



Kentucky Retirement Systems

KRS/TRS Health Insurance Reciprocity

David Eager, Executive Director
Rebecca Adkins, Executive Director of Operations

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Reciprocity Defined

- **All state-administered retirement systems have reciprocal agreements**
- **Service across systems is used to determine retirement and health insurance eligibility**
- **Health insurance reciprocity is defined by KRS 61.680, KRS 61.702(3)(a)4 and KRS 61.702(3)(b)2**

How Reciprocity Works

- **A member of multiple state-administered retirement systems retires from multiple systems at the same time**
- **Each year during Open Enrollment, the retiree selects the system from which to apply for health insurance for the next plan year**
- **Service from both systems is used to determine how much of the premium is covered by the two systems**
- **Each system pays a percentage of the premium based on the percentage of service attributable to each plan**
- **The amount paid by each system cannot exceed 100% of the monthly contribution adopted by the respective boards of trustees**

Current Stats

Reciprocity with TRS

Approximately 5,500 retirees have reciprocal service

Until FY 2017, the calculated reciprocity reimbursement amounts varied but generally stayed within a few hundred thousand dollars

Beginning in FY2017, there has been a major shift to retirees electing to take insurance from KRS and the reimbursement amounts exceed \$2 million annually

Reciprocity with JFRS

**JRP - Approximately 50 retirees have reciprocal service
KRS reimburses JFRS less than \$80,000 annually**

**LRP – Less than 5 retirees have reciprocal service
KRS reimburses JFRS less than \$8,000 annually**

KRS/TRS Reciprocity Issues

Until 2005, reciprocity reimbursement calculations were straightforward and were performed annually

In 2012, KRS and TRS agreed upon a one-time payment of \$3.9 million from KRS to TRS for reciprocity payments from Jan 1, 2005 through June 30, 2012. Both parties agreed to reconcile the data and make any adjustments as needed.

Since 2012, KRS and TRS staff have reviewed data and eliminated many of the discrepancies in the calculation methodologies. There is still work to be done. There may be a time that a statutory clarification may be needed, but for now, the systems are continuing to address the issues