

1 AN ACT relating to retiree health provisions of the Kentucky Retirement Systems.

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

3 ➔Section 1. KRS 61.702 is amended to read as follows:

4 (1) For purposes of this section:

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

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

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

24 (c) "Months of service" means the total months of combined service used to
25 determine benefits under the system, except service added to determine
26 disability benefits or service otherwise prohibited from being used to
27 determine retiree health benefits under KRS 16.505 to 16.652 or 61.510 to

1 61.705 shall not be counted as "months of service." For current and former
2 employees of the Council on Postsecondary Education who were employed
3 prior to January 1, 1993, and who earn at least fifteen (15) years of service
4 credit in the Kentucky Employees Retirement System, "months of service"
5 shall also include vested service in another retirement system other than the
6 Kentucky Teachers' Retirement System sponsored by the Council on
7 Postsecondary Education.

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

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

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

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

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

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

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

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

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

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

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

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

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

21 (b) 1. Each employer described in paragraph (a) of this subsection shall deduct
22 from the creditable compensation of each member whose membership
23 date begins on or after July 1, 2003~~[September 1, 2008]~~, and who is
24 subject to the benefits provided under paragraph (4)(e) of this section,
25 an amount equal to one percent (1%) of the member's creditable
26 compensation if the member is participating in a nonhazardous
27 position and two percent (2%) of the member's creditable

1 compensation if the member is participating in a hazardous position
2 as provided in KRS 61.592 or in a position participating in the State
3 Police Retirement System. The deducted amounts shall, at the discretion
4 of the board, be credited to accounts established pursuant to 26 U.S.C.
5 sec. 401(h), within the funds established in KRS 16.510 and 61.515, or
6 the insurance trust fund established under KRS 61.701. Notwithstanding
7 the provisions of this paragraph, a transfer of assets between the
8 accounts established pursuant to 26 U.S.C. sec. 401(h), within the funds
9 established in KRS 16.510 and 61.515, and the insurance trust fund
10 established under KRS 61.701 shall not be allowed.

- 11 2. The employer shall file the contributions as provided by subparagraph 1.
12 of this paragraph at the retirement office in accordance with KRS
13 61.675. Any interest or penalties paid on any delinquent contributions
14 shall be credited to accounts established pursuant to 26 U.S.C. sec.
15 401(h), within the funds established in KRS 16.510 and 61.515, or the
16 insurance trust fund established under KRS 61.701. Notwithstanding
17 any minimum compensation requirements provided by law, the
18 deductions provided by this paragraph shall be made, and the
19 compensation of the member shall be reduced accordingly.
- 20 3. Each employer shall submit payroll reports, contributions lists, and other
21 data as may be required by administrative regulation promulgated by the
22 board of trustees pursuant to KRS Chapter 13A.
- 23 4. Every member shall be deemed to consent and agree to the deductions
24 made pursuant to this paragraph, and the payment of salary or
25 compensation less the deductions shall be a full and complete discharge
26 of all claims for services rendered by the person during the period
27 covered by the payment, except as to any benefits provided by KRS

1 16.505 to 16.652 or 61.510 to 61.705. No member may elect whether to
2 participate in, or choose the contribution amount to accounts established
3 pursuant to 26 U.S.C. sec. 401(h) within the funds established in KRS
4 16.510 and 61.515, or the insurance trust fund established under KRS
5 61.701. The member shall have no option to receive the contribution
6 required by this paragraph directly instead of having the contribution
7 paid to accounts established pursuant to 26 U.S.C. sec. 401(h) within the
8 funds established in KRS 16.510 and 61.515, or the insurance trust fund
9 established under KRS 61.701. No member may receive a rebate or
10 refund of contributions. If a member establishes a membership date
11 prior to July 1, 2003~~[September 1, 2008]~~, pursuant to KRS 61.552(2) or
12 (3) or who is subject to the benefits provided under paragraphs (4)(b)
13 or (4)(d) of this section, then this paragraph shall not apply to the
14 member and all contributions previously deducted in accordance with
15 this paragraph shall be refunded to the member without interest. The
16 contribution made pursuant to this paragraph shall not act as a reduction
17 or offset to any other contribution required of a member or recipient
18 under KRS 16.505 to 16.652 or 61.510 to 61.705.

- 19 5. The board of trustees, at its discretion, may direct that the contributions
20 required by this paragraph be accounted for within accounts established
21 pursuant to 26 U.S.C. sec. 401(h) within the funds established in KRS
22 16.510 and 61.515, or the insurance trust fund established under KRS
23 61.701, through the use of separate accounts.

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

- 27 1. The recipient of a retirement allowance, by payroll deduction from his

- 1 or her retirement allowance, or by other method;
- 2 2. The insurance trust fund established under KRS 61.701 or accounts
- 3 established pursuant to 26 U.S.C. sec. 401(h) within the funds
- 4 established in KRS 16.510 and 61.515;
- 5 3. Another state-administered retirement system, including the County
- 6 Employees Retirement System, under a reciprocal arrangement, except
- 7 that any portion of the premium paid from the funds specified by
- 8 subparagraph 2. of this paragraph under a reciprocal agreement shall not
- 9 exceed the amount that would be payable under this section if all the
- 10 member's service were in the systems administered by the Kentucky
- 11 Retirement Systems. If the board provides for cross-referencing of
- 12 insurance premiums, the employer's contribution for the working
- 13 member or spouse shall be applied toward the premium, and the
- 14 insurance trust fund established under KRS 61.701 or accounts
- 15 established pursuant to 26 U.S.C. sec. 401(h) within the funds
- 16 established in KRS 16.510 and 61.515 shall pay the balance; or
- 17 4. A combination of the fund sources described by subparagraphs 1. to 3.
- 18 of this paragraph.

19 Group rates under the hospital and medical insurance plan shall be made

20 available to the spouse, each dependent child, and each disabled child,

21 regardless of the disabled child's age, of a recipient who is a former member

22 or the beneficiary, if the premium for the hospital and medical insurance for

23 the spouse, each dependent child, and each disabled child, or beneficiary is

24 paid by payroll deduction from the retirement allowance, electronic funds

25 transfer, or by another method. For purposes of this subsection only, a child

26 shall be considered disabled if he or she has been determined to be eligible for

27 federal Social Security disability benefits or meets the dependent disability

1 standard established by the Department of Employee Insurance in the
2 Personnel Cabinet.

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

- 7 1. One hundred percent (100%) of the monthly premium for single
8 coverage shall be paid for a retired member who had two hundred forty
9 (240) months of service or more upon retirement or for a retired member
10 who when he or she was an employee became disabled as a direct result
11 of an act in line of duty as defined in KRS 16.505 or as a result of a
12 duty-related injury as defined in KRS 61.621;
- 13 2. Seventy-five percent (75%) of the monthly premium for single coverage
14 shall be paid for a retired member who had less than two hundred forty
15 (240) months of service but at least one hundred eighty (180) months of
16 service upon retirement, provided such retired member agrees to pay the
17 remaining twenty-five percent (25%) by payroll deduction from his or
18 her retirement allowance, electronic funds transfer, or by another
19 method;
- 20 3. Fifty percent (50%) of the monthly premium for single coverage shall be
21 paid for a retired member who had less than one hundred eighty (180)
22 months of service but had at least one hundred twenty (120) months of
23 service upon retirement, provided such retired member agrees to pay the
24 remaining fifty percent (50%) by payroll deduction from his or her
25 retirement allowance, electronic funds transfer, or by another method; or
- 26 4. Twenty-five percent (25%) of the monthly premium for single coverage
27 shall be paid for a retired member who had less than one hundred twenty

1 (120) months of service but had at least forty-eight (48) months of
2 service upon retirement, provided such retired member agrees to pay the
3 remaining seventy-five percent (75%) by payroll deduction from his or
4 her retirement allowance, electronic funds transfer, or by another
5 method.

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

- 8 1. Dies as a direct result of an act in line of duty as defined in KRS 16.505
9 or dies as a result of a duty-related injury as defined in KRS 61.621, the
10 monthly premium shall be paid for his or her spouse so long as the
11 spouse remains eligible for a monthly retirement benefit;
- 12 2. Becomes totally and permanently disabled as defined in KRS 16.582 as
13 a direct result of an act in line of duty as defined in KRS 16.505 or
14 becomes disabled as a result of a duty-related injury as defined in KRS
15 61.621 and is eligible for the benefits provided by KRS 61.621(5)(a), the
16 monthly premium shall be paid for his or her spouse so long as the
17 member and the spouse individually remain eligible for a monthly
18 retirement benefit; and
- 19 3. Dies as a direct result of an act in line of duty as defined in KRS 16.505,
20 dies as a result of a duty-related injury as defined in KRS 61.621,
21 becomes totally and permanently disabled as defined in KRS 16.582 as a
22 direct result of an act in line of duty as defined in KRS 16.505, or
23 becomes disabled as a result of a duty-related injury as defined in KRS
24 61.621 and is eligible for the benefits provided by KRS 61.621(5)(a), the
25 monthly premium shall be paid for each dependent child as defined in
26 KRS 16.505, so long as the member remains eligible for a monthly
27 retirement benefit, unless deceased, and each dependent child

1 individually remains eligible under KRS 16.505.

2 (d) 1. For a member who began participating in the system prior to July 1,
3 2003, who was determined to be in a hazardous position in the Kentucky
4 Employees Retirement System or in a position in the State Police
5 Retirement System, or who is receiving a retirement allowance based on
6 General Assembly service, the funds specified under paragraph (a)2. of
7 this subsection shall also pay a percentage of the monthly contribution
8 rate sufficient to fund the premium costs for hospital and medical
9 insurance coverage for the spouse and for each dependent child of a
10 recipient.

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

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

18 1. Participation in the insurance benefits provided under this section shall
19 not be allowed until the member has earned at least one hundred twenty
20 (120) months of service in the state-administered retirement systems,
21 except that for members who begin participating in the system on or
22 after September 1, 2008, participation in the insurance benefits provided
23 under this section shall not be allowed until the member has earned at
24 least one hundred eighty (180) months of service credited under KRS
25 16.543(1) or 61.543(1), or another state-administered retirement system.

26 2. A member who meets the minimum service requirements as provided by
27 subparagraph 1. of this paragraph shall upon retirement be eligible for

1 the following monthly contribution rate to be paid on his or her behalf,
2 or on behalf of the spouse or dependent of a member with service in a
3 hazardous position, from the funds specified under paragraph (a)2. of
4 this subsection:

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

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

23 c. For members with service in a hazardous position who do not
24 meet the career threshold or with service~~[who participate]~~ in the
25 State Police Retirement System who do not meet the career
26 threshold, a monthly insurance contribution of fifteen dollars
27 (\$15) for each year of service as a participating employee in a

hazardous position or the State Police Retirement System;~~and~~

d. For members with service in a hazardous position who meet the career threshold or with service in the State Police Retirement System who meet the career threshold, a monthly insurance contribution towards the health plans offered to retirees who are not eligible for Medicare of fifty dollars (\$50) for each year of service as a participating employee in a hazardous position or the State Police Retirement System and a monthly insurance contribution towards the health plans offered to retirees who are eligible for Medicare of fifteen dollars (\$15) for each year of service as a participating employee in a hazardous position or the State Police Retirement System. The monthly insurance contribution payable to retirees eligible for Medicare under this subdivision shall be adjusted as necessary so that it is equivalent to the monthly contribution amount computed under subdivision c. of this subparagraph as adjusted by subparagraph 6.a. of this paragraph; and

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

3. The minimum service requirement to participate in benefits as provided by subparagraph 1. of this paragraph shall be waived for a member who receives a satisfactory determination of a hazardous disability that is a direct result of an act in line of duty as defined in KRS 16.505, and the member shall be entitled to the benefits payable under this subsection as

1 though the member had twenty (20) years of service in a hazardous
2 position.

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

10 5. Notwithstanding the provisions of this paragraph, the minimum service
11 requirement to participate in benefits as provided by subparagraph 1. of
12 this paragraph shall be waived for a for a member who dies as a direct
13 result of an act in line of duty as defined in KRS 16.505, who becomes
14 totally and permanently disabled as defined in KRS 16.582 as a direct
15 result of an act in line of duty as defined in KRS 16.505, who dies as a
16 result of a duty-related injury as defined in KRS 61.621, or who
17 becomes disabled as a result of a duty-related injury as defined in KRS
18 61.621 and is eligible for the benefits provided by KRS 61.621(5)(a),
19 and the premium for the member, the member's spouse, and for each
20 dependent child as defined in KRS 16.505 shall be paid in full by the
21 systems so long as the member, member's spouse, or dependent child
22 individually remains eligible for a monthly retirement benefit.

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

25 a. On July 1 of each year by one and one-half percent (1.5%). The
26 increase shall be cumulative and shall continue to accrue after the
27 member's retirement for as long as a monthly insurance

1 contribution is payable to the retired member or beneficiary but
2 shall not apply to any increase in the contribution attributable to
3 the increase specified by subdivision b. of this subparagraph; and

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

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

12 ii. The additional insurance contribution provided by this
13 subdivision shall only be payable towards the health plans
14 offered by the system to retirees who are not eligible for
15 Medicare or for reimbursements provided to retirees not
16 eligible for Medicare pursuant to subsection (6)(a)2. of this
17 section; and

18 iii. In order for the annual increase to occur as provided by this
19 subdivision, the funding level of retiree health benefits for
20 the system in which the employee is receiving the additional
21 insurance contribution shall be at least ninety percent (90%)
22 as of the most recent actuarial valuation and be projected by
23 the actuary to remain ninety percent (90%) for the year in
24 which the increase is provided.

25 7. The benefits of this paragraph provided to a member whose participation
26 begins on or after July 1, 2003, shall not be considered as benefits
27 protected by the inviolable contract provisions of KRS 16.652 or

1 61.692. The General Assembly reserves the right to suspend or reduce
2 the benefits conferred in this paragraph if in its judgment the welfare of
3 the Commonwealth so demands.

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

10 9. For purposes of this paragraph:

11 a. "Career threshold" for a member with service in a nonhazardous
12 position means twenty-seven (27) years of service credited under
13 KRS 16.543(1), 61.543(1), 78.615(1), or another state-
14 administered retirement system and for a member with service in a
15 hazardous position means the service requirements specified by
16 KRS 16.577(2) or (3) or 16.583(6)(b), as applicable; and

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

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

23 1. The system shall compute the member's combined service, including
24 service credit in another state-administered retirement system, and
25 calculate the portion of the member's premium monthly contribution rate
26 to be paid by the funds specified under paragraph (a)2. of this subsection
27 according to the criteria established in paragraphs (a) to (e) of this

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

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

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

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

26 (6) (a) The board shall promulgate an administrative regulation to establish a medical
27 insurance reimbursement plan to provide reimbursement for hospital and

1 medical insurance plan premiums of recipients of a retirement allowance who:

- 2 1. Are not eligible for the same level of hospital and medical benefits as
3 recipients living in Kentucky and having the same Medicare hospital
4 and medical insurance eligibility status; or
5 2. Are eligible for retiree health subsidies as provided by subsection (4)(e)
6 of this section, except for those recipients eligible for full premium
7 subsidies under subsection (4)(e)5. of this section. The reimbursement
8 program as provided by this subparagraph shall be available to the
9 recipient regardless of the hospital and medical insurance plans offered
10 by the systems.

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

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

26 ➔Section 2. The Public Pension Oversight Board shall continue to monitor the
27 actuarial data of the Kentucky Employees Retirement System and State Police

1 Retirement System retiree health funds and shall, during the 2026 Interim, evaluate
2 potential legislative options to adjust retiree health benefits and costs for those members
3 who began participating in the system on or after July 1, 2003, in the event the retiree
4 health funds continue to see actuarial improvement.

5 ➔Section 3. The amendments to the employee contribution provisions specified
6 in subsection (3)(b) of Section 1 of this Act shall apply to employee contributions
7 payable on or after July 1, 2027.

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

10 (1) Be payable prospectively for insurance premiums for health plans beginning
11 on or after January 1, 2027;

12 (2) Be increased annually after January 1, 2027, in accordance with subsection
13 (4)(e)6.a. of Section 1 of this Act; and

14 (3) For purposes of calculating the amounts that become payable on or after
15 January 1, 2027, apply to the service as a participating employee accrued on or after July
16 1, 2003, for covered members and retirees, regardless of retirement date.