



KENTUCKY PUBLIC PENSIONS AUTHORITY

David L. Eager, Executive Director

1260 Louisville Road • Frankfort, Kentucky 40601
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March 17, 2022

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

**RE: House Bill 297 (2022 RS BR 863) – SCS 1 Version
AA Statement Required by KRS 6.350
AA Statement 1 and 2 of 2**

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, House Bill 297– HCS 1 Version via letter dated February 16, 2022 and House Bill 297 – GA Version via letter dated March 15, 2022. We have now examined the SCS 1 Version of House Bill 297 (2022 RS BR 863).

We have determined that the SCS 1 Version of House Bill 297 (22 RS BR 863) would not impact the previous actuarial analysis statement with exception to an anticipated increase in administrative expenses for the KPPA due to the additional tracking required of administrative and investment expenses incurred by the individual Systems administered by KPPA.

We have not requested any further actuarial analysis of House Bill 297 (22 RS BR 863) – SCS 1 Version by the Authority's independent actuary. Please let me know if you have any questions regarding our analysis of House Bill 297 (22 RS BR 863) – SCS 1 Version.

Sincerely,

A handwritten signature in black ink that reads "David Eager".

David L. Eager
Executive Director
Kentucky Public Pensions Authority



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March 15, 2022

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

**RE: House Bill 297 (2022 RS BR 863) – GA Version
AA Statement Required by KRS 6.350
AA Statement 1 and 2 of 2**

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, and House Bill 297– HCS 1 Version via letter dated February 16, 2022. We have now examined the GA Version of House Bill 297 (2022 RS BR 863).

The GA Version of House Bill 297 (2022 RS BR 863) retains the original provisions of House Bill 297 (2022 RS BR 863) – HCS 1, and amends KRS 61.505 to provide that payment of the initial setup costs and annual costs attributable to establishing a separate CERS board and the KPPA shall sunset on June 30, 2024, and beginning on and after July 1, 2024, any annual administrative and investment costs shall be allocated to each retirement system as determined by the KPPA without attribution to the establishment of a separate CERS board and the KPPA.

In addition, the GA Version of House Bill 297 (2022 RS BR 863) amends KRS 61.510 and 78.510 to amend the definition of a "regular full-time position" to add that exempted emergency positions shall also include a position utilized by the employer during a federal or state emergency declared by the President or Governor to address needs during and as a result of the emergency, makes this amended definition Retroactive to March 1, 2020 and provides that individuals employed by health departments in emergency positions due to the COVID-19 pandemic shall be exempt through December 31, 2022; and further amends KRS 61.510 and 78.510 to refine the definition of "objective medical evidence" to exclude the testimonial statements of the person applying for disability retirement; amends KRS 61.510 to make a technical correction; amends KRS 61.702 and 78.5536 to permit the Personnel Cabinet to rate those retirees over 65 impacted by the Medicare Secondary Payer Act who are added to the Kentucky Employees Health Plan (KEHP) separately from other employees and retirees in the KEHP for the purpose of determining medical insurance premiums; and amends KRS 18A.225 to make conforming changes. The GA Version of House Bill 297 (2022 RS BR 863) contains an Emergency clause.

We have determined that House Bill 297 (2022 RS BR 863) – GA Version will not increase or decrease benefits or the participation in benefits in the KERS, CERS, or SPRS systems. Furthermore, House Bill 297 (2022 RS BR 863) will not change the actuarial liability of the KERS, CERS, or SPRS systems.

The bill will remove the ongoing statutory protection afforded KRS from paying the additional costs incurred as a result of HB 484 and the creation of the CERS and KPPA Boards and the administration of KPPA thereafter.

In accordance with KRS 6.350 (2)(c), the Kentucky Public Pensions Authority certifies the following:

1. The estimated number of individuals affected as of June 30, 2021 are 123,809 active; 155,506 inactive; and 121,728 retired members in the systems operated by the Kentucky Public Pensions Authority;
2. There is no estimated change in benefit payments;
3. There is no estimated change to employer costs; and
4. The bill is likely to result in an estimated **decrease in administrative expenses for the CERS plans, and an estimated increase in administrative expenses for the KERS and SPRS plans.**

We have not requested any further actuarial analysis of House Bill 297 (2022 RS BR 863) – GA 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) – GA Version.

Sincerely,



David L. Eager
Executive Director
Kentucky Public Pensions Authority



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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 (2022 RS BR 863) – HCS 1 Version
AA Statement Required by KRS 6.350**

Dear Ms. Carney:

House Bill 297 (2022 RS BR 863)- HCS 1 Version is the Authority's housekeeping bill. It amends KRS 16.582 and KRS 78.5524 to clarify that standards for "total and permanent disability" relate to hazardous disability only, make technical changes, and to conform to other provisions as the result of legislative changes made in 2021; amends KRS 61.505 to expand the administrative actions that the Kentucky Public Pensions Authority (KPPA) may take on behalf of the Kentucky Retirement Systems (KRS) and the County Employees Retirement System (CERS), authorize the KPPA to employ no more than six (6) unclassified employees to the Office of Investments whose positions are exempt from the personnel system's classified service and related salary limitations, and make technical changes; amends KRS 61.510 to define "instructional staff" for state colleges and universities; amends KRS 61.510 and KRS 78.510 to define "objective medical evidence" to exclude the testimonial evidence of a person applying for disability benefits; amends KRS 78.510 to make the definitions of "act in line of duty" and "dependent child" conform with other provisions as the result of legislative changes made in 2021; amends KRS 61.520 to reference definition of "instructional staff"; amends KRS 61.565 to add an effective date of July 1, 2022, for shifting to the executive branch the employer's share of the Kentucky Employees Retirement System nonhazardous plan's unfunded liability for contract employees at mental health facilities; amends KRS 61.590, 61.610, 61.615, and 61.665 to allow KPPA the option to send notices and other forms to members on disability retirement using electronic mail or other electronic means; amends KRS 61.610 to allow KPPA to hire or contract for the services of more than one disability fraud investigator; amends KRS 61.615 to allow members in the hybrid cash balance plan who are discontinued from disability to apply for reinstatement; amends KRS 61.635, KRS 61.661, and KRS 61.703 to make technical changes; amends KRS 61.637 and KRS 78.5540 to specify the circumstances under which an elected official who is reelected but takes office after retirement is deemed as having a prearranged agreement that would void his or her retirement; amends KRS 61.645 and KRS 78.782 to exempt invalid addresses from ballot distribution for trustee elections, specify single certified public accountant to audit KRS and CERS financial reports, and make technical changes; amends KRS 61.665 to permit the KPPA to contract for the services of medical examiners, eliminate the requirement that a person applying for disability retirement produce evidence of a request for reasonable accommodation, delete language permitting KRS to order a disabled employee to enroll in vocational rehabilitation, and conform to legislative

changes made in 2021; amends 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; and amends KRS 78.5526 and 78.5530 to conform with other provisions as the result of legislative changes made in 2021.

Kentucky Public Pensions Authority (KPPA) staff members have examined House Bill 297 (2022 RS BR 863)- HCS 1 Version. We have determined that the bill 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. House Bill 297 (2022 RS BR 863)- HCS 1 Version will not change the actuarial liability of the KERS, CERS, or SPRS systems.

In accordance with KRS 6.350 (2)(c), the Kentucky Public Pensions Authority certifies the following:

1. The estimated number of individuals affected as of June 30, 2021 are 123,809 active; 155,506 inactive; and 121,728 retired members in the systems operated by the Kentucky Public Pensions Authority;
2. There is no estimated change in benefit payments;
3. There is no estimated change to employer costs; and
4. There is no estimated change to administrative expenses.

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,



David L. Eager
Executive Director
Kentucky Public Pensions Authority



KENTUCKY PUBLIC PENSIONS AUTHORITY

David L. Eager, Executive Director

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February 4, 2022

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

RE: House Bill 297 (2022 RS BR 863)
AA Statement Required by KRS 6.350
AA Statement 1 and 2 of 2

Dear Ms. Carney:

House Bill 297 (2022 RS BR 863) is the Authority's housekeeping bill. It amends KRS 16.582 to clarify that standards for "total and permanent disability" relate to hazardous disability only and makes technical changes; amends KRS 61.505 to expand the administrative actions that the Kentucky Public Pensions Authority (KPPA) may take on behalf of the Kentucky Retirement Systems (KRS) and the County Employees Retirement System (CERS), authorize the KPPA to employ no more than 8 unclassified employees to the Office of Investments whose positions are exempt from the personnel system's classified service and related salary limitations, and make technical changes; amends KRS 61.510 to define "instructional staff" for state colleges and universities and define "objective medical evidence" to exclude the testimonial evidence of a person applying for disability benefits; amends KRS 61.520 to reference definition of "instructional staff"; amends KRS 61.565 to add an effective date of July 1, 2022, for shifting to the executive branch the employer's share of the Kentucky Employees Retirement System nonhazardous plan's unfunded liability for contract employees at mental health facilities; amends KRS 61.590, 61.610, 61.615, and 61.665 to allow KPPA the option to send notices and other forms to members on disability retirement using electronic mail or other electronic means; amends KRS 61.610 to allow KPPA to hire or contract for the services of more than one disability fraud investigator; amends KRS 61.615 to allow members in the hybrid cash balance plan who are discontinued from disability to apply for reinstatement; amends KRS 61.635 to make a technical change; amends KRS 61.637 to specify the circumstances under which an elected official who is reelected but takes office after retirement is deemed as having a prearranged agreement that would void his or her retirement; amends KRS 61.645 to exempt invalid addresses from ballot distribution for trustee elections, specify single certified public accountant to audit KRS and CERS financial reports, and make technical changes; amends KRS 61.661 to make technical changes; amends KRS 61.665 to permit the KPPA to contract for the services of medical examiners, eliminate the requirement that a person applying for disability retirement produce evidence of a request for reasonable accommodation, delete language permitting KRS to order a disabled employee to enroll in vocational rehabilitation, and conform to legislative changes made in 2021; amends KRS 61.702 and 78.5536 to require KRS and CERS to provide health insurance coverage for reemployed retirees over the age of 65 who are Medicare-eligible due to the federal Medicare Secondary Payer Act and who are employed by either a participating agency that offers the Kentucky Employees Health Plan (KEHP) or a participating agency that is statutorily prevented from offering the KEHP;

amends KRS 61.703 to make a technical change; amends KRS 78.510 to define "objective medical evidence" to exclude the testimonial evidence of a person applying for disability benefits and make the definitions of "act in line of duty" and "dependent child" conform with other provisions as the result of legislative changes made in 2021; amends KRS 78.5524 to clarify that standards for "total and permanent disability" relate to hazardous disability only and to conform to other provisions as the result of legislative changes made in 2021; amends KRS 78.5526 and 78.5530 to conform with other provisions as the result of legislative changes made in 2021; amends KRS 78.5540 to specify the circumstances under which an elected official who is reelected but takes office after retirement is deemed as having a prearranged agreement that would void his or her retirement; and amends KRS 78.782 to exempt invalid addresses from ballot distribution for trustee elections, specify single certified public accountant to audit KRS and CERS financial reports, and make technical changes; and make technical changes and conforming amendments as a result of legislative changes made in 2021.

Kentucky Public Pensions Authority (KPPA) staff members have examined House Bill 297 (2022 RS BR 863). We have determined that the bill will not increase or decrease benefits or the participation in benefits in the KERS, CERS, or SPRS systems. Furthermore, House Bill 297 (2022 RS BR 863) will not change the actuarial liability of the KERS, CERS, or SPRS systems.

In accordance with KRS 6.350 (2)(c), the Kentucky Public Pensions Authority certifies the following:

1. The estimated number of individuals affected as of June 30, 2021 are 123,809 active; 155,506 inactive; and 121,728 retired members in the systems operated by the Kentucky Public Pensions Authority;
2. There is no estimated change in benefit payments;
3. There is no estimated change to employer costs; and
4. There is no estimated change to administrative expenses.

We have not requested any further actuarial analysis of House Bill 297 (2022 RS BR 863) 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).

Sincerely,



David L. Eager
Executive Director
Kentucky Public Pensions Authority