

**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