

JOINT CERS AND KRS RETIREE HEALTH PLAN COMMITTEE

May 14, 2025, 10:00 a.m. ET (9:00 a.m. CT)

Live Videoconference/Facebook Live Agenda

1. Call to Order
2. Opening Video Teleconference Statement
3. Roll Call
4. Public Comment
5. Elections
 - a. Chair of Joint RHP Committee*
 - b. Vice-Chair of Joint RHP Committee*
6. Approval of Committee Minutes. *
7. Account Management Review – *Humana Tracey Garrison*
 - a. 2024 Plan performance
 - i. Plan Compass Highlights
 - ii. Pharmacy
 - b. Humana Financial Review
 - i. Gain Share
 - ii. Performance Guarantees
 - iii. CMS Final Notice
 - iv. 2026 Renewal Planning
8. Representative for the Kentucky Group Health Insurance Board (KGHIB) *– *KPPA Connie Pettyjohn*
,
9. Adjourn

**Board Action Required*

**MINUTES OF MEETING
KENTUCKY PUBLIC PENSIONS AUTHORITY
JOINT CERS-KRS BOARD OF TRUSTEES
RETIREE HEALTH PLAN COMMITTEE MEETING
FEBRUARY 13, 2025, at 10:00 A.M., E.S.T.
VIA LIVE VIDEO TELECONFERENCE**

At the February 13, 2025, Regular Meeting of the Retiree Health Plan Committee of the Joint CERS and KRS Boards of Trustees, the following members were present: CERS – Jerry Powell (Chair) and J.T. Fulkerson; KRS – Keith Percy and Dr. Crystal Miller. Staff members present were CERS CEO Ed Owens III, KRS CEO John Chilton, Ryan Barrow, Erin Surratt, Victoria Hale, Nathan Goodman, Connie Pettyjohn, Abby Sutherland, Michael Lamb, Brian Towles, Ashley Gabbard, Phillip Cook, Sandy Hardin, and Sherry Rankin. Others in attendance included Carrie Lovell, Jessica Young, Shannon Tefft, Larry Loew, and Tracy Garrison with Humana.

1. Mr. Powell called the meeting to order.
2. Ms. Hale read the Opening Video Teleconference Statement.
3. Ms. Rankin called Roll.
4. Ms. Rankin noted no ***Public Comment*** was submitted.
5. Mr. Powell introduced the agenda item ***Approval of Committee Minutes –October 21, 2024 (Video 00:08:46 to 00:09:20)***. A motion was made by Mr. Fulkerson and seconded by Dr. Miller to approve the October 21, 2024, minutes as presented. The motion passed unanimously.
6. Mr. Powell introduced the agenda item ***Humana. (Video 00:09:20 to 00:48:12)***

Ms. Tracy Garrison from Humana presented the 2024 Member Satisfaction Results. Starting with a discussion on member satisfaction for 2024, she focused on the annual survey and Net Promoter Score (NPS) results. The survey, conducted in early December,

gathered feedback from approximately 450 to 500 members, aiming for a satisfaction score of 7 or higher on a scale of 1 to 10. The results showed that over 92% of members were satisfied with how Humana administered their plan in 2024, with 91% willing to recommend Humana to their family and friends, and 86% of surveyed members had utilized their plan.

Ms. Garrison then addressed customer satisfaction, emphasizing the customer experience. She mentioned that feedback came from customers who contacted the call center and interacted with the team. Overall satisfaction with the plan remained consistent, with 12% of contacted customers having interacted with the call center and being satisfied with the overall service. Over 80% of members reported satisfaction with their interactions, and the ability to resolve issues remained relatively high at 79%.

The disposition of issue resolution was also examined, focusing on customer feelings about the timing and resolution of their issues. Sixty-six percent of customers were able to get their calls resolved within the first call, without needing a follow-up, while an additional 13% felt their issue was resolved within that timeframe. However, 21% of customers did not feel their issue was resolved. Satisfaction with the resolution showed that 58% were satisfied, and an additional 16% felt satisfaction, giving a total of 74% overall satisfaction. Scores continue to be consistent in this area, indicating good overall satisfaction, though there is always room for improvement to ensure customers feel heard and their issues resolved when contacting the call center.

Ms. Garrison then reviewed the Net Promoter Score (NPS), which ranges from -100 to +100, with scores above 0 considered good, while scores above 50 are considered excellent. The NPS is calculated as the percentage of promoters (customers likely to recommend Humana, rating 9 to 10) minus the percentage of detractors (rating 0 to 6). The focus was on the transactional NPS, based on surveys taken by retirees after each interaction with Humana. Over the years, there has been a positive upward trend in NPS, starting at 73 in 2022 and reaching 74.68 in 2024. While the scores are pleasing, continuous effort is made to meet member requests and needs. For context, Mr. Larry

Lowe noted that the overall NPS for Humana's entire block of business is approximately 71, indicating above-average satisfaction for our population.

Ms. Garrison presented the 2024 Call Center Statistics, highlighting a year-over-year comparison of call center data from retirees. In 2024, there was a significant decrease in the number of calls received, with 71,651 calls compared to 83,000 in 2023. The spike in calls in 2023 was primarily driven by the Baptist Health issue in the fall, which later settled to a more consistent level in 2024. Despite the decrease, the number of calls in 2024 was still higher than in 2022. The presentation also covered the number of calls offered versus answered, call abandonment rates (very low, less than 1%), average speed to answer (13 seconds in 2023 and 14 seconds in 2024), and average handle time (624 seconds in 2023 and 614 seconds in 2024). Additionally, most of the calls were related to benefits and claims, followed by communication, prescriptions, authorizations, provider questions, outbound calls, fulfillment (e.g., ID card requests), demographic changes, and interactions with online/mobile/web pages.

Ms. Connie Pettyjohn reminded the group that these statistics and surveys are part of the performance guarantee that Humana fulfills each year according to the contract. Depending on the results, there may be financial implications, with potential monetary returns if these guarantees are not met. Therefore, these metrics are crucial and are reviewed throughout the year by both the staff and the Board.

Ms. Garrison provided updates on the 2025 Enrollment Implementation, highlighting an issue at the beginning of the year where 7,000 KPPA members were mistakenly moved from one contract to another within the Humana system. This error resulted in letters being sent to members, mistakenly informing them that they were terminated from the system. However, there was no disruption in coverage, as members continued to have active coverage. The issue was identified as an automated process error, and Humana worked closely with KPPA to align their messaging. Humana made outbound calls to approximately 1,400 of the 7,000 affected members and sent reinstatement notices to rectify the confusion.

Ms. Pettyjohn added that the call center partnered with Humana to communicate the same message to retirees from December 30, 2024, through the first week of January 2025. This collaboration led to an increase in calls. The uptick in calls at the end of the year was likely related to this issue. Ms. Garrison and Mr. Powell acknowledged that this error caused unnecessary confusion and concern for the members, and efforts have been made to prevent similar issues in the future.

Ms. Garrison provided updates on Humana's collaboration with Personify Health, a third-party administrator organization, related to medical-only and mirror plan members. The transition of members to Personify Health was effective from January 1, 2025, following six to nine months of preparation. Initially, there were some delivery delays with the welcome letter and ID card, causing confusion and increased calls. Additionally, inconsistent communications from both Humana and Personify Health added to the confusion. All issues were escalated with expedited resolution. Members who had access to care issues were provided their Personify Health ID number, and outreach was made to providers who needed assistance from Personify Health. KPPA has direct Personify Health contact information for any escalated issues that may arise in the future with a response from Personify Health within 24-48 hours. Humana, Personify Health, and KPPA continue to meet regularly to address any future issues.

Next, Ms. Garrison provided an overview of the annual enrollment events held in 2024. Humana hosted in-person events in Lexington, Louisville, Frankfort, and Erlanger, along with virtual events. Attendance was typical compared to previous years, with a higher turnout last year.

Mr. Larry Lowe provided an update on the 2025 Centers for Medicare and Medicaid Services (CMS) notices, beginning with the advance notice. The funding for these plans is largely provided by the federal government through CMS, which announces rate changes via the advance notice. Released earlier than usual on January 10, 2025, it allows for a public and industry comment period before finalizing the 2026 rates by April 7, 2025. The

advance notice indicated a 2.25% increase compared to 2025, higher than in previous years. However, the industry faces challenges, including higher trends in medical and pharmacy utilization and uncertainty tied to Part D funding due to IRA changes. The final rate notice, expected by early April, will provide more definitive information. The renewal rates for 2026 will be finalized and provided to KPPA by July 1, 2025.

The discussion also touched on potential impacts from the new administration and executive orders. The final rate notice will provide more clarity on this matter, and the legislative affairs team is available for updates. It was noted that the \$2,000 maximum out-of-pocket amount, which went into effect in January, will rise to \$2,100 for 2026. There were no material changes revealed in the advance notice for the structure or methodology for the group Medicare Advantage (MA) plans. The Board may consider discussing these updates further in the May meeting.

Ms. Garrison reviewed the 2025 Value-Added Services, which Humana provides to retirees each year around January and February. These services are available to Humana Medicare Advantage plan members and include the various discounts and benefits. Some of the most utilized services include:

- Humana Dental: A 25% discount on certain services with Humana dental providers, in addition to the KPPA dental benefit.
- EyeMed Discount: Discounts on eyeglasses and eye exams.
- TruHearing: A 60% discount on hearing services for Humana Medicare Advantage members using the TruHearing network.
- Lifeline Alert System Savings Program: Discounts on alert systems for those who need them.
- Mom's Meals: An in-home delivery service providing balanced, nutritious meals, available at a discount to Humana members. These meals can be delivered free of charge to members who were inpatient in the hospital.
- Drug Discount Program: Discounts on various over-the-counter medications and other items.

For 2025, two new programs were added:

- A travel discount program offering a 5% discount through the IMG Travel Medical Evacuation Program for members traveling abroad.
- The Petzey Pet Telehealth Discount: For \$1.00 a month, members can sign up for unlimited telehealth services for their pets. It is available 24/7, with typical consultation prices around \$20.00.

Mr. Powell suggested adding links to these services on the Retiree Health webpage to simplify access for members, which Ms. Pettyjohn supported. However, Ms. Garrison and Ms. Pettyjohn noted that CMS regulations limit the promotion of these services. Humana is exploring ways to make the information more accessible to current members. They have already sent details about these value-added services via mail and provide information on their website. Ongoing efforts are being made to enhance communication and ensure members are aware of the benefits available to them.

7. Mr. Powell introduced the agenda item ***Other Business – 2025 Open Enrollment Statistics*** (*Video 00:48:12 to 00:59:09*). Ms. Sutherland presented data on 2025 Open Enrollment, Designation of Spouse and/or Dependent Child for Health Insurance Contributions (Form 6256), KEHP Open Enrollment Communications, KEHP Open Enrollment Email Notification, and KPPA Outreach. The number of enrollments completed online and processed by counselors was similar for both years, with a slight increase in enrollments processed by counselors for 2025. There was a small increase in the number of forms completed online for hazardous duty retirees verifying their dependents' eligibility, and a small decrease in forms processed by counselors. Phone calls decreased for 2025, while email communications remained comparable to the previous year. There was a slight increase in office visitors.

The annual open enrollment email notification showed an increase in the number of members who opened and viewed the contact, although fewer members utilized the enclosed links. These links included benefit information, premium contributions, online enrollment, and online forms. Despite no significant plan or cost changes for 2025, the

online recorded presentation saw 593 views, up from around 400 the previous year, allowing members to access information at their convenience.

Humana attended three KEHP benefit fairs, with the largest attendance in Frankfort. The KEHP webinar recording received 792 views, continuing to rise annually. Humana also participated in various KPR meetings, with the largest attendance in Frankfort, providing an opportunity for direct interaction with retirees. Regarding the Living Well Promise, a list of members who did not complete it is received annually, and efforts are made to remind members through email blasts. Challenges remain in ensuring new retirees understand the requirement. Discussions with retirees and continued evaluation of outreach methods aim to improve compliance.

Before adjourning the meeting, Mr. Powell expressed his gratitude, stating it was his last meeting for the Joint Retired Health Plan Committee. He thanked everyone for their support, understanding, and guidance over his eight years of involvement. He shared his appreciation for working with and getting to know everyone at Humana, the Board members, and KPPA staff. Mr. Powell specifically thanked everyone for their collaboration and the accomplishments they achieved together.

In response, Ms. Connie Pettyjohn and the committee members expressed their gratitude for Mr. Powell's service, emphasizing the positive impact he had on the committee and the retirees.

8. There being no further business, Mr. Powell ***adjourned*** the meeting.

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CERTIFICATION

I hereby certify that I was present at this meeting, and I have recorded above the action of the Committee on the various items considered by it at this meeting. Further, I certify that all requirements of KRS 61.805-61.850 were met in connection with this meeting.

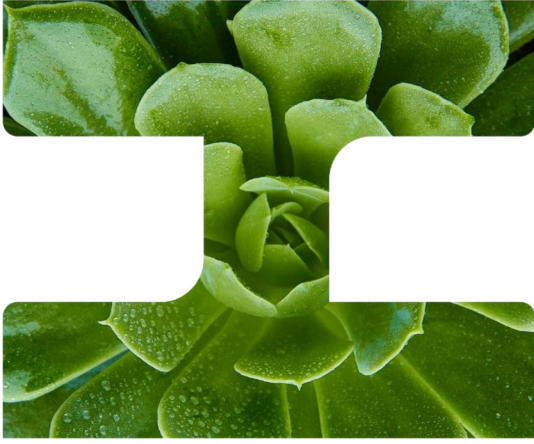
Recording Secretary

I, Jerry Powell, the Chair of the Joint Retiree Health Plan Committee of the Board of Trustees of the County Employees Retirement System and the Kentucky Retirement Systems, do hereby certify that the Minutes of the meeting held on February 13, 2025, were approved by the Joint Retiree Health Plan Committee on May 14, 2025.

Committee Chair

I have reviewed the Minutes of the February 13, 2025, Joint Retiree Health Plan Committee meeting for form, content, and legality.

Executive Director
Office of Legal Services



Humana®

Humana Group Medicare Advantage

Kentucky Public Pensions Authority
CERS/KRS Retiree Health Plan
Committee Meeting

May 14, 2025



County Employees Retirement System



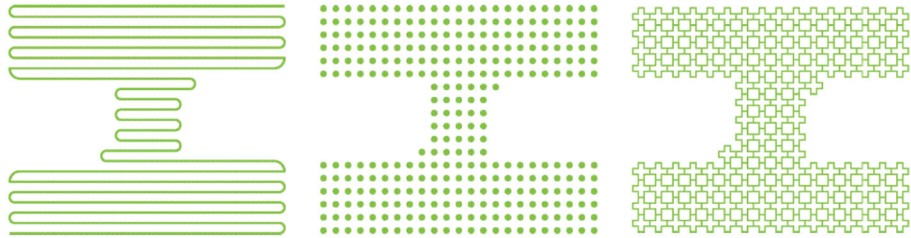
Kentucky Employees Retirement System



State Police Retirement System



Kentucky Public Pensions Authority



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Today’s discussion

01 | 2024 Plan Performance

- Plan Compass Highlights
- Pharmacy

02 | Financial Review

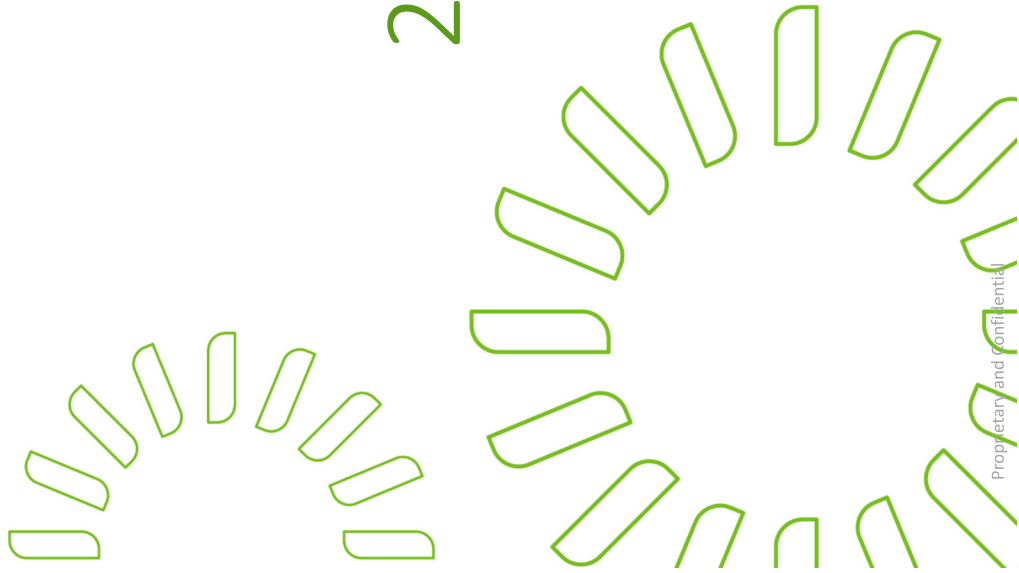
- Gain Share
- Performance Guarantees
- CMS Final Rate Notice
- 2026 Renewal Planning

Tracey Garrison
Senior Account Executive

Larry Loew
Director of Account Management

Carla Whaley
Associate Vice President
Account Management

Carrie Lovell
Clinical Pharmacy Lead



2024 Plan Performance

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Premium Plan Executive Summary

Premium Plan			
	Current	Prior	Change
Average Membership	55,866	54,934	1.70%
Total Net Paid PMPM	\$1,620.55	\$1,542.53	5.10%
Medical Net Paid PMPM	\$987.07	\$940.51	5.00%
Pharmacy Net Paid PMPM	\$633.48	\$602.03	5.20%
Medical Admits/1000	179	158	13.80%
Total Prescriptions PMPM	3.34	3.32	0.60%
Specialty Drugs % of Rx Net Paid	40.40%	36.10%	4.30%
Specialty Net Paid PMPM	\$255.98	\$217.51	17.70%
Health Alerts Full Compliance	57.90%	53.40%	8.40%
Mbrs w/ Preventative Services	79.80%	78.40%	1.80%
Silver Sneakers Participation	11.90%	11.30%	5.30%

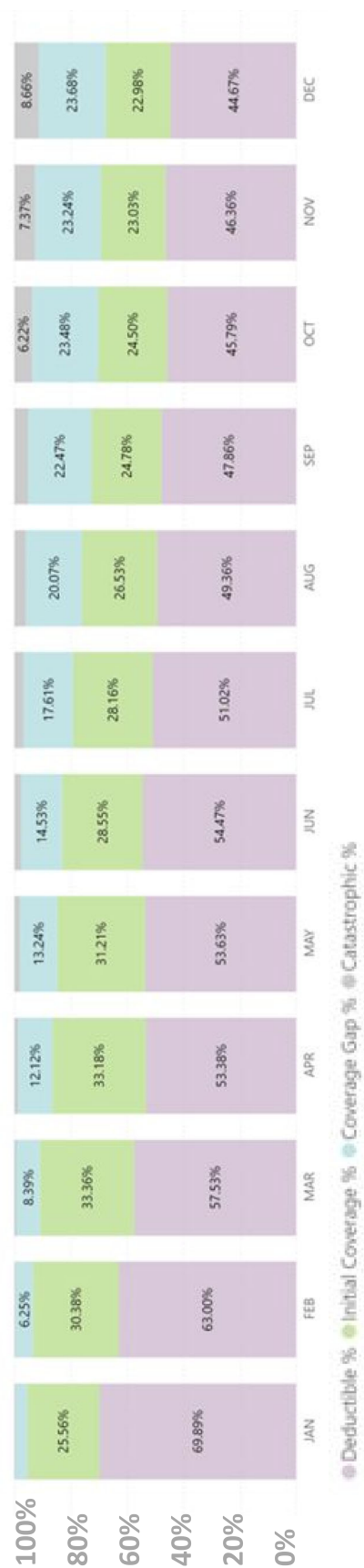
Essential Plan Executive Summary

Essential Plan			
	Current	Prior	Change
Average Membership	5,104	5,229	-2.40%
Total Net Paid PMPM	\$1,004.36	\$932.85	7.70%
Medical Net Paid PMPM	\$836.30	\$793.19	5.40%
Pharmacy Net Paid PMPM	\$168.06	\$139.66	20.30%
Medical Admits/1000	159	142	12.00%
Total Prescriptions PMPM	2.36	2.36	0.00%
Specialty Drugs % of Rx Net Paid	24.70%	21.90%	2.80%
Specialty Net Paid PMPM	\$76.27	\$47.14	61.80%
Health Alerts Full Compliance	57.40%	53.50%	7.30%
Mbrs w/ Preventative Services	74.80%	73.70%	1.50%
Silver Sneakers Participation	12.40%	12.00%	3.30%

KPPA Member by Phase Report 2024

Combined Premium and Essential Plans

Phases - CMS Standard Plan	2024
Deductible - Member Pays up to:	\$545
Initial Coverage Limit - Member pays plan % or copays up to:	\$5,030
Coverage Gap - Member pays plan % or copays until TrOOP reaches:	\$8,000
Catastrophic - Member share eliminated	not applicable



- ☒ 8.66 % of KPPA members reached catastrophic phase by December 31, 2024
- ☒ 6.6% of Group Medicare MAPD members reached catastrophic phase by December 31, 2024

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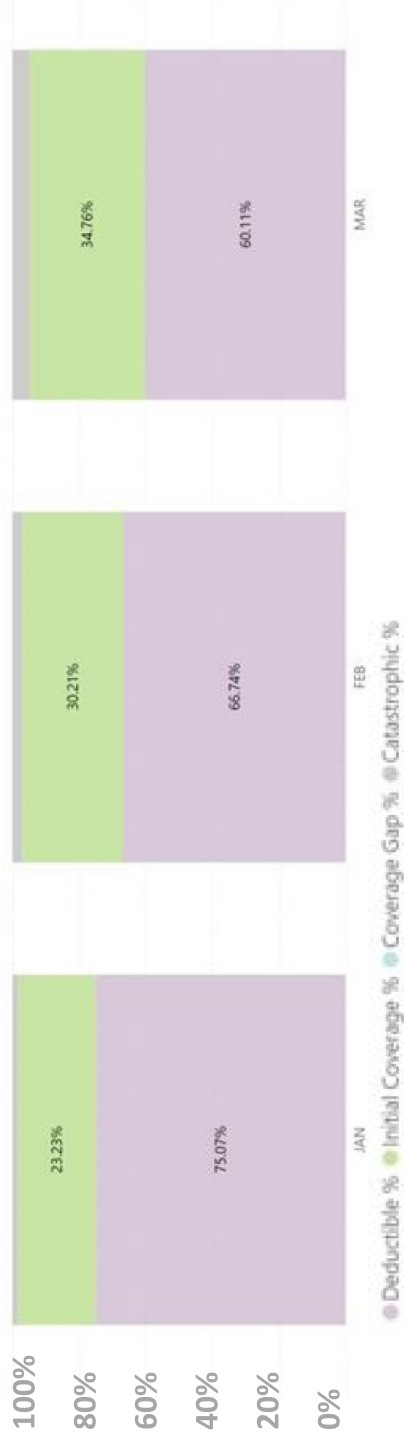
KPPA Member by Phase Report 2025

Combined Premium and Essential Plans



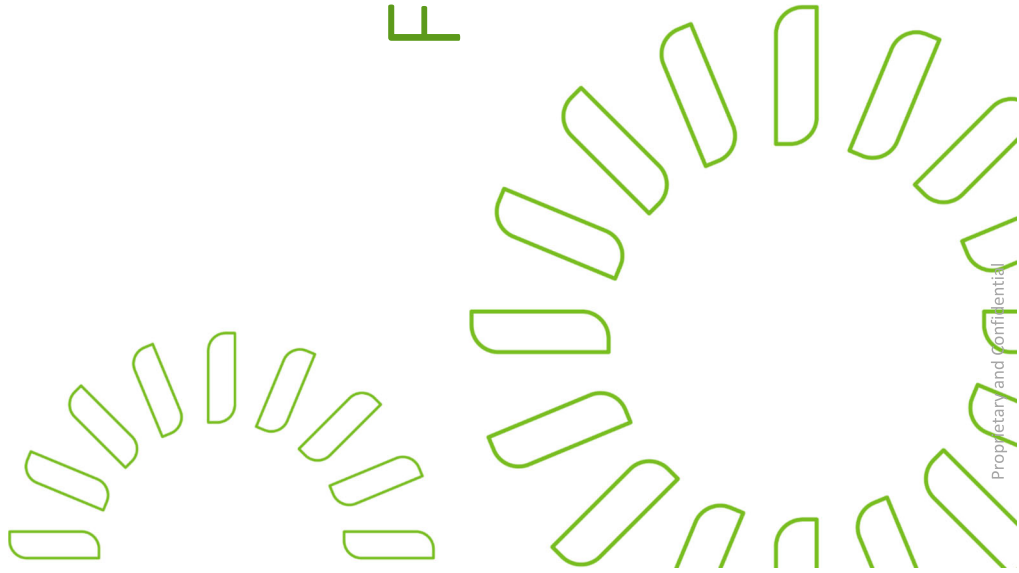
2025 Defined Standard Benefit

- Deductible: \$590
- Part D Threshold/Catastrophic: \$2000



- ✓ Coverage gap was eliminated in 2025
- ✓ 5.12% of KPPA members (3160 mbrs) reached the \$2000 threshold by March 31, 2025
- ✓ Comparable to September (4.9%) /October (6.22%) timeframe for catastrophic phase in 2024
- ✓ 4.2% of Group Medicare MAPD members reached the \$2000 threshold by March 31, 2025

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Financial Review

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Financial Commitments to KPPA Medicare Advantage Plans



Gain Share Agreement

An arrangement in which a percentage of overages are shared between the carrier and client in the event actual MER results are more favorable than projected. Actual annual MER target will be determined based on renewal and benefits.



Performance Guarantees

Humana agrees to service level commitments on administrative services with financial penalties should we fail to deliver on those commitments.

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KPPA Performance Guarantee Report

PG#	Category	Target	Humana's Recommended Standard & Measurement Criteria	2024 Annual Average	2024 Annual Target Met
IMPLEMENTATION					
1	Ongoing ID Card Production and Distribution	≥ 99%	Humana will agree that 99% of ongoing ID cards will be mailed to participants within 10 calendar days of receiving a Transaction Reply Report (TRR) acceptance from CMS or by the day prior to the member's effective date. Humana follows CMS guidelines with regards to the production and distribution of member identification cards. Clean enrollment data is defined as the complete and accurate submission of the data elements required by CMS in an EDI file or paper application.	100.00%	Yes
2	Account Management Satisfaction Survey	≥ 3.0	Humana acknowledges that its Account Management team must be responsive to the needs of our customers if we are to earn and sustain their trust. Therefore, Humana will perform an annual Account Management Satisfaction Survey to be completed by designated members of Client's benefits staff. A scale from 1 to 5 will be used to measure performance, where 1 means "very unsatisfied" and 5 means "extremely satisfied." Our goal is an overall account management satisfaction score of 3.0 or higher. The survey tool is provided to the Client 30 days there after the end of the third quarter of the guarantee period. If Humana scores less than a 3 in any category, the client is requested to supply Humana with detailed examples explaining any issues.	4.82	Yes
3	Renewal Information Delivery	by July 1st	Humana will agree to provide Kentucky Public Pensions Authority with renewal fees and claims projections for the upcoming calendar year by July 1st provided that the benefit plan has been defined as of that date. Humana will also agree to provide calendar year end reporting by May 1st.	Met	Yes
MEMBER SATISFACTION					
4	Member Satisfaction	≥ 80%	Humana will agree to a Customer Service Satisfaction Survey result of ≥ 80%, using VOC (Voice of the Customer) results. This survey is designed to help Humana "hear" the voice of our customer. This automated survey system makes outbound calls to randomly selected members within Group Medicare that have agreed to take the survey.	93.70%	Yes

KPPA Performance Guarantee Report

PG#	Category	Target	Humana's Recommended Standard & Measurement Criteria	2024 Annual Average	2024 Annual Target Met
CLAIMS ADMINISTRATION					
5	Claims Turnaround Time	≥ 98% in 30 calendar days	Humana will agree to a Cycle Time of 98% or greater in 30 calendar days, measured from the date a clean claim is received to the date it is "processed". Processed means paid or denied without requiring additional information from an external source. "Clean" is defined as needing no additional information from an external source.	99.66%	Yes
6	Financial Accuracy	≥ 99%	Humana will agree to a Financial Accuracy rate of 99% or greater. Financial accuracy rate is defined as the percentage of dollars paid correctly. It is calculated by dividing the total claim dollars paid less the absolute value of overpayments and underpayments by the total claims dollars paid. Data is obtained through ongoing random audits.	99.80%	Yes
7	Claims Payment Accuracy	≥ 98%	Humana will agree to a Payment Accuracy rate of 98% or greater. Payment accuracy is defined as the percentage of claims paid correctly. It is calculated by dividing the total number of correctly paid claims by the total number of claims paid.	99.45%	Yes
8	Claims Processing Accuracy	≥ 99%	Humana will agree to a Coding Accuracy Rate of 99.0% or higher.	99.77%	Yes

KPPA Performance Guarantee Report

PG#	Category	Target	Humana's Recommended Standard & Measurement Criteria	2024 Annual Average	2024 Annual Target Met
CUSTOMER SERVICE					
9	Average Speed to Answer (ASA)	within 30 seconds	Humana will agree to a Telephone Response time of 30 seconds. Measurement is the average number of seconds prior to answer . This standard exceeds the current CMS guidelines for Medicare Advantage carriers.	12.18 seconds	Yes
10	Abandonment Rate	≤ 3%	Humana will agree to an Abandonment rate of 3% or less for this standard. Measurement would be the percent of callers that ended the call prior to reaching a customer service representative.	0.46%	Yes
11	First Call Resolution	≥ 90%	Humana will agree to a First Call Resolution of 90% or greater. First call resolution is defined as any call that does not require additional customer contact. This measurement will be via Call Quality Audits based on a statistically valid sample of all calls.	96.89%	Yes
12	Welcome Calls	≥ 90%	MA Carrier will place a welcome call to all newly enrolled KPPA Medicare Advantage members within the first 60 days of their plan effective date. The welcome call provides an opportunity to welcome members to MA Carrier and answer benefit questions. MA Carrier will make a first attempt of a welcome call for at least 90% of new KPPA Medicare Advantage members within 60 days of successful enrollment file loading. The percentage will be calculated based on the number of valid phone numbers Humana receives. Timing for this metric will begin once a new member's enrollment data is successfully loaded into MA Carrier's Welcome Call Dialer for outreach.	100.00%	Yes
13	Account Concierge Tracking Log of Member Issues	100% of member issues acknowledged within 1 business day, and follow up of resolution status within 2 business days, if not yet resolved.	Actual member issues from either KPPA staff or members, acknowledged (respond using the method the inquiry was received) within 1 business day, and follow-up of resolution status within 2 business days, if not yet resolved.	Met	Yes

KPPA Performance Guarantee Report

PG#	Category	Target	Humana's Recommended Standard & Measurement Criteria	2024 Annual Average	2024 Annual Target Met
CLAIMS ADMINISTRATION					
14	System Down-time	≥ 99%	The MA Carrier guarantees that the System Availability Rate for each Calendar Year shall be 99.00% or greater to ensure participants are able to utilize or access all or any portion of the benefits or services within the plan. "System Availability Rate" means the percentage of normal business hours that the MA Carrier's computer systems are operational, excluding scheduled maintenance time.	99.93%	Yes
REPORTING					
15	Plan Compass	Annually in July	Humana agrees to provide Humana's Plan Compass Annually in July.	Met	Yes
16	Management Reporting	within 120 days	Humana will agree to provide Kentucky Public Pensions Authority with a premium and incurred claims report within 120 days after the end of the annual reporting period.	Met	Yes
17	Notification of Subcontractor or Affiliate Changes	Notification within 30 days of any change in subcontracted vendors for any material support service.	Humana understands the importance of communication. Humana will agree to use a best effort approach in notifying Kentucky Public Pensions Authority within 30 days of any change in subcontracted vendors for any material support service.	Met	Yes

2025 Final Rate Notice – What you need to know

Medicare Advantage payment policies

- 2026 county benchmarks are estimated to increase by an average of 9.04%
- In total, CMS estimates the net payment increase for MA plans on average will be +5.06%
 - While the average 2026 MA plan payment (i.e., Final Rate Notice) increase of 5.06% is higher than the change of the prior couple of years, important industry headwinds will impact renewals.
 - Continued higher trends for medical due to increased utilization

Employer Group Waiver Plan (EGWP) payments

- No significant changes were made specific to EGWPs.
- For employer group MA plans, CMS elected to continue calculating plan payments using its existing methodology
- CMS maintained the EGWP MA funding methodology used for 2025 payments to determine the 2026 payments.

Part D Parameters	2025	2026
Deductible	\$590	\$615
Initial coverage limit	Not applicable	Not applicable
Out-of-pocket threshold	\$2,000 (required by the IRA)	\$2,100 (required by the IRA)

Renewal Planning – Key Factors



PPO medical claims cost trend

The trend of medical claims, including any additional clinical programs that could impact your members, medical technology advancements and new Part B drugs.



Pharmacy claims cost trend

The overall trend of pharmacy claims including any new pipeline drugs, formulary changes, coverage level, generic usage and drug utilization



CMS reimbursement changes

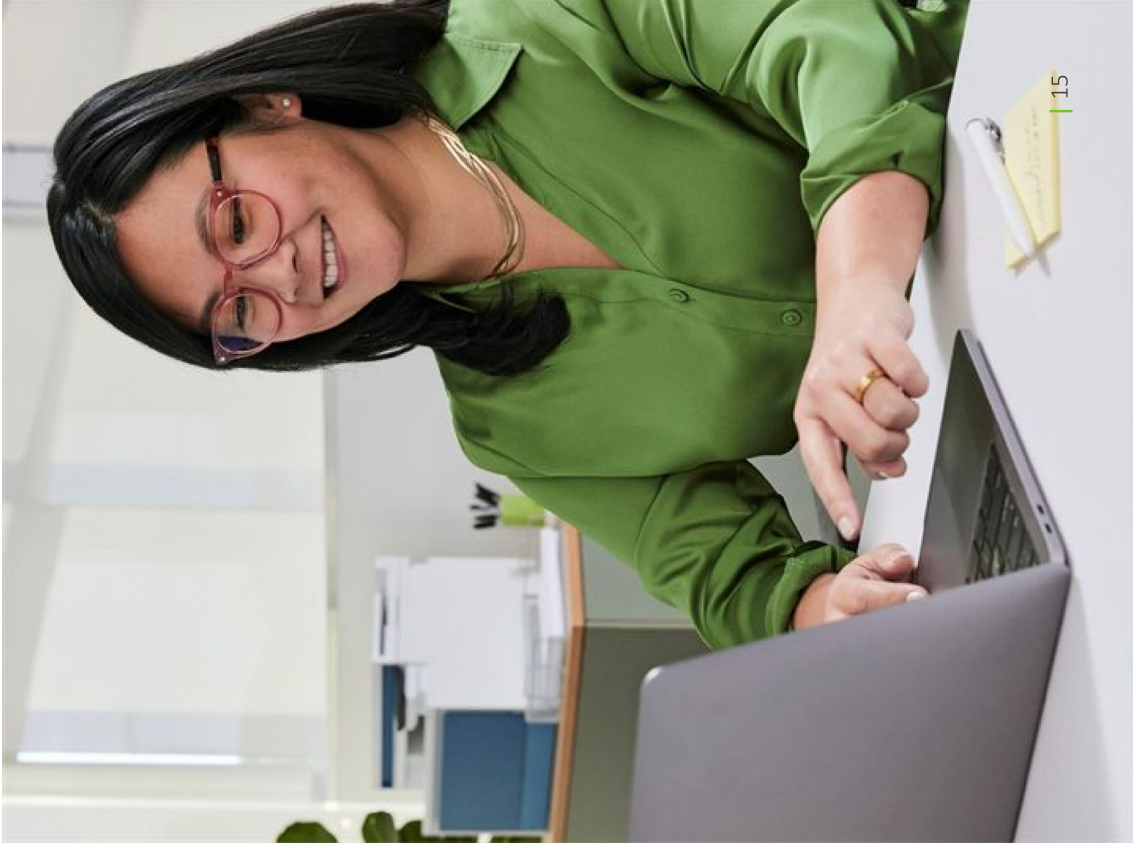
Adjustments will be made for risk scores, sequestration, hospice, ESRD payments and any CMS reimbursement methodology changes.



Benefit changes

Factor in any requested plan changes to your current program

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Thank you!



KENTUCKY PUBLIC PENSIONS AUTHORITY

Ryan Barrow, Executive Director

1260 Louisville Road • Frankfort, Kentucky 40601
kyret.ky.gov • Phone: 502-696-8800 • Fax: 502-696-8822



MEMORANDUM

TO: Members of the Joint CERS & KRS Retiree Health Plan Committee

FROM: Connie Pettyjohn, Division Director
Retiree Healthcare

DATE: May 16, 2025

SUBJECT: Kentucky Group Health Insurance Board

The Kentucky Group Health Insurance Board (KGHIB) was created by KRS 18A.226 to provide quality, affordable health insurance coverage so that the Commonwealth can attract and retain able and dedicated public employees, and to facilitate the need for comprehensive and efficient planning, implementation, and administration of a state employee health insurance program.

The board is attached to the Personnel Cabinet for administrative purposes only and consists of thirteen (13) members which includes one (1) retired state employee appointed by the Kentucky Retirement Systems (KRS) for a term a two (2) years. The KGHIB meets monthly at an in-person meeting in Frankfort.

KRS 18A.226 was not updated when the three (3) Board governance structure was created by 2020 RS HB 484, i.e. CERS Separation. There has been a Personnel housekeeping bill filed in the last two (2) Regular Sessions that included modifications to this statute, but those bills have not passed.

Mr. Jerry Powell served as the appointed member on the KGHIB since 2018. Connie Pettyjohn has served as the proxy since 2011. With the departure of Mr. Powell from the CERS Board, a new appointment needs to be made. The appointee does not have to be a trustee, but historically has been. The only requirement is that it be a retired member.

Recommendation: The CERS & KRS Joint RHP Committee recommend an appointee to the KGHIB to be ratified by both the KRS and CERS Board of Trustees. Ratification by both Boards is consistent with how recommendations from the RHP Committee are currently handled, and will satisfy the statutory requirement under KRS 18A.226.

Enclosure

18A.226 Group Health Insurance Board -- Members -- Duties.

- (1) To provide quality, affordable health insurance coverage so that the Commonwealth can attract and retain able and dedicated public employees, and to facilitate the need for comprehensive and efficient planning, implementation, and administration of a state employee health insurance program in order to meet this goal, the Kentucky Group Health Insurance Board is created. The board shall be attached to the Personnel Cabinet for administrative purposes only. The board shall consist of thirteen (13) members as follows:
 - (a) The secretary of the Finance and Administration Cabinet;
 - (b) The secretary of the Personnel Cabinet;
 - (c) The state budget director;
 - (d) The commissioner of education;
 - (e) The chair of the Advisory Committee of State Health Insurance Subscribers;
 - (f) The commissioner of insurance, ex officio;
 - (g) The Auditor of Public Accounts, ex officio;
 - (h) The Director of the Administrative Office of the Courts, or his designee;
 - (i) One (1) retired state employee appointed by the Kentucky Retirement Systems, who shall serve an initial term of one (1) year;
 - (j) One (1) retired teacher appointed by the Teachers' Retirement System, who shall serve an initial term of two (2) years;
 - (k) One (1) active teacher appointed by the organization with the largest number of teacher members on payroll deduction, who shall serve an initial term of one (1) year;
 - (l) One (1) active state employee appointed by the organization with the largest number of state employee members on payroll deduction, who shall serve an initial term of two (2) years; and
 - (m) One (1) active classified education support employee appointed by the organization with the largest number of classified education support employee members on payroll deduction, who shall serve an initial term of one (1) year.

As each appointed member's term expires, the vacancy created shall be filled by the appointing authority for that position for a term of two (2) years. An appointment to fill an unexpired term of an appointed member shall be made by the designated appointing authority for the remainder of the term. Appointed terms shall begin effective October 1.
- (2) The members of the board shall elect from among its members a chair and a vice chair.
- (3) Regular meetings of the board shall be held at least once every month at a place, day, and time determined by the board. Special meetings of the board shall be held when needed as determined by the chair. If seven (7) or more members of the board request in writing that the chair call a special meeting, the chair shall call a special meeting. The meetings shall operate in accordance with the provisions of the Open

Meetings Law under KRS 61.805 to 61.850.

- (4) Members of the board shall receive reimbursement for necessary expenses for attendance at official board meetings or public hearings.
- (5) The Kentucky Group Health Insurance Board shall:
 - (a) Engage in analyses and research to identify the factors and parameters that affect the state group health insurance program;
 - (b) Develop and transmit, by October 1 of each year beginning October 1, 2001, to the Governor, the General Assembly, and the Chief Justice of the Supreme Court, policy recommendations regarding benefit options and management of the state group health insurance program; and
 - (c) Provide in the first report, due by October 1, 2001, the following:
 - 1. Analysis and discussion of methods used by all other states to provide health insurance benefits to their state group; and
 - 2. Analysis and discussion of the cost, enrollment, claims, and utilization data for calendar year 2000 on the Kentucky state group; and
 - 3. Recommendations including but not limited to appropriate structures for the state contribution rate which shall include recommendations on increasing the state contribution to provide support for dependent coverage, possible methods to mitigate adverse selection, competitive plan designs by type and benefit options, the feasibility of a state self-insurance plan, and strategies for evaluating third-party administrators and vendors.

Effective: July 15, 2010

History: Amended 2010 Ky. Acts ch. 24, sec. 29, effective July 15, 2010. -- Amended 2002 Ky. Acts ch. 158, sec. 1, effective July 15, 2002. -- Created 2000 Ky. Acts ch. 438, sec. 1, effective April 21, 2000.