

**KENTUCKY RETIREMENT SYSTEMS
RETIREE HEALTH PLAN COMMITTEE SPECIAL MEETING
September 5, 2013 at 9:00 A.M., E.D.T.
Perimeter Park West, 1270 Louisville Road
Frankfort, Kentucky 40601**

At the September 5, 2013 special meeting of the Retiree Health Plan Committee of the KRS Board of Trustees, the following Committee members were present: Bobby Henson, Chair; Mike Cherry, Joe Cowles as proxy for Timothy Longmeyer, and Ed Davis; J.T. Fulkerson was also in attendance. Staff members present were William Thielen, Karen Roggenkamp, Charlene Haydon, Connie Pettyjohn, Abby Southerland, Jennifer Jones, Pam Hirschler, Chris Tapia, Connie Davis, and Leigh Taylor. Also in attendance: Rebecca Heckler, Mary Helen Peter, Tina Taylor, Jim Carroll, Frank Willey, Jana Davis, Alex Fontana, and Shirley Clark. Alisa Bennett of Cavanaugh Macdonald attended via teleconference.

Mr. Henson called the meeting to order and introduced the agenda topic *Establish 2014 Health Insurance Plan Components and Health Insurance Contribution Rates to be Paid by KRS for Non-Medicare Eligible Retirees*. Mr. Cowles provided information regarding the 2014 changes which incorporate a health benefit component. Following discussion, Mr. Cherry moved and was seconded by Mr. Davis to recommend to the full Board that KRS offer a Consumer Driven Health Plan that includes a Health Reimbursement Arrangement as health insurance option in 2014. The motion passed unanimously.

Mr. Thielen noted that the Committee now had to determine a contribution rate for the Non-Medicare Eligible plan. After review, Mr. Davis moved and was seconded by Mr. Cherry to recommend to the full Board the Living Well PPO rate at \$699.28. The motion passed unanimously.

Ms. Pettyjohn introduced the contribution rates for Non-Medicare eligible retiree tobacco users versus non tobacco users. Following discussion, Mr. Cherry moved and was seconded by Mr. Davis to recommend to the full Board acceptance of a \$40.00 fee for Single Plan level/option and \$80.00 fee for Family, Couple, and Parent Plus level/option tobacco users as defined by the DEI standards. The motion passed unanimously.

The Committee discussed the circumstances and consequences when a Non-Medicare eligible retiree does not submit an application during open enrollment. After review, Mr. Davis moved and was seconded by Mr. Cherry to recommend default enrollment to the lowest cost Standard Consumer Driven Health Plan if a retiree fails to apply during open enrollment. The motion passed unanimously.

Mr. Cherry moved, and was seconded by Mr. Davis, to default current Non-Medicare eligible retirees and their dependants, who fail to submit an insurance application during open enrollment, to a plan comparable to the level of coverage previously elected by the retiree, and to default new Non-Medicare eligible retirees to a single level of coverage, as detailed in section 4(b) of the Recommendation Points memorandum. The motion passed unanimously.

Mr. Henson called for a short break and the room emptied.

During the break, Carla Whaley, Stephanie Heller, David Fox, Kate Bailey and Aleah King from Humana entered the meeting.

Mr. Henson called the meeting back to order. Mr. Thielen introduced Ms. Whaley, who presented *2014 Humana Medicare Renewal Rates*. Following the presentation, Mr. Davis moved and was seconded by Mr. Cherry to recommend \$212.39 as the Humana guaranteed premium rate to be paid by KRS for Medicare Eligible Retirees in 2014. The motion passed unanimously. Mr. Cherry moved and was seconded by Mr. Davis to recommend a rate of \$67.62 for the essential plan rate and \$298.10 for the premium rate for mirror plans for members without Medicare Part B. The motion passed unanimously.

During the presentation, TJ Carlson entered the meeting.

Mr. Davis moved and was seconded by Mr. Cherry to recommend continuance of the Medical Only plan as an option for 2014. The motion passed unanimously. Mr. Cherry moved and was seconded by Mr. Davis to recommend continued payment for the additional administrative fees for retirees who are required to enroll in one of the Mirror plans and who fall under certain exceptions. Mr. Davis moved and was seconded by Mr. Cherry to recommend defaulting

CERTIFICATION

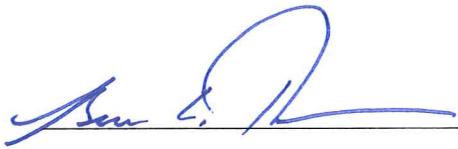
I do certify that I was present at this meeting, and I have recorded above the action of the Committee on the various items considered by it at this meeting. Further, I certify that all requirements of KRS 61.805-61.850 were met in connection with this meeting.


Recording Secretary

I, the Chair of the Retiree Health Plan Committee of the Board of Trustees of the Kentucky Retirement Systems, do certify that the Minutes of the meeting held on September 5, 2013 were approved by the Retiree Health Plan Committee on November 12, 2013.


Chair

I, Brian C. Thomas, have reviewed the Minutes of the September 5, 2013 Retiree Health Plan Committee meeting for form, content and legality.


General Counsel

Medicare eligible retirees into a Medical Only plan without prescription if they fail to enroll during open enrollment. The motion passed unanimously.

Brian Towles entered the meeting.

Ms. Heller presented *True Out of Pocket Pharmacy (TrOOP) Catastrophic Phase* to the Board. Mr. Cherry moved and was seconded by Mr. Davis to recommend establishing a \$110 cap for pharmacy costs for enrollees in the catastrophic phase of the Premium Plan for coverage effective October 1, 2013 and 2014. Mr. Davis moved and was seconded by Mr. Cherry to recommend KRS not pay the difference in premiums between the MAPD and MA Mirror Plan for over 65 enrollees without Medicare Part B. The motion passed unanimously.

Mr. Towles presented the following reports: CMS Financial Audit Results for plan year 2010; Part D Data Validation Audit for plan year 2012; Humana Vitality program. These reports were provided for information only.

There being no further business, the meeting adjourned at 12:47 p.m. Copies of all documents are incorporated as part of the minutes of the Retiree Health Care Committee meeting as of September 5, 2013.

The remainder of this page is intentionally blank.