

1 AN ACT relating to duty-related disability benefits.

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

3 ➔Section 1. KRS 61.621 is amended to read as follows:

4 (1) Notwithstanding any provision of any statutes to the contrary, effective June 1,
5 2000, any employee participating in one (1) of the state-administered retirement
6 systems who is not in a hazardous duty position, as defined in KRS 61.592 or
7 78.5520, shall be eligible for minimum benefits equal to the benefits payable under
8 this section or KRS 61.702 or 78.5536, as applicable, if the employee:

9 (a) Dies ***as a result of a duty-related injury;***~~[-or]~~

10 (b) Becomes totally and permanently disabled to engage in any occupation for
11 remuneration or profit as a result of a duty-related injury; ***or***

12 (c) ***Becomes disabled as a result of a duty-related injury as provided in***
13 ***subsection (5)(c) of this section.***

14 (2) ***As used in***~~[(a) For purposes of]~~ this section, "duty-related injury":

15 (a) Means:

16 1. a. A single traumatic event that occurs while the employee is
17 performing the duties of his or her position; or

18 b. A single act of violence committed against the employee that is
19 found to be related to his or her job duties, whether or not it occurs
20 at his or her job site; and

21 2. The event or act of violence produces a harmful change in the human
22 organism evidenced by objective medical findings; ***and***~~[-]~~

23 (b) ~~["Duty-related injury"]~~ Does not include the effects of the natural aging
24 process, a communicable disease unless the risk of contracting the disease is
25 increased by nature of the employment, or a psychological, psychiatric, or
26 stress-related change in the human organism unless it is the direct result of a
27 physical injury.

- 1 (3) (a) If the employee dies as a result of a duty-related injury and is survived by a
2 spouse, the surviving spouse shall be the beneficiary, and this shall supersede
3 the designation of all previous beneficiaries of the deceased employee's
4 retirement account, except as provided in KRS 61.542(2)(e).
- 5 (b) The surviving spouse, provided he or she supersedes all previously designated
6 beneficiaries, may elect to receive the benefits payable under KRS 61.640 or
7 other applicable death benefit statutes, or may elect to receive a lump-sum
8 payment of ten thousand dollars (\$10,000) and a monthly payment equal to
9 seventy-five percent (75%) of the member's monthly average pay beginning
10 in the month following the member's death and continuing each month until
11 the death of the surviving spouse.
- 12 (c) In addition, if the member is also survived by dependent children, monthly
13 payments shall be made for each dependent child equal to ten percent (10%)
14 of the deceased member's monthly average pay, except that the combined
15 maximum payment made to the:
- 16 1. Surviving spouse and dependent children under this subsection shall not
17 exceed one hundred percent (100%) of the deceased member's monthly
18 average pay; and
- 19 2. Dependent children, while the surviving spouse is living, shall not
20 exceed twenty-five percent (25%) of the deceased member's monthly
21 average pay. Payments made to the dependent children under this
22 subsection shall be divided equally among all the dependent children.
- 23 (4) If the employee dies as a result of a duty-related injury and is not survived by a
24 spouse but is survived by a dependent child or children, the following benefits shall
25 be paid to the dependent child or children:
- 26 (a) Fifty percent (50%) of the deceased member's monthly average pay, if the
27 deceased member has one (1) dependent child;

- 1 (b) Sixty-five percent (65%) of the deceased member's monthly average pay, if
2 the deceased member has two (2) dependent children; or
3 (c) Seventy-five percent (75%) of the deceased member's monthly average pay, if
4 the deceased member has three (3) or more dependent children.

5 Payments made to the dependent children under this subsection shall be divided
6 equally among all the dependent children.

7 (5) If the employee is determined to be disabled as provided in KRS 61.600, or other
8 applicable disability statutes in any other state-administered retirement system, as
9 the result of a duty-related injury, the employee may elect to receive benefits
10 determined under the provisions of KRS 61.605, or other applicable disability
11 statutes in any other state-administered retirement system, except that:

12 (a) If an employee is working in a nonhazardous position that could be certified
13 as a hazardous position based upon KRS 61.592 or 78.5520 and is totally and
14 permanently disabled to engage in any occupation for remuneration or
15 profit, the monthly retirement allowance shall not be less than seventy-five
16 percent (75%) of the employee's monthly average pay;~~[-or-]~~

17 (b) If an employee is working in a nonhazardous position that could not be
18 certified as a hazardous position based upon KRS 61.592 or 78.5520 and is
19 totally and permanently disabled to engage in any occupation for
20 remuneration or profit, the monthly retirement allowance shall not be less
21 than twenty-five percent (25%) of the employee's monthly final rate of pay;
22 or

23 (c) If an employee is working in a nonhazardous position that could be certified
24 as a hazardous position based upon KRS 61.592 or 78.5520 and is disabled
25 resulting in an incapacity to continue as an employee in the position that
26 could be certified as a hazardous position, but is not deemed to be totally
27 and permanently disabled to engage in any occupation for remuneration or

1 profit, the monthly retirement allowance shall not be less than twenty-five
2 percent (25%) of the employee's monthly final rate of pay.

3 For purposes of determining a disability that is the result of a duty related injury,
4 the service requirement in KRS 61.600(1)(a), or other applicable statutes in any
5 other state-administered retirement system, shall be waived.

6 (6) (a) In the period of time following the disability of a member covered by
7 subsection (5)(a) of this section during which dependent children survive, a
8 monthly payment shall be made for each dependent child who is alive which
9 shall be equal to ten percent (10%) of the disabled member's monthly average
10 pay, except that:

11 1. Member and dependent children payments under this section shall not
12 exceed one hundred percent (100%) of the member's monthly average
13 pay; and

14 2. Total maximum dependent children's benefits shall not exceed twenty-
15 five percent (25%) of the member's monthly average pay while the
16 member is living and forty percent (40%) of the disabled member's
17 monthly average pay after the member's death. The payment shall
18 commence in the month following the date of disability of the member
19 and shall be payable to the dependent children, or to a legally appointed
20 guardian, or as directed by the system and shall be divided equally
21 among all dependent children.

22 (b) In the period of time following the disability of a member covered by
23 subsection (5)(b) or (c) of this section during which dependent children
24 survive, a monthly payment shall be made for each dependent child who is
25 alive which shall be equal to ten percent (10%) of the disabled member's
26 monthly final rate of pay; except that total maximum dependent children's
27 benefits shall not exceed forty percent (40%) of the disabled member's

1 monthly final rate of pay at the time any particular payment is due. The
2 payment shall commence in the month following the date of disability of the
3 member and shall be payable to the dependent children, or to a legally
4 appointed guardian, or as directed by the system.

5 (7) Benefits for death as a result of a duty-related injury to a dependent child shall be
6 payable under this section notwithstanding an election by a surviving spouse or
7 beneficiary to withdraw the deceased member's accumulated account balance as
8 provided in KRS 61.625 or benefits under any other provisions of KRS 61.515 to
9 61.705 or other applicable death benefit statutes in any other state-administered
10 retirement system.

11 (8) (a) A spouse applying for benefits under this section who is also eligible for
12 benefits under KRS 61.640 or 78.5532 may elect to receive benefits under
13 KRS 61.640(2)(a) or (b) or 78.5532(2)(a) or (b) while the application for
14 benefits under this section is pending.

15 (b) If a final determination results in a finding of eligibility for benefits under this
16 section, the system shall recalculate the benefits due the spouse in accordance
17 with this subsection.

18 (c) If the spouse has been paid less than the amount of benefits to which the
19 spouse was entitled to receive under this section, the system shall pay the
20 additional funds due to the spouse.

21 (d) If the spouse has been paid more than the benefit the spouse was eligible to
22 receive under this section, then the system shall deduct the amount owed by
23 the spouse from the ten thousand dollars (\$10,000) lump-sum payment and
24 from the monthly retirement allowance payments until the amount owed to
25 the systems has been recovered.

26 (9) As used in ~~For purposes of~~ this section, "dependent child" has the same meaning
27 as in KRS 16.505.

1 (10) This section shall be known as "The Fred Capps Memorial Act."

2 ➔Section 2. KRS 61.702 is amended to read as follows:

3 (1) As used in~~For purposes of~~ this section:

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

- 6 1. Any hospital and medical expense policy or certificate, provider-
7 sponsored integrated health delivery network, self-insured medical plan,
8 health maintenance organization contract, or other health benefit plan;
9 2. Any health savings account as permitted by 26 U.S.C. sec. 223 or health
10 reimbursement arrangement or a similar account as may be permitted by
11 26 U.S.C. sec. 105 or 106. Such arrangement or account, at the board's
12 discretion, may reimburse any medical expense permissible under 26
13 U.S.C. sec. 213; or
14 3. A medical insurance reimbursement program established by the board
15 through the promulgation of administrative regulation under which
16 members purchase individual health insurance coverage through a health
17 insurance exchange established under 42 U.S.C. sec. 18031 or 18041;

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

23 (c) "Months of service" means the total months of combined service used to
24 determine benefits under the system, except service added to determine
25 disability benefits or service otherwise prohibited from being used to
26 determine retiree health benefits under KRS 16.505 to 16.652 or 61.510 to
27 61.705 shall not be counted as "months of service." For current and former

1 employees of the Council on Postsecondary Education who were employed
2 prior to January 1, 1993, and who earn at least fifteen (15) years of service
3 credit in the Kentucky Employees Retirement System, "months of service"
4 shall also include vested service in another retirement system other than the
5 Kentucky Teachers' Retirement System sponsored by the Council on
6 Postsecondary Education.

7 (2) (a) 1. The board of trustees of the system shall arrange by appropriate contract
8 or on a self-insured basis to provide a group hospital and medical
9 insurance plan coverage for:

10 a. Present and future recipients of a retirement allowance from the
11 Kentucky Employees Retirement System and the State Police
12 Retirement System; and

13 b. The spouse and each qualified dependent of a recipient who is a
14 former member or the beneficiary, provided the spouse and
15 dependent meet the requirements to participate in the hospital and
16 medical insurance plans established, contracted, or authorized by
17 the system.

18 2. Any recipient who chooses coverage under a hospital and medical
19 insurance plan shall pay, by payroll deduction from the retirement
20 allowance, electronic funds transfer, or by another method, the
21 difference between the premium cost of the hospital and medical
22 insurance plan coverage selected and the monthly contribution rate to
23 which he or she would be entitled under this section.

24 (b) 1. For present and future recipients of a retirement allowance from the
25 system who are not eligible for Medicare and for those recipients
26 described in subparagraph 3.b. of this paragraph, the board may
27 authorize these participants to be included in the Kentucky Employees

1 Health Plan as provided by KRS 18A.225 to 18A.2287 and shall provide
2 benefits for recipients in the plan equal to those provided to state
3 employees having the same Medicare hospital and medical insurance
4 eligibility status. Notwithstanding the provisions of any other statute
5 except subparagraph 3.b. of this paragraph, system recipients shall be
6 included in the same class as current state employees for purposes of
7 determining medical insurance policies and premiums in the Kentucky
8 Employees Health Plan as provided by KRS 18A.225 to 18A.2287.

9 2. Regardless of age, if a recipient or the spouse or dependent child of a
10 recipient who elects coverage becomes eligible for Medicare, he or she
11 shall participate in the plans offered by the systems for Medicare
12 eligible recipients. Individuals participating in the Medicare eligible
13 plans may be required to obtain and pay for Medicare Part A and Part B
14 coverage, in order to participate in the Medicare eligible plans offered
15 by the system.

16 3. The system shall continue to provide the same hospital and medical
17 insurance plan coverage for recipients and qualifying dependents after
18 the age of sixty-five (65) as before the age of sixty-five (65), if:

- 19 a. The recipient is not eligible for Medicare coverage; or
20 b. The recipient would otherwise be eligible for Medicare coverage
21 but is subject to the Medicare Secondary Payer Act under 42
22 U.S.C. sec. 1395y(b) and has been reemployed by a participating
23 agency which offers the recipient a hospital and medical insurance
24 benefit or by a participating agency which is prevented from
25 offering a hospital and medical benefit to the recipient as a
26 condition of reemployment under KRS 70.293, 95.022, or
27 164.952. Individuals who are eligible, pursuant to this subdivision,

1 to be included in the Kentucky Employees Health Plan as provided
2 by KRS 18A.225 to 18A.2287 may be rated as a separate class
3 from other eligible employees and retirees for the purpose of
4 determining medical insurance premiums.

5 (c) For recipients of a retirement allowance who are not eligible for the same
6 level of hospital and medical benefits as recipients living in Kentucky having
7 the same Medicare hospital and medical insurance eligibility status, the board
8 shall provide a medical insurance reimbursement plan as described in
9 subsection (6) of this section.

10 (d) Notwithstanding anything in KRS Chapter 16 or 61 to the contrary, the board
11 of trustees, in its discretion, may take necessary steps to ensure compliance
12 with 42 U.S.C. ~~sec.~~^{secs.} 300bb-1 et seq.

13 (3) (a) Each employer participating in the Kentucky Employees Retirement System
14 or the State Police Retirement System as provided in KRS 16.505 to 16.652 or
15 61.510 to 61.705 shall contribute to the insurance trust fund established under
16 KRS 61.701 the amount necessary to provide the monthly contribution rate as
17 provided for under this section. Such employer contribution rate shall be
18 developed by appropriate actuarial method as a part of the determination of
19 each respective employer contribution rate determined under KRS 61.565.

20 (b) 1. Each employer described in paragraph (a) of this subsection shall deduct
21 from the creditable compensation of each member whose membership
22 date begins on or after September 1, 2008, an amount equal to one
23 percent (1%) of the member's creditable compensation. The deducted
24 amounts shall, at the discretion of the board, be credited to accounts
25 established pursuant to 26 U.S.C. sec. 401(h), within the funds
26 established in KRS 16.510 and 61.515, or the insurance trust fund
27 established under KRS 61.701. Notwithstanding the provisions of this

1 paragraph, a transfer of assets between the accounts established pursuant
2 to 26 U.S.C. sec. 401(h), within the funds established in KRS 16.510
3 and 61.515, and the insurance trust fund established under KRS 61.701
4 shall not be allowed.

5 2. The employer shall file the contributions as provided by subparagraph 1.
6 of this paragraph at the retirement office in accordance with KRS
7 61.675. Any interest or penalties paid on any delinquent contributions
8 shall be credited to accounts established pursuant to 26 U.S.C. sec.
9 401(h), within the funds established in KRS 16.510 and 61.515, or the
10 insurance trust fund established under KRS 61.701. Notwithstanding
11 any minimum compensation requirements provided by law, the
12 deductions provided by this paragraph shall be made, and the
13 compensation of the member shall be reduced accordingly.

14 3. Each employer shall submit payroll reports, contributions lists, and other
15 data as may be required by administrative regulation promulgated by the
16 board of trustees pursuant to KRS Chapter 13A.

17 4. Every member shall be deemed to consent and agree to the deductions
18 made pursuant to this paragraph, and the payment of salary or
19 compensation less the deductions shall be a full and complete discharge
20 of all claims for services rendered by the person during the period
21 covered by the payment, except as to any benefits provided by KRS
22 16.505 to 16.652 or 61.510 to 61.705. No member may elect whether to
23 participate in, or choose the contribution amount to accounts established
24 pursuant to 26 U.S.C. sec. 401(h) within the funds established in KRS
25 16.510 and 61.515, or the insurance trust fund established under KRS
26 61.701. The member shall have no option to receive the contribution
27 required by this paragraph directly instead of having the contribution

1 paid to accounts established pursuant to 26 U.S.C. sec. 401(h) within the
2 funds established in KRS 16.510 and 61.515, or the insurance trust fund
3 established under KRS 61.701. No member may receive a rebate or
4 refund of contributions. If a member establishes a membership date
5 prior to September 1, 2008, pursuant to KRS 61.552(2) or (3), then this
6 paragraph shall not apply to the member and all contributions previously
7 deducted in accordance with this paragraph shall be refunded to the
8 member without interest. The contribution made pursuant to this
9 paragraph shall not act as a reduction or offset to any other contribution
10 required of a member or recipient under KRS 16.505 to 16.652 or
11 61.510 to 61.705.

12 5. The board of trustees, at its discretion, may direct that the contributions
13 required by this paragraph be accounted for within accounts established
14 pursuant to 26 U.S.C. sec. 401(h) within the funds established in KRS
15 16.510 and 61.515, or the insurance trust fund established under KRS
16 61.701, through the use of separate accounts.

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

- 20 1. The recipient of a retirement allowance, by payroll deduction from his
21 or her retirement allowance, or by other method;
- 22 2. The insurance trust fund established under KRS 61.701 or accounts
23 established pursuant to 26 U.S.C. sec. 401(h) within the funds
24 established in KRS 16.510 and 61.515;
- 25 3. Another state-administered retirement system, including the County
26 Employees Retirement System, under a reciprocal arrangement, except
27 that any portion of the premium paid from the funds specified by

1 subparagraph 2. of this paragraph under a reciprocal agreement shall not
2 exceed the amount that would be payable under this section if all the
3 member's service were in the systems administered by the Kentucky
4 Retirement Systems. If the board provides for cross-referencing of
5 insurance premiums, the employer's contribution for the working
6 member or spouse shall be applied toward the premium, and the
7 insurance trust fund established under KRS 61.701 or accounts
8 established pursuant to 26 U.S.C. sec. 401(h) within the funds
9 established in KRS 16.510 and 61.515 shall pay the balance; or

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

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

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

- 27 1. One hundred percent (100%) of the monthly premium for single

- 1 coverage shall be paid for a retired member who had two hundred forty
2 (240) months of service or more upon retirement or for a retired member
3 who when he or she was an employee became disabled as a direct result
4 of an act in line of duty as defined in KRS 16.505 or as a result of a
5 duty-related injury as defined in KRS 61.621;
- 6 2. Seventy-five percent (75%) of the monthly premium for single coverage
7 shall be paid for a retired member who had less than two hundred forty
8 (240) months of service but at least one hundred eighty (180) months of
9 service upon retirement, provided such retired member agrees to pay the
10 remaining twenty-five percent (25%) by payroll deduction from his or
11 her retirement allowance, electronic funds transfer, or by another
12 method;
- 13 3. Fifty percent (50%) of the monthly premium for single coverage shall be
14 paid for a retired member who had less than one hundred eighty (180)
15 months of service but had at least one hundred twenty (120) months of
16 service upon retirement, provided such retired member agrees to pay the
17 remaining fifty percent (50%) by payroll deduction from his or her
18 retirement allowance, electronic funds transfer, or by another method; or
- 19 4. Twenty-five percent (25%) of the monthly premium for single coverage
20 shall be paid for a retired member who had less than one hundred twenty
21 (120) months of service but had at least forty-eight (48) months of
22 service upon retirement, provided such retired member agrees to pay the
23 remaining seventy-five percent (75%) by payroll deduction from his or
24 her retirement allowance, electronic funds transfer, or by another
25 method.
- 26 (c) Notwithstanding paragraph (b) of this subsection, for a member participating
27 in the system prior to July 1, 2003, who:

- 1 1. Dies as a direct result of an act in line of duty as defined in KRS 16.505
2 or dies as a result of a duty-related injury as defined in KRS 61.621, the
3 monthly premium shall be paid for his or her spouse so long as the
4 spouse remains eligible for a monthly retirement benefit;
- 5 2. Becomes totally and permanently disabled as defined in KRS 16.582 as
6 a direct result of an act in line of duty as defined in KRS 16.505 or
7 becomes disabled as a result of a duty-related injury as defined in KRS
8 61.621 and is eligible for the benefits provided by KRS 61.621(5)(a), the
9 monthly premium shall be paid for his or her spouse so long as the
10 member and the spouse individually remain eligible for a monthly
11 retirement benefit; and
- 12 3. Dies as a direct result of an act in line of duty as defined in KRS 16.505,
13 dies as a result of a duty-related injury as defined in KRS 61.621,
14 becomes totally and permanently disabled as defined in KRS 16.582 as a
15 direct result of an act in line of duty as defined in KRS 16.505, or
16 becomes disabled as a result of a duty-related injury as defined in KRS
17 61.621 and is eligible for the benefits provided by KRS 61.621(5)(a), the
18 monthly premium shall be paid for each dependent child as defined in
19 KRS 16.505, so long as the member remains eligible for a monthly
20 retirement benefit, unless deceased, and each dependent child
21 individually remains eligible under KRS 16.505.
- 22 (d) 1. For a member who began participating in the system prior to July 1,
23 2003, who was determined to be in a hazardous position in the Kentucky
24 Employees Retirement System or in a position in the State Police
25 Retirement System, or who is receiving a retirement allowance based on
26 General Assembly service, the funds specified under paragraph (a)2. of
27 this subsection shall also pay a percentage of the monthly contribution

1 rate sufficient to fund the premium costs for hospital and medical
2 insurance coverage for the spouse and for each dependent child of a
3 recipient.

4 2. The percentage of the monthly contribution rate paid for the spouse and
5 each dependent child of a recipient who was in a hazardous position or
6 who is receiving a retirement allowance based on General Assembly
7 service in accordance with subparagraph 1. of this paragraph shall be
8 based solely on the member's service in a hazardous position using the
9 formula in paragraph (b) of this subsection.

10 (e) For members who begin participating in the system on or after July 1, 2003:

11 1. Participation in the insurance benefits provided under this section shall
12 not be allowed until the member has earned at least one hundred twenty
13 (120) months of service in the state-administered retirement systems,
14 except that for members who begin participating in the system on or
15 after September 1, 2008, participation in the insurance benefits provided
16 under this section shall not be allowed until the member has earned at
17 least one hundred eighty (180) months of service credited under KRS
18 16.543(1) or 61.543(1), or another state-administered retirement system.

19 2. A member who meets the minimum service requirements as provided by
20 subparagraph 1. of this paragraph shall upon retirement be eligible for
21 the following monthly contribution rate to be paid on his or her behalf,
22 or on behalf of the spouse or dependent of a member with service in a
23 hazardous position, from the funds specified under paragraph (a)2. of
24 this subsection:

25 a. For members with service in a nonhazardous position, a monthly
26 insurance contribution of ten dollars (\$10) for each year of service
27 as a participating employee in a nonhazardous position;

- 1 b. For members with service in a hazardous position or who
2 participate in the State Police Retirement System, a monthly
3 insurance contribution of fifteen dollars (\$15) for each year of
4 service as a participating employee in a hazardous position or the
5 State Police Retirement System; and
- 6 c. Upon the death of the retired member, the beneficiary, if the
7 beneficiary is the member's spouse, shall be entitled to a monthly
8 insurance contribution of ten dollars (\$10) for each year of service
9 the member attained as a participating employee in a hazardous
10 position.
- 11 3. The minimum service requirement to participate in benefits as provided
12 by subparagraph 1. of this paragraph shall be waived for a member who
13 receives a satisfactory determination of a hazardous disability that is a
14 direct result of an act in line of duty as defined in KRS 16.505 or for a
15 member who is disabled as a result of a duty-related injury as defined
16 in Section 1 of this Act and is eligible for the benefits provided under
17 subsection (5)(c) of Section 1 of this Act, and the member shall be
18 entitled to the benefits payable under this subsection as though the
19 member had twenty (20) years of service in a hazardous position.
- 20 4. The minimum service required to participate in benefits as provided by
21 subparagraph 1. of this paragraph shall be waived for a member who is
22 disabled as a result of a duty-related injury as defined in KRS 61.621
23 and is eligible for the benefits provided under~~by~~ KRS 61.621(5)(b),
24 and the member shall be entitled to the benefits payable under this
25 subsection as though the member had twenty (20) years of service in a
26 nonhazardous position.
- 27 5. Notwithstanding the provisions of this paragraph, the minimum service

1 requirement to participate in benefits as provided by subparagraph 1. of
2 this paragraph shall be waived for a ~~for a~~ member who dies as a direct
3 result of an act in line of duty as defined in KRS 16.505, who becomes
4 totally and permanently disabled as defined in KRS 16.582 as a direct
5 result of an act in line of duty as defined in KRS 16.505, who dies as a
6 result of a duty-related injury as defined in KRS 61.621, or who
7 ~~is becomes~~ disabled as a result of a duty-related injury as defined in
8 KRS 61.621 and is eligible for the benefits provided under ~~by~~ KRS
9 61.621(5)(a), and the premium for the member, the member's spouse,
10 and for each dependent child as defined in KRS 16.505 shall be paid in
11 full by the systems so long as the member, member's spouse, or
12 dependent child individually remains eligible for a monthly retirement
13 benefit.

14 6. Except as provided by subparagraph 5. of this paragraph, the monthly
15 insurance contribution amount shall be increased:

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

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

26 i. The additional insurance contribution provided by this
27 subdivision shall only be applied to the monthly contribution

1 amounts provided under subparagraph 2.a. and b. of this
2 paragraph;

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

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

16 7. The benefits of this paragraph provided to a member whose participation
17 begins on or after July 1, 2003, shall not be considered as benefits
18 protected by the inviolable contract provisions of KRS 16.652 or
19 61.692. The General Assembly reserves the right to suspend or reduce
20 the benefits conferred in this paragraph if in its judgment the welfare of
21 the Commonwealth so demands.

22 8. An employee whose membership date is on or after September 1, 2008,
23 who retires and is reemployed in a regular full-time position required to
24 participate in the system or the County Employees Retirement System
25 shall not be eligible for health insurance coverage or benefits provided
26 by this section and shall take coverage with his or her employing agency
27 during the period of reemployment in a regular full-time position.

- 1 9. As used in~~[For purposes of]~~ this paragraph:
- 2 a. "Career threshold" for a member with service in a nonhazardous
- 3 position means twenty-seven (27) years of service credited under
- 4 KRS 16.543(1), 61.543(1), 78.615(1), or another state-
- 5 administered retirement system and for a member with service in a
- 6 hazardous position means the service requirements specified by
- 7 KRS 16.577(2) or (3) or 16.583(6)(b), as applicable; and
- 8 b. "Funding level" means the actuarial value of assets divided by the
- 9 actuarially accrued liability expressed as a percentage that is
- 10 determined and reported by the system's actuary in the annual
- 11 actuarial valuation.
- 12 (f) For members with service in another state-administered retirement system
- 13 who select hospital and medical insurance plan coverage through the system:
- 14 1. The system shall compute the member's combined service, including
- 15 service credit in another state-administered retirement system, and
- 16 calculate the portion of the member's premium monthly contribution rate
- 17 to be paid by the funds specified under paragraph (a)2. of this subsection
- 18 according to the criteria established in paragraphs (a) to (e) of this
- 19 subsection. Each state-administered retirement system shall pay
- 20 annually to the insurance trust fund established under KRS 61.701 the
- 21 portion of the system's cost of the retiree's monthly contribution for
- 22 single coverage for hospital and medical insurance plan which shall be
- 23 equal to the percentage of the member's number of months of service in
- 24 the other state-administered retirement plan divided by his or her total
- 25 combined service and in conjunction with the reciprocal agreement
- 26 established between the system and the other state-administered
- 27 retirement systems. The amounts paid by the other state-administered

- 1 retirement plans and by the Kentucky Retirement Systems from funds
2 specified under paragraph (a)2. of this subsection shall not be more than
3 one hundred percent (100%) of the monthly contribution adopted by the
4 respective boards of trustees;
- 5 2. A member may not elect coverage for hospital and medical benefits
6 through more than one (1) of the state-administered retirement systems;
7 and
- 8 3. A state-administered retirement system shall not pay any portion of a
9 member's monthly contribution for medical insurance unless the
10 member is a recipient or annuitant of the plan.
- 11 (5) Premiums paid for hospital and medical insurance coverage procured under
12 authority of this section shall be exempt from any premium tax which might
13 otherwise be required under KRS Chapter 136. The payment of premiums by the
14 funds described by subsection (4)(a)2. of this section shall not constitute taxable
15 income to an insured recipient. No commission shall be paid for hospital and
16 medical insurance procured under authority of this section.
- 17 (6) (a) The board shall promulgate an administrative regulation to establish a medical
18 insurance reimbursement plan to provide reimbursement for hospital and
19 medical insurance plan premiums of recipients of a retirement allowance who:
- 20 1. Are not eligible for the same level of hospital and medical benefits as
21 recipients living in Kentucky and having the same Medicare hospital
22 and medical insurance eligibility status; or
- 23 2. Are eligible for retiree health subsidies as provided by subsection (4)(e)
24 of this section, except for those recipients eligible for full premium
25 subsidies under subsection (4)(e)5. of this section. The reimbursement
26 program as provided by this subparagraph shall be available to the
27 recipient regardless of the hospital and medical insurance plans offered

1 by the systems.

2 (b) An eligible recipient shall file proof of payment for hospital and medical
3 insurance plan coverage with the retirement office. Reimbursement to eligible
4 recipients shall be made on a quarterly basis. The recipient shall be eligible
5 for reimbursement of substantiated medical insurance premiums for an
6 amount not to exceed the total monthly contribution rate determined under
7 subsection (4) of this section.

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

11 ➔Section 3. KRS 78.5536 is amended to read as follows:

12 (1) As used in~~For purposes of~~ this section:

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

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

18 2. Any health savings account as permitted by 26 U.S.C. sec. 223 or health
19 reimbursement arrangement or a similar account as may be permitted by
20 26 U.S.C. sec. 105 or 106. Such arrangement or account, at the board's
21 discretion, may reimburse any medical expense permissible under 26
22 U.S.C. sec. 213; or

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

27 (b) "Monthly contribution rate" shall be the amount determined by the board

1 based upon the requirements of subsection (4)(a) to (d) of this section, except
2 that for members who began participating in the system on or after July 1,
3 2003, the term shall mean the amount determined in subsection (4)(e) of this
4 section; and

5 (c) "Months of service" shall mean the total months of combined service used to
6 determine benefits under the system, except service added to determine
7 disability benefits or service otherwise prohibited from being used to
8 determine retiree health benefits under KRS 78.510 to 78.852 shall not be
9 counted as "months of service."

10 (2) (a) 1. The board of trustees of the system shall arrange by appropriate contract
11 or on a self-insured basis to provide a group hospital and medical
12 insurance plan coverage for:

13 a. Present and future recipients of a retirement allowance from the
14 County Employees Retirement System; and

15 b. The spouse and each qualified dependent of a recipient who is a
16 former member or the beneficiary, provided the spouse and
17 dependent meet the requirements to participate in the hospital and
18 medical insurance plans established, contracted, or authorized by
19 the system.

20 2. Any recipient who chooses coverage under a hospital and medical
21 insurance plan shall pay, by payroll deduction from the retirement
22 allowance, electronic funds transfer, or by another method, the
23 difference between the premium cost of the hospital and medical
24 insurance plan coverage selected and the monthly contribution rate to
25 which he or she would be entitled under this section.

26 (b) 1. For present and future recipients of a retirement allowance from the
27 system who are not eligible for Medicare and for those recipients

1 described in subparagraph 3.b. of this paragraph, the board may
2 authorize these participants to be included in the Kentucky Employees
3 Health Plan as provided by KRS 18A.225 to 18A.2287 and shall provide
4 benefits for recipients in the plan equal to those provided to state
5 employees having the same Medicare hospital and medical insurance
6 eligibility status. Notwithstanding the provisions of any other statute
7 except subparagraph 3.b. of this paragraph, system recipients shall be
8 included in the same class as current state employees for purposes of
9 determining medical insurance policies and premiums in the Kentucky
10 Employees Health Plan as provided by KRS 18A.225 to 18A.2287.

11 2. Regardless of age, if a recipient or the spouse or dependent child of a
12 recipient who elects coverage becomes eligible for Medicare, he or she
13 shall participate in the plans offered by the systems for Medicare
14 eligible recipients. Individuals participating in the Medicare eligible
15 plans may be required to obtain and pay for Medicare Part A and Part B
16 coverage in order to participate in the Medicare eligible plans offered by
17 the system.

18 3. The system shall continue to provide the same hospital and medical
19 insurance plan coverage for recipients and qualifying dependents after
20 the age of sixty-five (65) as before the age of sixty-five (65), if:

- 21 a. The recipient is not eligible for Medicare coverage; or
22 b. The recipient would otherwise be eligible for Medicare coverage
23 but is subject to the Medicare Secondary Payer Act under 42
24 U.S.C. sec. 1395y(b) and has been reemployed by a participating
25 agency which offers the recipient a hospital and medical insurance
26 benefit or by a participating agency which is prevented from
27 offering a hospital and medical benefit to the recipient as a

1 condition of reemployment under KRS 70.293, 95.022, or
2 164.952. Individuals who are eligible, pursuant to this subdivision,
3 to be included in the Kentucky Employees Health Plan as provided
4 by KRS 18A.225 to 18A.2287 may be rated as a separate class
5 from other eligible employees and retirees for the purpose of
6 determining medical insurance premiums.

7 (c) For recipients of a retirement allowance who are not eligible for the same
8 level of hospital and medical benefits as recipients living in Kentucky having
9 the same Medicare hospital and medical insurance eligibility status, the board
10 shall provide a medical insurance reimbursement plan as described in
11 subsection (6) of this section.

12 (d) Notwithstanding anything in KRS Chapter 78 to the contrary, the board of
13 trustees, in its discretion, may take necessary steps to ensure compliance with
14 42 U.S.C. sec. 300bb-1 et seq.

15 (3) (a) Each employer participating in the County Employees Retirement System as
16 provided in KRS 78.510 to 78.852 shall contribute to the insurance trust fund
17 established by KRS 61.701 the amount necessary to provide the monthly
18 contribution rate as provided for under this section. Such employer
19 contribution rate shall be developed by appropriate actuarial method as a part
20 of the determination of each respective employer contribution rate determined
21 under KRS 78.635.

22 (b) 1. Each employer described in paragraph (a) of this subsection shall deduct
23 from the creditable compensation of each member whose membership
24 date begins on or after July 1, 2003, and who is subject to the benefits
25 provided under subsection (4)(e) of this section, an amount equal to one
26 percent (1%) of the member's creditable compensation if the member is
27 participating in a nonhazardous position and two percent (2%) of the

1 member's creditable compensation if the member is participating in a
2 hazardous position. The deducted amounts shall, at the discretion of the
3 board, be credited to accounts established pursuant to 26 U.S.C. sec.
4 401(h), within the funds established in KRS 78.520, or the insurance
5 trust fund established under KRS 61.701. Notwithstanding the
6 provisions of this paragraph, a transfer of assets between the accounts
7 established pursuant to 26 U.S.C. sec. 401(h), within the funds
8 established in KRS 78.520, and the insurance trust fund established
9 under KRS 61.701 shall not be allowed.

10 2. The employer shall file the contributions as provided by subparagraph 1.
11 of this paragraph at the retirement office in accordance with KRS
12 78.625. Any interest or penalties paid on any delinquent contributions
13 shall be credited to accounts established pursuant to 26 U.S.C. sec.
14 401(h), within the funds established in KRS 78.520, or the insurance
15 trust fund established under KRS 61.701. Notwithstanding any
16 minimum compensation requirements provided by law, the deductions
17 provided by this paragraph shall be made, and the compensation of the
18 member shall be reduced accordingly.

19 3. Each employer shall submit payroll reports, contributions lists, and other
20 data as may be required by administrative regulation promulgated by the
21 board of trustees pursuant to KRS Chapter 13A.

22 4. Every member shall be deemed to consent and agree to the deductions
23 made pursuant to this paragraph, and the payment of salary or
24 compensation less the deductions shall be a full and complete discharge
25 of all claims for services rendered by the person during the period
26 covered by the payment, except as to any benefits provided by KRS
27 78.510 to 78.852. No member may elect whether to participate in, or

1 choose the contribution amount to accounts established pursuant to 26
2 U.S.C. sec. 401(h) within the funds established in KRS 78.520, or the
3 insurance trust fund established under KRS 61.701. The member shall
4 have no option to receive the contribution required by this paragraph
5 directly instead of having the contribution paid to accounts established
6 pursuant to 26 U.S.C. sec. 401(h) within the funds established in KRS
7 78.520, or the insurance trust fund established under KRS 61.701. No
8 member may receive a rebate or refund of contributions. If a member
9 establishes a membership date prior to July 1, 2003, pursuant to KRS
10 61.552(2) or (3) or who is subject to the benefits provided under
11 subsection (4)(b) or (d) of this section, then this paragraph shall not
12 apply to the member and all contributions previously deducted in
13 accordance with this paragraph shall be refunded to the member without
14 interest. The contribution made pursuant to this paragraph shall not act
15 as a reduction or offset to any other contribution required of a member
16 or recipient under KRS 78.510 to 78.852.

17 5. The board of trustees, at its discretion, may direct that the contributions
18 required by this paragraph be accounted for within accounts established
19 pursuant to 26 U.S.C. sec. 401(h) within the funds established in KRS
20 78.520, or the insurance trust fund established under KRS 61.701,
21 through the use of separate accounts.

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

25 1. The recipient of a retirement allowance, by payroll deduction from his
26 or her retirement allowance, electronic funds transfer, or by other
27 method;

- 1 2. The insurance trust fund established by KRS 61.701 or accounts
2 established pursuant to 26 U.S.C. sec. 401(h) within the funds
3 established in KRS 78.520;
- 4 3. Another state-administered retirement system, including the systems
5 administered by Kentucky Retirement Systems, under a reciprocal
6 arrangement, except that any portion of the premium paid from the
7 funds specified by subparagraph 2. of this paragraph under a reciprocal
8 agreement shall not exceed the amount that would be payable under this
9 section if all the member's service were in the County Employees
10 Retirement System. If the board provides for cross-referencing of
11 insurance premiums, the employer's contribution for the working
12 member or spouse shall be applied toward the premium, and the
13 insurance trust fund established under KRS 61.701 or accounts
14 established pursuant to 26 U.S.C. sec. 401(h) within the funds
15 established in KRS 78.520, shall pay the balance; or
- 16 4. A combination of the fund sources described by subparagraphs 1. to 3.
17 of this paragraph.
- 18 Group rates under the hospital and medical insurance plan shall be made
19 available to the spouse, each dependent child, and each disabled child,
20 regardless of the disabled child's age, of a recipient who is a former member
21 or the beneficiary, if the premium for the hospital and medical insurance for
22 the spouse, each dependent child, and each disabled child, or beneficiary is
23 paid by payroll deduction from the retirement allowance, electronic funds
24 transfer, or by another method. For purposes of this subsection only, a child
25 shall be considered disabled if he or she has been determined to be eligible for
26 federal Social Security disability benefits or meets the dependent disability
27 standard established by the Department of Employee Insurance in the

1 Personnel Cabinet.

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

- 6 1. One hundred percent (100%) of the monthly premium for single
7 coverage shall be paid for a retired member who had two hundred forty
8 (240) months of service or more upon retirement or for a retired member
9 who when he or she was an employee was disabled as a direct result of
10 an act in line of duty as defined in KRS 78.510(48) or as a result of a
11 duty-related injury as defined in KRS 61.621;
- 12 2. Seventy-five percent (75%) of the monthly premium for single coverage
13 shall be paid for a retired member who had less than two hundred forty
14 (240) months of service but at least one hundred eighty (180) months of
15 service upon retirement, provided such retired member agrees to pay the
16 remaining twenty-five percent (25%) by payroll deduction from his or
17 her retirement allowance, electronic funds transfer, or by another
18 method;
- 19 3. Fifty percent (50%) of the monthly premium for single coverage shall be
20 paid for a retired member who had less than one hundred eighty (180)
21 months of service but had at least one hundred twenty (120) months of
22 service upon retirement, provided such retired member agrees to pay the
23 remaining fifty percent (50%) by payroll deduction from his or her
24 retirement allowance, electronic funds transfer, or by another method; or
- 25 4. Twenty-five percent (25%) of the monthly premium for single coverage
26 shall be paid for a retired member who had less than one hundred twenty
27 (120) months of service but had at least forty-eight (48) months of

1 service upon retirement, provided such retired member agrees to pay the
2 remaining seventy-five percent (75%) by payroll deduction from his or
3 her retirement allowance, electronic funds transfer, or by another
4 method.

5 (c) Notwithstanding paragraph (b) of this subsection, for a member participating
6 in the system prior to July 1, 2003, who:

- 7 1. Dies as a direct result of an act in line of duty as defined in KRS 78.510
8 or dies as a result of a duty-related injury as defined in KRS 61.621, the
9 monthly premium shall be paid for his or her spouse so long as the
10 spouse remains eligible for a monthly retirement benefit;
- 11 2. Becomes totally and permanently disabled as defined in KRS 78.5524 as
12 a direct result of an act in line of duty as defined in KRS 78.510 or
13 becomes disabled as a result of a duty-related injury as defined in KRS
14 61.621 and is eligible for the benefits provided by KRS 61.621(5)(a), the
15 monthly premium shall be paid for his or her spouse so long as the
16 member and the spouse individually remain eligible for a monthly
17 retirement benefit; and
- 18 3. Dies as a direct result of an act in line of duty as defined in KRS 78.510,
19 dies as a result of a duty-related injury as defined in KRS 61.621,
20 becomes totally and permanently disabled as defined in KRS 78.5524 as
21 a direct result of an act in line of duty as defined in KRS 78.510, or
22 becomes disabled as a result of a duty-related injury as defined in KRS
23 61.621 and is eligible for the benefits provided by KRS 61.621(5)(a), the
24 monthly premium shall be paid for each dependent child as defined in
25 KRS 78.510, so long as the member remains eligible for a monthly
26 retirement benefit, unless deceased, and each dependent child
27 individually remains eligible under KRS 78.510.

(d) 1. For a member who began participating in the system prior to July 1, 2003, who was determined to be in a hazardous position in the County Employees Retirement System, or who is receiving a retirement allowance based on General Assembly service, the funds specified under paragraph (a)2. of this subsection shall also pay a percentage of the monthly contribution rate sufficient to fund the premium costs for hospital and medical insurance coverage for the spouse and for each dependent child of a recipient.

2. The percentage of the monthly contribution rate paid for the spouse and each dependent child of a recipient who was in a hazardous position or who is receiving a retirement allowance based on General Assembly service in accordance with subparagraph 1. of this paragraph shall be based solely on the member's service in a hazardous position using the formula in paragraph (b) of this subsection, except that for any recipient of a retirement allowance from the County Employees Retirement System who was contributing to the system on January 1, 1998, for service in a hazardous position, the percentage of the monthly contribution shall be based on the total of hazardous service and any nonhazardous service as a police or firefighter with the same agency, if that agency was participating in the County Employees Retirement System but did not offer hazardous duty coverage for its police and firefighters at the time of initial participation.

23 (e) For members who begin participating in the system on or after July 1, 2003:

24 1. Participation in the insurance benefits provided under this section shall
25 not be allowed until the member has earned at least one hundred twenty
26 (120) months of service in the state-administered retirement systems,
27 except that for members who begin participating in the system on or

1 after September 1, 2008, participation in the insurance benefits provided
2 under this section shall not be allowed until the member has earned at
3 least one hundred eighty (180) months of service credited under KRS
4 78.615(1) or another state-administered retirement system;

- 5 2. A member who meets the minimum service requirements as provided by
6 subparagraph 1. of this paragraph shall upon retirement be eligible for
7 the following monthly contribution rate to be paid on his or her behalf,
8 or on behalf of the spouse or dependent of a member with service in a
9 hazardous position, from the funds specified under paragraph (a)2. of
10 this subsection:

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

- 1 c. For members with service in a hazardous position who do not meet
2 the career threshold, a monthly insurance contribution of fifteen
3 dollars (\$15) for each year of service as a participating employee
4 in a hazardous position;
- 5 d. For members with service in a hazardous position who meet the
6 career threshold, a monthly insurance contribution towards the
7 health plans offered to retirees who are not eligible for Medicare
8 of fifty dollars (\$50) for each year of service as a participating
9 employee in a hazardous position and a monthly insurance
10 contribution towards the health plans offered to retirees who are
11 eligible for Medicare of fifteen dollars (\$15) for each year of
12 service as a participating employee in a hazardous position. The
13 monthly insurance contribution payable to retirees eligible for
14 Medicare under this subdivision shall be adjusted as necessary so
15 that it is equivalent to the monthly contribution amount computed
16 under subdivision c. of this subparagraph as adjusted by
17 subparagraph 6.a. of this paragraph; and
- 18 e. Upon the death of the retired member, the beneficiary, if the
19 beneficiary is the member's spouse, shall be entitled to a monthly
20 insurance contribution of ten dollars (\$10) for each year of service
21 the member attained as a participating employee in a hazardous
22 position;
- 23 3. The minimum service requirement to participate in benefits as provided
24 by subparagraph 1. of this paragraph shall be waived for a member who
25 receives a satisfactory determination of a hazardous disability that is a
26 direct result of an act in line of duty as defined in KRS 78.510(48) *or for*
27 *a member who is disabled as a result of a duty-related injury as*

- 1 defined in Section 1 of this Act and is eligible for the benefits provided
2 under subsection (5)(c) of Section 1 of this Act, and the member shall
3 be entitled to the benefits payable under this subsection as though the
4 member had twenty (20) years of service in a hazardous position;
- 5 4. The minimum service required to participate in benefits as provided by
6 subparagraph 1. of this paragraph shall be waived for a member who is
7 disabled as a result of a duty-related injury as defined in KRS 61.621
8 and is eligible for the benefits provided under~~by~~ KRS 61.621(5)(b),
9 and the member shall be entitled to the benefits payable under this
10 subsection as though the member had twenty (20) years of service in a
11 nonhazardous position;
- 12 5. Notwithstanding the provisions of this paragraph, the minimum service
13 requirement to participate in benefits as provided by subparagraph 1. of
14 this paragraph shall be waived for a member who dies as a direct result
15 of an act in line of duty as defined in KRS 78.510(48), who ~~is~~~~becomes~~
16 totally and permanently disabled as defined in KRS 78.5524 as a direct
17 result of an act in line of duty as defined in KRS 78.510, who dies as a
18 result of a duty-related injury as defined in KRS 61.621, or who
19 ~~is~~~~becomes~~ disabled as a result of a duty-related injury as defined in
20 KRS 61.621 and is eligible for the benefits provided under~~by~~ KRS
21 61.621(5)(a), and the premium for the member, the member's spouse,
22 and for each dependent child as defined in KRS 78.510 shall be paid in
23 full by the systems so long as the member, member's spouse, or
24 dependent child individually remains eligible for a monthly retirement
25 benefit;
- 26 6. Except as provided by subparagraph 5. of this paragraph, the monthly
27 insurance contribution amount shall be increased:

- 1 a. On July 1 of each year by one and one-half percent (1.5%). The
2 increase shall be cumulative and shall continue to accrue after the
3 member's retirement for as long as a monthly insurance
4 contribution is payable to the retired member or beneficiary but
5 shall not apply to any increase in the contribution attributable to
6 the increase specified by subdivision b. of this subparagraph; and
- 7 b. On January 1 of each year by five dollars (\$5) for members who
8 have accrued an additional full year of service as a participating
9 employee beyond the career threshold, subject to the following
10 restrictions:
- 11 i. The additional insurance contribution provided by this
12 subdivision shall only be applied to the monthly contribution
13 amounts provided under subparagraph 2.b. and d. of this
14 paragraph;
- 15 ii. The additional insurance contribution provided by this
16 subdivision shall only be payable towards the health plans
17 offered by the system to retirees who are not eligible for
18 Medicare or for reimbursements provided to retirees not
19 eligible for Medicare pursuant to subsection (6)(a)2. of this
20 section; and
- 21 iii. In order for the annual increase to occur as provided by this
22 subdivision, the funding level of retiree health benefits for
23 the system in which the employee is receiving the additional
24 insurance contribution shall be at least ninety percent (90%)
25 as of the most recent actuarial valuation and be projected by
26 the actuary to remain ninety percent (90%) for the year in
27 which the increase is provided;

- 1 7. The benefits of this paragraph provided to a member whose participation
2 begins on or after July 1, 2003, shall not be considered as benefits
3 protected by the inviolable contract provisions of KRS 78.852. The
4 General Assembly reserves the right to suspend or reduce the benefits
5 conferred in this paragraph if in its judgment the welfare of the
6 Commonwealth so demands;
- 7 8. An employee whose membership date is on or after September 1, 2008,
8 who retires and is reemployed in a regular full-time position required to
9 participate in the system or the Kentucky Retirement Systems shall not
10 be eligible for health insurance coverage or benefits provided by this
11 section and shall take coverage with his or her employing agency during
12 the period of reemployment in a regular full-time position; and
- 13 9. As used in~~[For purposes of]~~ this paragraph:
- 14 a. "Career threshold" for a member with service in a nonhazardous
15 position means twenty-seven (27) years of service credited under
16 KRS 16.543(1), 61.543(1), 78.615(1), or another state-
17 administered retirement system and for a member with service in a
18 hazardous position means the service requirements specified by
19 KRS 78.5514(2)(a)2. or (3)(b), or 78.5516(6)(b), as applicable;
20 and
- 21 b. "Funding level" means the actuarial value of assets divided by the
22 actuarially accrued liability expressed as a percentage that is
23 determined and reported by the system's actuary in the annual
24 actuarial valuation.
- 25 (f) For members with service in another state-administered retirement system
26 who select hospital and medical insurance plan coverage through the system:
- 27 1. The system shall compute the member's combined service, including

1 service credit in another state-administered retirement system, and
2 calculate the portion of the member's premium monthly contribution rate
3 to be paid by the funds specified under paragraph (a)2. of this subsection
4 according to the criteria established in paragraphs (a) to (e) of this
5 subsection. Each state-administered retirement system shall pay
6 annually to the insurance trust fund established under KRS 61.701 the
7 portion of the system's cost of the retiree's monthly contribution for
8 single coverage for hospital and medical insurance plan which shall be
9 equal to the percentage of the member's number of months of service in
10 the other state-administered retirement plan divided by his or her total
11 combined service and in conjunction with the reciprocal agreement
12 established between the system and the other state-administered
13 retirement systems. The amounts paid by the other state-administered
14 retirement plans and by the County Employees Retirement System from
15 funds specified under paragraph (a)2. of this subsection shall not be
16 more than one hundred percent (100%) of the monthly contribution
17 adopted by the respective boards of trustees;

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

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

24 (5) Premiums paid for hospital and medical insurance coverage procured under
25 authority of this section shall be exempt from any premium tax which might
26 otherwise be required under KRS Chapter 136. The payment of premiums by the
27 funds described by subsection (4)(a)2. of this section shall not constitute taxable

1 income to an insured recipient. No commission shall be paid for hospital and
2 medical insurance procured under authority of this section.

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

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

9 2. Are eligible for retiree health subsidies as provided by subsection (4)(e)
10 of this section, except for those recipients eligible for full premium
11 subsidies under subsection (4)(e)5. of this section. The reimbursement
12 program as provided by this subparagraph shall be available to the
13 recipient regardless of the hospital and medical insurance plans offered
14 by the systems.

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

27 (c) For purposes of recipients described by paragraph (a)1. of this subsection, the

1 plan shall not be made available if all recipients are eligible for the same
2 coverage as recipients living in Kentucky.

3 ➔Section 4. Notwithstanding KRS 16.505 to 16.652, 61.510 to 61.705, 78.510 to
4 78.852, or any provision of Sections 1 to 3 of this Act to the contrary, a person whose last
5 day of paid employment was in a nonhazardous position on or after January 1, 2022, but
6 prior to the effective date of this Act, that could be certified as a hazardous position
7 pursuant to KRS 61.592 or 78.5520, may apply for duty-related injury disability
8 retirement benefits pursuant to Sections 1 to 3 of this Act if the person submits an
9 application on or before January 1, 2027, using an application form and process
10 developed by the Kentucky Public Pensions Authority.