

**161.675 Hospital and medical benefits and health insurance coverage for eligible recipients of retirement allowances from Teachers' Retirement System -- Applicability to individuals becoming members on or after July 1, 2008 -- Health insurance supplement payments -- Coverage for spouses, dependents, and disabled children of retirees -- Exemption from premium tax.**

- (1) The board of trustees shall arrange by appropriate contract or on a self-insured basis to provide a broad program of group hospital and medical insurance for present and future eligible recipients of a retirement allowance from the Teachers' Retirement System. The board of trustees may also arrange to provide health insurance coverage through an insurer licensed pursuant to Subtitle 38 of KRS Chapter 304 and offering a managed care plan as defined in KRS 304.17A-500 as an alternative to group hospital and medical insurance for persons eligible for hospital and medical benefits under this section. The board of trustees may authorize eligible recipients of a retirement allowance from the Teachers' Retirement System who are less than age sixty-five (65) to be included in the state-sponsored health insurance that is provided to active teachers and state employees under KRS 18A.225. Members who are sixty-five (65) or older and retired for service shall not be eligible to participate in the state employee health insurance program as described in KRS 18A.225.
- (2)
  - (a) The coverage provided shall be as set forth in the contracts and the administrative regulations of the board of trustees. The board of trustees may change the levels of coverage and eligibility conditions to meet the changing needs of the annuitants and, when necessary, to contain the expenses of the insurance program within the funds available to finance the insurance program, except as provided by paragraph (b) of this subsection. The contracts and administrative regulations shall provide for but not be limited to hospital room and board, surgical procedures, doctors' care in the hospital, and miscellaneous hospital costs. An annuitant whose effective date of retirement is July 1, 1974, and thereafter, must have a minimum of five (5) years' creditable Kentucky service in the Teachers' Retirement System or five (5) years of combined creditable service in the state-administered retirement systems if the member is retiring under the reciprocity provisions of KRS 61.680, 61.702, and 78.5536. An annuitant shall not elect coverage through more than one (1) of the state-administered retirement systems. The board of trustees shall offer coverage to the disabled child of an annuitant regardless of the disabled child's age if the annuitant pays the entire premium for the disabled child's coverage. A child shall be considered disabled if he or she has been determined to be eligible for federal Social Security disability benefits.
  - (b) Individuals who become members of the Kentucky Teachers' Retirement System on or after July 1, 2008, shall not be eligible for benefits under this section unless the member has at least fifteen (15) or more years of service credited under KRS 161.500 or another state-administered retirement system.
- (3) All expenses for benefits under this section shall be paid from the funding provisions contained in KRS 161.420(5), from a trust fund established by the board under 26 U.S.C. sec. 115, premium charges received from the annuitants and the

spouses, and from funds that may be appropriated or allocated by statute.

- (4) (a) The board of trustees shall determine the amount of health insurance supplement payments that the Teachers' Retirement System will provide to assist eligible annuitants in paying the cost of their health insurance, based on the funds available in the medical insurance fund and any trust fund established by the board for this purpose under 26 U.S.C. sec. 115. The board of trustees shall establish the maximum monthly amounts of health insurance supplement payments that will be made by the Kentucky Teachers' Retirement System for eligible annuitants. The board of trustees shall annually establish the percentage of the maximum monthly health insurance supplement payment that will be made, based on age and years of service credit of eligible recipients of a retirement allowance. Monthly health insurance supplement payments made by the retirement system may not exceed the amount of the single coverage insurance premium chosen by the eligible annuitants. In order to qualify for health insurance supplements, the annuitant must agree to pay the difference between the insurance premium and the applicable supplement payment, by payroll deduction from his or her retirement allowance, or by a payment method approved by the retirement system.
- (b) 1. The board shall, effective July 1, 2010, have the authority to charge retired members who are not paying the Standard Medicare Part B premium an amount equal to the Standard Medicare Part B premium in addition to any other payments determined by the board to be necessary to contain costs within the available funding. If the board determines that retired members who are not paying the Standard Medicare Part B premium should pay the equivalent of the Standard Medicare Part B premium, the board shall phase in the premium according to the following schedule:
  - July 1, 2010..... Thirty-three percent (33%)
  - July 1, 2011.....Sixty-seven percent (67%)
  - July 1, 2012, and thereafter .....One hundred percent (100%)
- 2. If the board requires retired members to pay the charges specified in subparagraph 1. of this paragraph, the amount payable shall not be reduced by the board until the funds established to actuarially fund pension annuities and the medical insurance fund established under KRS 161.420 each achieve an actuarial funding level of at least one hundred percent (100%).
- 3. Nothing in this paragraph shall limit the board's authority to change the levels of coverage, eligibility conditions, or levels of health insurance supplement for retirees in order to contain costs within available funding.
- (c) The board of trustees may offer, on a full-cost basis, health care insurance coverage provided by the retirement system to spouses and dependents of eligible annuitants not otherwise eligible for regular coverage. Recipients of a retirement allowance from the retirement system must agree to pay the cost of

this coverage by payroll deduction from their retirement allowance or by a payment method approved by the retirement system.

- (d) The board of trustees shall offer, on a full-cost basis, health insurance coverage provided by the retirement system to the disabled child of an annuitant, regardless of the age of the disabled child. A child shall be considered disabled for purposes of this section if the child has been determined to be eligible for federal Social Security disability benefits.
- (5) The board of trustees is empowered to require the annuitant and the annuitant's spouse to pay a premium charge to assist in the financing of the hospital and medical insurance program. The board of trustees is empowered to pay the expenses for insurance coverage from the medical insurance fund, from any trust fund established by the board for this purpose under 26 U.S.C. sec. 115, from the premium charges received from the annuitants and the spouses, and from funds that may be appropriated or allocated by statute. The board may provide insurance coverage by making payment to insurance carriers including health insurance plans that are available to active and retired state employees and active teachers, institutions, and individuals for services performed, or the board of trustees may elect to provide insurance on a "self-insurance" basis or a combination of these provisions.
- (6) The board of trustees may approve health insurance supplement payments to eligible annuitants who are less than sixty-five (65) years of age, as reimbursement for hospital and medical insurance premiums made by annuitants for their individual coverage. Eligible annuitants or recipients are those annuitants who are not eligible for Medicare and who do not reside in Kentucky or in an area outside of Kentucky where comparable coverage is available. The reimbursement payments shall not exceed the minimum supplement payment that would have been made had the annuitant lived in Kentucky. Eligible annuitants or recipients shall submit proof of payment to the retirement system for hospital and medical insurance that they have obtained. Reimbursement payments shall be made on a quarterly basis.
- (7) Contracts negotiated may include the provision that a stated amount of hospital cost or period of hospitalization shall incur no obligation on the part of the insurance carrier or the retirement system or any trust fund established for this purpose by the board.
- (8) The board of trustees is empowered to promulgate administrative regulations to assure efficient operation of the hospital and medical insurance program.
- (9) Premiums paid for hospital and medical insurance coverage procured under authority of this section shall be exempt from any premium tax which might otherwise be required under KRS Chapter 136. The payment of premiums by the medical insurance fund or another trust fund established by the board for this purpose shall not constitute taxable income to an insured recipient.
- (10) In the event that a member is providing services on less than a full-time basis under KRS 161.605, the retirement system may pay the full cost of the member's health insurance coverage for the full fiscal year that the member is providing those services, at the conclusion of which, the retirement system may then bill the active employer and the active employer shall reimburse the retirement system for the cost

of the health insurance coverage incurred by the retirement system on a pro rata basis for the time that the member was employed by the active employer.

**Effective:** June 27, 2025

**History:** Amended 2025 Ky. Acts ch. 126, sec. 5, effective June 27, 2025. -- Amended 2021 Ky. Acts ch. 102, sec. 83, effective April 1, 2021. -- Amended 2010 Ky. Acts ch. 159, sec. 5, effective July 1, 2010. -- Amended 2008 (1st Extra. Sess.) Ky. Acts ch. 1, sec. 41, effective June 27, 2008. -- Amended 2008 Ky. Acts ch. 78, sec. 23, effective July 1, 2008. -- Amended 2006 Ky. Acts ch. 164, sec. 4, effective July 12, 2006. -- Amended 2002 Ky. Acts ch. 275, sec. 32, effective July 1, 2002. -- Amended 2000 Ky. Acts ch. 438, sec. 4, effective April 21, 2000; and ch. 498, sec. 21, effective July 1, 2000. -- Amended 1998 Ky. Acts ch. 515, sec. 15, effective July 1, 1998. -- Amended 1996 Ky. Acts ch. 359, sec. 18, effective July 1, 1996. -- Amended 1994 Ky. Acts ch. 369, sec. 22, effective July 1, 1994. -- Amended 1992 Ky. Acts ch. 192, sec. 16, effective July 1, 1992. -- Amended 1990 Ky. Acts ch. 476, Pt. V, sec. 538, effective July 13, 1990; and ch. 489, sec. 10, effective July 13, 1990. -- Amended 1986 Ky. Acts ch. 440, sec. 14, effective July 1, 1986. -- Amended 1984 Ky. Acts ch. 253, sec. 22, effective July 1, 1984. -- Amended 1980 Ky. Acts ch. 206, sec. 13, effective July 1, 1980. -- Amended 1978 Ky. Acts ch. 43, sec. 3, effective June 17, 1978; and ch. 152, sec. 18, effective March 28, 1978. -- Amended 1976 Ky. Acts ch. 351, sec. 22, effective July 1, 1976. -- Amended 1974 Ky. Acts ch. 395, sec. 18. -- Amended 1970 Ky. Acts ch. 54, sec. 4. -- Created 1964 Ky. Acts ch. 43, sec. 20.

**2024-2026 Budget Reference.** See State/Executive Branch Budget, 2024 Ky. Acts ch. 175, Pt. I, A, 28, (2) at 1824.