



# Public Pensions Oversight Board

July 29, 2025

## Update: Senate Bill 10 and Medicare Advantage Plans

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# Senate Bill 10 (2025 RS)



Senate Bill 10 enhances retiree health insurance benefits and modifies contribution requirements for members of the County Employees Retirement System (CERS) with a participation date on or after July 1, 2003. These changes will affect both current retirees and future retirees under the applicable provisions.

## 1. Increases Monthly Dollar Contribution Insurance Amounts

- **For nonhazardous retirees meeting the career threshold:**
  - \$40/month per year of nonhazardous service toward non-Medicare plans
  - Increase annually by 1.5%
- **For hazardous retirees meeting the career threshold:**
  - \$50/month per year of hazardous service toward non-Medicare plans
  - Increase annually by 1.5%

### Career Threshold Defined:

#### For Nonhazardous members:

All Tiers: 27 years of service

#### For Hazardous members:

Tier 1: 20 years of service

Tier 2 and 3: 25 years of service

**IMPORTANT NOTE:** Retirees who do not meet the career threshold will receive a monthly contribution amount at the statutorily defined rate of \$10 per year for nonhazardous service and \$15 per year for hazardous service if eligibility is met. These rates increase annually by 1.5%. The current dollar amount including increases is \$14.85 for nonhazardous and \$22.27 for hazardous.



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2. Effective July 1, 2026, the Health Insurance Contribution (HIC) rate will change for CERS members who were hired on or after July 1, 2003, and are eligible for fixed-dollar health insurance subsidies, as outlined below.

Tier	Service Type	Current HIC	SB 10 HIC (Effective 07/01/2026)
Tier 1	Nonhazardous	--	1%
Tier 1	Hazardous	--	2%
Tier 2	Nonhazardous	1%	1%
Tier 2	Hazardous	1%	2%
Tier 3	Nonhazardous	1%	1%
Tier 3	Hazardous	1%	2%



# Senate Bill 10 (2025 RS) Examples:



**Scenario:** A CERS retiree has 20 years of hazardous duty service and falls under the Dollar Contribution health insurance plan at KPPA based on their participation date.

## Example 1: Pre-SB 10 Dollar Contribution Premium Calculation

Monthly Contribution:	22.27
x Years of Service:	x 20
Monthly Premium Paid	\$445.40

## Example 2: Effective January 1, 2026 SB 10 Dollar Contribution Premium Calculation

Monthly Contribution:	\$50.00
x Years of Service:	x 20
Monthly Premium Paid	\$1,000.00

## CY 2025 non-Medicare Eligible Premiums

Plan Option	Single	Parent Plus	Couple	Family
LivingWell CDHP	\$930.76	\$1,269.28	\$1,866.24	\$2,078.08
LivingWell PPO	\$949.04	\$1,320.40	\$1,981.62	\$2,185.78
LivingWell Basic CDHP	\$901.04	\$1,234.80	\$1,863.04	\$2,069.88
LivingWell HDHP	\$835.42	\$1,144.86	\$1,727.36	\$1,919.14

# Sick Leave Discussion



Career Threshold is defined in KRS 61.702(4)(e)(9)(a) and 78.5536(4)(e)(9)(a). As it is currently defined, the use of sick leave service credit toward career threshold is calculated differently for hazardous and nonhazardous members in Tier 1 who are eligible for Dollar Contribution health insurance plan.

**For members with participation dates between July 1, 2003, and August 31, 2008:**

## **Nonhazardous Members**

Unused sick leave **DOES NOT** count toward the service required to meet career threshold

## **Hazardous Members**

Unused sick leave **DOES** count toward the service required to meet the career threshold

# 2025 Medicare Advantage (MA)



## Medicare Advantage Payment Policies

- In total, Centers for Medicare & Medicaid Services (CMS) estimates the net payment increase for MA plans on average will be +5.06%.
  - While the average 2026 MA plan payment (i.e. Final Rate Notice) increase of 5.06% is higher than the change of the prior couple of years, important industry headwinds will impact renewal plan rates.
  - Continued higher trends for medical due to increased utilization. See appendix.

## Employer Group Waiver Plan (EGWP) Payments

- No significant changes were made specific to EGWPs.
- For employer group MA plans, CMS elected to continue calculating plan payments using its existing methodology.
- CMS maintained the EGWP MA funding methodology used for 2025 payments to determine the 2026 payments.

### The Inflation Reduction Act (IRA) lowered Out-of-pocket Part D (prescription drugs) in 2025

2024 Out-of-pocket Part D threshold was \$8,000

2025 Out-of-pocket Part D threshold is \$2,000

2026 Out-of-pocket Part D threshold is \$2,100

# Appendix: Premium Plan Executive Summary



Premium Plan	CY 2024	CY 2023	Change
Average Membership	55,866	54,934	1.70%
Total Net Paid PMPM	\$1,620.55	\$1,542.53	5.10%
Medical Net Paid PMPM	\$987.07	\$940.51	5.00%
Pharmacy Net Paid PMPM	\$633.48	\$602.03	5.20%
Medical Admits/1000	179	158	13.80%
Total Prescriptions PMPM	3.34	3.32	0.60%
Specialty Drugs % of Rx Net Paid	40.40%	36.10%	4.30%
Specialty Net Paid PMPM	\$255.98	\$217.51	17.70%
Health Alerts Full Compliance	57.90%	53.40%	8.40%
Members w/ Preventative Services	79.80%	78.40%	1.80%
Silver Sneaker Participation	11.90%	11.30%	5.30%