

1 AN ACT relating to retiree health provisions of the County Employees Retirement
2 System.

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

4 ➔Section 1. KRS 78.5536 is amended to read as follows:

5 (1) For purposes of this section:

6 (a) "Hospital and medical insurance plan" may include, at the board's discretion,
7 any one (1) or more of the following:

8 1. Any hospital and medical expense policy or certificate, provider-
9 sponsored integrated health delivery network, self-insured medical plan,
10 health maintenance organization contract, or other health benefit plan;

11 2. Any health savings account as permitted by 26 U.S.C. sec. 223 or health
12 reimbursement arrangement or a similar account as may be permitted by
13 26 U.S.C. sec. 105 or 106. Such arrangement or account, at the board's
14 discretion, may reimburse any medical expense permissible under 26
15 U.S.C. sec. 213; or

16 3. A medical insurance reimbursement program established by the board
17 through the promulgation of administrative regulation under which
18 members purchase individual health insurance coverage through a health
19 insurance exchange established under 42 U.S.C. sec. 18031 or 18041;

20 (b) "Monthly contribution rate" shall be the amount determined by the board
21 based upon the requirements of subsection (4)(a) to (d) of this section, except
22 that for members who began participating in the system on or after July 1,
23 2003, the term shall mean the amount determined in subsection (4)(e) of this
24 section; and

25 (c) "Months of service" shall mean the total months of combined service used to
26 determine benefits under the system, except service added to determine
27 disability benefits or service otherwise prohibited from being used to

1 determine retiree health benefits under KRS 78.510 to 78.852 shall not be
2 counted as "months of service."

- 3 (2) (a) 1. The board of trustees of the system shall arrange by appropriate contract
4 or on a self-insured basis to provide a group hospital and medical
5 insurance plan coverage for:
- 6 a. Present and future recipients of a retirement allowance from the
7 County Employees Retirement System; and
 - 8 b. The spouse and each qualified dependent of a recipient who is a
9 former member or the beneficiary, provided the spouse and
10 dependent meet the requirements to participate in the hospital and
11 medical insurance plans established, contracted, or authorized by
12 the system.
- 13 2. Any recipient who chooses coverage under a hospital and medical
14 insurance plan shall pay, by payroll deduction from the retirement
15 allowance, electronic funds transfer, or by another method, the
16 difference between the premium cost of the hospital and medical
17 insurance plan coverage selected and the monthly contribution rate to
18 which he or she would be entitled under this section.
- 19 (b) 1. For present and future recipients of a retirement allowance from the
20 system who are not eligible for Medicare and for those recipients
21 described in subparagraph 3.b. of this paragraph, the board may
22 authorize these participants to be included in the Kentucky Employees
23 Health Plan as provided by KRS 18A.225 to 18A.2287 and shall provide
24 benefits for recipients in the plan equal to those provided to state
25 employees having the same Medicare hospital and medical insurance
26 eligibility status. Notwithstanding the provisions of any other statute
27 except subparagraph 3.b. of this paragraph, system recipients shall be

- 1 included in the same class as current state employees for purposes of
2 determining medical insurance policies and premiums in the Kentucky
3 Employees Health Plan as provided by KRS 18A.225 to 18A.2287.
- 4 2. Regardless of age, if a recipient or the spouse or dependent child of a
5 recipient who elects coverage becomes eligible for Medicare, he or she
6 shall participate in the plans offered by the systems for Medicare
7 eligible recipients. Individuals participating in the Medicare eligible
8 plans may be required to obtain and pay for Medicare Part A and Part B
9 coverage in order to participate in the Medicare eligible plans offered by
10 the system.
- 11 3. The system shall continue to provide the same hospital and medical
12 insurance plan coverage for recipients and qualifying dependents after
13 the age of sixty-five (65) as before the age of sixty-five (65), if:
- 14 a. The recipient is not eligible for Medicare coverage; or
15 b. The recipient would otherwise be eligible for Medicare coverage
16 but is subject to the Medicare Secondary Payer Act under 42
17 U.S.C. sec. 1395y(b) and has been reemployed by a participating
18 agency which offers the recipient a hospital and medical insurance
19 benefit or by a participating agency which is prevented from
20 offering a hospital and medical benefit to the recipient as a
21 condition of reemployment under KRS 70.293, 95.022, or
22 164.952. Individuals who are eligible, pursuant to this subdivision,
23 to be included in the Kentucky Employees Health Plan as provided
24 by KRS 18A.225 to 18A.2287 may be rated as a separate class
25 from other eligible employees and retirees for the purpose of
26 determining medical insurance premiums.
- 27 (c) For recipients of a retirement allowance who are not eligible for the same

1 level of hospital and medical benefits as recipients living in Kentucky having
2 the same Medicare hospital and medical insurance eligibility status, the board
3 shall provide a medical insurance reimbursement plan as described in
4 subsection (6) of this section.

5 (d) Notwithstanding anything in KRS Chapter 78 to the contrary, the board of
6 trustees, in its discretion, may take necessary steps to ensure compliance with
7 42 U.S.C. secs. 300bb-1 et seq.

8 (3) (a) Each employer participating in the County Employees Retirement System as
9 provided in KRS 78.510 to 78.852 shall contribute to the insurance trust fund
10 established by KRS 61.701 the amount necessary to provide the monthly
11 contribution rate as provided for under this section. Such employer
12 contribution rate shall be developed by appropriate actuarial method as a part
13 of the determination of each respective employer contribution rate determined
14 under KRS 78.635.

15 (b) 1. Each employer described in paragraph (a) of this subsection shall deduct
16 from the creditable compensation of each member whose membership
17 date begins on or after July~~September~~ 1, 2003~~2008~~, and who is
18 subject to the benefits provided under paragraph (4)(e) of this section,
19 an amount equal to one percent (1%) of the member's creditable
20 compensation if the member is participating in a nonhazardous
21 position and two percent (2%) of the member's creditable
22 compensation if the member is participating in a hazardous position.
23 The deducted amounts shall, at the discretion of the board, be credited to
24 accounts established pursuant to 26 U.S.C. sec. 401(h), within the funds
25 established in KRS 78.520, or the insurance trust fund established under
26 KRS 61.701. Notwithstanding the provisions of this paragraph, a
27 transfer of assets between the accounts established pursuant to 26 U.S.C.

- 1 sec. 401(h), within the funds established in KRS 78.520, and the
2 insurance trust fund established under KRS 61.701 shall not be allowed.
- 3 2. The employer shall file the contributions as provided by subparagraph 1.
4 of this paragraph at the retirement office in accordance with KRS
5 78.625. Any interest or penalties paid on any delinquent contributions
6 shall be credited to accounts established pursuant to 26 U.S.C. sec.
7 401(h), within the funds established in KRS 78.520, or the insurance
8 trust fund established under KRS 61.701. Notwithstanding any
9 minimum compensation requirements provided by law, the deductions
10 provided by this paragraph shall be made, and the compensation of the
11 member shall be reduced accordingly.
- 12 3. Each employer shall submit payroll reports, contributions lists, and other
13 data as may be required by administrative regulation promulgated by the
14 board of trustees pursuant to KRS Chapter 13A.
- 15 4. Every member shall be deemed to consent and agree to the deductions
16 made pursuant to this paragraph, and the payment of salary or
17 compensation less the deductions shall be a full and complete discharge
18 of all claims for services rendered by the person during the period
19 covered by the payment, except as to any benefits provided by KRS
20 78.510 to 78.852. No member may elect whether to participate in, or
21 choose the contribution amount to accounts established pursuant to 26
22 U.S.C. sec. 401(h) within the funds established in KRS 78.520, or the
23 insurance trust fund established under KRS 61.701. The member shall
24 have no option to receive the contribution required by this paragraph
25 directly instead of having the contribution paid to accounts established
26 pursuant to 26 U.S.C. sec. 401(h) within the funds established in KRS
27 78.520, or the insurance trust fund established under KRS 61.701. No

1 member may receive a rebate or refund of contributions. If a member
2 establishes a membership date prior to July 1, 2003~~September 1, 2008~~,
3 pursuant to KRS 61.552(2) or (3) or who is subject to the benefits
4 provided under paragraphs (4)(b) or (4)(d) of this section, then this
5 paragraph shall not apply to the member and all contributions previously
6 deducted in accordance with this paragraph shall be refunded to the
7 member without interest. The contribution made pursuant to this
8 paragraph shall not act as a reduction or offset to any other contribution
9 required of a member or recipient under KRS 78.510 to 78.852.

10 5. The board of trustees, at its discretion, may direct that the contributions
11 required by this paragraph be accounted for within accounts established
12 pursuant to 26 U.S.C. sec. 401(h) within the funds established in KRS
13 78.520, or the insurance trust fund established under KRS 61.701,
14 through the use of separate accounts.

15 (4) (a) The premium required to provide hospital and medical insurance plan
16 coverage under this section shall be paid wholly or partly from funds
17 contributed by:

18 1. The recipient of a retirement allowance, by payroll deduction from his
19 or her retirement allowance, electronic funds transfer, or by other
20 method;

21 2. The insurance trust fund established by KRS 61.701 or accounts
22 established pursuant to 26 U.S.C. sec. 401(h) within the funds
23 established in KRS 78.520;

24 3. Another state-administered retirement system, including the systems
25 administered by Kentucky Retirement Systems, under a reciprocal
26 arrangement, except that any portion of the premium paid from the
27 funds specified by subparagraph 2. of this paragraph under a reciprocal

1 agreement shall not exceed the amount that would be payable under this
2 section if all the member's service were in the County Employees
3 Retirement System. If the board provides for cross-referencing of
4 insurance premiums, the employer's contribution for the working
5 member or spouse shall be applied toward the premium, and the
6 insurance trust fund established under KRS 61.701 or accounts
7 established pursuant to 26 U.S.C. sec. 401(h) within the funds
8 established in KRS 78.520, shall pay the balance; or

- 9 4. A combination of the fund sources described by subparagraph 1. to 3. of
10 this paragraph.

11 Group rates under the hospital and medical insurance plan shall be made
12 available to the spouse, each dependent child, and each disabled child,
13 regardless of the disabled child's age, of a recipient who is a former member
14 or the beneficiary, if the premium for the hospital and medical insurance for
15 the spouse, each dependent child, and each disabled child, or beneficiary is
16 paid by payroll deduction from the retirement allowance, electronic funds
17 transfer, or by another method. For purposes of this subsection only, a child
18 shall be considered disabled if he or she has been determined to be eligible for
19 federal Social Security disability benefits or meets the dependent disability
20 standard established by the Department of Employee Insurance in the
21 Personnel Cabinet.

- 22 (b) For a member who began participating in the system prior to July 1, 2003, the
23 monthly contribution rate shall be paid by the system from the funds specified
24 under paragraph (a)2. of this subsection and shall be equal to a percentage of
25 the single premium to cover the retired member as follows:

- 26 1. One hundred percent (100%) of the monthly premium for single
27 coverage shall be paid for a retired member who had two hundred forty

- 1 (240) months of service or more upon retirement or for a retired member
2 who when he or she was an employee was disabled as a direct result of
3 an act in line of duty as defined in KRS 78.510(48) or as a result of a
4 duty-related injury as defined in KRS 61.621;
- 5 2. Seventy-five percent (75%) of the monthly premium for single coverage
6 shall be paid for a retired member who had less than two hundred forty
7 (240) months of service but at least one hundred eighty (180) months of
8 service upon retirement, provided such retired member agrees to pay the
9 remaining twenty-five percent (25%) by payroll deduction from his or
10 her retirement allowance, electronic funds transfer, or by another
11 method;
- 12 3. Fifty percent (50%) of the monthly premium for single coverage shall be
13 paid for a retired member who had less than one hundred eighty (180)
14 months of service but had at least one hundred twenty (120) months of
15 service upon retirement, provided such retired member agrees to pay the
16 remaining fifty percent (50%) by payroll deduction from his or her
17 retirement allowance, electronic funds transfer, or by another method; or
- 18 4. Twenty-five percent (25%) of the monthly premium for single coverage
19 shall be paid for a retired member who had less than one hundred twenty
20 (120) months of service but had at least forty-eight (48) months of
21 service upon retirement, provided such retired member agrees to pay the
22 remaining seventy-five percent (75%) by payroll deduction from his or
23 her retirement allowance, electronic funds transfer, or by another
24 method.
- 25 (c) Notwithstanding paragraph (b) of this subsection, for a member participating
26 in the system prior to July 1, 2003, who:
- 27 1. Dies as a direct result of an act in line of duty as defined in KRS 78.510

- 1 or dies as a result of a duty-related injury as defined in KRS 61.621, the
2 monthly premium shall be paid for his or her spouse so long as the
3 spouse remains eligible for a monthly retirement benefit;
- 4 2. Becomes totally and permanently disabled as defined in KRS 78.5524 as
5 a direct result of an act in line of duty as defined in KRS 78.510 or
6 becomes disabled as a result of a duty-related injury as defined in KRS
7 61.621 and is eligible for the benefits provided by KRS 61.621(5)(a), the
8 monthly premium shall be paid for his or her spouse so long as the
9 member and the spouse individually remain eligible for a monthly
10 retirement benefit; and
- 11 3. Dies as a direct result of an act in line of duty as defined in KRS 78.510,
12 dies as a result of a duty-related injury as defined in KRS 61.621,
13 becomes totally and permanently disabled as defined in KRS 78.5524 as
14 a direct result of an act in line of duty as defined in KRS 78.510, or
15 becomes disabled as a result of a duty-related injury as defined in KRS
16 61.621 and is eligible for the benefits provided by KRS 61.621(5)(a), the
17 monthly premium shall be paid for each dependent child as defined in
18 KRS 78.510, so long as the member remains eligible for a monthly
19 retirement benefit, unless deceased, and each dependent child
20 individually remains eligible under KRS 78.510.
- 21 (d) 1. For a member who began participating in the system prior to July 1,
22 2003, who was determined to be in a hazardous position in the County
23 Employees Retirement System, or who is receiving a retirement
24 allowance based on General Assembly service, the funds specified under
25 paragraph (a)2. of this subsection shall also pay a percentage of the
26 monthly contribution rate sufficient to fund the premium costs for
27 hospital and medical insurance coverage for the spouse and for each

- 1 dependent child of a recipient.
- 2 2. The percentage of the monthly contribution rate paid for the spouse and
3 each dependent child of a recipient who was in a hazardous position or
4 who is receiving a retirement allowance based on General Assembly
5 service in accordance with subparagraph 1. of this paragraph shall be
6 based solely on the member's service in a hazardous position using the
7 formula in paragraph (b) of this subsection, except that for any recipient
8 of a retirement allowance from the County Employees Retirement
9 System who was contributing to the system on January 1, 1998, for
10 service in a hazardous position, the percentage of the monthly
11 contribution shall be based on the total of hazardous service and any
12 nonhazardous service as a police or firefighter with the same agency, if
13 that agency was participating in the County Employees Retirement
14 System but did not offer hazardous duty coverage for its police and
15 firefighters at the time of initial participation.
- 16 (e) For members who begin participating in the system on or after July 1, 2003:
- 17 1. Participation in the insurance benefits provided under this section shall
18 not be allowed until the member has earned at least one hundred twenty
19 (120) months of service in the state-administered retirement systems,
20 except that for members who begin participating in the system on or
21 after September 1, 2008, participation in the insurance benefits provided
22 under this section shall not be allowed until the member has earned at
23 least one hundred eighty (180) months of service credited under KRS
24 78.615(1) or another state-administered retirement system;
- 25 2. A member who meets the minimum service requirements as provided by
26 subparagraph 1. of this paragraph shall upon retirement be eligible for
27 the following monthly contribution rate to be paid on his or her behalf,

1 or on behalf of the spouse or dependent of a member with service in a
2 hazardous position, from the funds specified under paragraph (a)2. of
3 this subsection:

4 a. For members with service in a nonhazardous position who do not
5 meet the career threshold, a monthly insurance contribution of ten
6 dollars (\$10) for each year of service as a participating employee
7 in a nonhazardous position;

8 b. For members with service in a nonhazardous position who meet
9 the career threshold, a monthly insurance contribution towards
10 the health plans offered to retirees who are not eligible for
11 Medicare of forty dollars (\$40) for each year of service as a
12 participating employee in a nonhazardous position and a
13 monthly insurance contribution towards the health plans offered
14 to retirees who are eligible for Medicare of ten dollars (\$10) for
15 each year of service as a participating employee in a
16 nonhazardous position. The monthly insurance contribution
17 payable to retirees eligible for Medicare under this subdivision
18 shall be adjusted as necessary so that it is equivalent to the
19 monthly contribution amount computed under subdivision a. of
20 this subparagraph as adjusted by subparagraph 6.a. of this
21 paragraph;

22 c. For members with service in a hazardous position who do not
23 meet the career threshold, a monthly insurance contribution of
24 fifteen dollars (\$15) for each year of service as a participating
25 employee in a hazardous position; ~~and~~

26 d. For members with service in a hazardous position who meet the
27 career threshold, a monthly insurance contribution towards the

1 health plans offered to retirees who are not eligible for Medicare
 2 of fifty dollars (\$50) for each year of service as a participating
 3 employee in a hazardous position and a monthly insurance
 4 contribution towards the health plans offered to retirees who are
 5 eligible for Medicare of fifteen dollars (\$15) for each year of
 6 service as a participating employee in a hazardous position. The
 7 monthly insurance contribution payable to retirees eligible for
 8 Medicare under this subdivision shall be adjusted as necessary
 9 so that it is equivalent to the monthly contribution amount
 10 computed under subdivision c. of this subparagraph as adjusted
 11 by subparagraph 6.a. of this paragraph; and

12 ~~e.[e.]~~ Upon the death of the retired member, the beneficiary, if the
 13 beneficiary is the member's spouse, shall be entitled to a monthly
 14 insurance contribution of ten dollars (\$10) for each year of service
 15 the member attained as a participating employee in a hazardous
 16 position;

17 3. The minimum service requirement to participate in benefits as provided
 18 by subparagraph 1. of this paragraph shall be waived for a member who
 19 receives a satisfactory determination of a hazardous disability that is a
 20 direct result of an act in line of duty as defined in KRS 78.510(48) and
 21 the member shall be entitled to the benefits payable under this
 22 subsection as though the member had twenty (20) years of service in a
 23 hazardous position;

24 4. The minimum service required to participate in benefits as provided by
 25 subparagraph 1. of this paragraph shall be waived for a member who is
 26 disabled as a result of a duty-related injury as defined in KRS 61.621
 27 and is eligible for the benefits provided by KRS 61.621(5)(b), and the

1 member shall be entitled to the benefits payable under this subsection as
2 though the member had twenty (20) years of service in a nonhazardous
3 position;

4 5. Notwithstanding the provisions of this paragraph, the minimum service
5 requirement to participate in benefits as provided by subparagraph 1. of
6 this paragraph shall be waived for a member who dies as a direct result
7 of an act in line of duty as defined in KRS 78.510(48), who becomes
8 totally and permanently disabled as defined in KRS 78.5524 as a direct
9 result of an act in line of duty as defined in KRS 78.510, who dies as a
10 result of a duty-related injury as defined in KRS 61.621, or who
11 becomes disabled as a result of a duty-related injury as defined in KRS
12 61.621 and is eligible for the benefits provided by KRS 61.621(5)(a),
13 and the premium for the member, the member's spouse, and for each
14 dependent child as defined in KRS 78.510 shall be paid in full by the
15 systems so long as the member, member's spouse, or dependent child
16 individually remains eligible for a monthly retirement benefit;

17 6. Except as provided by subparagraph 4. of this paragraph, the monthly
18 insurance contribution amount shall be increased:

19 a. On July 1 of each year by one and one-half percent (1.5%). The
20 increase shall be cumulative and shall continue to accrue after the
21 member's retirement for as long as a monthly insurance
22 contribution is payable to the retired member or beneficiary but
23 shall not apply to any increase in the contribution attributable to
24 the increase specified by subdivision b. of this subparagraph; and

25 b. On January 1 of each year by five dollars (\$5) for members who
26 have accrued an additional full year of service as a participating
27 employee beyond the career threshold, subject to the following

1 restrictions:

2 i. The additional insurance contribution provided by this
3 subdivision shall only be applied to the monthly contribution
4 amounts provided under subparagraph ~~2.b.~~~~[2.a.]~~ and ~~d.~~~~[b.]~~ of
5 this paragraph;

6 ii. The additional insurance contribution provided by this
7 subdivision shall only be payable towards the health plans
8 offered by the system to retirees who are not eligible for
9 Medicare or for reimbursements provided to retirees not
10 eligible for Medicare pursuant to subsection (6)(a)2. of this
11 section; and

12 iii. In order for the annual increase to occur as provided by this
13 subdivision, the funding level of retiree health benefits for
14 the system in which the employee is receiving the additional
15 insurance contribution shall be at least ninety percent (90%)
16 as of the most recent actuarial valuation and be projected by
17 the actuary to remain ninety percent (90%) for the year in
18 which the increase is provided;

19 7. The benefits of this paragraph provided to a member whose participation
20 begins on or after July 1, 2003, shall not be considered as benefits
21 protected by the inviolable contract provisions of KRS 78.852. The
22 General Assembly reserves the right to suspend or reduce the benefits
23 conferred in this paragraph if in its judgment the welfare of the
24 Commonwealth so demands;

25 8. An employee whose membership date is on or after September 1, 2008,
26 who retires and is reemployed in a regular full-time position required to
27 participate in the system or the Kentucky Retirement Systems shall not

1 be eligible for health insurance coverage or benefits provided by this
2 section and shall take coverage with his or her employing agency during
3 the period of reemployment in a regular full-time position; and

- 4 9. For purposes of this paragraph:
- 5 a. "Career threshold" for a member with service in a nonhazardous
6 position means twenty-seven (27) years of service credited under
7 KRS 16.543(1), 61.543(1), 78.615(1), or another state-
8 administered retirement system and for a member with service in a
9 hazardous position means the service requirements specified by
10 KRS 78.5514(2)(a)2. or (3)(b), or 78.5516(6)(b), as applicable;
11 and
- 12 b. "Funding level" means the actuarial value of assets divided by the
13 actuarially accrued liability expressed as a percentage that is
14 determined and reported by the system's actuary in the annual
15 actuarial valuation.

16 (f) For members with service in another state-administered retirement system
17 who select hospital and medical insurance plan coverage through the system:

- 18 1. The system shall compute the member's combined service, including
19 service credit in another state-administered retirement system, and
20 calculate the portion of the member's premium monthly contribution rate
21 to be paid by the funds specified under paragraph (a)2. of this subsection
22 according to the criteria established in paragraphs (a) to (e) of this
23 subsection. Each state-administered retirement system shall pay
24 annually to the insurance trust fund established under KRS 61.701 the
25 portion of the system's cost of the retiree's monthly contribution for
26 single coverage for hospital and medical insurance plan which shall be
27 equal to the percentage of the member's number of months of service in

1 the other state-administered retirement plan divided by his or her total
2 combined service and in conjunction with the reciprocal agreement
3 established between the system and the other state-administered
4 retirement systems. The amounts paid by the other state-administered
5 retirement plans and by the County Employees Retirement System from
6 funds specified under paragraph (a)2. of this subsection shall not be
7 more than one hundred percent (100%) of the monthly contribution
8 adopted by the respective boards of trustees;

9 2. A member may not elect coverage for hospital and medical benefits
10 through more than one (1) of the state-administered retirement systems;
11 and

12 3. A state-administered retirement system shall not pay any portion of a
13 member's monthly contribution for medical insurance unless the
14 member is a recipient or annuitant of the plan.

15 (5) Premiums paid for hospital and medical insurance coverage procured under
16 authority of this section shall be exempt from any premium tax which might
17 otherwise be required under KRS Chapter 136. The payment of premiums by the
18 funds described by subsection (4)(a)2. of this section shall not constitute taxable
19 income to an insured recipient. No commission shall be paid for hospital and
20 medical insurance procured under authority of this section.

21 (6) (a) The board shall promulgate an administrative regulation to establish a medical
22 insurance reimbursement plan to provide reimbursement for hospital and
23 medical insurance plan premiums of recipients of a retirement allowance who:

24 1. Are not eligible for the same level of hospital and medical benefits as
25 recipients living in Kentucky and having the same Medicare hospital
26 and medical insurance eligibility status; or

27 2. Are eligible for retiree health subsidies as provided by subsection (4)(e)

1 of this section, except for those recipients eligible for full premium
2 subsidies under subsection (4)(e)5. of this section. The reimbursement
3 program as provided by this subparagraph shall be available to the
4 recipient regardless of the hospital and medical insurance plans offered
5 by the systems.

6 (b) An eligible recipient shall file proof of payment for hospital and medical
7 insurance plan coverage with the retirement office. Reimbursement to eligible
8 recipients shall be made on a quarterly basis. The recipient shall be eligible
9 for reimbursement of substantiated medical insurance premiums **paid by the**
10 **recipient to obtain coverage** for an amount not to exceed the total monthly
11 contribution rate determined under subsection (4) of this section. **For**
12 **reimbursements provided under paragraph (a)2. of this subsection, the full**
13 **subsidy under subsection (4)(e)2. of this section shall be reimbursed by the**
14 **system to the recipient up to the amount individually paid by the recipient to**
15 **obtain coverage. In the case of recipients of a retirement allowance from a**
16 **nonhazardous position, the reimbursement shall be limited to the amount**
17 **paid by the recipient to obtain single coverage.**

18 (c) For purposes of recipients described by paragraph (a)1. of this subsection, the
19 plan shall not be made available if all recipients are eligible for the same
20 coverage as recipients living in Kentucky.

21 ➔Section 2. The Public Pension Oversight Board shall continue to monitor the
22 actuarial data of the County Employees Retirement System retiree health funds and shall,
23 during the 2025 Interim, evaluate potential legislative options to adjust retiree health
24 benefits and costs for those members who began participating in the system on or after
25 July 1, 2003, in the event the retiree health funds continue to see actuarial improvement.

26 ➔Section 3. The amendments to the employee contribution provisions specified
27 in subsection (3)(b) of Section 1 of this Act, shall apply to employee contributions

1 payable on or after July 1, 2026.

2 ➔Section 4. The amendments to the monthly insurance contribution amounts
3 specified in subsection (4)(e)2. of Section 1 of this Act shall:

4 (1) Be payable prospectively for insurance premiums for health plans beginning
5 on or after January 1, 2026;

6 (2) Be increased annually after January 1, 2026, in accordance with subsection
7 (4)(e)6.a. of Section 1 of this Act; and

8 (3) For purposes of calculating the amounts that become payable on or after
9 January 1, 2026, apply to the service as a participating employee accrued on or after July
10 1, 2003, for covered members and retirees, regardless of retirement date.