

1 AN ACT relating to retired emergency personnel.

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

3 ➔SECTION 1. A NEW SECTION OF KRS CHAPTER 95 IS CREATED TO
4 READ AS FOLLOWS:

5 (1) As used in this section:

6 (a) "City" means any incorporated city, consolidated local government, unified
7 local government, urban-county government, or charter county government
8 operating under the laws of this Commonwealth, and the offices and
9 agencies thereof; and

10 (b) "Firefighter" means any member of a paid municipal fire department
11 organized under KRS Chapter 95, 67A, or 67C.

12 (2) Subject to the limitations in subsection (7) of this section, a city may employ
13 individuals as firefighters under this section who have retired from the Kentucky
14 Employees Retirement System, the County Employees Retirement System, or the
15 State Police Retirement System.

16 (3) To be eligible for employment under this section, an individual shall have:

17 (a) Participated in the Firefighters Foundation Program fund under KRS
18 95A.200 to 95A.300, or retired as a firefighter under KRS Chapter 95;

19 (b) Retired with at least twenty (20) years of service credit;

20 (c) Been separated from service for the period required in KRS 61.637 and
21 78.5540 so that the member's retirement is not voided;

22 (d) Retired with no administrative charges pending; and

23 (e) Retired with no preexisting agreement between the individual and the city
24 prior to the individual's retirement for the individual to return to work for
25 the city.

26 (4) Individuals employed under this section shall:

27 (a) Be employed for a period not to exceed one (1) year. The one (1) year

1 employment period may be renewed annually at the discretion of the
2 employing city;

3 (b) Receive compensation according to the standard procedures applicable to
4 the employing city; and

5 (c) Be employed based upon need as determined by the employing city.

6 (5) Notwithstanding any provisions of KRS 16.505 to 16.652, 18A.225 to 18A.2287,
7 61.510 to 61.705, or 78.510 to 78.852 to the contrary:

8 (a) Individuals employed under this section shall continue to receive all
9 retirement and health insurance benefits to which they were entitled upon
10 retiring in the applicable system administered by Kentucky Retirement
11 Systems or the County Employees Retirement System;

12 (b) Except as provided in paragraph (e) of this subsection, individuals employed
13 under this section shall not be eligible to receive health insurance coverage
14 through the employing city;

15 (c) The city shall not pay any employer contributions or retiree health expense
16 reimbursements to the Kentucky Retirement Systems or County Employees
17 Retirement System required by KRS 61.637(17) or 78.5540(4) for
18 individuals employed under this section;

19 (d) Except as provided in paragraph (e) of this subsection, the city shall not pay
20 any insurance contributions to the Kentucky Employees Health Plan as
21 provided by KRS 18A.225 to 18A.2287 for individuals employed under this
22 section; and

23 (e) The legislative body of the city may by legislative action provide or authorize
24 provision of health insurance coverage for individuals employed under this
25 section, subject to the terms and conditions established by the city.

26 (6) Individuals employed under this section shall be subject to any merit system, civil
27 service, or other legislative due process provisions applicable to the employing

1 city. A decision not to renew a one (1) year employment term under this section
2 shall not be considered a disciplinary action or deprivation subject to due process.

3 (7) A city shall be limited in the number of retired firefighters that it may employ
4 under this section as follows:

5 (a) A city that employed an average of five (5) or fewer firefighters over the
6 course of the immediately preceding calendar year shall not be limited in
7 the number of firefighters that it may employ under this section;

8 (b) A city that employed an average of more than five (5) but fewer than one
9 hundred (100) firefighters over the course of the immediately preceding
10 calendar year shall not employ more than five (5) firefighters under this
11 section, or a number equal to twenty-five percent (25%) of the firefighters
12 employed by the city in the immediately preceding calendar year, whichever
13 is greater; and

14 (c) A city that employed an average of one hundred (100) or more firefighters
15 over the course of the immediately preceding calendar year shall not employ
16 more than twenty-five (25) firefighters under this section, or a number
17 equal to ten percent (10%) of the firefighters employed by the city in the
18 immediately preceding calendar year, whichever is greater.

19 ➔Section 2. KRS 61.637 is amended to read as follows:

20 (1) A retired member who is receiving monthly retirement payments under any of the
21 provisions of KRS 61.510 to 61.705 and 78.510 to 78.852 and who is reemployed
22 as an employee by a participating agency prior to August 1, 1998, shall have his or
23 her retirement payments suspended for the duration of reemployment. Monthly
24 payments shall not be suspended for a retired member who is reemployed if he or
25 she anticipates that he or she will receive less than the maximum permissible
26 earnings as provided by the Federal Social Security Act in compensation as a result
27 of reemployment during the calendar year. The payments shall be suspended at the

1 beginning of the month in which the reemployment occurs.

2 (2) Employer and employee contributions shall be made as provided in KRS 61.510 to
3 61.705 and 78.510 to 78.852 on the compensation paid during reemployment,
4 except where monthly payments were not suspended as provided in subsection (1)
5 of this section or would not increase the retired member's last monthly retirement
6 allowance by at least one dollar (\$1), and the member shall be credited with
7 additional service credit.

8 (3) In the month following the termination of reemployment, retirement allowance
9 payments shall be reinstated under the plan under which the member was receiving
10 payments prior to reemployment.

11 (4) (a) Notwithstanding the provisions of this section, the payments suspended in
12 accordance with subsection (1) of this section shall be paid retroactively to the
13 retired member, or his or her estate, if he or she does not receive more than
14 the maximum permissible earnings as provided by the Federal Social Security
15 Act in compensation from participating agencies during any calendar year of
16 reemployment.

17 (b) If the retired member is paid suspended payments retroactively in accordance
18 with this section, employee contributions deducted during his or her period of
19 reemployment, if any, shall be refunded to the retired employee, and no
20 service credit shall be earned for the period of reemployment.

21 (c) If the retired member is not eligible to be paid suspended payments for his or
22 her period of reemployment as an employee, his or her retirement allowance
23 shall be recomputed under the plan under which the member was receiving
24 payments prior to reemployment as follows:

25 1. The retired member's final compensation shall be recomputed using
26 creditable compensation for his or her period of reemployment;
27 however, the final compensation resulting from the recalculation shall

- 1 not be less than that of the member when his or her retirement allowance
2 was last determined;
- 3 2. If the retired member initially retired on or subsequent to his or her
4 normal retirement date, his or her retirement allowance shall be
5 recomputed by using the formula in KRS 61.595(1);
- 6 3. If the retired member initially retired prior to his or her normal
7 retirement date, his or her retirement allowance shall be recomputed
8 using the formula in KRS 61.595(2), except that the member's age used
9 in computing benefits shall be his or her age at the time of his or her
10 initial retirement increased by the number of months of service credit
11 earned for service performed during reemployment;
- 12 4. The retirement allowance payments resulting from the recomputation
13 under this subsection shall be payable in the month following the
14 termination of reemployment in lieu of payments under subparagraph 3.
15 of this paragraph. The member shall not receive less in benefits as a
16 result of the recomputation than he or she was receiving prior to
17 reemployment or would receive as determined under KRS 61.691; and
- 18 5. Any retired member who was reemployed prior to March 26, 1974, shall
19 begin making contributions to the system in accordance with the
20 provisions of this section on the first day of the month following March
21 26, 1974.
- 22 (5) A retired member, or his or her estate, shall pay to the retirement fund the total
23 amount of payments which are not suspended in accordance with subsection (1) of
24 this section if the member received more than the maximum permissible earnings as
25 provided by the Federal Social Security Act in compensation from participating
26 agencies during any calendar year of reemployment, except the retired member or
27 his or her estate may repay the lesser of the total amount of payments which were

1 not suspended or fifty cents (\$0.50) of each dollar earned over the maximum
2 permissible earnings during reemployment if under age sixty-five (65), or one
3 dollar (\$1) for every three dollars (\$3) earned if over age sixty-five (65).

4 (6) (a) As used in this section, "reemployment" or "reinstatement"~~[as used in this~~
5 ~~section]~~ shall not include a retired member who has been ordered reinstated
6 by the Personnel Board under authority of KRS 18A.095.

7 (b) 1. A retired member who has been ordered reinstated without loss of pay
8 by the Personnel Board under authority of KRS 18A.095 or by court
9 order or by order of the Kentucky Commission on Human Rights and
10 accepts employment by an agency participating in the Kentucky
11 Employees Retirement System, State Police Retirement System, or
12 County Employees Retirement System shall void his or her retirement
13 by reimbursing the system in the full amount of his or her retirement
14 allowance payments received, including any health insurance benefits
15 paid to or on behalf of the member.

16 2. Within twelve (12) months of the date of the final order of the Personnel
17 Board, the Kentucky Commission on Human Rights, or the court, the
18 member shall repay the system the full amount of his or her retirement
19 allowance payments and health insurance benefits by lump sum or enter
20 into an agreement with the Authority for repayment by installments.

21 3. Once the system has been fully reimbursed for the benefits paid to the
22 member and on the member's behalf, additional contributions and
23 service credit based on the reinstated employment shall be added to the
24 member's account.

25 (7) (a) Effective August 1, 1998, the provisions of subsections (1) to (4) of this
26 section shall no longer apply to a retired member who is reemployed in a
27 position covered by the same retirement system from which the member

1 retired. Reemployed retired members shall be treated as new members upon
2 reemployment. Any retired member whose reemployment date preceded
3 August 1, 1998, who does not elect, within sixty (60) days of notification by
4 the retirement systems, to remain under the provisions of subsections (1) to
5 (4) of this section shall be deemed to have elected to participate under this
6 subsection.

7 (b) A retired member whose disability retirement was discontinued pursuant to
8 KRS 61.615 and who is reemployed in one (1) of the systems administered by
9 the Kentucky Retirement Systems or County Employees Retirement System
10 prior to his or her normal retirement date shall have his or her accounts
11 combined upon termination for determining eligibility for benefits. If the
12 member is eligible for retirement, the member's service and creditable
13 compensation earned as a result of his or her reemployment shall be used in
14 the calculation of benefits, except that the member's final compensation shall
15 not be less than the final compensation last used in determining his or her
16 retirement allowance. The member shall not change beneficiary or payment
17 option designations. This provision shall apply to members reemployed on or
18 after August 1, 1998.

19 (8) If a retired member accepts employment or begins serving as a volunteer with an
20 employer participating in the systems administered by Kentucky Retirement
21 Systems or County Employees Retirement System within twelve (12) months of his
22 or her retirement date, the retired member shall notify the Authority and the
23 participating employer shall submit the information required or requested by the
24 Authority to confirm the individual's employment or volunteer status. The retired
25 member shall not be required to notify the Authority regarding any employment or
26 volunteer service with a participating agency that is accepted after twelve (12)
27 months following his or her retirement date.

- 1 (9) If the retired member is under a contract to provide services as an independent
2 contractor or leased employee to an employer participating in the systems
3 administered by Kentucky Retirement Systems or County Employees Retirement
4 System within twelve (12) months of his or her retirement date, the member shall
5 submit a copy of that contract to the Authority, and the Authority shall determine if
6 the member is an independent contractor or leased employee for purposes of
7 retirement benefits. The retired member and the participating employer shall submit
8 the information required or requested by the Authority to confirm the individual's
9 status as an independent contractor or leased employee. The retired member shall
10 not be required to notify the Authority regarding any services entered into as an
11 independent contractor or leased employee with a participating agency that the
12 employee enters into after twelve (12) months following his or her retirement date.
- 13 (10) If a member is receiving a retirement allowance, or has filed the forms required for
14 a retirement allowance, and is employed within one (1) month of the member's
15 initial retirement date in a position that is required to participate in the same
16 retirement system from which the member retired, the member's retirement shall be
17 voided and the member shall repay to the retirement system all benefits received.
18 The member shall contribute to the member account established for him or her prior
19 to his or her voided retirement. The retirement allowance for which the member
20 shall be eligible upon retirement shall be determined by total service and creditable
21 compensation.
- 22 (11) (a) If a member of the Kentucky Employees Retirement System retires from a
23 department which participates in more than one (1) retirement system and is
24 reemployed within one (1) month of his or her initial retirement date by the
25 same department in a position participating in another retirement system, the
26 retired member's retirement allowance shall be suspended for the first month
27 of his or her retirement, and the member shall repay to the retirement system

1 all benefits received for the month.

2 (b) A retired member of the County Employees Retirement System who after
3 initial retirement is hired by the county from which the member retired shall
4 be considered to have been hired by the same employer.

5 (12) (a) If a hazardous member who retired prior to age fifty-five (55), or a
6 nonhazardous member who retired prior to age sixty-five (65), is reemployed
7 within six (6) months of the member's termination by the same employer, the
8 member shall obtain from his or her previous and current employers a copy of
9 the job description established by the employers for the position and a
10 statement of the duties performed by the member for the position from which
11 he or she retired and for the position in which he or she has been reemployed.

12 (b) The job descriptions and statements of duties shall be filed with the retirement
13 office.

14 (13) If the retirement system determines that the retired member has been employed in a
15 position with the same principal duties as the position from which the member
16 retired:

17 (a) The member's retirement allowance shall be suspended during the period that
18 begins on the month in which the member is reemployed and ends six (6)
19 months after the member's termination;

20 (b) The retired member shall repay to the retirement system all benefits paid from
21 systems administered by Kentucky Retirement Systems or County Employees
22 Retirement System under reciprocity, including medical insurance benefits,
23 that the member received after reemployment began;

24 (c) Upon termination, or subsequent to expiration of the six (6) month period
25 from the date of termination, the retired member's retirement allowance based
26 on his or her initial retirement account shall no longer be suspended, and the
27 member shall receive the amount to which he or she is entitled, including an

1 increase as provided by KRS 61.691;

2 (d) Except as provided in subsection (7) of this section, if the position in which a
3 retired member is employed after initial retirement is a regular full-time
4 position, the retired member shall contribute to a second member account
5 established for him or her in the retirement system. Service credit gained after
6 the member's date of reemployment shall be credited to the second member
7 account; and

8 (e) Upon termination, the retired member shall be entitled to benefits payable
9 from his or her second retirement account.

10 (14) (a) If the retirement system determines that the retired member has not been
11 reemployed in a position with the same principal duties as the position from
12 which he or she retired, the retired member shall continue to receive his or her
13 retirement allowance.

14 (b) If the position is a regular full-time position, the member shall contribute to a
15 second member account in the retirement system.

16 (15) (a) If a retired member is reemployed at least one (1) month after initial
17 retirement in a different position, or at least six (6) months after initial
18 retirement in the same position, and prior to normal retirement age, the retired
19 member shall contribute to a second member account in the retirement system
20 and continue to receive a retirement allowance from the first member account.

21 (b) Service credit gained after reemployment shall be credited to the second
22 member account. Upon termination, the retired member shall be entitled to
23 benefits payable from the second member account.

24 (16) A retired member who is reemployed and contributing to a second member account
25 shall not be eligible to purchase service credit under any of the provisions of KRS
26 16.505 to 16.652, 61.510 to 61.705, or 78.510 to 78.852 which he or she was
27 eligible to purchase prior to his or her initial retirement.

1 (17) Notwithstanding any provision of subsections (1) to (7)(a) and (10) to (15) of this
2 section, the following shall apply to retired members who are reemployed by an
3 agency participating in one (1) of the systems administered by Kentucky
4 Retirement Systems or County Employees Retirement System on or after
5 September 1, 2008:

6 (a) If a member is receiving a retirement allowance from one (1) of the systems
7 administered by Kentucky Retirement Systems or County Employees
8 Retirement System, or has filed the forms required to receive a retirement
9 allowance from one (1) of the systems administered by Kentucky Retirement
10 Systems or County Employees Retirement System, and is employed in a
11 regular full-time position required to participate in one (1) of the systems
12 administered by Kentucky Retirement Systems or County Employees
13 Retirement System or is employed in a position that is not considered regular
14 full-time with an agency participating in one (1) of the systems administered
15 by Kentucky Retirement Systems or County Employees Retirement System
16 within one (1) month following the member's initial retirement date, the
17 member's retirement shall be voided, and the member shall repay to the
18 retirement system all benefits received, including any health insurance
19 benefits. If the member is returning to work in a regular full-time position
20 required to participate in one (1) of the systems administered by Kentucky
21 Retirement Systems:

- 22 1. The member shall contribute to a member account established for him or
23 her in one (1) of the systems administered by Kentucky Retirement
24 Systems or County Employees Retirement System, and employer
25 contributions shall be paid on behalf of the member by the participating
26 employer; and
- 27 2. Upon subsequent retirement, the member shall be eligible for a

1 retirement allowance based upon total service and creditable
2 compensation, including any additional service or creditable
3 compensation earned after his or her initial retirement was voided;

4 (b) If a member is receiving a retirement allowance from one (1) of the systems
5 administered by Kentucky Retirement Systems or County Employees
6 Retirement System and is employed in a regular full-time position required to
7 participate in one (1) of the systems administered by Kentucky Retirement
8 Systems or County Employees Retirement System after a one (1) month
9 period following the member's initial retirement date, the member may
10 continue to receive his or her retirement allowance during the period of
11 reemployment subject to the following provisions:

12 1. If a member is reemployed by a participating agency within twelve (12)
13 months of the member's retirement date, the participating agency shall
14 certify in writing on a form prescribed by the Authority that no
15 prearranged agreement existed between the employee and agency prior
16 to the employee's retirement for the employee to return to work with the
17 participating agency. If an elected official is reelected to a new term of
18 office in the same position as the elected official held prior to retirement
19 and takes office within twelve (12) months of his or her retirement date,
20 he or she shall be deemed by the Authority as having a prearranged
21 agreement under the provisions of this subparagraph and shall have his
22 or her retirement voided. If the participating agency fails to complete the
23 certification, the member's retirement shall be voided and the provisions
24 of paragraph (a) of this subsection shall apply to the member and the
25 employer. Employment that is accepted by the retired member after
26 twelve (12) months following the member's retirement date shall not
27 constitute a prearranged agreement under this paragraph;

- 1 2. Notwithstanding any other provision of KRS Chapter 16, 61, or 78 to
2 the contrary, the member shall not contribute to the systems and shall
3 not earn any additional benefits for any work performed during the
4 period of reemployment;
- 5 3. Except as provided by KRS 70.291 to 70.293, 95.022, Section 1 of this
6 Act, and 164.952 and except for any retiree employed as a school
7 resource officer as defined by KRS 158.441 or as a Kentucky guardian
8 as defined by KRS 158.4431, the employer shall pay employer
9 contributions as specified by KRS 61.565, 61.702, and 78.635, as
10 applicable, on all creditable compensation earned by the employee
11 during the period of reemployment. The additional contributions paid
12 shall be used to reduce the unfunded actuarial liability of the systems;
13 and
- 14 4. Except as provided by KRS 70.291 to 70.293, 95.022, Section 1 of this
15 Act, and 164.952 and except for any retiree employed as a school
16 resource officer as defined by KRS 158.441 or as a Kentucky guardian
17 as defined by KRS 158.4431, the employer shall be required to
18 reimburse the systems for the cost of the health insurance premium paid
19 by the systems to provide coverage for the retiree, not to exceed the cost
20 of the single premium. Effective July 1, 2015, local school boards shall
21 not be required to pay the reimbursement required by this subparagraph
22 for retirees employed by the board for eighty (80) days or less during the
23 fiscal year. Effective August 1, 2024, the Department of Education shall
24 pay for the health reimbursements required by this subparagraph for a
25 retiree who participated in a hazardous position prior to July 1, 2003, in
26 one (1) of the systems administered by the Kentucky Retirement
27 Systems or the County Employees Retirement System, and who is

1 reemployed by a local school board;

2 (c) Notwithstanding paragraphs (a) and (b) of this subsection, a retired member
3 who qualifies as a volunteer for an employer participating in one (1) of the
4 systems administered by Kentucky Retirement Systems or County Employees
5 Retirement System and who is receiving reimbursement of actual expenses, a
6 nominal fee for his or her volunteer services, or both, shall not be considered
7 an employee of the participating employer and shall not be subject to
8 paragraphs (a) and (b) of this subsection if:

- 9 1. Prior to the retired member's most recent retirement date, he or she did
10 not receive creditable compensation from the participating employer in
11 which the retired member is performing volunteer services;
- 12 2. Any reimbursement or nominal fee received prior to the retired
13 member's most recent retirement date has not been credited as creditable
14 compensation to the member's account or utilized in the calculation of
15 the retired member's benefits;
- 16 3. The retired member has not purchased or received service credit under
17 any of the provisions of KRS 61.510 to 61.705 or 78.510 to 78.852 for
18 service with the participating employer for which the retired member is
19 performing volunteer services; and
- 20 4. Other than the status of volunteer, the retired member does not become
21 an employee, leased employee, or independent contractor of the
22 employer for which he or she is performing volunteer services for a
23 period of at least twelve (12) months following the retired member's
24 most recent retirement date.

25 If a retired member, who provided volunteer services with a participating
26 employer under this paragraph violates any provision of this paragraph, then
27 he or she shall be deemed an employee of the participating employer as of the

1 date he or she began providing volunteer services and both the retired member
2 and the participating employer shall be subject to paragraphs (a) and (b) of
3 this subsection for the period of volunteer service;

4 (d) Notwithstanding any provision of this section, any mayor or member of a city
5 legislative body shall not be required to resign from his or her position as
6 mayor or as a member of the city legislative body in order to begin drawing
7 benefits from the systems administered by Kentucky Retirement Systems or
8 subject to any provision of this section as it relates solely to his or her service
9 as a mayor or member of the city legislative body if the mayor or member of a
10 city legislative body:

11 1. Has not participated in the County Employees Retirement System prior
12 to retirement, but is otherwise eligible to retire from the Kentucky
13 Employees Retirement System or the State Police Retirement System; or
14 2. Has been or is participating in the County Employees Retirement
15 System and is at least sixty-two (62) years of age. If a mayor or member
16 of a city legislative body who is at least sixty-two (62) years of age
17 retires from the systems administered by Kentucky Retirement Systems
18 but remains in office after his or her effective retirement date, the mayor
19 or member of the city legislative body shall not accrue any further
20 service credit or benefits in the systems administered by Kentucky
21 Retirement Systems for any employment occurring on or after the
22 effective retirement date;

23 (e) Notwithstanding any provision of this section, any current or future part-time
24 adjunct instructor for the Kentucky Fire Commission who has not participated
25 in the Kentucky Employees Retirement System prior to retirement, but who is
26 otherwise eligible to retire from the County Employees Retirement System,
27 shall not be:

- 1 1. Required to resign from his or her position as a part-time adjunct
2 instructor for the Kentucky Fire Commission in order to begin drawing
3 benefits from the County Employees Retirement System; or
- 4 2. Subject to any provision of this section as it relates solely to his or her
5 service as a part-time adjunct instructor for the Kentucky Fire
6 Commission;
- 7 (f) If a member is receiving a retirement allowance from any of the retirement
8 systems administered by the Kentucky Retirement Systems or County
9 Employees Retirement System and enters into a contract or becomes a leased
10 employee of an employer under contract with an employer participating in
11 one (1) of the systems administered by the Kentucky Retirement Systems or
12 County Employees Retirement System:
 - 13 1. At any time following retirement, if the Authority determines the
14 employment arrangement does qualify as an independent contractor or
15 leased employee, the member may continue to receive his or her
16 retirement allowance during the period of the contract;
 - 17 2. Within one (1) month following the member's initial retirement date, if
18 the Authority determines the employment arrangement does not qualify
19 as an independent contractor or leased employee, the member's
20 retirement shall be voided in accordance with paragraph (a) of this
21 subsection;
 - 22 3. After one (1) month but within twelve (12) months following the
23 member's initial retirement, if the Authority determines the employment
24 arrangement does not qualify as an independent contractor or leased
25 employee and that a prearranged agreement existed between the member
26 and the agency for the member to return to work with the agency, the
27 member's retirement shall be voided in accordance with paragraph (a) of

1 this subsection;

2 4. After a twelve (12) month period following the member's initial
3 retirement, the member may continue to receive his or her retirement
4 allowance during the period of the contract and the member shall not be
5 required to notify the system or submit any documentation for purposes
6 of this section to the system; and

7 5. After twelve (12) months or more following the retired member's
8 retirement date, the initiation of a contract or the initial date of the
9 leased employment of a retired member by a participating agency shall
10 not constitute a prearranged agreement under this subsection; and

11 (g) The Authority shall issue a final determination regarding a certification of the
12 absence of a prearranged agreement or the retired member's qualification as
13 an independent contractor or leased employee as required under this section
14 no later than thirty (30) days after the retired member and participating
15 employer provide all required forms and additional information required by
16 the Authority.

17 (18) The Authority shall promulgate administrative regulations to implement the
18 requirements of this section, including incorporating by reference board-prescribed
19 forms that a retired member and participating agency shall provide the systems
20 under subsections (8), (9), and (17) of this section.

21 ➔Section 3. KRS 61.702 is amended to read as follows:

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

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

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

- 1 2. Any health savings account as permitted by 26 U.S.C. sec. 223 or health
2 reimbursement arrangement or a similar account as may be permitted by
3 26 U.S.C. sec. 105 or 106. Such arrangement or account, at the board's
4 discretion, may reimburse any medical expense permissible under 26
5 U.S.C. sec. 213; or
- 6 3. A medical insurance reimbursement program established by the board
7 through the promulgation of administrative regulation under which
8 members purchase individual health insurance coverage through a health
9 insurance exchange established under 42 U.S.C. sec. 18031 or 18041;
- 10 (b) "Monthly contribution rate" is the amount determined by the board based
11 upon the requirements of subsection (4)(a) to (d) of this section, except that
12 for members who began participating in the system on or after July 1, 2003,
13 the term shall mean the amount determined in subsection (4)(e) of this
14 section; and
- 15 (c) "Months of service" means the total months of combined service used to
16 determine benefits under the system, except service added to determine
17 disability benefits or service otherwise prohibited from being used to
18 determine retiree health benefits under KRS 16.505 to 16.652 or 61.510 to
19 61.705 shall not be counted as "months of service." For current and former
20 employees of the Council on Postsecondary Education who were employed
21 prior to January 1, 1993, and who earn at least fifteen (15) years of service
22 credit in the Kentucky Employees Retirement System, "months of service"
23 shall also include vested service in another retirement system other than the
24 Kentucky Teachers' Retirement System sponsored by the Council on
25 Postsecondary Education.
- 26 (2) (a) 1. The board of trustees of the system shall arrange by appropriate contract
27 or on a self-insured basis to provide a group hospital and medical

1 insurance plan coverage for:

- 2 a. Present and future recipients of a retirement allowance from the
3 Kentucky Employees Retirement System and the State Police
4 Retirement System; and
5 b. The spouse and each qualified dependent of a recipient who is a
6 former member or the beneficiary, provided the spouse and
7 dependent meet the requirements to participate in the hospital and
8 medical insurance plans established, contracted, or authorized by
9 the system.

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

16 (b) 1. For present and future recipients of a retirement allowance from the
17 system who are not eligible for Medicare and for those recipients
18 described in subparagraph 3.b. of this paragraph, the board may
19 authorize these participants to be included in the Kentucky Employees
20 Health Plan as provided by KRS 18A.225 to 18A.2287 and shall provide
21 benefits for recipients in the plan equal to those provided to state
22 employees having the same Medicare hospital and medical insurance
23 eligibility status. Notwithstanding the provisions of any other statute
24 except subparagraph 3.b. of this paragraph, system recipients shall be
25 included in the same class as current state employees for purposes of
26 determining medical insurance policies and premiums in the Kentucky
27 Employees Health Plan as provided by KRS 18A.225 to 18A.2287.

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

1 shall provide a medical insurance reimbursement plan as described in
2 subsection (6) of this section.

3 (d) Notwithstanding anything in KRS Chapter 16 or 61 to the contrary, the board
4 of trustees, in its discretion, may take necessary steps to ensure compliance
5 with 42 U.S.C. sec.~~[secs.]~~ 300bb-1 et seq.

6 (3) (a) Each employer participating in the Kentucky Employees Retirement System
7 or the State Police Retirement System as provided in KRS 16.505 to 16.652 or
8 61.510 to 61.705 shall contribute to the insurance trust fund established under
9 KRS 61.701 the amount necessary to provide the monthly contribution rate as
10 provided for under this section. Such employer contribution rate shall be
11 developed by appropriate actuarial method as a part of the determination of
12 each respective employer contribution rate determined under KRS 61.565.

13 (b) 1. Each employer described in paragraph (a) of this subsection shall deduct
14 from the creditable compensation of each member whose membership
15 date begins on or after September 1, 2008, an amount equal to one
16 percent (1%) of the member's creditable compensation. The deducted
17 amounts shall, at the discretion of the board, be credited to accounts
18 established pursuant to 26 U.S.C. sec. 401(h), within the funds
19 established in KRS 16.510 and 61.515, or the insurance trust fund
20 established under KRS 61.701. Notwithstanding the provisions of this
21 paragraph, a transfer of assets between the accounts established pursuant
22 to 26 U.S.C. sec. 401(h), within the funds established in KRS 16.510
23 and 61.515, and the insurance trust fund established under KRS 61.701
24 shall not be allowed.

25 2. The employer shall file the contributions as provided by subparagraph 1.
26 of this paragraph at the retirement office in accordance with KRS
27 61.675. Any interest or penalties paid on any delinquent contributions

1 shall be credited to accounts established pursuant to 26 U.S.C. sec.
2 401(h), within the funds established in KRS 16.510 and 61.515, or the
3 insurance trust fund established under KRS 61.701. Notwithstanding
4 any minimum compensation requirements provided by law, the
5 deductions provided by this paragraph shall be made, and the
6 compensation of the member shall be reduced accordingly.

7 3. Each employer shall submit payroll reports, contributions lists, and other
8 data as may be required by administrative regulation promulgated by the
9 board of trustees in accordance with~~[pursuant to]~~ KRS Chapter 13A.

10 4. Every member shall be deemed to consent and agree to the deductions
11 made pursuant to this paragraph, and the payment of salary or
12 compensation less the deductions shall be a full and complete discharge
13 of all claims for services rendered by the person during the period
14 covered by the payment, except as to any benefits provided by KRS
15 16.505 to 16.652 or 61.510 to 61.705. No member may elect whether to
16 participate in, or choose the contribution amount to accounts established
17 pursuant to 26 U.S.C. sec. 401(h) within the funds established in KRS
18 16.510 and 61.515, or the insurance trust fund established under KRS
19 61.701. The member shall have no option to receive the contribution
20 required by this paragraph directly instead of having the contribution
21 paid to accounts established pursuant to 26 U.S.C. sec. 401(h) within the
22 funds established in KRS 16.510 and 61.515, or the insurance trust fund
23 established under KRS 61.701. No member may receive a rebate or
24 refund of contributions. If a member establishes a membership date
25 prior to September 1, 2008, pursuant to KRS 61.552(2) or (3), then this
26 paragraph shall not apply to the member and all contributions previously
27 deducted in accordance with this paragraph shall be refunded to the

1 member without interest. The contribution made pursuant to this
2 paragraph shall not act as a reduction or offset to any other contribution
3 required of a member or recipient under KRS 16.505 to 16.652 or
4 61.510 to 61.705.

5 5. The board of trustees, at its discretion, may direct that the contributions
6 required by this paragraph be accounted for within accounts established
7 pursuant to 26 U.S.C. sec. 401(h) within the funds established in KRS
8 16.510 and 61.515, or the insurance trust fund established under KRS
9 61.701, through the use of separate accounts.

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

- 13 1. The recipient of a retirement allowance, by payroll deduction from his
14 or her retirement allowance, or by other method;
- 15 2. The insurance trust fund established under KRS 61.701 or accounts
16 established pursuant to 26 U.S.C. sec. 401(h) within the funds
17 established in KRS 16.510 and 61.515;
- 18 3. Another state-administered retirement system, including the County
19 Employees Retirement System, under a reciprocal arrangement, except
20 that any portion of the premium paid from the funds specified by
21 subparagraph 2. of this paragraph under a reciprocal agreement shall not
22 exceed the amount that would be payable under this section if all the
23 member's service were in the systems administered by the Kentucky
24 Retirement Systems. If the board provides for cross-referencing of
25 insurance premiums, the employer's contribution for the working
26 member or spouse shall be applied toward the premium, and the
27 insurance trust fund established under KRS 61.701 or accounts

1 established pursuant to 26 U.S.C. sec. 401(h) within the funds
2 established in KRS 16.510 and 61.515 shall pay the balance; or

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

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

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

20 1. One hundred percent (100%) of the monthly premium for single
21 coverage shall be paid for a retired member who had two hundred forty
22 (240) months of service or more upon retirement or for a retired member
23 who when he or she was an employee became disabled as a direct result
24 of an act in line of duty as defined in KRS 16.505 or as a result of a
25 duty-related injury as defined in KRS 61.621;

26 2. Seventy-five percent (75%) of the monthly premium for single coverage
27 shall be paid for a retired member who had less than two hundred forty

- 1 (240) months of service but at least one hundred eighty (180) months of
2 service upon retirement, provided such retired member agrees to pay the
3 remaining twenty-five percent (25%) by payroll deduction from his or
4 her retirement allowance, electronic funds transfer, or by another
5 method;
- 6 3. Fifty percent (50%) of the monthly premium for single coverage shall be
7 paid for a retired member who had less than one hundred eighty (180)
8 months of service but had at least one hundred twenty (120) months of
9 service upon retirement, provided such retired member agrees to pay the
10 remaining fifty percent (50%) by payroll deduction from his or her
11 retirement allowance, electronic funds transfer, or by another method; or
- 12 4. Twenty-five percent (25%) of the monthly premium for single coverage
13 shall be paid for a retired member who had less than one hundred twenty
14 (120) months of service but had at least forty-eight (48) months of
15 service upon retirement, provided such retired member agrees to pay the
16 remaining seventy-five percent (75%) by payroll deduction from his or
17 her retirement allowance, electronic funds transfer, or by another
18 method.
- 19 (c) Notwithstanding paragraph (b) of this subsection, for a member participating
20 in the system prior to July 1, 2003, who:
- 21 1. Dies as a direct result of an act in line of duty as defined in KRS 16.505
22 or dies as a result of a duty-related injury as defined in KRS 61.621, the
23 monthly premium shall be paid for his or her spouse so long as the
24 spouse remains eligible for a monthly retirement benefit;
- 25 2. Becomes totally and permanently disabled as defined in KRS 16.582 as
26 a direct result of an act in line of duty as defined in KRS 16.505 or
27 becomes disabled as a result of a duty-related injury as defined in KRS

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

1 based solely on the member's service in a hazardous position using the
2 formula in paragraph (b) of this subsection.

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

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

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

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

21 b. For members with service in a hazardous position or who
22 participate in the State Police Retirement System, a monthly
23 insurance contribution of fifteen dollars (\$15) for each year of
24 service as a participating employee in a hazardous position or the
25 State Police Retirement System; and

26 c. Upon the death of the retired member, the beneficiary, if the
27 beneficiary is the member's spouse, shall be entitled to a monthly

1 insurance contribution of ten dollars (\$10) for each year of service
2 the member attained as a participating employee in a hazardous
3 position.

4 3. The minimum service requirement to participate in benefits as provided
5 by subparagraph 1. of this paragraph shall be waived for a member who
6 receives a satisfactory determination of a hazardous disability that is a
7 direct result of an act in line of duty as defined in KRS 16.505, and the
8 member shall be entitled to the benefits payable under this subsection as
9 though the member had twenty (20) years of service in a hazardous
10 position.

11 4. The minimum service required to participate in benefits as provided by
12 subparagraph 1. of this paragraph shall be waived for a member who is
13 disabled as a result of a duty-related injury as defined in KRS 61.621
14 and is eligible for the benefits provided by KRS 61.621(5)(b), and the
15 member shall be entitled to the benefits payable under this subsection as
16 though the member had twenty (20) years of service in a nonhazardous
17 position.

18 5. Notwithstanding the provisions of this paragraph, the minimum service
19 requirement to participate in benefits as provided by subparagraph 1. of
20 this paragraph shall be waived for a for a member who dies as a direct
21 result of an act in line of duty as defined in KRS 16.505, who becomes
22 totally and permanently disabled as defined in KRS 16.582 as a direct
23 result of an act in line of duty as defined in KRS 16.505, who dies as a
24 result of a duty-related injury as defined in KRS 61.621, or who
25 becomes disabled as a result of a duty-related injury as defined in KRS
26 61.621 and is eligible for the benefits provided by KRS 61.621(5)(a),
27 and the premium for the member, the member's spouse, and for each

1 dependent child as defined in KRS 16.505 shall be paid in full by the
2 systems so long as the member, member's spouse, or dependent child
3 individually remains eligible for a monthly retirement benefit.

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

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

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

16 i. The additional insurance contribution provided by this
17 subdivision shall only be applied to the monthly contribution
18 amounts provided under subparagraph 2.a. and b. of this
19 paragraph;

20 ii. The additional insurance contribution provided by this
21 subdivision shall only be payable towards the health plans
22 offered by the system to retirees who are not eligible for
23 Medicare or for reimbursements provided to retirees not
24 eligible for Medicare pursuant to subsection (6)(a)2. of this
25 section; and

26 iii. In order for the annual increase to occur as provided by this
27 subdivision, the funding level of retiree health benefits for

1 the system in which the employee is receiving the additional
2 insurance contribution shall be at least ninety percent (90%)
3 as of the most recent actuarial valuation and be projected by
4 the actuary to remain ninety percent (90%) for the year in
5 which the increase is provided.

6 7. The benefits of this paragraph provided to a member whose participation
7 begins on or after July 1, 2003, shall not be considered as benefits
8 protected by the inviolable contract provisions of KRS 16.652 or
9 61.692. The General Assembly reserves the right to suspend or reduce
10 the benefits conferred in this paragraph if in its judgment the welfare of
11 the Commonwealth so demands.

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

18 9. As used in~~[For purposes of]~~ this paragraph:

- 19 a. "Career threshold" for a member with service in a nonhazardous
20 position means twenty-seven (27) years of service credited under
21 KRS 16.543(1), 61.543(1), 78.615(1), or another state-
22 administered retirement system and for a member with service in a
23 hazardous position means the service requirements specified by
24 KRS 16.577(2) or (3) or 16.583(6)(b), as applicable; and
25 b. "Funding level" means the actuarial value of assets divided by the
26 actuarially accrued liability expressed as a percentage that is
27 determined and reported by the system's actuary in the annual

1 actuarial valuation.

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

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

- 1 (5) Premiums paid for hospital and medical insurance coverage procured under
2 authority of this section shall be exempt from any premium tax which might
3 otherwise be required under KRS Chapter 136. The payment of premiums by the
4 funds described by subsection (4)(a)2. of this section shall not constitute taxable
5 income to an insured recipient. No commission shall be paid for hospital and
6 medical insurance procured under authority of this section.
- 7 (6) (a) The board shall promulgate an administrative regulation to establish a medical
8 insurance reimbursement plan to provide reimbursement for hospital and
9 medical insurance plan premiums of recipients of a retirement allowance who:
- 10 1. Are not eligible for the same level of hospital and medical benefits as
11 recipients living in Kentucky and having the same Medicare hospital
12 and medical insurance eligibility status; or
- 13 2. Are eligible for retiree health subsidies as provided by subsection (4)(e)
14 of this section, except for those recipients eligible for full premium
15 subsidies under subsection (4)(e)5. of this section. The reimbursement
16 program as provided by this subparagraph shall be available to the
17 recipient regardless of the hospital and medical insurance plans offered
18 by the systems.
- 19 (b) An eligible recipient shall file proof of payment for hospital and medical
20 insurance plan coverage with the retirement office. Reimbursement to eligible
21 recipients shall be made on a quarterly basis. The recipient shall be eligible
22 for reimbursement of substantiated medical insurance premiums for an
23 amount not to exceed the total monthly contribution rate determined under
24 subsection (4) of this section.
- 25 (c) For purposes of recipients described by paragraph (a)1. of this subsection, the
26 plan shall not be made available if all recipients are eligible for the same
27 coverage as recipients living in Kentucky.

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

2 (1) As used in~~[For purposes of]~~ this section:

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

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

8 2. Any health savings account as permitted by 26 U.S.C. sec. 223 or health
9 reimbursement arrangement or a similar account as may be permitted by
10 26 U.S.C. sec. 105 or 106. Such arrangement or account, at the board's
11 discretion, may reimburse any medical expense permissible under 26
12 U.S.C. sec. 213; or

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

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

22 (c) "Months of service" shall mean the total months of combined service used to
23 determine benefits under the system, except service added to determine
24 disability benefits or service otherwise prohibited from being used to
25 determine retiree health benefits under KRS 78.510 to 78.852 shall not be
26 counted as "months of service."

27 (2) (a) 1. The board of trustees of the system shall arrange by appropriate contract

1 or on a self-insured basis to provide a group hospital and medical
2 insurance plan coverage for:

- 3 a. Present and future recipients of a retirement allowance from the
4 County Employees Retirement System; and
5 b. The spouse and each qualified dependent of a recipient who is a
6 former member or the beneficiary, provided the spouse and
7 dependent meet the requirements to participate in the hospital and
8 medical insurance plans established, contracted, or authorized by
9 the system.

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

16 (b) 1. For present and future recipients of a retirement allowance from the
17 system who are not eligible for Medicare and for those recipients
18 described in subparagraph 3.b. of this paragraph, the board may
19 authorize these participants to be included in the Kentucky Employees
20 Health Plan as provided by KRS 18A.225 to 18A.2287 and shall provide
21 benefits for recipients in the plan equal to those provided to state
22 employees having the same Medicare hospital and medical insurance
23 eligibility status. Notwithstanding the provisions of any other statute
24 except subparagraph 3.b. of this paragraph, system recipients shall be
25 included in the same class as current state employees for purposes of
26 determining medical insurance policies and premiums in the Kentucky
27 Employees Health Plan as provided by KRS 18A.225 to 18A.2287.

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

1 shall provide a medical insurance reimbursement plan as described in
2 subsection (6) of this section.

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

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

13 (b) 1. Each employer described in paragraph (a) of this subsection shall deduct
14 from the creditable compensation of each member whose membership
15 date begins on or after July 1, 2003, and who is subject to the benefits
16 provided under subsection (4)(e) of this section, an amount equal to one
17 percent (1%) of the member's creditable compensation if the member is
18 participating in a nonhazardous position and two percent (2%) of the
19 member's creditable compensation if the member is participating in a
20 hazardous position. The deducted amounts shall, at the discretion of the
21 board, be credited to accounts established pursuant to 26 U.S.C. sec.
22 401(h), within the funds established in KRS 78.520, or the insurance
23 trust fund established under KRS 61.701. Notwithstanding the
24 provisions of this paragraph, a transfer of assets between the accounts
25 established pursuant to 26 U.S.C. sec. 401(h), within the funds
26 established in KRS 78.520, and the insurance trust fund established
27 under KRS 61.701 shall not be allowed.

- 1 2. The employer shall file the contributions as provided by subparagraph 1.
2 of this paragraph at the retirement office in accordance with KRS
3 78.625. Any interest or penalties paid on any delinquent contributions
4 shall be credited to accounts established pursuant to 26 U.S.C. sec.
5 401(h), within the funds established in KRS 78.520, or the insurance
6 trust fund established under KRS 61.701. Notwithstanding any
7 minimum compensation requirements provided by law, the deductions
8 provided by this paragraph shall be made, and the compensation of the
9 member shall be reduced accordingly.
- 10 3. Each employer shall submit payroll reports, contributions lists, and other
11 data as may be required by administrative regulation promulgated by the
12 board of trustees in accordance with~~[pursuant to]~~ KRS Chapter 13A.
- 13 4. Every member shall be deemed to consent and agree to the deductions
14 made pursuant to this paragraph, and the payment of salary or
15 compensation less the deductions shall be a full and complete discharge
16 of all claims for services rendered by the person during the period
17 covered by the payment, except as to any benefits provided by KRS
18 78.510 to 78.852. No member may elect whether to participate in, or
19 choose the contribution amount to accounts established pursuant to 26
20 U.S.C. sec. 401(h) within the funds established in KRS 78.520, or the
21 insurance trust fund established under KRS 61.701. The member shall
22 have no option to receive the contribution required by this paragraph
23 directly instead of having the contribution paid to accounts established
24 pursuant to 26 U.S.C. sec. 401(h) within the funds established in KRS
25 78.520, or the insurance trust fund established under KRS 61.701. No
26 member may receive a rebate or refund of contributions. If a member
27 establishes a membership date prior to July 1, 2003, pursuant to KRS

1 61.552(2) or (3) or who is subject to the benefits provided under
2 subsection (4)(b) or (d) of this section, then this paragraph shall not
3 apply to the member and all contributions previously deducted in
4 accordance with this paragraph shall be refunded to the member without
5 interest. The contribution made pursuant to this paragraph shall not act
6 as a reduction or offset to any other contribution required of a member
7 or recipient under KRS 78.510 to 78.852.

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

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

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

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

22 3. Another state-administered retirement system, including the systems
23 administered by Kentucky Retirement Systems, under a reciprocal
24 arrangement, except that any portion of the premium paid from the
25 funds specified by subparagraph 2. of this paragraph under a reciprocal
26 agreement shall not exceed the amount that would be payable under this
27 section if all the member's service were in the County Employees

1 Retirement System. If the board provides for cross-referencing of
2 insurance premiums, the employer's contribution for the working
3 member or spouse shall be applied toward the premium, and the
4 insurance trust fund established under KRS 61.701 or accounts
5 established pursuant to 26 U.S.C. sec. 401(h) within the funds
6 established in KRS 78.520, shall pay the balance; or

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

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

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

- 24 1. One hundred percent (100%) of the monthly premium for single
25 coverage shall be paid for a retired member who had two hundred forty
26 (240) months of service or more upon retirement or for a retired member
27 who when he or she was an employee was disabled as a direct result of

1 an act in line of duty as defined in KRS 78.510(48) or as a result of a
2 duty-related injury as defined in KRS 61.621;

3 2. Seventy-five percent (75%) of the monthly premium for single coverage
4 shall be paid for a retired member who had less than two hundred forty
5 (240) months of service but at least one hundred eighty (180) months of
6 service upon retirement, provided such retired member agrees to pay the
7 remaining twenty-five percent (25%) by payroll deduction from his or
8 her retirement allowance, electronic funds transfer, or by another
9 method;

10 3. Fifty percent (50%) of the monthly premium for single coverage shall be
11 paid for a retired member who had less than one hundred eighty (180)
12 months of service but had at least one hundred twenty (120) months of
13 service upon retirement, provided such retired member agrees to pay the
14 remaining fifty percent (50%) by payroll deduction from his or her
15 retirement allowance, electronic funds transfer, or by another method; or

16 4. Twenty-five percent (25%) of the monthly premium for single coverage
17 shall be paid for a retired member who had less than one hundred twenty
18 (120) months of service but had at least forty-eight (48) months of
19 service upon retirement, provided such retired member agrees to pay the
20 remaining seventy-five percent (75%) by payroll deduction from his or
21 her retirement allowance, electronic funds transfer, or by another
22 method.

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

25 1. Dies as a direct result of an act in line of duty as defined in KRS 78.510
26 or dies as a result of a duty-related injury as defined in KRS 61.621, the
27 monthly premium shall be paid for his or her spouse so long as the

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

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

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

- 15 1. Participation in the insurance benefits provided under this section shall
16 not be allowed until the member has earned at least one hundred twenty
17 (120) months of service in the state-administered retirement systems,
18 except that for members who begin participating in the system on or
19 after September 1, 2008, participation in the insurance benefits provided
20 under this section shall not be allowed until the member has earned at
21 least one hundred eighty (180) months of service credited under KRS
22 78.615(1) or another state-administered retirement system;
- 23 2. A member who meets the minimum service requirements as provided by
24 subparagraph 1. of this paragraph shall upon retirement be eligible for
25 the following monthly contribution rate to be paid on his or her behalf,
26 or on behalf of the spouse or dependent of a member with service in a
27 hazardous position, from the funds specified under paragraph (a)2. of

1 this subsection:

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

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

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

23 d. For members with service in a hazardous position who meet the
24 career threshold, a monthly insurance contribution towards the
25 health plans offered to retirees who are not eligible for Medicare
26 of fifty dollars (\$50) for each year of service as a participating
27 employee in a hazardous position and a monthly insurance

1 contribution towards the health plans offered to retirees who are
2 eligible for Medicare of fifteen dollars (\$15) for each year of
3 service as a participating employee in a hazardous position. The
4 monthly insurance contribution payable to retirees eligible for
5 Medicare under this subdivision shall be adjusted as necessary so
6 that it is equivalent to the monthly contribution amount computed
7 under subdivision c. of this subparagraph as adjusted by
8 subparagraph 6.a. of this paragraph; and

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

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

21 4. The minimum service required to participate in benefits as provided by
22 subparagraph 1. of this paragraph shall be waived for a member who is
23 disabled as a result of a duty-related injury as defined in KRS 61.621
24 and is eligible for the benefits provided by KRS 61.621(5)(b), and the
25 member shall be entitled to the benefits payable under this subsection as
26 though the member had twenty (20) years of service in a nonhazardous
27 position;

- 1 5. Notwithstanding the provisions of this paragraph, the minimum service
2 requirement to participate in benefits as provided by subparagraph 1. of
3 this paragraph shall be waived for a member who dies as a direct result
4 of an act in line of duty as defined in KRS 78.510(48), who becomes
5 totally and permanently disabled as defined in KRS 78.5524 as a direct
6 result of an act in line of duty as defined in KRS 78.510, who dies as a
7 result of a duty-related injury as defined in KRS 61.621, or who
8 becomes disabled as a result of a duty-related injury as defined in KRS
9 61.621 and is eligible for the benefits provided by KRS 61.621(5)(a),
10 and the premium for the member, the member's spouse, and for each
11 dependent child as defined in KRS 78.510 shall be paid in full by the
12 systems so long as the member, member's spouse, or dependent child
13 individually remains eligible for a monthly retirement 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.b. and d. 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 78.852. The
19 General Assembly reserves the right to suspend or reduce the benefits
20 conferred in this paragraph if in its judgment the welfare of the
21 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 Kentucky Retirement Systems shall not
25 be eligible for health insurance coverage or benefits provided by this
26 section and shall take coverage with his or her employing agency during
27 the period of reemployment in a regular full-time position; and

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 78.5514(2)(a)2. or (3)(b), or 78.5516(6)(b), as applicable;
8 and

9 b. "Funding level" means the actuarial value of assets divided by the
10 actuarially accrued liability expressed as a percentage that is
11 determined and reported by the system's actuary in the annual
12 actuarial valuation.

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

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

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

1 recipient regardless of the hospital and medical insurance plans offered
2 by the systems.

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

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

18 ➔Section 5. KRS 78.5540 is amended to read as follows:

19 (1) A retired member whose disability retirement was discontinued pursuant to KRS
20 78.5528 and who is reemployed by an employer participating in the system or the
21 Kentucky Retirement Systems prior to his or her normal retirement date shall have
22 his or her accounts combined upon termination for determining eligibility for
23 benefits. If the member is eligible for retirement, the member's service and
24 creditable compensation earned as a result of his or her reemployment shall be used
25 in the calculation of benefits, except that the member's final compensation shall not
26 be less than the final compensation last used in determining his or her retirement
27 allowance. The member shall not change beneficiary or payment option

1 designations.

2 (2) (a) If a retired member accepts employment or begins serving as a volunteer with
3 an employer participating in the systems administered by Kentucky
4 Retirement Systems or the County Employees Retirement System within
5 twelve (12) months of his or her retirement date, the retired member shall
6 notify the Authority and the participating employer shall submit the
7 information required or requested by the Authority to confirm the individual's
8 employment or volunteer status. The retired member shall not be required to
9 notify the Authority regarding any employment or volunteer service with a
10 participating agency that is accepted after twelve (12) months following his or
11 her retirement date.

12 (b) If the retired member is under a contract to provide services as an independent
13 contractor or leased employee to an employer participating in the systems
14 administered by Kentucky Retirement Systems or the County Employees
15 Retirement System within twelve (12) months of his or her retirement date,
16 the member shall submit a copy of that contract to the Authority, and the
17 Authority shall determine if the member is an independent contractor or
18 leased employee for purposes of retirement benefits. The retired member and
19 the participating employer shall submit the information required or requested
20 by the Authority to confirm the individual's status as an independent
21 contractor or leased employee. The retired member shall not be required to
22 notify the Authority regarding any services entered into as an independent
23 contractor or leased employee with a participating agency that the employee
24 enters into after twelve (12) months following his or her retirement date.

25 (3) Retired members of the County Employees Retirement System who returned to
26 work with an employer that participates in the County Employees Retirement
27 System or Kentucky Retirement Systems prior to September 1, 2008, shall be

1 governed by the provisions of KRS 61.637(1) to (16).

2 (4) The following shall apply to retired members of the County Employees Retirement
3 System who are reemployed on or after September 1, 2008, by an agency
4 participating in the systems administered by the County Employees Retirement
5 System or the Kentucky Retirement Systems:

6 (a) If a retired member is receiving a retirement allowance from the County
7 Employees Retirement System, or has filed the forms required to receive a
8 retirement allowance from the County Employees Retirement System, and is
9 employed in a regular full-time position required to participate in the County
10 Employees Retirement System or one (1) of the systems administered by the
11 Kentucky Retirement Systems or is employed in a position that is not
12 considered regular full-time with an employer participating in the County
13 Employees Retirement System or in one (1) of the systems administered by
14 the Kentucky Retirement Systems within one (1) month following the
15 member's initial retirement date, the member's retirement shall be voided, and
16 the member shall repay to the system all benefits received, including any
17 health insurance benefits. If the retired member is returning to work in a
18 regular full-time position required to participate in the County Employees
19 Retirement System:

- 20 1. The member shall contribute to a member account established for him or
21 her in the County Employees Retirement System or in one (1) of the
22 systems administered by the Kentucky Retirement Systems, and
23 employer contributions shall be paid on behalf of the member by the
24 participating employer to the system; and
- 25 2. Upon subsequent retirement, the member shall be eligible for a
26 retirement allowance based upon total service and creditable
27 compensation, including any additional service or creditable

1 compensation earned after his or her initial retirement was voided;

2 (b) If a retired member is receiving a retirement allowance from the County
3 Employees Retirement System and is employed in a regular full-time position
4 required to participate in the County Employees Retirement System or in one
5 (1) of the systems administered by the Kentucky Retirement Systems after a
6 one (1) month period following the member's initial retirement date, the
7 member may continue to receive his or her retirement allowance during the
8 period of reemployment subject to the following provisions:

9 1. If a member is reemployed by a participating employer within twelve
10 (12) months of the member's retirement date, the participating employer
11 shall certify in writing on a form prescribed by the Authority that no
12 prearranged agreement existed between the employee and employer
13 prior to the employee's retirement for the employee to return to work
14 with the participating employer. If the participating employer fails to
15 complete the certification or the Authority determines a prearranged
16 agreement exists, the member's retirement shall be voided and the
17 provisions of paragraph (a) of this subsection shall apply to the member
18 and the employer. For purposes of this paragraph:

19 a. If an elected official is reelected to a new term of office in the
20 same position as the elected official held prior to retirement and
21 takes office within twelve (12) months of his or her retirement
22 date, he or she shall be deemed by the Authority as having a
23 prearranged agreement; and

24 b. Employment that is accepted by the retired member after twelve
25 (12) months following the member's retirement date shall not
26 constitute a prearranged agreement under this paragraph;

27 2. Notwithstanding any other provision of KRS Chapter 78 to the contrary,

1 the member shall not contribute to the system and shall not earn any
2 additional benefits for any work performed during the period of
3 reemployment;

4 3. Except as provided by KRS 70.291 to 70.293, 95.022, Section 1 of this
5 Act, and 164.952 and except for any retiree employed as a school
6 resource officer as defined by KRS 158.441 or as a Kentucky guardian
7 as defined by KRS 158.4431, the employer shall pay employer
8 contributions as specified by KRS 78.5536 and 78.635 on all creditable
9 compensation earned by the employee during the period of
10 reemployment. The additional contributions paid shall be used to reduce
11 the unfunded actuarial liability of the system; and

12 4. Except as provided by KRS 70.291 to 70.293, 95.022, Section 1 of this
13 Act, and 164.952 and except for any retiree employed as a school
14 resource officer as defined by KRS 158.441 or as a Kentucky guardian
15 as defined by KRS 158.4431, the employer shall be required to
16 reimburse the system for the cost of the health insurance premium paid
17 by the system to provide coverage for the retiree, not to exceed the cost
18 of the single premium. Effective July 1, 2015, local school boards shall
19 not be required to pay the reimbursement required by this subparagraph
20 for retirees employed by the board for eighty (80) days or less during the
21 fiscal year. Effective August 1, 2024, the Department of Education shall
22 pay for the health reimbursements required by this subparagraph for a
23 retiree who participated in a hazardous position prior to July 1, 2003, in
24 the County Employees Retirement System or in one (1) of the systems
25 administered by the Kentucky Retirement Systems, and who is
26 reemployed by a local school board;

27 (c) Notwithstanding paragraphs (a) and (b) of this subsection, a retired member

1 who qualifies as a volunteer for an employer participating in the County
2 Employees Retirement System or the Kentucky Retirement Systems and who
3 is receiving reimbursement of actual expenses, a nominal fee for his or her
4 volunteer services, or both, shall not be considered an employee of the
5 participating employer and shall not be subject to paragraphs (a) and (b) of
6 this subsection if:

- 7 1. Prior to the retired member's most recent retirement date, he or she did
8 not receive creditable compensation from the participating employer in
9 which the retired member is performing volunteer services;
- 10 2. Any reimbursement or nominal fee received prior to the retired
11 member's most recent retirement date has not been credited as creditable
12 compensation to the member's account or utilized in the calculation of
13 the retired member's benefits;
- 14 3. The retired member has not purchased or received service credit under
15 any of the provisions of KRS 78.510 to 78.852 for service with the
16 participating employer for which the retired member is performing
17 volunteer services; and
- 18 4. Other than the status of volunteer, the retired member does not become
19 an employee, leased employee, or independent contractor of the
20 employer for which he or she is performing volunteer services for a
21 period of at least twelve (12) months following the retired member's
22 most recent retirement date.

23 If a retired member, who provided volunteer services with a participating
24 employer under this paragraph violates any provision of this paragraph, then
25 he or she shall be deemed an employee of the participating employer as of the
26 date he or she began providing volunteer services and both the retired member
27 and the participating employer shall be subject to paragraphs (a) and (b) of

1 this subsection for the period of volunteer service;

2 (d) Notwithstanding any provision of this section, any mayor or member of a city
3 legislative body shall not be required to resign from his or her position as
4 mayor or as a member of the city legislative body in order to begin drawing
5 benefits from the systems administered by the Kentucky Retirement Systems
6 or the County Employees Retirement System or subject to any provision of
7 this section as it relates solely to his or her service as a mayor or member of
8 the city legislative body, if the mayor or member of a city legislative body:

- 9 1. Has not participated in the County Employees Retirement System prior
10 to retirement, but is otherwise eligible to retire from the Kentucky
11 Employees Retirement System or the State Police Retirement System; or
12 2. Has been or is participating in the County Employees Retirement
13 System and is at least sixty-two (62) years of age. If a mayor or member
14 of a city legislative body who is at least sixty-two (62) years of age
15 retires from the systems administered by Kentucky Retirement Systems
16 or the County Employees Retirement System but remains in office after
17 his or her effective retirement date, the mayor or member of the city
18 legislative body shall not accrue any further service credit or benefits in
19 the systems administered by Kentucky Retirement Systems or the
20 County Employees Retirement System for any employment occurring
21 on or after the effective retirement date;

22 (e) Notwithstanding any provision of this section, any current or future part-time
23 adjunct instructor for the Kentucky Fire Commission who has not participated
24 in the Kentucky Employees Retirement System prior to retirement, but who is
25 otherwise eligible to retire from the County Employees Retirement System,
26 shall not be:

- 27 1. Required to resign from his or her position as a part-time adjunct

1 instructor for the Kentucky Fire Commission in order to begin drawing
2 benefits from the County Employees Retirement System; or

3 2. Subject to any provision of this section as it relates solely to his or her
4 service as a part-time adjunct instructor for the Kentucky Fire
5 Commission;

6 (f) If a member is receiving a retirement allowance from the County Employees
7 Retirement System and enters into a contract or becomes a leased employee of
8 an employer under contract with an employer participating in the County
9 Employees Retirement System or one (1) of the systems administered by the
10 Kentucky Retirement Systems:

11 1. At any time following retirement, if the Authority determines the
12 employment arrangement does qualify as an independent contractor or
13 leased employee, the member may continue to receive his or her
14 retirement allowance during the period of the contract;

15 2. Within one (1) month following the member's initial retirement date, if
16 the Authority determines the employment arrangement does not qualify
17 as an independent contractor or leased employee, the member's
18 retirement shall be voided in accordance with paragraph (a) of this
19 subsection;

20 3. After one (1) month but within twelve (12) months following the
21 member's initial retirement, if the Authority determines the employment
22 arrangement does not qualify as an independent contractor or leased
23 employee and that a prearranged agreement existed between the member
24 and the agency for the member to return to work with the agency, the
25 member's retirement shall be voided in accordance with paragraph (a) of
26 this subsection;

27 4. After a twelve (12) month period following the member's initial

1 retirement, the member may continue to receive his or her retirement
2 allowance during the period of the contract and the member shall not be
3 required to notify the Authority or submit any documentation for
4 purposes of this section to the Authority; and

5 5. After twelve (12) months or more following the retired member's
6 retirement date, the initiation of a contract or the initial date of the
7 leased employment of a retired member by a participating agency shall
8 not constitute a prearranged agreement under this subsection;

9 (g) The Authority shall issue a final determination regarding a certification of the
10 absence of a prearranged agreement or the retired member's qualification as
11 an independent contractor or leased employee as required under this section
12 no later than thirty (30) days after the retired member and participating
13 employer provide all required forms and additional information required by
14 the Authority; and

15 (h) Retired members of one (1) of the systems administered by Kentucky
16 Retirement Systems who are reemployed by an employer in the County
17 Employees Retirement System on or after September 1, 2008, shall not be
18 eligible to earn a second retirement account in the County Employees
19 Retirement System for his or her service to the employer.

20 (5) The Authority shall promulgate administrative regulations to implement the
21 requirements of this section, including incorporating by reference Authority-
22 prescribed forms that a retired member and participating agency shall provide the
23 systems under subsections (1) and (4) of this section.

24 (6) (a) As used in this section, "reemployment" or "reinstatement"~~as used in this~~
25 ~~section~~ shall not include a retired member who has been ordered reinstated
26 by the Personnel Board under authority of KRS 18A.095.

27 (b) 1. A retired member who has been ordered reinstated without loss of pay

1 by the Personnel Board under authority of KRS 18A.095 or by court
2 order or by order of the Kentucky Commission on Human Rights and
3 accepts employment by an agency participating in the Kentucky
4 Employees Retirement System, State Police Retirement System, or
5 County Employees Retirement System shall void his or her retirement
6 by reimbursing the system in the full amount of his or her retirement
7 allowance payments received, including any health insurance benefits
8 paid to or on behalf of the member.

9 2. Within twelve (12) months of the date of the final order of the Personnel
10 Board, the Kentucky Commission on Human Rights, or the court, the
11 member shall repay the system the full amount of his or her retirement
12 allowance payments and health insurance benefits by lump sum or enter
13 into an agreement with the Authority for repayment by installments.

14 3. Once the system has been fully reimbursed for the benefits paid to the
15 member and on the member's behalf, additional contributions and
16 service credit based on the reinstated employment shall be added to the
17 member's account.