



MEMORANDUM

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TO: Members, House Appropriations Committee
FROM: Scott Frank, Legislative Post Auditor
DATE: February 1, 2016
SUBJECT: Follow-Up Information Regarding KPERS Disability Benefits

During my January 26 presentation on current and upcoming performance audits, Rep. KleeB asked for follow-up information on our findings regarding the disability benefits the state provides through KPERS.

Specifically, in our September 2015 audit of KPERS we identified at least 16 KPERS disability recipients who earned substantial income while also receiving disability benefits. Because the disability benefits program is administered by an outside contractor, Rep. KleeB asked whether the state or the contractor is responsible for the cost of providing the benefits (i.e., which party bears the risk of paying inappropriate benefits). Although KPERS has hired a third-party contractor to administer the program, the state is still responsible for the cost of the benefits. As a result, the cost of any inappropriate benefits are born by the state, not the contractor.

I hope this information is helpful. Please let me know if you have any additional questions.