



## KENTUCKY RETIREMENT SYSTEMS

David L. Eager, Interim Executive Director

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March 7, 2017

Ms. Katie Carney  
Executive Assistant, Director's Office  
Legislative Research Commission  
Capitol Annex, Room 104  
Frankfort, KY 40601

**RE: House Bill 300 (2017 RS BR 305)**  
**AA Statement Required by KRS 6.350**  
**AA Statement 1 of 1**

Dear Ms. Carney:

House Bill 300 (2017 RS BR 305) amends KRS 61.702 to require the Kentucky Retirement Systems to reimburse retired state troopers who are Medicare eligible for the cost of their Medicare Part B premium if the trooper began participating prior to July 1, 2003, and retired with 20 or more years of service in the State Police Retirement System (SPRS).

Kentucky Retirement Systems staff members have examined House Bill 300 (2017 RS BR 305) and have determined that the bill will increase benefits for certain retirees within the SPRS, as those members will pay less for insurance if they have the cost of their Medicare Part B premiums reimbursed. Our internal calculations indicate that the bill would have an annual cost to SPRS of approximately \$739,020. This is based on 565 eligible retirees at an average standard Medicare Part B premium of \$109 per month (the standard premium is \$134 but the retiree pays less if the Part B premium is deducted from their monthly Social Security check). The monthly Part B premium could be higher depending on the retiree's yearly income level for 2015 (the 2015 income level determines what the retiree pays in 2017).

The bill will not increase or decrease the participation in benefits in any of the retirement systems administered by Kentucky Retirement Systems. House Bill 300 (2017 RS BR 305) would increase the actuarial liability of the SPRS Insurance Fund as the fund absorbs the approximately \$739,020 in reimbursement costs each year.

We have not requested any further actuarial analysis of House Bill 300 (2017 RS BR 305) by the Systems' independent actuary. Please let me know if you have any questions regarding our analysis of House Bill 300 (2017 RS BR 305).

Sincerely,

A handwritten signature in cursive script that reads "David Eager".

David L. Eager

Interim Executive Director, Kentucky Retirement Systems