

1 AN ACT relating to health benefits for retired state troopers.

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

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

- 4 (1) (a) 1. The board of trustees of Kentucky Retirement Systems shall arrange by  
5 appropriate contract or on a self-insured basis to provide a group  
6 hospital and medical insurance plan for present and future recipients of a  
7 retirement allowance from the Kentucky Employees Retirement System,  
8 County Employees Retirement System, and State Police Retirement  
9 System, except as provided in subsection (8) of this section. The board  
10 shall also arrange to provide health care coverage through an insurer  
11 licensed pursuant to Subtitle 38 of KRS Chapter 304 and offering a  
12 managed care plan as defined in KRS 304.17A-500, as an alternative to  
13 group hospital and medical insurance for any person eligible for hospital  
14 and medical benefits under this section.
- 15 2. Any person who chooses coverage under a hospital and medical  
16 insurance plan shall pay, by payroll deduction from the retirement  
17 allowance or by another method, the difference in premium between the  
18 cost of the hospital and medical insurance plan coverage and the benefits  
19 to which he would be entitled under this section.
- 20 3. For purposes of this section, "hospital and medical insurance plan" may  
21 include, at the board's discretion, any one (1) or more of the following:
- 22 a. Any hospital and medical expense policy or certificate, provider-  
23 sponsored integrated health delivery network, self-insured medical  
24 plan, health maintenance organization contract, or other health  
25 benefit plan;
- 26 b. Any health savings account as permitted by 26 U.S.C. sec. 223 or  
27 health reimbursement arrangement or a similar account as may be

1 permitted by 26 U.S.C. sec. 105 or 106. Such arrangement or  
2 account, in the board's discretion, may reimburse any medical  
3 expense permissible under 26 U.S.C. sec. 213; or

4 c. A medical insurance reimbursement program established by the  
5 board through the promulgation of administrative regulation under  
6 which members purchase individual health insurance coverage  
7 through a health insurance exchange established under 42 U.S.C.  
8 sec. 18031 or 18041.

9 (b) The board may authorize present and future recipients of a retirement  
10 allowance from any of the three (3) retirement systems to be included in the  
11 state employees' group for hospital and medical insurance and shall provide  
12 benefits for recipients equal to those provided to state employees having the  
13 same Medicare hospital and medical insurance eligibility status, except as  
14 provided in subsection (8) of this section. Notwithstanding the provisions of  
15 any other statute, recipients shall be included in the same class as current state  
16 employees in determining medical insurance policies and premiums.

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

22 (d) Notwithstanding anything in KRS Chapter 61 to the contrary, the board of  
23 trustees, in its discretion, may take necessary steps to ensure compliance with  
24 42 U.S.C. secs. 300bb-1 et seq., including but not limited to receiving  
25 contributions and premiums from, and providing benefits pursuant to this  
26 section to, persons entitled to continuation coverage under 42 U.S.C. secs.  
27 300bb-1 et seq., regardless of whether such persons are recipients of a

1 retirement allowance.

2 (2) (a) Each employer participating in the State Police Retirement System as  
3 provided for in KRS 16.505 to 16.652, each employer participating in the  
4 County Employees Retirement System as provided in KRS 78.510 to 78.852,  
5 and each employer participating in the Kentucky Employees Retirement  
6 System as provided for in KRS 61.510 to 61.705 shall contribute to the  
7 Kentucky Retirement Systems insurance trust fund the amount necessary to  
8 provide hospital and medical insurance as provided for under this section.  
9 Such employer contribution rate shall be developed by appropriate actuarial  
10 method as a part of the determination of each respective employer  
11 contribution rate to each respective retirement system determined under KRS  
12 61.565.

13 (b) 1. Each employer described in paragraph (a) of this subsection shall deduct  
14 from the creditable compensation of each member having a membership  
15 date on or after September 1, 2008, an amount equal to one percent (1%)  
16 of the member's creditable compensation. The deducted amounts shall  
17 be credited to accounts established pursuant to 26 U.S.C. sec. 401(h),  
18 within the funds established in KRS 16.510, 61.515, and 78.520.

19 2. The employer shall file the contributions as provided by subparagraph 1.  
20 of this paragraph at the retirement office in accordance with KRS 61.675  
21 and 78.625. Any interest or penalties paid on any delinquent  
22 contributions shall be credited to accounts established pursuant to 26  
23 U.S.C. sec. 401(h), within the funds established in KRS 16.510, 61.515,  
24 and 78.520. Notwithstanding any minimum compensation requirements  
25 provided by law, the deductions provided by this paragraph shall be  
26 made, and the compensation of the member shall be reduced  
27 accordingly.

- 1           3. Each employer shall submit payroll reports, contributions lists, and other  
2           data as may be required by administrative regulation promulgated by the  
3           board of trustees pursuant to KRS Chapter 13A.
- 4           4. Every member shall be deemed to consent and agree to the deductions  
5           made pursuant to this paragraph, and the payment of salary or  
6           compensation less the deductions shall be a full and complete discharge  
7           of all claims for services rendered by the person during the period  
8           covered by the payment, except as to any benefits provided by KRS  
9           16.505 to 16.652, 61.510 to 61.705, and 78.510 to 78.852. No member  
10          may elect whether to participate in, or choose the contribution amount to  
11          accounts established pursuant to 26 U.S.C. sec. 401(h) within the funds  
12          established in KRS 16.510, 61.515, and 78.520. The member shall have  
13          no option to receive the contribution required by this paragraph directly  
14          instead of having the contribution paid to accounts established pursuant  
15          to 26 U.S.C. sec. 401(h) within the funds established in KRS 16.510,  
16          61.515, and 78.520. No member may receive a rebate or refund of  
17          contributions. If a member establishes a membership date prior to  
18          September 1, 2008, pursuant to KRS 61.552(1) or 61.552(23), then this  
19          paragraph shall not apply to the member and all contributions previously  
20          deducted in accordance with this paragraph shall be refunded to the  
21          member without interest. The contribution made pursuant to this  
22          paragraph shall not act as a reduction or offset to any other contribution  
23          required of a member or recipient under KRS 16.505 to 16.652, 61.510  
24          to 61.705, and 78.510 to 78.852.
- 25          5. The board of trustees, at its discretion, may direct that the contributions  
26          required by this paragraph be accounted for within accounts established  
27          pursuant to 26 U.S.C. sec. 401(h) within the funds established in KRS

1                   16.510, 61.515, and 78.520 through the use of separate accounts.

2   (3)   (a)   The premium required to provide hospital and medical benefits under this  
3           section shall be paid:

- 4           1.   Wholly or partly from funds contributed by the recipient of a retirement  
5           allowance, by payroll deduction, or otherwise;
- 6           2.   Wholly or partly from funds contributed by the Kentucky Retirement  
7           Systems insurance trust fund;
- 8           3.   Wholly or partly from funds contributed to accounts established  
9           pursuant to 26 U.S.C. sec. 401(h) within the funds established in KRS  
10          16.510, 61.515, and 78.520;
- 11          4.   Wholly or partly from funds contributed by another state-administered  
12          retirement system under a reciprocal arrangement, except that any  
13          portion of the premium paid from the Kentucky Retirement Systems  
14          insurance trust fund or accounts established pursuant to 26 U.S.C. sec.  
15          401(h) within the funds established in KRS 16.510, 61.515, and 78.520  
16          under a reciprocal agreement shall not exceed the amount that would be  
17          payable under this section if all the member's service were in one (1) of  
18          the systems administered by the Kentucky Retirement Systems;
- 19          5.   Partly from subparagraphs 1. to 4. of this paragraph, except that any  
20          premium for hospital and medical insurance over the amount contributed  
21          by the Kentucky Retirement Systems insurance trust fund; accounts  
22          established pursuant to 26 U.S.C. sec. 401(h) within the funds  
23          established in KRS 16.510, 61.515, and 78.520; or another state-  
24          administered retirement system under a reciprocal agreement shall be  
25          paid by the recipient by an automatic electronic transfer of funds. If the  
26          board provides for cross-referencing of insurance premiums, the  
27          employer's contribution for the working member or spouse shall be

1 applied toward the premium, and the Kentucky Retirement Systems  
2 insurance trust fund or accounts established pursuant to 26 U.S.C. sec.  
3 401(h) within the funds established in KRS 16.510, 61.515, and 78.520  
4 shall pay the balance, not to exceed the monthly contribution; or

5 6. In full from the Kentucky Retirement Systems insurance trust fund or  
6 accounts established pursuant to 26 U.S.C. sec. 401(h) within the funds  
7 established in KRS 16.510, 61.515, and 78.520 for all recipients of a  
8 retirement allowance from any of the three (3) retirement systems where  
9 such recipient is a retired former member of one (1) or more of the three  
10 (3) retirement systems (not a beneficiary or dependent child receiving  
11 benefits) and had two hundred and forty (240) months or more of service  
12 upon retirement. Should such recipient have less than two hundred forty  
13 (240) months of service but have at least one hundred eighty (180)  
14 months of service, seventy-five percent (75%) of such premium shall be  
15 paid from the insurance trust fund or accounts established pursuant to 26  
16 U.S.C. sec. 401(h) within the funds established in KRS 16.510, 61.515,  
17 and 78.520, provided such recipient agrees to pay the remaining twenty-  
18 five percent (25%) by payroll deduction from his retirement allowance  
19 or by another method. Should such recipient have less than one hundred  
20 eighty (180) months of service but have at least one hundred twenty  
21 (120) months of service, fifty percent (50%) of such premium shall be  
22 paid from the insurance trust fund or accounts established pursuant to 26  
23 U.S.C. sec. 401(h) within the funds established in KRS 16.510, 61.515,  
24 and 78.520, provided such recipient agrees to pay the remaining fifty  
25 percent (50%) by payroll deduction from his retirement allowance or by  
26 another method. Should such recipient have less than one hundred  
27 twenty (120) months of service but have at least forty-eight (48) months

1 of service, twenty-five percent (25%) of such premium shall be paid  
2 from the insurance trust fund or accounts established pursuant to 26  
3 U.S.C. sec. 401(h) within the funds established in KRS 16.510, 61.515,  
4 and 78.520, provided such recipient agrees to pay the remaining seventy-  
5 five percent (75%) by payroll deduction from his retirement allowance  
6 or by another method. Notwithstanding the foregoing provisions of this  
7 subsection, an employee participating in one (1) of the retirement  
8 systems administered by the Kentucky Retirement Systems who  
9 becomes disabled in the line of duty as defined in KRS 16.505(19) or  
10 61.621, shall have his premium paid in full as if he had two hundred  
11 forty (240) months or more of service. Further, an employee  
12 participating in one (1) of the retirement systems administered by the  
13 Kentucky Retirement Systems who is killed in the line of duty as  
14 defined in KRS 16.505(19) or 61.621, shall have the premium for the  
15 beneficiary, if the beneficiary is the member's spouse, and for each  
16 dependent child paid so long as they individually remain eligible for a  
17 monthly retirement benefit. "Months of service" as used in this section  
18 shall mean the total months of combined service used to determine  
19 benefits under any or all of the three (3) retirement systems, except  
20 service added to determine disability benefits shall not be counted as  
21 "months of service." For current and former employees of the Council  
22 on Postsecondary Education who were employed prior to January 1,  
23 1993, and who earn at least fifteen (15) years of service credit in the  
24 Kentucky Employees Retirement System, "months of service" shall also  
25 include vested service in another retirement system other than the  
26 Kentucky Teachers' Retirement System sponsored by the Council on  
27 Postsecondary Education.

- 1           (b) 1. For a member electing insurance coverage through the Kentucky  
2           Retirement Systems, "months of service" shall include, in addition to  
3           service as described in paragraph (a) of this subsection, service credit in  
4           one (1) of the other state-administered retirement plans.
- 5           2. Effective August 1, 1998, the Kentucky Retirement Systems shall  
6           compute the member's combined service, including service credit in  
7           another state-administered retirement plan, and calculate the portion of  
8           the member's premium to be paid by the insurance trust fund accounts  
9           established pursuant to 26 U.S.C. sec. 401(h) within the funds  
10          established in KRS 16.510, 61.515, and 78.520, according to the criteria  
11          established in paragraph (a) of this subsection. Each state-administered  
12          retirement plan annually shall pay to the insurance trust fund the  
13          percentage of the system's cost of the retiree's monthly contribution for  
14          single coverage for hospital and medical insurance which shall be equal  
15          to the percentage of the member's number of months of service in the  
16          other state-administered retirement plan divided by his total combined  
17          service. The amounts paid by the other state-administered retirement  
18          plans and the insurance trust fund or accounts established pursuant to 26  
19          U.S.C. sec. 401(h) within the funds established in KRS 16.510, 61.515,  
20          and 78.520 shall not be more than one hundred percent (100%) of the  
21          monthly contribution adopted by the respective boards of trustees.
- 22          3. A member may not elect coverage for hospital and medical benefits  
23          under this subsection through more than one (1) of the state-  
24          administered retirement plans.
- 25          4. A state-administered retirement plan shall not pay any portion of a  
26          member's monthly contribution for medical insurance unless the member  
27          is a recipient or annuitant of the plan.



1           5.    The premium paid by the Kentucky Retirement Systems insurance trust  
2           fund or accounts established pursuant to 26 U.S.C. sec. 401(h) within  
3           the funds established in KRS 16.510, 61.515, and 78.520 shall not  
4           exceed one hundred percent (100%) of the monthly contribution rate  
5           toward hospital and medical insurance coverage approved by the board  
6           of trustees of the Kentucky Retirement Systems.

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

17       (b)   The other provisions of this section notwithstanding, the insurance trust fund  
18          or accounts established pursuant to 26 U.S.C. sec. 401(h) within the funds  
19          established in KRS 16.510, 61.515, and 78.520 shall pay a percentage of the  
20          monthly contribution for the spouse and for each dependent child of a  
21          recipient who was a member of the General Assembly and is receiving a  
22          retirement allowance based on General Assembly service, of the Kentucky  
23          Employees Retirement System and determined to be in a hazardous position,  
24          of the County Employees Retirement System, and determined to be in a  
25          hazardous position or of the State Police Retirement System. The percentage  
26          of the monthly contribution paid for the spouse and each dependent child of a  
27          recipient who was in a hazardous position shall be based solely on the

1 member's service with the State Police Retirement System or service in a  
2 hazardous position using the formula in subsection (3)(a) of this section,  
3 except that for any recipient of a retirement allowance from the County  
4 Employees Retirement System who was contributing to the system on January  
5 1, 1998, for service in a hazardous position, the percentage of the monthly  
6 contribution shall be based on the total of hazardous service and any  
7 nonhazardous service as a police or firefighter with the same agency, if that  
8 agency was participating in the County Employees Retirement System but did  
9 not offer hazardous duty coverage for its police and firefighters at the time of  
10 initial participation.

11 (c) The insurance trust fund or accounts established pursuant to 26 U.S.C. sec.  
12 401(h) within the funds established in KRS 16.510, KRS 61.515, and 78.520  
13 shall continue the same level of coverage for a recipient who was a member of  
14 the County Employees Retirement System after the age of sixty-five (65) as  
15 before the age of sixty-five (65), if the recipient is not eligible for Medicare  
16 coverage. If the insurance trust fund or accounts established pursuant to 26  
17 U.S.C. sec. 401(h) within the funds established in KRS 16.510, 61.515, and  
18 78.520 provides coverage for the spouse or each dependent child of a former  
19 member of the County Employees Retirement System, the insurance trust fund  
20 or accounts established pursuant to 26 U.S.C. sec. 401(h) within the funds  
21 established in KRS 16.510, 61.515, and 78.520 shall continue the same level  
22 of coverage for the spouse or each dependent child after the age of sixty-five  
23 (65) as before the age of sixty-five (65), if the spouse or dependent child is not  
24 eligible for Medicare coverage.

25 (5) After July 1, 1998, notwithstanding any other provision to the contrary, a member  
26 who holds a judicial office but did not elect to participate in the Judicial Retirement  
27 Plan and is participating instead in the Kentucky Employees Retirement System, the

1 County Employees Retirement System, or the State Police Retirement System, as  
2 provided in KRS 61.680, and who has at least twenty (20) years of total service,  
3 one-half (1/2) of which is in a judicial office, shall receive the same hospital and  
4 medical insurance benefits, including paid benefits for spouse and dependents, as  
5 provided to persons retiring under the provisions of KRS 21.427. The  
6 Administrative Office of the Courts shall pay the cost of the medical insurance  
7 benefits provided by this subsection.

8 (6) Premiums paid for hospital and medical insurance coverage procured under  
9 authority of this section shall be exempt from any premium tax which might  
10 otherwise be required under KRS Chapter 136. The payment of premiums by the  
11 insurance trust fund or accounts established pursuant to 26 U.S.C. sec. 401(h)  
12 within the funds established in KRS 16.510, 61.515, and 78.520 shall not constitute  
13 taxable income to an insured recipient. No commission shall be paid for hospital  
14 and medical insurance procured under authority of this section.

15 (7) The board shall promulgate an administrative regulation to establish a medical  
16 insurance reimbursement plan to provide reimbursement for hospital and medical  
17 insurance premiums of recipients of a retirement allowance who are not eligible for  
18 the same level of hospital and medical benefits as recipients living in Kentucky and  
19 having the same Medicare hospital and medical insurance eligibility status. An  
20 eligible recipient shall file proof of payment for hospital and medical insurance at  
21 the retirement office. Reimbursement to eligible recipients shall be made on a  
22 quarterly basis. The recipient shall be eligible for reimbursement of substantiated  
23 medical insurance premiums for an amount not to exceed the total monthly  
24 premium determined under subsection (3) of this section. The plan shall not be  
25 made available if all recipients are eligible for the same coverage as recipients  
26 living in Kentucky.

27 (8) (a) 1. For employees having a membership date on or after July 1, 2003, and

1 before September 1, 2008, participation in the insurance benefits  
2 provided under this section shall not be allowed until the employee has  
3 earned at least one hundred twenty (120) months of service in the state-  
4 administered retirement systems.

5 2. For an employee having a membership date on or after September 1,  
6 2008, participation in the insurance benefits provided under this section  
7 shall not be allowed until the employee has earned at least one hundred  
8 eighty (180) months of service credited under KRS 16.543(1),  
9 61.543(1), or 78.615(1) or another state-administered retirement system.

10 (b) An employee who meets the minimum service requirements as provided by  
11 paragraph (a) of this subsection shall be eligible for benefits as follows:

12 1. For employees who are not in a hazardous position, a monthly insurance  
13 contribution of ten dollars (\$10) for each year of service as a  
14 participating employee.

15 2. For employees who are in a hazardous position or who participate in the  
16 State Police Retirement System, a monthly insurance contribution of  
17 fifteen dollars (\$15) for each year of service as a participating employee  
18 in a hazardous position or as a participating member of the State Police  
19 Retirement System. Upon the death of the retired member, the  
20 beneficiary, if the beneficiary is the member's spouse, shall be entitled to  
21 a monthly insurance contribution of ten dollars (\$10) for each year of  
22 service the member attained as a participating employee in a hazardous  
23 position or as a participating member of the State Police Retirement  
24 System.

25 (c) 1. The minimum service requirement to participate in benefits as provided  
26 by paragraph (a) of this subsection shall be waived for a member who is  
27 disabled or killed in the line of duty as defined in KRS 16.505(19), and

- 1           the member or his spouse and eligible dependents shall be entitled to the  
2           benefits payable under this subsection as though the member had twenty  
3           (20) years of service in a hazardous position.
- 4           2.    The minimum service required to participate in benefits as provided by  
5           paragraph (a) of this subsection shall be waived for a member who is  
6           disabled in the line of duty as defined in KRS 61.621, and the member  
7           shall be entitled to the benefits payable under this subsection as though  
8           the member has twenty (20) years of service in a nonhazardous position.
- 9           3.    The minimum service required to participate in benefits as provided by  
10          paragraph (a) of this subsection shall be waived for a member who is  
11          killed in the line of duty as described in KRS 61.621, and the member's  
12          spouse and eligible dependents shall be entitled to the benefits payable  
13          under this subsection as though the member has twenty (20) years of  
14          service in a hazardous position.
- 15          (d)   The monthly insurance contribution amount shall be increased July 1 of each  
16          year by one and one-half percent (1.5%). The increase shall be cumulative and  
17          shall continue to accrue after the member's retirement for as long as a monthly  
18          insurance contribution is payable to the retired member or beneficiary.
- 19          (e)   The benefits of this subsection provided to a member whose participation  
20          begins on or after July 1, 2003, shall not be considered as benefits protected  
21          by the inviolable contract provisions of KRS 61.692, 16.652, and 78.852. The  
22          General Assembly reserves the right to suspend or reduce the benefits  
23          conferred in this subsection if in its judgment the welfare of the  
24          Commonwealth so demands.
- 25          (f)   An employee whose membership date is on or after September 1, 2008, who  
26          retires and is reemployed in a regular full-time position required to participate  
27          in one (1) of the systems administered by Kentucky Retirement Systems shall

1 not be eligible for health insurance coverage or benefits provided by this  
2 section and shall take coverage with his or her employing agency during the  
3 period of reemployment in a regular full-time position.

4 **(9) In addition to any other benefits provided under this section, the board shall**  
5 **establish a program to reimburse retired state troopers for the cost of their**  
6 **Medicare Part B premiums. The provisions of this program shall apply to**  
7 **retired state troopers who:**

8 **(a) Began participating in the system prior to July 1, 2003;**

9 **(b) Retired with at least twenty (20) years of service in the State Police**  
10 **Retirement System; and**

11 **(c) Are Medicare eligible and are paying a Medicare Part B premium.**

12 **The reimbursement provided by this subsection shall not exceed the**  
13 **Medicare Part B premium, shall not apply to dependents of a qualifying**  
14 **retiree, and shall be paid only for periods in which the member paid a**  
15 **Medicare Part B premium.**