

1 AN ACT relating to duty-related disability benefits.

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

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

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

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

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

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

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

15 (a) Means:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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



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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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



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

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

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

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

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

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

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

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

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

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

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

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

1 by the systems.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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



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

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

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

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

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

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

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

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

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

1 Personnel Cabinet.

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

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

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

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

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

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

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

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

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

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

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

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

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

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



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

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

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

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

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

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

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

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

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

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

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

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

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

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

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