

REGULATORY IMPACT ANALYSIS AND TIERING STATEMENT

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Subject Headings: Insurance, Health, Pharmacy

(1) Provide a brief summary of:

(a) What this administrative regulation does: This administrative regulation establishes the professional dispensing fee to be paid to a Kentucky ambulatory pharmacy for each prescription or other service provided by a pharmacy or pharmacist in Kentucky.

(b) The necessity of this administrative regulation: This administrative regulation is necessary to meet the requirements of KRS 304.17A-595(2)(c)2.a.

(c) How this administrative regulation conforms to the content of the authorizing statutes: KRS 304.17A-595(2)(c)2.a. requires the commissioner to promulgate a regulation establishing the professional dispensing fee to be paid to a Kentucky ambulatory pharmacy for each prescription or other service provided by a pharmacy or pharmacist in Kentucky, for health plan years beginning on or after January 1, 2027. This new regulation establishes the dispensing fee.

(d) How this administrative regulation currently assists or will assist in the effective administration of the statutes: This regulation establishes the professional dispensing fee to be paid to a Kentucky ambulatory pharmacy for each prescription or other service provided by a pharmacy or pharmacist in Kentucky, for health plan years beginning on or after January 1, 2027.

(2) If this is an amendment to an existing administrative regulation, provide a brief summary of:

(a) How the amendment will change this existing administrative regulation: Not applicable

(b) The necessity of the amendment to this administrative regulation: Not applicable.

(c) How the amendment conforms to the content of the authorizing statutes: Not applicable.

(d) How the amendment will assist in the effective administration of the statutes: Not applicable.

(3) Does this administrative regulation or amendment implement legislation from the previous five years? Yes, 2024 Regular Session Senate Bill 188.

(4) List the type and number of individuals, businesses, organization, or state and local governments affected by this regulation: All ambulatory pharmacies in Kentucky will be paid the dispensing fee for each prescription or for providing other services. In addition, all insurers, as defined in KRS 304.17A-591(4), and all Pharmacy Benefit Managers (PBMs), as defined by KRS 304.17A-591(7), will have to pay the dispensing fee to a Kentucky ambulatory pharmacy. Finally, the Kentucky Employee Health Plan (KEHP) will have to pay the dispensing fee to a Kentucky ambulatory pharmacy.

(5) Provide an analysis of how the entities identified in question (4) will be impacted by either the implementation of this administrative regulation, if new, or by the change, if it is an amendment, including:

(a) List the actions that each of the regulated entities identified in question (4) will have to take to comply with this administrative regulation or amendment: Ambulatory pharmacies will need to ensure that they submit the correct information to insurers, PBMs, and the KEHP

identifying the filling a prescription. Insurers, PBMs, and the KEHP will need to verify the information submitted and pay the correct dispensing fee to the pharmacy.

(b) In complying with this administrative regulation or amendment, how much will it cost each of the entities identified in question (4): The cost associated for Kentucky ambulatory pharmacies is expected to be *de minimus*. At this point in time, the cost associated for health insurers, PBMs, and KEHP cannot be ascertained. The cost will be determined by the amount of prescriptions filled or other services provided by Kentucky ambulatory pharmacies for the insureds of insurers, PBMs, and KEHP.

(c) As a result of compliance, what benefits will accrue to the entities identified in question (4): Kentucky ambulatory pharmacies will receive \$16.31 for every prescription filled or service provided for the insureds of insurers, PBMs, and the KEHP.

(6) Provide an estimate of how much it will cost the administrative body to implement this administrative regulation:

(a) Initially: The cost associated with engaging an outside expert to conduct a study of the dispensing fee data submitted to the Commissioner by the Kentucky Board of Pharmacy.

(b) On a continuing basis: The cost associated with engaging an outside expert to conduct a study of the dispensing fee data submitted to the Commissioner by the Kentucky Board of Pharmacy.

(7) What is the source of the funding to be used for the implementation and enforcement of this administrative regulation: The Department of Insurance's operational budget.

(8) Provide an assessment of whether an increase in fees or funding will be necessary to implement this administrative regulation, if new, or by the change if it is an amendment: None is anticipated.

(9) State whether or not this administrative regulation establishes any fees or directly or indirectly increases any fees: No fee is associated with the promulgation of this regulation.

(10) TIERING: Is tiering applied? (Explain why or why not) Tiering is not applied as the provisions of this administrative regulation apply to all affected entities equally.