

FISCAL IMPACT STATEMENT

806 KAR 17:512E

Contact Person: Shaun T. Orme
Phone: 502-782-1698
Email: shaun.orme@ky.gov

(1) Identify each state or federal statute or federal regulation that requires or authorizes the action taken by the administrative regulation. KRS 304.2-110(1), 304.17A-595.

(2) State whether this administrative regulation is expressly authorized by an act of the General Assembly, and if so, identify the act: Yes, 2024 Regular Session Senate Bill 188.

(3) (a) Identify the promulgating agency and any other affected state units, parts, or divisions: The Kentucky Department of Insurance as the implementer and the Kentucky Employee Health Plan (KEHP).

(b) Estimate the following for each affected state unit, part, or division identified in

(3)(a):

1. Expenditures: Kentucky Department of Insurance:

For the first year: \$0

For subsequent years: \$0

2. Revenues:

For the first year: \$0

For subsequent years: \$0

3. Cost Savings:

For the first year: \$0

For subsequent years: \$0

1. Expenditures: KEHP:

For the first year: Unable to determine

For subsequent years: Unable to determine

2. Revenues:

For the first year: \$0

For subsequent years: \$0

3. Cost Savings:

For the first year: \$0
For subsequent years: \$0

(4) (a) Identify affected local entities (for example: cities, counties, fire departments, school districts): No local entities affected.

(b) Estimate the following for each affected local entity identified in (4)(a):

1. Expenditures:

For the first year: N/A
For subsequent years: N/A

2. Revenues:

For the first year: N/A
For subsequent years: N/A

3. Cost Savings:

For the first year: N/A
For subsequent years: N/A

(5) (a) Identify additional regulated entities not listed in (3)(a) or (4)(a): Health Plans as defined by KRS 304.17A-591(2) and pharmacy benefit managers (PBMs) as defined by KRS 304.17A-591(7).

(b) Estimate the following for each regulated entity identified in 5(a):

1. Expenditures: Health Plans as defined by KRS 304.17A-591(2):

For the first year: Unable to determine
For subsequent years: Unable to determine

2. Revenues:

For the first year: \$0
For subsequent years: \$0

3. Cost Savings:

For the first year: \$0
For subsequent years: \$0

Expenditures: PBMs as defined by KRS 304.17A-591(7):

1. For the first year: Unable to determine

For subsequent years: Unable to determine

2. Revenues:

For the first year: \$0
For subsequent years: \$0

3. Cost Savings:

For the first year: \$0

For subsequent years: \$0

(6) Provide a narrative to explain the following for each entity identified in (3)(a), (4)(a), and (5)(a):

(a) Fiscal Impact of this administrative regulation: The cost to administer the program in the first year, and subsequent years, for the KEHP, health plans, and PBMs cannot be determined. The cost will depend on the number of prescriptions filled by Kentucky ambulatory pharmacies for insureds under the various plans.

(b) Methodology and resources used to reach this conclusion. Not applicable.

(7) Explain, as it relates to the entities identified in (3)(a), (4)(a), and (5)(a):

(a) Whether this administrative regulation will have an overall negative or adverse “major economic impact”, as defined by KRS 13A.010(14). Yes, this administrative regulation will likely have a major economic impact.

(b) The Methodology and resources used to reach this conclusion. Not applicable. For every prescription filled by a Kentucky ambulatory pharmacy the KEHP, health plans, and PBMs will pay a dispensing fee of \$16.31. This cost will likely exceed \$500,000.