (9) REIMBURSEMENTS ARE FOR SPECIFIC DRUG PRODUCTS & TEEs			
Have a policy to ensure that reimbursement for a drug subject to maximum allowable cost is based solely on specific drug and drugs that are therapeutically equivalent if the therapeutically equivalent drugs are listed in the most recent version of the Orange Book (which is USDA Approved Drug Products with Therapeutic Equivalence Evaluations). KRS 304.17A-162(9) **PLEASE NOTE: IF THIS IS DELEGATED, PLEASE SPECIFY SPECIFICALLY WHAT FUNCTION IS DELEGATED AND TO WHOM.**			
KRS 304.17A-162 (10) REIMBURSEMENT FOR "B" DRUG PRODUCTS & TEEs			
Have a policy to ensure that reimbursement for a "B" rated drug subject to maximum allowable cost is based solely on specific drug and drugs that are not therapeutically equivalent to a "B" rating in the most recent version of the Orange Book. KRS 304.17A-162(10)			
KRS 304.17A-162 (11) REIMBURSEMENT FOR "NR" OR"NA" DRUG PRODUCTS & TEEs			
Have a policy to ensure that reimbursement for a "NR" or "NA" rating or similar rating by a nationally recognized reference subject to maximum allowable cost is based solely on that specific drug and other drugs with a "NR" or "NA" rating or similar rating by a nationally recognized reference that meets criteria for therapeutic equivalence used in the Orange Book. KRS 304.17A-162(11)			
KRS 304.17A-162 (12) REIMBURSEMENT FOR DRUG PRODUCT WITHOUT TEE			
Have a policy to ensure that reimbursement for a drug subject to maximum allowable cost is based solely on that drug if there is no other therapeutically equivalent drug. KRS 304.17A-162(12)			
KRS 304.17A-162 (13) REIMBURSEMENT FOR DRUG PRODUCTS ARE AVAILABLE			
Have a policy to ensure that reimbursement for a drug subject to maximum allowable cost is not based on a drug that is obsolete, temporarily unavailable, listed on a drug shortage list, or that cannot be lawfully substituted. KRS 304.17A-162(13)			
KRS 304.17A-167 STANDARDS FOR ELECTRONIC PRIOR AUTHORIZATIONS			
Have a process for electronically requesting and transmitting prior authorization for a drug by providers that meets the requirement of the most recent National Council for Prescription Drug Programs SCRIPT standards for electronic prior authorization transactions adopted by the US Dept. of Health and Human Services. KRS 304.17A-167			

45 CFR 156.122 EXCEPTIONS POLICY & POLICY TO ACCESS RETAIL PHARMACY			
Include timeframes in the provided policies. Have an *Exceptions Policy* which allows an enrollee, designee, or prescribing provider to gain access to clinically appropriate drugs not otherwise covered by the plan within 72 hours, and includes a **standard** procedure. 45 CFR 156.122 (c)(1)(ii) **PLEASE NOTE: IF THIS IS DELEGATED, PLEASE SPECIFY SPECIFICALLY WHAT FUNCTION IS DELEGATED AND TO WHOM.**			
Have an *Exceptions Policy* which allows an enrollee, designee, or prescribing provider to gain access to clinically appropriate drugs not otherwise covered by the plan which includes an **expedited** (24hrs) procedure. 45 CFR 156.122 (c)(2)(iii)			
Have a policy that explains the process that gives the ability to access prescriptions from an in-network retail, unless special handling or another reason proves that the prescription cannot be provided by a retail pharmacy. 45 CFR 156.122 (e)(1) *A new section will be added to KRS 304.17A for 2026			

OTHER POLICIES POLICY RE: PHARMACY & THERAPEUTICS COMMITTEE			
Provide Screenshots or weekly MAC updates. Have a policy and procedure relating to the resolution of MAC pricing complaints which are filed with the Kentucky Department of Insurance, including timeframes and sample appeal response letter. Include a sample of following letters/templates: a.) acknowledgement letter b.) appeal granted from PBM to pharmacist c.) appeal denial from PBM to pharmacist d.) individual notification informing all contracted pharmacies of an adjustment in reimbursement as a result of a granted appeal. **PLEASE NOTE: IF THIS IS DELEGATED, PLEASE SPECIFY SPECIFICALLY WHAT FUNCTION IS DELEGATED AND TO WHOM.**			
Have a policy explaining any Pharmacy and Therapeutics committee membership standards and duties, including how often the committee meets, structure, and the decision-making process. **PLEASE NOTE: P&T COMMITTEE POLICIES MUST BE PROVIDED. IF THIS IS DELEGATED TO ANOTHER ENTITY, PLEASE SPECIFY WHAT COMPANY.** 45 CFR 156.122 (a) & 806 KAR 9:360 (2)(f)(3)			
Section 7 of KAR 17:575: Annual report. All pharmacy benefit managers licensed to do business in Kentucky shall transmit at least annually by March 31 to the department a Pharmacy Benefit Manager Annual Report. Please find the Annual Report here. Or, it can be submitted electronically if you have an eServices account.			
All supporting documentation including but not limited to Provider Agreement templates if any responsibilities are delegated and Pharmacy Agreement templates. **Please note that any delegated entities must be Kentucky Licensed prior to the approval of your submitted renewal.**			
OTHER REQUIREMENTS MAY BE VERIFIED BY LICENSURE			
Have proof of financial responsibility in the amount of one million dollars ($1,000,000). Must specifically be Errors and Omissions Liability policy, Surety bond, or Cash bond.			
Have proof of registration with the Kentucky Secretary of State's office in order to do business in Kentucky.			

SENATE BILL 188 REQUIREMENTS			
806 KAR 9:360 & 304.17A-593 An insurer, a pharmacy benefit manager, or any other administrator of pharmacy benefits that utilizes a network to provide pharmacy or pharmacist services under a health plan shall ensure that the network is reasonably adequate and accessible with respect to the provision of pharmacy or pharmacist services.		**Pharmacy Network Adequacy Annual Report Submission Date:**_____	**Pharmacy Network Adequacy Annual Report Approval Date:** _____

806 KAR 9:360 & 304.17A-593 A reasonably adequate and accessible network, with respect to the provision of pharmacy or pharmacist services, shall, at a minimum: 1. Offer an adequate number of accessible pharmacies that are not mail-order pharmacies; and 2. Provide convenient access to pharmacies that are not mail-order pharmacies within a reasonable distance from the insured's residence, but in no event shall the distance be more than thirty (30) miles from each insured's residence, to the extent that pharmacy or pharmacist services are available; and			
806 KAR 9:360 & 304.17A-593 An insurer, a pharmacy benefit manager, and any other administrator of pharmacy benefits conducting business in this state shall file with the commissioner an annual report, in the manner and form prescribed by the commissioner, describing the networks of the insurer, pharmacy benefit manager, or other administrator that are utilized for the provision of pharmacy or pharmacist services under a health plan.			
806 KAR 9:360 & 304.17A-595 To the extent permitted under federal law, every contract between a pharmacy or pharmacist and an insurer, a pharmacy benefit manager, or any other administrator of pharmacy benefits for the provision of pharmacy or pharmacist services under a health plan, either directly or through a pharmacy services administration organization or group purchasing organization			
806 KAR 9:360 & 304.17A-595 Outline the terms and conditions for the provision of pharmacy or pharmacist services			
806 KAR 9:360 & 304.17A-595 Prohibit the insurer, pharmacy benefit manager, or other administrator from:			
806 KAR 9:360 & 304.17A-595 Reducing payment for pharmacy or pharmacist services, directly or indirectly, under a reconciliation process to an effective rate of reimbursement. This prohibition shall include, without limitation, creating, imposing, or establishing direct or indirect remuneration fees, generic effective rates, dispensing effective rates, brand effective rates, any other effective rates, in-network fees, performance fees, point-of-sale fees, retroactive fees, pre-adjudication fees, post-adjudication fees, and any other mechanism that reduces, or aggregately reduces, payment for pharmacy or pharmacist services			

SENATE BILL 188 REQUIREMENTS			
806 KAR 9:360 & 304.17A-595 Retroactively denying, reducing reimbursement for, or seeking any refunds or recoupments for a claim for pharmacy or pharmacist services, in whole or in part, from the pharmacy or pharmacist after returning a paid claim response as part of the adjudication of the claim, including claims for the cost of a medication or dispensed product and claims for pharmacy or pharmacist services that are deemed ineligible for coverage, unless one (1) or more of the following occurred: a. The original claim was submitted fraudulently, or b. The pharmacy or pharmacist received an actual overpayment;			
806 KAR 9:360 & 304.17A-595 Reimbursing the pharmacy or pharmacist for a prescription drug or other service at a net amount that is lower than the amount the insurer, pharmacy benefit manager, or other administrator reimburses itself or a pharmacy affiliate for the same: a. Prescription drug by national drug code number; or b. Service;			
806 KAR 9:360 & 304.17A-595 Collecting cost sharing from a pharmacy or pharmacist that was provided to the pharmacy or pharmacist by an insured for the provision of pharmacy or pharmacist services under the health plan; and			
806 KAR 9:360 & 304.17A-595 Designating a prescription drug as a specialty drug unless the drug is a limited distribution drug that: a. Requires special handling; and b. Is not commonly carried at retail pharmacies or oncology clinics or practices;			
806 KAR 9:360 & 304.17A-595 Notwithstanding any other law, provide the following minimum reimbursements to the pharmacy or pharmacist for each prescription drug or other service provided by the pharmacy or pharmacist:			
806 KAR 9:360 & 304.17A-595 Reimbursement for the cost of the drug or other service at an amount that is not less than: i. The national average drug acquisition cost for the drug or service at the time the drug or service is administered, dispensed, or provided; or ii. ii. If the national average drug acquisition cost is not available at the time a drug is administered or dispensed, the wholesale			
806 KAR 9:360 & 304.17A-595 For purposes of complying with this subparagraph, the insurer, pharmacy benefit manager, or other administrator shall utilize the most recently published monthly national average drug acquisition cost as a point of reference for the ingredient drug product component of a pharmacy's or pharmacist's reimbursement for drugs appearing on the national average drug acquisition cost list; and			

SENATE BILL 188 REQUIREMENTS			
806 KAR 9:360 & 304.17A-595 Except as provided in subdivision b. of this subparagraph, for health plan years beginning on or after January 1, 2027, reimbursement for a professional dispensing fee that is not less than the average cost to dispense a prescription drug in an ambulatory pharmacy located in Kentucky, as determined by the commissioner in an administrative regulation promulgated in accordance with KRS Chapter 13A.			
806 KAR 9:360 & 304.17A-595 The minimum dispensing fee required under subdivision a. of this subparagraph shall not apply to a mail-order pharmaceutical distributor, including a mail-order pharmacy. ii. For health plan years beginning prior to January 1, 2027, and for any future health plan years for which a determination under subdivision a. of this subparagraph has not taken effect, the minimum dispensing fee for a pharmacy permitted under KRS Chapter 315 with a designated pharmacy type of "retail independent" on file with the Kentucky Board of Pharmacy, or a pharmacist practicing at such a price			
806 KAR 9:360 & 304.17A-595 In acquiring data for, and making, the determination required under subdivision a. of this subparagraph, the commissioner shall: i. Promulgate an administrative regulation in accordance with KRS Chapter 13A that establishes the data elements to be collected by the Kentucky Board of Pharmacy under Section 16 of this Act; ii. Conduct a study of the dispensing data submitted to the commissioner by the Kentucky Board of Pharmacy in accordance with Section 16 of this Act; iii. Repeat the study every two (2) years to obtain updated information; iv. Adjust the determination every two (2) years as appropriate based upon the results of each study; and v. Comply with all requirements of Section 16 of this Act			
806 KAR 9:360 & 304.17A-597 With respect to the provision of pharmacy or pharmacist services under a health plan, an insurer, a pharmacy benefit manager, or any other administrator of pharmacy benefits: (a) Shall not: CHAPTER 104 Legislative Research Commission PDF Version 5 1. a. Require or incentivize an insured to use a mail-order pharmaceutical distributor, including a mail-order pharmacy b. Conduct prohibited under this subparagraph includes but is not limited to imposing any cost-sharing requirement, fee, drug supply limitation, or other condition relating to pharmacy or pharmacist services received from a retail pharmacy that is greater, or more restrictive, than what would otherwise be imposed if the insured used a mail-order pharmaceutical distributor, including a mail-order pharmacy			
806 KAR 9:360 & 304.17A-597 Prohibit a pharmacy or pharmacist from, or impose a penalty on a pharmacy or pharmacist for, the following: a. Selling a lower cost alternative to an insured, if one is available; or b. Providing information to an insured under subsection (2) of this section;			

SENATE BILL 188 REQUIREMENTS			
806 KAR 9:360 & 304.17A-597 Discriminate against any pharmacy or pharmacist that is: a. Located within the geographic coverage area of the health plan; and b. Willing to agree to, or accept, reasonable terms and conditions established for participation in the insurer's, pharmacy benefit manager's, other administrators, or health plan's network;			
806 KAR 9:360 & 304.17A-597 Impose limits, including quantity limits or refill frequency limits, on an insured's access to medication from a pharmacy that are more restrictive than those existing for a pharmacy affiliate;			
806 KAR 9:360 & 304.17A-597 a. Require or incentivize an insured to receive pharmacy or pharmacist services from a pharmacy affiliate. b. Conduct prohibited under this subparagraph includes but is not limited to: i. Requiring or incentivizing an insured to obtain a specialty drug from a pharmacy affiliate; ii. Charging less cost sharing to insureds that use pharmacy affiliates than what is charged to insureds that use nonaffiliated pharmacies; and iii. Providing any incentives for insureds that use pharmacy affiliates that are not provided for insureds that use nonaffiliated pharmacies. c. This subparagraph shall not be construed to prohibit: i. Communications to insureds regarding networks and prices if the communication is accurate and includes information about all eligible nonaffiliated pharmacies; or ii. ii. Requiring an insured to utilize a network that may include pharmacy affiliates in order to receive coverage under the plan, or providing financial incentives for utilizing that network, if the insurer, pharmacy benefit manager, or other administrator complies with this section and Section 2 of this Act; or			
806 KAR 9:360 & 304.17A-597 1. Provide equal access and incentives to all pharmacies within the insurer's, pharmacy benefit manager's, other administrator's, or health plan's network; and 2. Offer all pharmacies located in the health plan's geographic coverage area eligibility to participate in the insurer's, pharmacy benefit manager's, other administrator's, or health plan's network under identical reimbursement terms for the provision of pharmacy or pharmacist services; and			
806 KAR 9:360 & 304.17A-597 A pharmacist shall have the right to provide an insured information regarding lower cost alternatives to assist the insured in making informed decisions			

FOR DEPARTMENT USE ONLY

PBM Coordinator Received:	
PBM Coordinator Initial Review Completed:	
Suspense/Objection Letter Sent:	
Response Received from PBM:	
Completion of PBM Health Requirements:	_____ Date of Health Review Completed _____ Reviewer signature