

**KENTUCKY PUBLIC PENSIONS AUTHORITY
JOINT CERS-KRS BOARD OF TRUSTEES
RETIREE HEALTH PLAN COMMITTEE MEETING
SEPTEMBER 2, 2025, at 10:00 A.M., E.S.T.
VIA LIVE VIDEO TELECONFERENCE**

At the September 2, 2025, Regular Meeting of the Retiree Health Plan Committee of the Joint CERS and KRS Boards of Trustees, the following members were present: KRS – Keith Peercy (Chair) and Dr. Crystal Miller; CERS –Dr. Carver. Staff members present were CERS CEO Ed Owens, III, KRS CEO John Chilton, Rebecca Adkins, Erin Surratt, Michael Lamb, Michael Board, Connie Pettyjohn, Abby Sutherland, Brian Towles, Shaun Case, Sherry Rankin, and Sandy Hardin. Others in attendance included Tracey Garrison, Larry Loew, Carrie Lovell, Holly Bliss, Gary Gillet, and Carla Whaley with Humana and Danny White, Mike Reed, and Janie Shaw with GRS.

1. Mr. Peercy called the meeting to order.
2. Mr. Goodrich read the Opening Video Teleconference Statement.
3. Ms. Hardin called Roll.
4. Ms. Hardin indicated that no ***Public Comment*** was received for this meeting.
5. Mr. Peercy introduced the agenda item ***Approval of Committee Minutes – May 15, 2025 (Video 00:06:21 to 00:06:44)***. Dr. Miller made a motion to approve the May 15, 2025, minutes as presented. Dr. Carver seconded the motion. The motion passed unanimously.
6. Mr. Peercy introduced the agenda item ***Establish 2025 Health Insurance Components and Health Insurance Rate to be paid by KPPA to be used to define 100% Contribution Rate for Non-Medicare Retirees. (Video 00:06:44 to 00:31:44)***. Ms. Pettyjohn presented an overview of the Kentucky Employees’ Health Plan (KEHP), which is offered by KPPA to non-Medicare eligible retirees under the age of

65. She explained that the same four plans—LivingWell PPO, LivingWell CDHP, LivingWell Basic CDHP, and LivingWell High-Deductible Health Plan (HDHP)—have been available for the past two years. Each plan was described in detail, and Ms. Pettyjohn noted that while premiums are confidential until they are filed into law on September 15, 2025, an increase is expected.

She outlined several benefit changes for the 2026 plan year, including updates to coverage for GLP-1 weight loss medications under the LivingWell CDHP and PPO plans, which will now involve a copayment, deductible, and 25% coinsurance. Additionally, the LivingWell CDHP, PPO, and Basic CDHP plans will see changes to emergency room facility copayments and coinsurance. Ms. Pettyjohn reviewed the default plan, stating that new retirees who do not actively enroll or submit a waiver form will be automatically placed in the default plan. The tobacco fee will remain unchanged for 2026.

The LivingWell Promise, part of KEHP's wellness initiative, was also discussed. Members who do not complete the LivingWell Promise in 2026 will forfeit the \$480 annual premium incentive in 2027. However, accommodations will be made for members unable to fulfill the requirement due to mental or physical health conditions. KPPA will continue to publish detailed guidance and increase communications as the July 1 deadline approaches.

Effective January 1, 2025, the cross-reference payment option will be discontinued for new hires and retirees who are not currently enrolled in such a plan. Ms. Pettyjohn reviewed the 2025 premiums across all plans, noting an anticipated increase. While specific figures cannot yet be released, they will be included in the open enrollment materials and posted on the website.

Ms. Pettyjohn then reviewed the Board's decision points regarding the non-Medicare eligible plans. Mr. Peercy asked about the default plan selection, and Ms. Pettyjohn confirmed the Board typically selects the high-deductible plan, which will remain in

place. Regarding the KEHP Medicare Secondary Payer (MSP) Plan, Mr. Percy questioned how the Board could vote without premium figures. Ms. Pettyjohn explained that no changes have been assigned by the Department of Employee Insurance (DEI), so the Board should vote in alignment with the first decision point. She added that while DEI has the authority to adjust premiums for the small MSP group if costs rise, such action has not been necessary since the legislation was enacted.

Following the discussion, the following motions were voted on:

- Dr. Miller made the motion to approve the Health Insurance Components as recommended. Dr. Carver seconded the motion. The motion passed unanimously.
- Dr. Carver made the motion to approve the Default Plan for 2026 (LivingWell High-Deductible Plan), as recommended. Dr. Miller seconded the motion. The motion passed unanimously.
- Dr. Carver made the motion to allow the Cross-Reference Option for Retirees during the 2026 Open Enrollment as recommended. Dr. Miller seconded the motion. The motion passed unanimously.
- Dr. Miller made a motion to set the premium for the KEHP Medicare Secondary Payer (MSP) Plan at the rate recommended. Dr. Carver seconded the motion. The motion passed unanimously.

Ms. Pettyjohn noted that the Department of Employee Insurance is currently in the contracting process, with a Request for Proposal (RFP) for pharmacy benefits expected to be finalized by September 15, 2025. Final negotiations with the selected provider are still underway, which is one reason why the premium information cannot yet be released. These developments are part of the report that must be presented to legislators on September 15, 2025.

7. Mr. Peercy introduced the agenda item *Establish 2026 Health Insurance Components and Health Insurance Rate that will be used to define 100% Contribution for Medicare Eligible Retirees (Video 00:31:44 to 01:08:33)*. Ms. Pettyjohn introduced Humana as the vendor for KPPA's insurance plan for the Medicare-eligible retirees, including those who qualify due to disability. Ms. Tracey Garrison and Mr. Larry Loew with Humana presented information regarding the 2026 Humana Medicare Advantage rates. Mr. Loew began by discussing the factors influencing Medicare Advantage plan rates, focusing with on the impact of the Inflation Reduction Act and rising drug prices. He highlighted the significant changes in plan costs and utilization, particularly due to the introduction of new specialty medications and the reduction of the maximum out-of-pocket costs for plan participants. He also detailed the anticipated higher costs for plans like KPPA's Medicare Advantage plans and the effects of these changes on retirees' benefits and utilization patterns.

Ms. Garrison provided an overview of the recent changes and updates from Humana, focusing on improvements in prior authorization requirements and the introduction of new benefits. Humana announced significant reductions in prior authorization requirements, aiming to eliminate approximately one-third of these requirements for outpatient services by January 2026. They are also committed to improving turnaround times for authorization requests, with a goal of responding to 95% of requests within one business day. Additionally, Humana plans to introduce a "gold card" program for physicians with a history of providing complete data requests, allowing them to bypass most prior authorization requirements. Another notable update is the introduction of a rideshare benefit for members with chronic kidney disease, end-stage renal disease, or cancer, providing transportation to medical appointments at no cost. Ms. Garrison also detailed the renewal components for the premium and essential plans, highlighting differences in pharmacy benefits, projected claims, and premiums for 2026. The Premium Plan, which covers the majority of members, has a higher required revenue and

projected claims compared to the Essential Plan. She concluded with information on ASO fees for medical and dental coverage, as well as the pharmacy benefit options for members enrolled in the mirror plan.

Mr. Reed from GRS provided an update on the premiums for the medical-only plan, which is based on the 2024 experience. He noted that there is only a slight increase of 1.4% in the medical portion. When combined with the rates from Humana, the pharmacy benefit adds \$56 for the Essential Plan and \$57.79 for the Premium Plan. Mr. Reed referred to the table presented indicating it shows the increase over last year's premium, with the bulk of the increase attributed to pharmacy premium rates.

Ms. Shaw from GRS then reviewed the Estimated Impact of 2026 Medicare Premiums and emphasized that these figures pertain solely to Medicare premiums, and the actual valuation in October will account for various factors, including asset gains and other actuarial considerations. The Board is working with Humana to better predict future increases and smooth out these impacts.

Following Ms. Pettyjohn's review of the Board decision points, the following motions were voted on:

- Dr. Miller made a motion to approve the Medicare Advantage Plan, including the premium/contribution rate, the contribution plan for hazardous duty spouses and dependents, and the premiums for the Medicare Advantage Premium and Essential Plans for 2026, as recommended. Dr. Carver seconded the motion. The motion passed unanimously.
- Dr. Carver made a motion to approve the Medical Only and Medicare Advantage Mirror Plans, including approving the premiums and allowing enrollment for No Part B and exceptions as recommended. Dr. Miller seconded the motion. The motion passed unanimously.

- Dr. Miller made a motion to select the Default Plan as recommended, which is the medical only. Dr. Carver seconded the motion. The motion passed unanimously.
8. Mr. Peercy introduced the agenda item *Other Business* (Video 01:08:33 to 01:12:56) Ms. Surratt provided an update regarding the statutory requirement for a representative on the Kentucky Group Health Insurance Board. As previously discussed at the May meeting, no Committee members expressed interest in serving in that role. A memo was subsequently shared with each of the full Boards to gauge interest among other Trustees, but no volunteers came forward. Ms. Pettyjohn has since been working on a recommendation to present to the Committee. There are still a few outstanding questions with the Department of Employee Insurance (DEI), and once those are resolved, the information will be brought back to the Committee for discussion at the next meeting. In the meantime, Ms. Pettyjohn will continue to serve as proxy in that position.

The next item addressed the upcoming Joint Retiree Health Plan Committee meeting scheduled for October 23, 2025. As the Trustees are aware, KPPA will be hosting the IMPACT Forum during the same timeframe. Due to this scheduling conflict, the Committee was presented with two options: either reschedule the October meeting or cancel it.

Ms. Surratt noted that the October meeting typically includes preliminary open enrollment statistics. However, since open enrollment begins October 1 and Medicare open enrollment has not yet started, the data available at that time is limited. Additionally, Humana usually presents updates on pharmacy changes affecting members in the upcoming calendar year. These presentations are informational, and no voting items are typically included. If the Committee chooses to cancel the meeting, those updates can be provided at a later date. Mr. Peercy expressed support for canceling the meeting, noting that, if there are no pressing items, it would be reasonable to defer the updates. Dr. Miller and Dr. Carver agreed with that approach.

Ms. Pettyjohn concluded by thanking the Board and Committee members for their participation. She shared that retirees genuinely appreciate their efforts and often provide direct feedback—both positive and critical—during open enrollment outreach.

9. Mr. Percy *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 September 2, 2025, were approved by the Joint Retiree Health Plan Committee on February 12, 2026.


Committee Chair

I have reviewed the Minutes of the September 2, 2025, Joint Retiree Health Plan Committee meeting for form, content, and legality.


Executive Director
Office of Legal Services