



KENTUCKY PUBLIC PENSIONS AUTHORITY

David L. Eager, Executive Director

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February 16, 2022

Ms. Katie Carney
Office of Fiscal Statement Review
Legislative Research Commission
Capitol Annex, Room 104
Frankfort, KY 40601

**RE: House Bill 297 (22 RS BR 863) – HCS 1 Version
AA Statement Required by KRS 6.350**

Dear Ms. Carney:

The Kentucky Public Pensions Authority (KPPA) had previously provided an Actuarial Analysis of House Bill 297 (2022 RS BR 863) via letter dated February 4, 2022.

NOTE OF CLARIFICATION: the original version of House Bill 297 (2022 RS BR 863) included language amending KRS 61.702 and 78.5536 to allow KRS and CERS to provide health insurance coverage through the Kentucky Employees Health Plan for reemployed retirees who are Medicare-eligible and impacted by the federal Medicare Secondary Payer Act (MSPA). Our letter of February 4, 2022 inadvertently omitted our commentary regarding this language from the analysis. As a point of clarification, we note that the MSPA language from the original bill (referenced above) will create an actuarially insignificant increase in the participation in benefits with the KRS and CERS reemployed retirees affected by the federal Medicare Secondary Payer Act who will be provided health insurance coverage through the Kentucky Employees Health Plan. These retirees currently aren't receiving any insurance benefits. Therefore, with this note of clarification we reaffirm House Bill 297 (2022 RS BR 863) will not change the actuarial liability of the KERS, CERS, or SPRS systems, and the analysis contained in the original letter dated February 4, 2022 remains unchanged.

We have now examined the HCS 1 Version of House Bill 297 (2022 RS BR 863).

The HCS 1 Version of House Bill 297 (2022 RS BR 863) retains the original provisions of House Bill 297 (2022 RS BR 863), and amends KRS 61.505 to require KPPA to conduct an annual performance evaluation of the executive director, pre-approve future unclassified positions, and approve an annual personnel report before submission to the Public Pension Oversight Board; authorizes the KPPA to appoint no more than six unclassified employees of the Office of Investments whose positions shall be exempt from the personnel system's classified service and related salary limitations, but subject to a written salary and classification plan fixing a range of compensation and written terms of employment adopted by the KPPA; requires the KPPA to approve the biennial budget unit request before submission by the Authority; and amends KRS 61.510, 61.520, 61.702, and 78.510 to make technical changes. The HCS 1 version also includes an Emergency clause.

KPPA staff and our independent actuary have reviewed the HCS 1 Version of House Bill 297 (2022 RS BR 863), and have determined there is no measurable impact to any of the pension funds maintained by KPPA. House Bill 297 (2022 RS BR 863) would not amend the previous actuarial statement provided for this legislation, nor would it amend the MSPA language note of clarification included on the first page of this letter. Therefore, the Actuarial Analysis of House Bill 297 (2022 RS BR 863), dated February 4, 2022, is applicable to House Bill 297 (2022 RS BR 863) – HCS 1 Version.

We have not requested any further actuarial analysis of House Bill 297 (2022 RS BR 863) – HCS 1 Version by the Authority's independent actuary. Please let me know if you have any questions regarding our analysis of House Bill 297 (2022 RS BR 863) – HCS 1 Version.

Sincerely,

A handwritten signature in black ink that reads "David Eager". The signature is written in a cursive, flowing style.

David L. Eager
Executive Director
Kentucky Public Pensions Authority