

1 AN ACT relating to agency participation in the state health plan.

2 ***Be it enacted by the General Assembly of the Commonwealth of Kentucky:***

3 ➔Section 1. KRS 78.530 is amended to read as follows:

4 (1) (a) Each county and school board, as defined in KRS 78.510, will participate in
5 the system by appropriate order authorizing such participation which has been
6 entered and duly recorded in the records of the governing body of the county
7 or school board. In cases where general purpose county government does not
8 participate, but the sheriff and his employees or the county clerk and his
9 employees do, the sheriff or the clerk shall retain the order in his office. The
10 authority to issue and properly record such order of participation being hereby
11 granted, permits such county to participate in the system. The effective date of
12 such participation shall be fixed in the order.

13 (b) Notwithstanding any statute to the contrary, after April 9, 2002, the systems
14 shall deny the request for participation of any agency which does not have an
15 irrevocable contract with the state Personnel Cabinet for health insurance
16 coverage under KRS 18A.225 to 18A.229 for its active employees, except
17 that:

18 1. County governments entering the system between April 9, 2002, and
19 July 1, 2003, under this section shall be excluded from this requirement;

20 ~~and~~

21 2. Agencies entering the system on or after April 9, 2002, which were
22 established by a merger or an interlocal agreement to provide public
23 services shall be excluded from this requirement if all agencies entering
24 into the merger or interlocal agreement had an initial participation date
25 with the system prior to April 9, 2002; and

26 3. *Fire districts entering the system on or after July 15, 2017, shall be*
27 *excluded from this requirement if the fire district was established by a*

1 *merger or an interlocal agreement to provide public services that was*
2 *entered into on or after July 15, 2017, but not later than July 15, 2018,*
3 *and by and between two (2) or more fire districts with not more than*
4 *fifteen (15) employees each.*

- 5 (2) Once a county or school board participates, it shall thereafter continue to
6 participate, except as provided in KRS 78.535.
- 7 (3) (a) Concurrent with the adoption of the appropriate resolution to participate in the
8 system, a county may elect the alternate participation plan which will require
9 the county to purchase on behalf of each employee electing coverage, at the
10 time the county elected to participate in the system as provided under KRS
11 78.540(2), current service credit for employment in regular full-time positions
12 between July 1, 1958, and the participation date of the county. Cities which
13 participate in the system pursuant to subsection (6) of this section, KRS
14 79.080, 90.400, 90.410, 95.520, 95.621, 95.761, 95.768, 95.852, or 96.180
15 shall be required to purchase on behalf of each employee electing coverage
16 only as much service credit as the employee has accumulated in the city-
17 administered plan, up to the participation date of the city. Accumulated
18 service shall include service for which an employee received a refund
19 pursuant to KRS 95.620 or 95.866, if such refund has been repaid. If the
20 employee has not yet repaid the refund, he may make payment to the system
21 by any method acceptable to the system, and the requirement of five (5) years
22 of continuous reemployment prior to repayment of refunds shall not apply.
23 Upon the employee's repayment, the city shall purchase the associated service
24 credit for the employee. Cost of such service credit over and above that which
25 would be funded within the existing employer contribution rate shall be
26 determined by the board's consulting actuary. The expense of such actuarial
27 service shall be paid by the county;

1 (b) The county shall establish a payment schedule subject to approval by the
2 board for payment of the cost of such service over and above that which
3 would be funded within the existing employer contribution rate. The
4 maximum period allowed in a payment schedule shall be thirty (30) years,
5 with interest at the rate actuarially assumed by the board. A shorter period is
6 desirable and the board may approve any payment schedule provided it is not
7 longer than a thirty (30) year period, except that cities which participate in the
8 system pursuant to subsection (6) of this section, KRS 79.080, 90.400, 90.410,
9 95.520, 95.621, 95.761, 95.768, 95.852, or 96.180 may, at their option, extend
10 the payment schedule to a maximum of thirty (30) years, may choose to make
11 level payments at the interest rate actuarially assumed by the board over the
12 life of the payment schedule chosen, and may retain employer contributions
13 and the earnings thereon attributable to employees electing coverage;

14 (c) A city entering the system under the alternate participation plan, may, by
15 ordinance, levy a special property tax to pay for current service credit
16 purchased for the period between July 1, 1958, and the participation date of
17 the city. The special tax shall be to pay, within a period of no more than
18 fifteen (15) years, for the cost of such service credit over that which would be
19 funded within the existing employer contribution rate, as determined by the
20 board's consulting actuary. The reason for levying the special tax and the
21 disposition of the proceeds shall be part of the ordinance levying the tax. The
22 special tax shall be rescinded when the unfunded prior service liability has
23 been amortized, and shall not be subject to the provisions of KRS 132.017 or
24 132.027. In addition, the city may maintain any tax, the proceeds of which had
25 been devoted to funding pension obligations under the locally administered
26 plan prior to participation in the system, for the purpose of funding current
27 service costs incurred after the date of participation. The city may increase the

1 tax to pay current service costs which exceed the local pension system costs to
2 which the tax had been devoted, but the city shall not collect from the tax
3 more revenues than are necessary to pay current service costs incurred after
4 the date of participation. The city may continue the tax so long as it
5 participates in the system, and the tax shall not be subject to the provisions of
6 KRS 132.017 or 132.027. The city shall not collect either tax authorized by
7 this paragraph if its participation has been terminated pursuant to KRS
8 61.522;

9 (d) The county may at a later date purchase current service credit from July 1,
10 1958, to the participation date of the county by alternate participation plan for
11 those employees who rejected membership in the system at the time the
12 county first participated. In addition, the employer shall pay the employer
13 contributions on the creditable compensation of the employees who later elect
14 membership from the participation date of the county to the date the member
15 elects participation. The employee shall pay the employee contributions on his
16 creditable compensation from the participation date of the county to the date
17 he elects membership plus interest at the current actuarial rate compounded
18 annually on the employee and employer contributions. Cost of the service
19 credit over and above that which would be funded within the existing
20 employer contribution rate shall be determined by the board's consulting
21 actuary. The expense of the actuarial service shall be paid by the county. The
22 county shall pay the cost of the service by lump sum or by adding it to the
23 existing payment schedule established under paragraph (b) of this subsection;

24 (e) A county which did not participate by alternate participation may, until July 1,
25 1991, purchase current service credit for those employees who rejected
26 membership in the system at the time the county first participated. The
27 employer shall pay the employer contributions on the creditable compensation

1 of the employees who later elect membership from the participation date of
2 the county to the date the member elects participation. The employee shall pay
3 the employee contributions on his creditable compensation from the
4 participation date of the county to the date he elects membership plus interest
5 at the current actuarial rate compounded annually on the employee and
6 employer contributions. The county shall pay the cost of the service credit by
7 lump sum or by establishing a payment schedule under paragraph (b) of this
8 subsection; and

9 (f) A county which participated in the system but did not elect the alternate
10 participation plan may at a later date elect the alternate participation plan. In
11 this case, the county shall purchase on behalf of each employee participating
12 in the system current service credit for employment in regular full-time
13 positions between July 1, 1958, or a later date selected by the county
14 government, and the participation date of the county. The county shall also
15 purchase, for employees who decide to participate when the county elects the
16 alternate participation plan, current service credit for employment in regular
17 full-time positions between July 1, 1958, or the later date selected by the
18 county government, and the participation date of the county. In addition, the
19 county shall pay the employer contributions on the creditable compensation of
20 the employees who later elect membership from the participation date of the
21 county to the date the member elects participation. The employee shall pay the
22 employee contributions on his creditable compensation from the participation
23 date of the county to the date he elects membership plus interest at the current
24 actuarial rate compounded annually on the employee and employer
25 contributions. Cost of the service credit over that which would be funded
26 within the existing employer contribution rate shall be determined by the
27 board's consulting actuary. The expense of the actuarial service shall be paid

1 by the county. The county shall pay the cost of the service by lump sum or by
2 a payment schedule established under paragraph (b) of this subsection.

3 (g) Notwithstanding any other provision of the Kentucky Revised Statutes to the
4 contrary, this subsection shall not apply to members who begin participating
5 in the system on or after January 1, 2014, and no county that elects to
6 participate in the system on or after January 1, 2014, shall be eligible to
7 participate under the alternate participation plan.

8 (4) Every school board not participating on June 21, 1974, shall enact a resolution of
9 participation no later than July 1, 1976.

10 (5) The order of the governing body of a county, as provided for in subsection (1) of
11 this section, may exclude from participation in the system hospitals and any other
12 semi-independent agency. Each such excluded agency shall be identified in the
13 order authorizing participation and such excluded agency may participate in the
14 system as a separate agency.

15 (6) (a) After August 1, 1988, except as permitted by KRS 65.156, no local
16 government retirement system shall be created pursuant to KRS 70.580 to
17 70.598 and any local government retirement systems created pursuant to KRS
18 79.080, 90.400, 90.410, 95.768, and KRS Chapter 96 shall be closed to new
19 members. New employees who would have been granted membership in such
20 retirement systems shall instead be granted membership in the County
21 Employees Retirement System. Employees who would have been granted
22 membership in retirement systems created pursuant to KRS 95.768, or any
23 other policemen or firefighters who would have been granted membership in
24 retirement systems created pursuant to KRS 79.080, 90.400, or 90.410, or any
25 such policemen or firefighter members employed on or prior to August 1,
26 1988, who transfer to the County Employees Retirement System, shall be
27 certified by their employers as working in hazardous positions. Each city

1 participating in the County Employees Retirement System pursuant to this
2 subsection shall execute the appropriate order authorizing such participation,
3 shall select the alternate participation plan as described in subsection (3) of
4 this section, and shall pay for the actuarial services necessary to determine the
5 additional costs of alternate participation. Cities which closed their local
6 pension systems to new members and participated in the system prior to July
7 15, 1988, whose employees at the time of transition were given the option to
8 join the system shall not be required to offer said employees a second option
9 to join the system.

10 (b) Notwithstanding any statute to the contrary, after April 9, 2002, the systems
11 shall deny the request for participation of any agency which does not have an
12 irrevocable contract with the state Personnel Cabinet for health insurance
13 coverage under KRS 18A.225 to 18A.229 for its active employees, except
14 that:

15 1. Agencies entering the system on or after April 9, 2002, which were
16 established by a merger or an interlocal agreement to provide public
17 services shall be excluded from this requirement if all agencies entering
18 into the merger or interlocal agreement had an initial participation date
19 with the system prior to April 9, 2002; and

20 2. *Fire Districts entering the system on or after July 15, 2017, shall be*
21 *excluded from this requirement if the fire district was established by a*
22 *merger or an interlocal agreement to provide public services that was*
23 *entered into on or after July 15, 2017, but not later than July 15, 2018,*
24 *and by and between two (2) or more fire districts with not more than*
25 *fifteen (15) employees each.*

26 (7) Any city which closed a police and firefighter pension plan to new members
27 between January 1, 1988, and July 15, 1988, and participated in the system under

1 the alternate participation plan shall, if its police and firefighters were not covered
2 by Social Security, or any city which operates a pension under KRS 90.400 or
3 90.410, shall be required to certify that its police and firefighters are working in
4 hazardous positions, and shall offer its police and firefighters in service at the time
5 of entry a second option to participate under hazardous duty coverage if they were
6 not offered hazardous duty coverage at the time of their first option. The provisions
7 of subsection (3)(b) of this section notwithstanding, a city affected by this
8 subsection may, at its option, extend its payment schedule to the County Employees
9 Retirement System for alternate participation to thirty (30) years at the rate
10 actuarially assumed by the board.