

JOINT CERS AND KRS RETIREE HEALTH COMMITTEE
September 2, 2025, 10:00 a.m. EST
Live Videoconference/Facebook Live Agenda

1. Call to Order – *Keith Percy*
2. Opening Video Teleconference Statement – *Office of Legal Services*
3. Roll Call – *Sandy Hardin*
4. Public Comment – *Sandy Hardin*
5. Approval of Committee Minutes. May 15, 2025* - *Keith Percy*
6. Establish 2026 Health Insurance Components and Health Insurance Rate that will be used to define 100% Contribution for non-Medicare Eligible Retirees * - *Connie Pettyjohn*
7. Establish 2026 Health Insurance Plan Components and Health Insurance Rate that will be used to define 100% Contribution for Medicare Eligible Retirees* - *Humana/Connie Pettyjohn/GRS Representative*
 - a. CY2026 KPPA Medical Only and MA Mirror Plans Renewal – *GRS/Connie Pettyjohn*
 - b. Actuarial Analysis of MA Premium Impact - *GRS*
8. Other Business – *Keith Percy*
9. Adjourn* - *Keith Percy*

**CERS and KRS Board Action Required*

**MINUTES OF MEETING
KENTUCKY PUBLIC PENSIONS AUTHORITY
JOINT CERS-KRS BOARD OF TRUSTEES
RETIREE HEALTH PLAN COMMITTEE MEETING
MAY 14, 2025, at 10:00 A.M., E.S.T.
VIA LIVE VIDEO TELECONFERENCE**

At the May 14, 2025, Regular Meeting of the Retiree Health Plan Committee of the Joint CERS and KRS Boards of Trustees, the following members were present: CERS – Dr. Patricia Carver and Tommy McGraw; KRS – Keith Percy and Dr. Crystal Miller. Staff members present were CERS CEO Ed Owens III, KRS CEO John Chilton, Ryan Barrow, Rebecca Adkins, Erin Surratt, Victoria Hale, Connie Pettyjohn, Abby Sutherland, Brian Towles, Ashley Gabbard, Shaun Case, Sherry Rankin, and Sandy Hardin. Others in attendance included Tracey Garrison, Carla Whaley, Larry Loew, and Carrie Lovell with Humana.

1. In the absence of a Chair, Dr. Miller called the meeting to order.
2. Ms. Hale read the Opening Video Teleconference Statement.
3. Ms. Hardin called Roll.
4. Ms. Hardin noted no ***Public Comment*** was submitted.
5. Dr. Miller introduced the agenda item ***Elections***. (*Video 00:09:30 to 00:11:50*)

Dr. Miller called for nominations for Chair of the Joint Retiree Health Plan Committee. Dr. Carver nominated Dr. Crystal Miller, who declined due to other obligations. Mr. McGraw then nominated Dr. Carver, who also declined.

Dr. Miller made a motion to approve Mr. Keith Percy as Chair of the Joint Retiree Health Plan Committee for the next year. Mr. McGraw seconded the motion. The motion passed unanimously.

Mr. Peercy then made a motion to approve Dr. Miller as Vice-Chair of the Joint Retiree Health Plan Committee for the next year. Mr. McGraw seconded the motion. The motion passed unanimously.

6. Mr. Peercy introduced the agenda item ***Approval of Committee Minutes – February 13, 2025*** (Video 00:11:50 to 00:12:12). Dr. Miller made a motion to approve the minutes from the Joint Retiree Health Plan Committee meeting held on February 13, 2025. Mr. McGraw seconded the motion. The motion passed unanimously.
7. Mr. Peercy introduced the agenda item ***Account Management Review***. (Video 00:12:12 to 00:48:40) Ms. Tracey Garrison with Humana highlighted the impact of the IRA-mandated benefit changes for 2025, particularly the reduction of the catastrophic out-of-pocket threshold from \$8,000 in 2024 to \$2,000 in 2025. As a result, 31,160 members have already hit the \$2,000 maximum, a milestone that took until September last year to reach. This change significantly lowers financial barriers for members, ensuring better access to medications, but it also accelerates cost dynamics for the plan. Committee discussions centered on tracking expenditures compared to previous years. Mr. McGraw questioned whether spending levels were in line or increasing, given the threshold change. Mr. Loew confirmed that CMS provided additional funding to accommodate expected costs but noted that year-to-date expense tracking would be necessary to assess actual financial impact. The committee agreed that monitoring first-quarter trends from 2024 versus 2025 would help determine if members are taking greater advantage of the reduced cost burden. Additionally, benefit clarifications for the Premium Plan and Essential Plan were provided.

Ms. Garrison noted that Humana's financial commitments under the 2023 RFP include a Gain Share program, which shares savings if the plan outperforms expectations. However, no Gain Share payout is anticipated for 2024 due to premium reductions. Final calculations will be completed in August. Humana also maintains Performance Guarantees, ensuring compliance with service standards. For 2024, all guarantees were met, including timely ID card delivery, annual satisfaction surveys, July 1st renewal submissions, and

maintaining 80%+ member satisfaction. Claims processing performance remained strong, meeting all targets with 98%+ claims processed within 30 days, 99%+ financial accuracy, and 96.89% first-call resolution in customer service. Humana also successfully reached 100% of new members with welcome calls and maintained 99.93% system uptime while delivering key reports on time. These financial and service benchmarks will continue throughout the current contract, ensuring operational excellence and member satisfaction.

Mr. Larry Loew then reported that CMS recently released its final rate notice for 2026, confirming a 5%+ estimated payment increase for Medicare Advantage (MA) plans, including Humana's. This announcement follows the advanced notice in early 2025, which allowed time for industry feedback before final rates were set. While funding varies by zip code and county, this increase is seen as a positive development, particularly given rising medical and pharmacy costs across the industry, including specialty drug utilization.

Humana emphasized that higher claims expenses continue to present challenges, though CMS's funding increase helps offset these trends. Unlike 2025, which saw structural changes due to the Inflation Reduction Act (IRA), 2026 does not introduce major modifications to Group Medicare Advantage plans (Employer Group Waiver Plans - EGWPs). The out-of-pocket maximum will increase slightly to \$2,100 under IRA provisions.

Regarding plan renewal, Humana is finalizing pharmacy and medical claims analysis and incorporating CMS's updated funding figures into 2026 financial projections, with renewal rates expected by July.

A separate discussion was held regarding the President's recent executive order on drug pricing, with concerns raised about potential impacts on premiums and manufacturer rebates. Humana's government affairs team is still evaluating the executive order's implications, but no immediate conclusions were provided. Additional analysis will be shared when more details become available.

8. Mr. Peercy introduced the agenda item ***Representative for the Kentucky Group Health Insurance Board (KGHIB)*** (Video 00:48:40 to 00:58:30). Ms. Connie Pettyjohn presented on the Kentucky Group Health Insurance Board (KGHIB), which was established to provide quality, affordable health insurance for public employees. The Board, attached to the Personnel Cabinet for administrative purposes, consists of 13 members, including one retired state employee appointed by the Kentucky Retirement Systems (KRS). With the departure of the previous appointee, Mr. Jerry Powell, a new appointment is needed, though it does not necessarily have to be a Trustee. The new member must be chosen by October 1, 2025. Ms. Pettyjohn, who has served as proxy since 2011, emphasized the Board's role in reviewing health plans, actuarial evaluations, and constituent issues. Given the commitment required, no volunteers stepped forward. The matter will be presented to the KRS and CERS Boards for consideration and revisited at the next Joint Retiree Health Plan Committee meeting in September. In the meantime, Ms. Pettyjohn will continue to serve as proxy.
9. There being no further business, Mr. Peercy ***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 May 14, 2025, were approved by the Joint Retiree Health Plan Committee on September 2, 2025.

Committee Chair

I have reviewed the Minutes of the May 14, 2025, Joint Retiree Health Plan Committee meeting for form, content, and legality.

Executive Director
Office of Legal Services



Non-Medicare Eligible Health Insurance Plans Kentucky Employees' Health Plan (KEHP)

Joint Retiree Health Plan Committee
September 2, 2025

Kentucky Employees' Health Plan (KEHP)



LivingWell PPO Plan:

Plan Details	Single	Family
Medical Co-Pays		Yes
Prescription Co-Pays		Yes
Health Reimbursement Account (HRA)	No	No
Deductible	\$1,000*	\$1,750*
Maximum-Out-of-Pocket	\$3,000*	\$5,750*
Separate medical and pharmacy maximum-out-of-pockets * Increase 2026		
Plan offers the Value Formulary with two (2) tiers and member pays co-payments		
Requires LivingWell Promise		Yes
Co-Insurance		75%
Member Cost		25%

Kentucky Employees' Health Plan (KEHP)



LivingWell CDHP Plan:

Plan Details	Single	Family
Health Reimbursement Account (HRA)	\$500	\$1,000
Deductible	\$1,500*	\$2,750*
Maximum-Out-of-Pocket	\$3,000*	\$5,750*
Plan offers a Value Formulary with more generics and less brands. *Increase 2026 It has two (2) tiers and member pays co-insurance.		
Requires LivingWell Promise	Yes	
Co-Insurance	80%	
Member Cost	20%	

Kentucky Employees' Health Plan (KEHP)



LivingWell Basic CDHP Plan:

Plan Details	Single	Family
Health Reimbursement Account (HRA)*	\$250	\$500
Deductible	\$2,000*	\$3,750*
Maximum-Out-of-Pocket	\$4,000*	\$7,750*
Plan offers a Value Formulary with two (2) tiers and member pays co-insurance. *Increase 2026		
Requires LivingWell Promise	Yes	
Co-Insurance	70%	
Member Cost	30%	

Kentucky Employees' Health Plan (KEHP)



LivingWell High Deductible Health Plan (HDHP) :

Plan Details	Single	Family
Health Reimbursement Account (HRA)*	\$0	\$0
Deductible	\$2,000*	\$3,750*
Maximum-Out-of-Pocket	\$4,000*	\$8,000*
Plan offers a Value Formulary with two (2) tiers and member pays co-insurance. *Increase 2026		
Requires LivingWell Promise	Yes	
Co-Insurance	70%	
Member Cost	30%	

2026 Benefit Changes



Changes in GLP-1 Weight Loss Drug Benefit

The LivingWell CDHP and LivingWell PPO, will have a change specific to GLP-1 weight loss drugs with a copayment, deductible then 25%.

The LivingWell HDHP and LivingWell Basic CDHP have no change for 2025.

Changes to Emergency Facility Benefit

The LivingWell CDHP, LivingWell PPO, and LivingWell Basic CDHP will have changes to co-pays and co-insurance for emergency room facility benefits.

Default Plan – Options for 2026 Plan Year



1. LivingWell Basic CDHP

Offers all benefits

2. Living Well High Deductible Health Plan (HDHP)

Does not offer access to Hinge Health or Carrum Health.

This plan does cover LiveHealth online in 2026 (Telehealth Benefit).

New retirees who do not elect to enroll in a health insurance plan or complete a waiver election form are automatically enrolled in the default plan.

Tobacco Usage



The Tobacco Fee is unchanged for plan year 2026. It includes tobacco use for retirees, covered spouses and dependents (age 18 or older).

“Tobacco” is defined as all tobacco products including, but not limited to: cigarettes, pipes, chewing tobacco, snuff, dip, and any other tobacco products regardless of the frequency or method of use.

Tobacco Use:

- ▶ \$40 Tobacco Fee for Retiree Single Coverage
- ▶ \$80 Tobacco Fee for Retiree Couple, Parent Plus or Family Coverage

LivingWell Promise



- ▶ The LivingWell (LW) Promise is a part of the overall KEHP wellness program. By completing the LW Promise the member can access the best benefit options, learn about their health status and history, learn about and understand their health risks, and take action to get and stay healthy.
- ▶ **Failure to complete the LW Promise during 2026 Plan Year will result in the member not receiving the annual \$480 premium incentive (\$40/month) in the 2027 Plan Year. These individuals will pay \$40.00.**
- ▶ Members must complete the online health assessment between January 1, 2026-July 1, 2026 to receive the premium incentive.
- ▶ If the member is unable to fulfill the LW Promise because of a physical or mental health condition, KEHP will work with them to develop an alternative way to qualify for either LW plan option.
- ▶ Only the planholder is required to complete the LW Promise. If a cross-reference option is selected, both the retiree and spouse must complete the online health assessment.

LivingWell Promise Notifications



To ensure KEHP retirees are properly notified of the requirements to receive the LivingWell Promise premium incentive, KPPA publishes detailed information each year in its publications and increases communication as the July 1 deadline approaches.

- ▶ New Retiree KEHP Insurance Book
- ▶ Annual KEHP Open Enrollment Materials
- ▶ KPPA non-Medicare eligible website
- ▶ Social Media posts
- ▶ Online KEHP Enrollment application
- ▶ Reminder email is sent in April and June to all retirees on a KEHP plan who have not completed the LW Promise advising the online assessment must be completed by the due date to receive the premium incentive.

Cross Reference Option



Effective January 1, 2025, the cross-reference payment option is no longer be available for new hires or new retirees who are not currently on a cross-reference plan.

2025 Premiums*



Plan	Single	Couple	Parent Plus	Family
LivingWell PPO	\$949.04	\$1,981.62	\$1,320.40	\$2,185.78
LivingWell CDHP	\$930.76	\$1,866.24	\$1,269.28	\$2,078.08
LivingWell Basic CDHP	\$901.04	\$1,863.04	\$1,234.80	\$2,069.88
LivingWell High Deductible Health Plan (HDHP)	\$835.42	\$1,727.36	\$1,144.86	1,919.14

***Premium amounts will change in 2026.**

Board Decision Points Non-Medicare Eligible Plans



1. Determine the 2026 Percentage Contribution Plan (the current contribution plan for 2025 is the LivingWell PPO Plan)
 - a. Set contribution rate for 240 months of Nonhazardous and Hazardous Retiree Service Credit (100%)
 - b. Set contribution rate for Hazardous Spouse/Dependent (Couple, Family, and Parent Plus)
 - c. Tobacco Fee - All retirees, eligible spouses/dependents.
 - d. Allow KPPA Retirees to access the Consumer-Driven plans that includes an embedded (HRA).
 - e. LivingWell Promise Premium Incentive- The premium incentive will not be applied to enrollments in a LivingWell Plan for 2027 for retirees or eligible dependents who fail to fulfill the LivingWell Promise in 2026.
2. Default Plan was LivingWell High-Deductible Health Plan in 2025-select the Default Plan for 2026.
 - a. New Retirees that fail to submit a health insurance enrollment form will be defaulted into this plan.
 - b. Retirees currently enrolled in a KEHP plan that fail to submit a health insurance application will be rolled over into the same plan at the same level of coverage they had in 2025.
3. Allow Cross-Reference option for eligible retirees.
4. Set premium for KEHP Medicare Secondary Payer (MSP) Plan (no additional premium needed for 2026 MSP Plan).

Retirees by KEHP Plan



KEHP Plan	2024	2025
LivingWell CDHP	8,492	8,215
LivingWell PPO	14,964	14,535
LivingWell Basic CDHP with HRA	946	923
LivingWell High Deductible Health Plan (HDHP) without HRA*	New Plan 2025	24
Total:	24,402	23,697

General Information



- ▶ Telehealth - LiveHealth Online Medical and Behavioral Health FREE virtual office visits for individuals covered under the KEHP
- ▶ Anthem - Medical Benefit
- ▶ CVS/Caremark - Pharmacy Benefit
- ▶ SmartShopper - Price comparison tool
- ▶ HealthEquity – COBRA and HRA
- ▶ Castlight– Well-Being and the LivingWell Promise



APPENDIX

1994 Kentucky Kare Standard Plan



KRS Chapter 18A, Section 225(2)(a) states: " Health insurance coverage provided to state employees under this section shall, at a minimum, contain the same benefits as provided under Kentucky Kare Standard as of January 1, 1994, and shall include a mail-order drug option as provided in subsection (13) of this section. All employees and other persons for whom the health care coverage is provided or made available shall annually be given an option to elect health care coverage through a self-funded plan offered by the Commonwealth."

In assessing whether the benefits provided under the 2025 plan options meet the above standard, actuarial relative plan values were determined for the 2025 plan options and the 1994 Kentucky Kare Standard Plan as if it were offered at a reasonably similar actuarial value in 2025. This report provides the results of this actuarial assessment in order to document Aon's understanding of whether the plans meet the above requirement.
(KRS 61.702 and KRS 78.5536 now includes KRS 18A language)

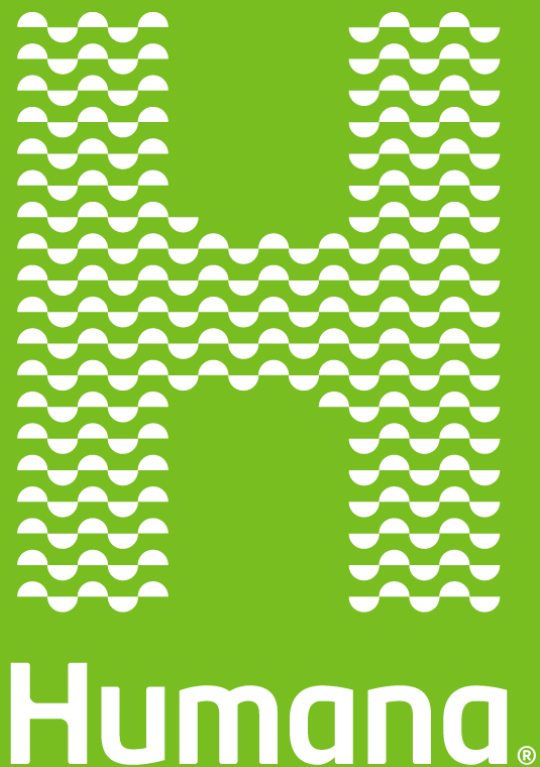


Actuarially benefit "value" is defined by expected average claims payments for the year. "Value" does not include any subjective components such as access to specific doctors or services (other than mail order prescription drugs per KRS Chapter 18A, Section 225(2)(a)) or member satisfaction. This analysis was conducted by an evaluation of each plan option's benefits using Aon propriety benefit valuation modeling tool. The model determines health plan benefit values by evaluating plan provisions (such as deductibles, copays, coinsurance, etc.) for covered pharmacy and medical services and producing the expected cost of coverage for the plan, based on an underlying database of expected medical and pharmacy claims. The underlying claims database is based on the full book of business for UnitedHealthcare and is comprised of experience for more than 9 million members.

Plans with higher relative values are actuarially expected, on average, to pay more claims than plans with lower relative values. Relative values are impacted by prevailing negotiated discounts and in-network utilization. We have assumed that the use of the term "benefits" in KRS Chapter 18A, Section 225(2)(a), means that we can apply the same assumptions on discounts and in-network utilization to all plans rather than try to synthesize the prevailing discount levels available in 1994. We are also assuming that, per the KRS Chapter 18A, Section 225(2)(a) use of the phrase "provided to", the conditions are met as long as at least one of the plan options offered in 2023 has a relative value equal to or greater than that of the Kentucky Kare Standard plan.

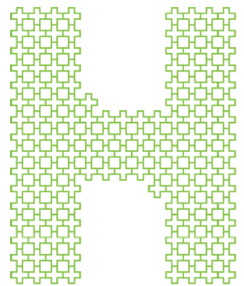
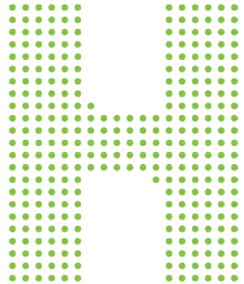
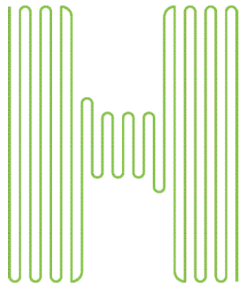
NOTE: *Relative Values have been added to slides 4-6 of this presentation.*

The 2024 LivingWell CDHP option has a relative value that is equal to that of the 1994 Kentucky Kare plans. It therefore appears that the 2025 plan options meet the KRS 1994 Kentucky Kare Standard Plan requirements, per our understanding. **2025-2026 Medical Trend KEHP plans 7.5%; RX Drug Trend 12.5%**



Kentucky Public Pensions Authority Retiree Health Plan Committee September 2, 2025





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Agenda

- 01 | Rate and Plan Changes
- 02 | Other changes
- 02 | Rate Renewal
- 03 | Renewal Exhibits
- 04 | Appendix



Rate and plan changes

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What we incorporate & the impact on your renewal



HMO/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



Other changes

CMS mandated coverage, enrollment demographics, offering environment, ER contribution strategy, other legislative or regulatory changes



Credibility weighting

The weighting applied towards a group's experience within the rating model

Annual premium impacts as a result of the IRA

Plan sponsors can expect higher increases in coming years due to the IRA driving higher cost on the plan side.

Premium drivers

- **Implementation of IRA Part D redesign**
 - Maximum out of pocket \$2,000, increasing to \$2,100 in 2026
 - Mandated benefit enhancements shift additional costs to plan sponsors
 - Plans are now responsible for a larger share of catastrophic drug costs¹
 - Drug manufacturers must provide discounts in the catastrophic phase, altering plan revenue models
 - Less CMS reinsurance to offset higher specialty cost
- **Rising drug prices; higher utilization put upward pressure on plan costs**
 - Prescription drug cost continues to rise, especially for specialty medications
 - Increased availability and utilization of high-cost therapies (e.g., for diabetes, cancer, weight loss) will drive higher Rx trend over next several years²
 - As retirees reach their maximum out-of-pocket cost, utilization could increase as retirees have no additional financial liability



Humana is happy to work with you to mitigate Rx trends
with benefit adjustments and formulary

¹ [2026 Medicare Advantage and Part D Rate Announcement](#)

² [What you need to know about proposed changes in the 2026 Medicare ...](#)

Part D cost share changes

Defined Standard Parameter Changes

	2024	2025	2026
Deductible	\$545*	\$590*	\$615*
Initial Coverage Limit (ICL)	\$5,030	Not Applicable	Not Applicable
Out-of-pocket threshold	\$8,000	\$2,000	\$2,100

*KPPA elected to hold the 2021 Essential Plan Rx deductible at the 2020 level which was \$435. 2026 renewal rate assumes \$435 deductible.

2026 Part D Redesign:

- All plans will have an out-of-pocket threshold of \$2,100. Incurred cost used to meet the threshold include member cost share and costs incurred for Part D drugs reimbursed through insurance or a group health plan
- Members will have the ability to smooth the out-of-pocket over the year
- The coverage gap continues to be eliminated

KPPA Member by Phase Report 2024 vs. 2025

Combined Premium and Essential Plans

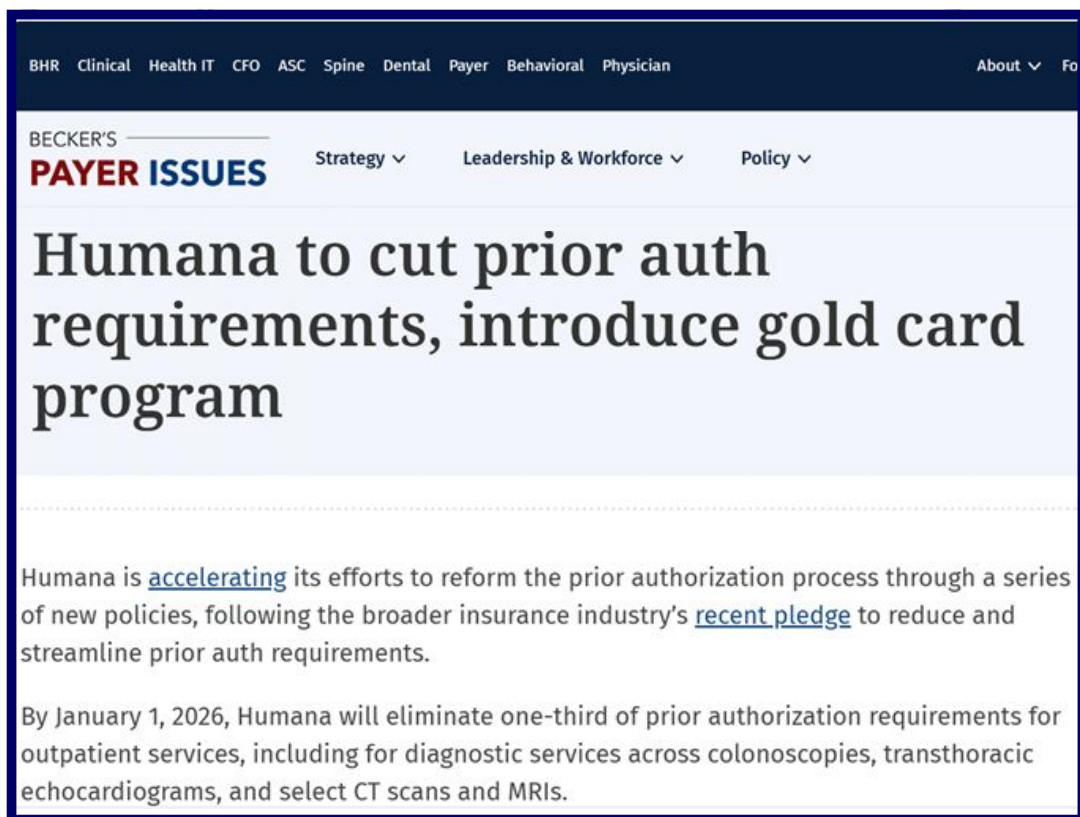
		Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2024	Member Months	60,597	60,573	60,596	60,639	60,720	60,805	60,959	61,153	61,293	61,356	61,414	61,489
	Catastrophic Members	122	163	389	781	1,159	1,490	1,955	2,465	3,039	3,824	4,533	5,321
2025	Member Months	61,624	61,617	61,645	61,633	61,665	61,676						
	Catastrophic Members	1,055	1,919	3,197	5,332	7,640	9,732						

- 8.66 % (5,321mbrs) of KPPA members reached catastrophic threshold by December 31, 2024
- 2024 average member cost share when catastrophic threshold is met: \$867
- 15.78% (9,732 mbrs) of KPPA members reached the \$2000 threshold by June 30, 2025
- 2025 average member cost share when catastrophic threshold is met: \$471
- 12.8% of Group Medicare MAPD members reached the \$2000 threshold by June 30, 2025

Other changes

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Reduced prior authorization requirements



- Expedited care request approvals
- Faster, more streamlined process reduces provider administrative burden
- Preserves checks and balances that protect patient safety
- National gold card program for physicians
- Greater transparency on prior authorization

Uniform Flexibility (UF) Non-Emergency Medical Transportation

SafeRide Health comprehensive Non-Emergency Medical Transportation

Improves access to essential medical care while addressing the increasing costs associated with non-emergent ambulance claims.

- **Effective** January 1, 2026
- **Eligibility:** MA/MAPD Members who are diagnosed with Chronic Kidney Disease (CKD), End Stage Renal Disease (ESRD), or Cancer
- **Transportation Options:** Rideshare, car, van, or wheelchair-accessible vehicle
- **\$0 Cost share** on unlimited rides for qualifying members
- Mileage aligned with routine transportation benefit OR post-discharge mileage if no routine benefit present

SafeRide Health



Rate renewal

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Claims Summary Report Premium Plan

Incurred 03/01/2024 through 02/28/2025

Paid as of 04/31/2025

Coverage Month	Members	CMS Medical Premium	CMS Rx Premium	Member Premium	Medical Claims	Rx Claims	Loss Ratio
3/31/2024	55,517	\$1,097.89	\$20.51	\$93.37	\$983.60	\$287.94	104.93%
4/30/2024	55,563	\$1,089.96	\$20.30	\$93.37	\$1,005.56	\$217.16	101.59%
5/31/2024	55,628	\$1,082.12	\$20.06	\$93.38	\$1,019.45	\$185.11	100.75%
6/30/2024	55,705	\$1,074.88	\$19.86	\$93.38	\$933.18	\$141.61	90.46%
7/31/2024	55,857	\$1,068.61	\$19.65	\$93.38	\$968.83	\$141.14	93.94%
8/31/2024	56,049	\$1,060.06	\$19.42	\$93.37	\$1,011.26	\$132.01	97.48%
9/30/2024	56,164	\$1,052.94	\$19.23	\$93.38	\$992.91	\$121.33	95.60%
10/31/2024	56,223	\$1,045.92	\$19.04	\$93.38	\$1,144.34	\$123.01	109.41%
11/30/2024	56,272	\$1,039.76	\$18.84	\$93.38	\$1,016.91	\$107.56	97.61%
12/31/2024	56,330	\$1,036.64	\$18.70	\$93.38	\$1,065.10	\$102.39	101.63%
1/31/2025	56,458	\$1,153.08	\$191.77	\$144.95	\$945.48	\$349.92	93.21%
2/28/2025	56,433	\$1,143.10	\$191.12	\$144.95	\$974.55	\$301.58	92.53%
ALL	56,017	\$1,078.77	\$31.63	\$102.04	\$1,005.16	\$184.24	98.10%

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Renewal Components Medicare Advantage Premium Plan

MAPD Premium Plan	2026
Total Required Revenue	\$1,447.13
Projected Claims	\$1,463.42
Retention	\$56.04
Humana Business Decision / Retention Reduction	(\$72.33)
Projected CMS Medical Reimbursement	\$1,151.46
Projected CMS Rx Reimbursement	\$95.73
Rate	\$199.94

Claims Summary Report Essential Plan

Incurred 03/01/2024 through 02/28/2025

Paid as of 04/31/2025

Coverage Month	Members	CMS Medical Premium	CMS Rx Premium	Member Premium	Medical Claims	Rx Claims	Loss Ratio
3/31/2024	5,086	\$966.53	\$10.98	\$5.22	\$880.76	\$57.52	95.48%
4/30/2024	5,086	\$957.88	\$10.81	\$5.22	\$843.53	\$66.14	93.40%
5/31/2024	5,084	\$952.94	\$10.61	\$5.19	\$903.76	\$62.64	99.76%
6/30/2024	5,089	\$946.68	\$10.40	\$5.20	\$819.66	\$40.79	89.42%
7/31/2024	5,093	\$941.71	\$10.22	\$5.23	\$854.87	\$65.26	96.13%
8/31/2024	5,098	\$936.10	\$10.15	\$5.24	\$876.26	\$52.33	97.59%
9/30/2024	5,117	\$930.54	\$9.91	\$5.24	\$815.09	\$46.43	91.10%
10/31/2024	5,124	\$924.96	\$9.82	\$5.26	\$1,003.90	\$49.37	112.05%
11/30/2024	5,134	\$921.55	\$9.74	\$5.28	\$814.80	\$42.32	91.52%
12/31/2024	5,147	\$912.94	\$9.67	\$5.28	\$853.30	\$41.16	96.41%
1/31/2025	5,156	\$1,007.09	\$66.41	\$1.27	\$847.50	\$44.69	83.01%
2/28/2025	5,173	\$997.27	\$65.92	\$1.24	\$722.36	\$72.06	74.63%
ALL	5,116	\$949.73	\$19.64	\$4.57	\$852.85	\$53.38	93.05%

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Renewal Components Medicare Advantage Essential Plan

MAPD Premium Plan	2026
Total Required Revenue	\$1,151.85
Projected Claims	\$1,067.80
Retention	\$84.05
Humana Business Decision / Retention Reduction	(\$0.00)
Projected CMS Medical Reimbursement	\$1,028.53
Projected CMS Rx Reimbursement	\$68.22
Rate	\$55.10

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Medicare Advantage Rate Renewal

	2022 Rate	2023 Rate	2024 Rate	2025 Rate	2026 Rate
Premium Plan Rate	\$227.03	\$89.28	\$93.35	\$144.91	\$199.94
Average Membership	54,114	54,608	55,508	56,518*	57,319**
Estimated Annual Dollar Amount	\$147,426,017	\$58,504,827	\$62,180,061	\$98,280,281	\$137,525,130
Essential Plan Rate	\$49.25	\$0.00	\$4.07	\$0.00	\$55.10
Average Membership	5,249	5,233	5,088	5,244	5,242***
Estimated Annual Dollar Amount	\$3,102,159	\$0.00	\$248,497	\$0.00	\$3,466,010

*2025 average as of 03/31/2025

** Premium Plan membership estimate based on three-year average membership growth of 801

*** Essential Plan membership estimate based on three-year average membership reduction of 2

Financial Commitments to KPPA for 2026 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.

ASO Fee Renewal Medical Only and Mirror Plan

Medical Only/Mirror Plan	2022	2023	2024	2025	2026
ASO Fee PMPM	\$35.05	\$28.50	\$29.88	\$31.37*	\$31.37

Dental Fee	2022	2023	2024	2025	2026
ASO Fee PMPM	\$4.80	\$4.80	\$5.04	\$5.29	\$5.29

PDP Essential	2022	2023	2024	2025	2026
Rate PMPM	\$36.45	\$36.18	\$40.25	\$27.38	\$65.04

PDP Premium	2022	2023	2024	2025	2026
Rate PMPM	\$136.30	\$135.31	\$139.38	\$168.16	\$205.15



Renewal exhibits

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2025 Renewal: The exhibits



Plan Design Exhibit

Provides a high-level description of the coverage and any changes in the plan from the prior year



Rate Sheet

Provides the 2024 renewal rate



Claims Report

Provides the claims and enrollment used to calculate the premium in the renewal exhibit



Renewal Exhibit

Describes how we calculated your premium



Gain Sharing Agreement

Describes how Humana would reimburse surplus premium paid by the group if MER was lower than expected



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Appendix

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Glossary of Terms

PMPM – Per Member Per Month

PDP – Prescription Drug Plan

MA – Medicare Advantage Plan

MAPD – Medicare Advantage Prescription Drug Plan

ASO Fee – Administrative Services Only Fee

MRA – Medicare Risk Adjustment

YTD – Year to Date

YOY – Year Over Year

CMS – Centers for Medicare & Medicaid Services

MOOP – Maximum Out of Pocket

MER – Medical Expense Ratio (revenue/claims)

TrOOP – True Out of Pocket Maximum

Thank you

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Humana is a Medicare Advantage HMO, PPO, and PFFS organization and a stand-alone PDP prescription drug plan with a Medicare contract. Enrollment in any Humana plan depends on contract renewal.

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Medicare Eligible Health Insurance Plans Humana Medicare Advantage

Joint Retiree Health Plan Committee
September 2, 2025

Board Decision Points - Medicare Eligible Plans



1. Medicare Advantage (MA) – Approval of Renewal/Premium

a) Select Contribution Plan*

- i. Medical Only Plan was chosen for 2025 (**Recommend MA Premium for 2026, \$199.94**)

b) Set the Contribution Rate*

- i. The contribution rate for 2025 was \$191.96 (**Recommend \$199.94 for 2026**)

c) Select the Contribution Plan for Hazardous duty spouse/dependents*

- i. Medical Only Plan was chosen for 2025 at \$191.96 (**Recommend \$199.94 for 2026**)

d) Approve Premium for MA Premium & Essential Plan*

- i. Premium for 2025 was \$144.91 & \$0.00 for the MA Premium and MA Essential, respectively
(**\$199.94 & \$55.10 for 2026**)

2. Medical Only and MA Mirror Plans – See GRS Medical Only and Mirror Letter

a) Set Medical Only/MA Mirror Medical Benefit Premium*

b) Allow enrollment for No Part B and exceptions*

3. Default Plan

a) Select Default Plan

- i. Medical Only Plan was selected for 2025*



August 25, 2025

Ms. Connie Pettyjohn R.N.
Director of Retiree Health Care
Kentucky Public Pensions Authority
Perimeter Park West
1260 Louisville Road
Frankfort, KY 40601-6124

Re: Kentucky Public Pensions Authority - 2026 Medical Only and Mirror Plan Premiums

Dear Ms. Pettyjohn:

This report has been prepared for use by the Kentucky Public Pensions Authority ("KPPA") to assist in setting the Plan Year 2026 ("PY2026") premium rates for the Medical Only, and Mirror Plans.

In summary, our analysis indicates that an increase in medical only rates of 1.4% will be needed to fund projected PY2026 claim expenses. Prescription drug rates for the Mirror plans, shown on the following page, are provided by KPPA. Rates for prescription drug costs have increased more than in previous years due to the signing of the Inflation Reduction Act in 2022.

Total rate increases from 2025 to 2026 are \$2.28 for Medical Only, \$56.58 for the Essential Mirror plan, and \$57.79 for the Premium Mirror plan.

DATA

For the purposes of developing PMPM costs, GRS received medical claims and enrollment history for January 1, 2015 through December 31, 2024 from Humana. The medical claim data was provided in detail format and was reviewed for reasonableness. In addition, 2025 year to date medical claim data was provided by Personify. The 2025 year to date medical claims data was deemed incomplete and was not used for the purposes of premium rate setting for 2026. Enrollment data was provided in a summary outline based on month and plan eligibility for January 1, 2015 through June 30, 2025. The data was checked for internal consistency but was not otherwise audited.

Ms. Connie Pettyjohn
August 25, 2025
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METHODOLOGY

Standard actuarial and development methods were used to project PY2026 costs. PMPM rates were developed using a blend of the three years of experience ending December 31, 2024. PMPM rates are trended to PY2026 using a 7.0% annual trend.

GRS assumed no medical plan design or network changes for the KPPA plans in PY2026.

Neither prescription drug benefits nor administrative costs are reflected in the claims cost. Humana has provided KPPA with a cost proposal for prescription drug benefits. In addition, Humana has quoted an ASO fee of \$31.37 PMPM for PY2026.

CONCLUSION

The GRS analysis of the medical claims resulted in an estimated PY2026 medical claims cost of \$162.86. When combined with the ASO Fee, the total cost for the Medical Only plan is \$194.23. The following table provides the PY2026 premiums developed for each plan assuming Humana’s quotes for administrative fees and prescription drug benefit costs for PY2026.

Plan	Medical Claim Cost	Prescription Drug Plan (PDP) Cost	Administrative Fee	Total Premium 2026	Total Premium 2025	% Increase
Medical Only	\$162.86	N/A	\$31.37	\$194.23	\$191.95	1.2%
Essential Mirror	\$162.86	\$65.04	\$31.37	\$259.27	\$202.69	27.9%
Premium Mirror	\$162.86	\$205.15	\$31.37	\$399.38	\$341.59	16.9%



Ms. Connie Pettyjohn
August 25, 2025
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CERTIFICATION

This report should not be used for any other purpose and should not be distributed to any other third party without the prior written consent of Gabriel Roeder Smith & Company ("GRS"). Any distribution of this report must be in its entirety, including all exhibits. To the best of our knowledge and belief, there are no subsequent events that would affect this analysis and results as of the date of this report. GRS has prepared this report based on covered plan participants for the Medical Only Plan, Mirror Premium Plan and Mirror Essentials Plan. GRS has relied on information from renewal reports as well as claims and eligibility data provided by Humana, the current provider of medical benefits, Personify, and KPPA.

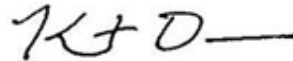
Blake Orth and Kurt Dosson are members of the American Academy of Actuaries and meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinions contained herein.

This communication shall not be construed to provide tax advice, legal advice or investment advice.

Sincerely,
Gabriel, Roeder, Smith & Company



Blake Orth, FSA, EA, MAAA
Consultant and Actuary



Kurt Dosson, ASA, MAAA, FCA
Health Care Consultant and Actuary



Michael Reed
Senior Health Care Analyst



Kentucky Public Pensions Authority

Estimated impact of 2026 Medicare Premiums

	June 30, 2024 Valuation (1)	Estimate with 2026 Medicare Premiums (2)	Impact of 2026 Medicare Premiums (3)
Unfunded Accrued Liability (\$millions)			
KERS Non-Haz	\$383	\$604	\$221
KERS Haz	(\$273)	(\$248)	\$25
SPRS	(\$12)	\$4	\$16
CERS Non-Haz	(\$648)	(\$345)	\$303
CERS Haz	(\$8)	\$86	\$94
Total			\$659
Funded Ratio			
KERS Non-Haz	81.7%	74.0%	-7.7%
KERS Haz	171.9%	161.5%	-10.4%
SPRS	104.9%	98.8%	-6.1%
CERS Non-Haz	122.3%	110.8%	-11.5%
CERS Haz	100.5%	95.2%	-5.3%
Employer Contribution Rate			
KERS Haz	20.68%	20.68%	0.00%
SPRS	59.37%	61.47%	2.10%
CERS Non-Haz	18.62%	18.62%	0.00%
CERS Haz	35.73%	36.83%	1.10%
Annual Employer Contribution (\$millions)			
KERS Non-Haz	\$1,015	\$1,038	\$23
KERS Haz	\$54	\$54	\$0
SPRS	\$44	\$46	\$2
CERS Non-Haz	\$596	\$596	\$0
CERS Haz	\$271	\$280	\$9
Total			\$34

Notes and Comments:

- Except where noted, analysis based on the results of the June 30, 2024 Actuarial Valuation.
Please see the June 30, 2024 Actuarial Valuation report for a summary of the assumptions, methods, plan provisions and data used for this analysis.
- Analysis provides estimated impact of the 2026 Medicare premiums presented at the Sept. 2 Joint CERS-KRS Retiree Health Plan Committee.

