

MINUTES OF THE HOUSE COMMITTEE ON PENSIONS, INVESTMENTS AND BENEFITS

The meeting was called to order by REPRESENTATIVE DAVID F. LOUIS at  
Chairperson

9:00 a.m. a.m./p.m. on Thursday, February 28, 1985 in room 527-S of the Capitol.

All members were present except: all present.

Committee staff present:

Ed Ahrens  
Alan Conroy  
Richard Ryan  
Gordon Self  
Rosalie Black

Conferees appearing before the committee:

Steve Porter, Administrator Employee Health Benefits, Kansas State  
Employees Health Care Commission.

Marshall Crowther, Executive Secretary, KPERS.

The meeting was called to order by Representative Louis, Chairman,  
who introduced Steve Porter, Administrator Employee Health Benefits.

Steve Porter's presentation involved an overview of health/medical  
benefits for state of Kansas retirants available through Blue Cross-  
Blue Shield and, at numerous localities in the state, through the  
alternative of HMO's. As of August, 1985, a dental plan was  
implemented by Blue Cross-Blue Shield on a statewide basis in which  
retirants may also participate. Mr. Porter added that individual  
premiums for both plans are paid totally by retirants. Attachment 1.

Chairman Louis asked the committee for discussion and possible  
action on several house bills.

HOUSE BILL 2182 - ACTION

Representative Williams moved that HB 2182 be reported favorable  
for passage; seconded by Representative Branson. The motion carried.

HOUSE BILL 2220 - ACTION

Representative Williams moved that HB 2220 be reported favorable  
for passage; seconded by Representative Peterson. The motion carried.

HOUSE BILL 2245 - ACTION

A chart was passed to the committee indicating lump sum death

CONTINUATION SHEET

MINUTES OF THE HOUSE COMMITTEE ON PENSIONS, INVESTMENTS AND BENEFITS,  
room 527-S, Statehouse, at 9:00 a.m. a.m./p.m. on February 28, 1985

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HOUSE BILL 2245 - ACTION (con't.)

benefits for KPERS non-school and KPERS school employees compiled by Marshall Crowther. Attachment 2.

Chairman Louis reminded the committee that an amendment changing the word "funeral" to "death" in Line 19 had been adopted during the hearing February 14, 1985. Also, amended on February 14, 1985, in Line 26, the lump sum death benefit of \$2,500 was changed to \$1,500.

Representative Williams moved HB 2245 be reported favorable for passage as amended; seconded by Representative Francisco. The motion carried.

HOUSE BILL 2219 - ACTION

Marshall Crowther and Representative Branson said the fiscal impact annually would be \$30,000 for the state and \$240,000 for local units if language in Lines 56-63 is stricken from HB 2219.

Representative Branson moved for an amendment to strike language in Lines 56-63; seconded by Representative Wisdom. The motion carried.  
Attachment 3.

In answer to a question, Mr. Crowther said double dipping of KP&F benefit payments would be detected by matching taxpayer identification numbers.

Representative Branson moved to adopt an amendment to provide a choice in benefit funding; seconded by Representative Wisdom. The motion carried.

Representative Branson moved that HB 2219 be reported favorable for passage as amended; seconded by Representative Wisdom. The motion carried.

The meeting adjourned at 10:00 a.m.

The next meeting will be at 9:00 a.m., March 5, in Room 527-S.



OVERVIEW OF THE  
HEALTH CARE BENEFITS PROGRAM FOR  
STATE OF KANSAS RETIRANTS

Prepared For: House Committee on Pensions, Investments & Benefits

Submitted By: Kansas State Employees Health Care Commission

Marvin A. Harder, Secretary of Administration, Chairman  
Fletcher Bell, Insurance Commissioner, Member  
Robert C. Harder, Secretary of Social & Rehabilitation  
Services, Member

February 28, 1985

*1 year marked improvement  
in pension  
who serves*

8-57 Dental

Trends  
More HMO  
Dental state payment  
more retirees  
select dental 20-25%

**OVERVIEW OF THE  
HEALTH CARE BENEFITS PROGRAM FOR  
STATE OF KANSAS RETIRANTS**

State of Kansas retirants are entitled to participate in the same health care benefits program available to active employees and other designated beneficiaries. This program includes both health/medical and dental care services. Health/medical care is available through a traditional service benefit form of insurance (presently, Blue Cross-Blue Shield) and, at numerous localities in the state, through the alternative of Health Maintenance Organizations (HMO). The newly offered dental plan is also presently carried by Blue Cross-Blue Shield on a statewide basis.

The state's health care benefit program compares quite favorably with coverage available to employees of other states and to private sector employees within Kansas. The Blue Cross-Blue Shield health/medical plan is a comprehensive program with a "front-end" deductible of \$100 per individual (limit \$200 per family) and an 80/20% coinsurance provision with out-of-pocket limits of \$200 per individual and \$400 per family. Other allowable charges (authorized benefits) are covered up to \$1,000,000 per individual lifetime limitation. HMO coverage varies somewhat from firm to firm without venturing too far from conventional insurance. They market additional services (such as routine physicals and preventive care) and/or lower cost (e.g., reduced deductible or coinsurance). The dental plan is a 50/50% coinsurance program (no dollar limit) with some exclusions, e.g., orthodontic care.

Endiv. per year  
maximum \$3000

Individual premiums, which are paid totally by retirants, average about \$40 per month for those enrolled in Medicare and \$83 per month for non-Medicare retirants. Remittances to carriers/providers are transacted by the Division of Accounts & Reports (Payroll Section) for the monies received directly from individuals or from KPERS, if withheld from retirement checks.

mtl

The attached schedules, provided by Martin E. Segal Company, show comparative premium rate statistics among retiree groups of the various states for 1983 and 1984. Thirteen states provide some form of health insurance at no cost to retirants. Ten other states cost-share with retirants. The majority of the states either offer no group coverage or allow participation totally at retirants' expense (including Kansas).

How chosen?

Rank 6th - Kansas

The present state health care benefits program has a group membership of approximately 40,000, including just under 6,000 retirants. As 15% of total enrollment, retirants represent a significant influence on group experience and rating structure. This influence will most likely increase over time.

64 # eligible?

MONTHLY CONTRIBUTIONS TO STATE EMPLOYEE HEALTH INSURANCE PLANS: 1983 AND 1984

RETIREE ONLY COVERAGE

STATE	COST TO RETIREE		COST TO STATE		TOTAL COST		PERCENT OF TOTAL COST PAID BY STATE	
	1983	1984	1983	1984	1983	1984	1983	1984
ALABAMA	28.00	32.00	0	0	28.00	32.00	0	0
ALASKA	0	0	115.61	156.07	115.61	156.07	100.0%	100.0%
ARIZONA	44.60	57.94	0	0	44.60	57.94	0	0
ARKANSAS	31.00	34.00	0	0	31.00	34.00	0	0
CALIFORNIA	0	0	57.25	66.00	57.25	66.00	100.0	100.0
	0	0	63.73	66.41	63.73	66.41	100.0	100.0
* COLORADO	6.36	0	42.12	53.12	48.48	53.12	86.9	100.0
CONNECTICUT	34.33	44.59	9.97	13.38	44.30	57.97	22.5	23.1
DELAWARE	2.30	2.84	24.18	27.68	26.48	30.52	91.3	90.7
	15.98	18.94	24.18	27.68	40.16	46.62	60.2	59.4
FLORIDA	25.90	55.08	0	0	25.90	55.08	0	0
GEORGIA	10.00	13.10	51.10	56.20	61.10	69.30	83.6	81.1
HAWAII	0	0	37.24	46.56	37.24	46.56	100.0	100.0
IDAHO	21.27	24.88	9.11	10.66	30.38	35.54	30.0	30.0
ILLINOIS	0	0	67.10	75.56	67.10	75.56	100.0	100.0
INDIANA	-	-	-	-	-	-	-	-
* IOWA	-	-	-	-	-	-	-	-
> KANSAS	32.75	50.34	0	0	32.75	50.34	0	0
KENTUCKY	38.25	49.00	0	0	38.25	49.00	0	0
LOUISIANA	14.98	20.62	14.98	20.62	29.96	41.24	50.0	50.0
MAINE	0	0	24.68	36.36	24.68	36.36	100.0	100.0
MARYLAND	4.98	8.28	44.72	47.00	49.70	55.28	90.0	85.0
	5.00	8.34	45.10	47.34	50.10	55.68	90.0	85.0
MASSACHUSETTS	5.61	4.03	43.82	36.30	49.43	40.33	86.7	90.0
MICHIGAN	0	0	53.16	70.49	53.16	70.49	100.0	100.0
MINNESOTA	43.08	48.85	0	0	43.08	48.85	0	0
MISSISSIPPI	12.15	25.00	0	0	12.15	25.00	0	0
< MISSOURI	27.50	35.50	1.50	3.00	29.00	38.50	5.2	7.8
MONTANA	36.89	41.00	0	0	36.89	41.00	0	0

MONTHLY CONTRIBUTIONS TO STATE EMPLOYEE HEALTH INSURANCE PLANS: 1983 AND 1984

RETIREE ONLY COVERAGE (CONT'D.)

STATE	COST TO RETIREE		COST TO STATE		TOTAL COST		PERCENT OF TOTAL COST PAID BY STATE	
	1983	1984	1983	1984	1983	1984	1983	1984
* NEBRASKA	-	-	-	-	-	-	-	-
NEVADA	43.08	53.39	20.70	24.84	63.78	78.23	32.5%	31.8%
NEW HAMPSHIRE	0	0	30.41	37.21	30.41	37.21	100.0	100.0
NEW JERSEY	25.70	55.30	0	0	25.70	55.38	0	0
NEW MEXICO	32.08	42.04	0	0	32.08	42.04	0	0
NEW YORK	0	0	44.43	44.84	44.43	44.84	100.0	100.0
	5.92	7.76	53.24	69.88	59.16	77.64	90.0	90.0
NORTH CAROLINA	0	0	47.80	47.80	47.80	47.80	100.0	100.0
NORTH DAKOTA	26.97	44.00	0	0	26.97	44.00	0	0
OHIO	0	0	42.37	51.10	42.37	51.10	100.0	100.0
* OKLAHOMA	34.00	45.90	0	0	34.00	45.90	0	0
OREGON	29.12	31.06	0	0	29.12	31.06	0	0
√ PENNSYLVANIA	0	0	26.14	37.21	26.14	37.21	100.0	100.0
	0	0	33.59	47.91	33.59	47.91	100.0	100.0
RHODE ISLAND	22.65	30.63	0	0	22.65	30.63	0	0
SOUTH CAROLINA	0	0	50.50	50.50	50.50	50.50	100.0	100.0
SOUTH DAKOTA	N/A	47.84	0	0	N/A	47.84	0	0
TENNESSEE	35.01	35.01	0	0	35.01	35.01	0	0
√ TEXAS	0	0	44.43	62.93	44.43	62.93	100.0	100.0
	5.92	6.81	53.24	72.00	59.16	78.81	90.0	91.4
UTAH	37.00	43.00	0	0	37.00	43.00	0	0
VERMONT	4.46	5.49	13.38	16.49	17.84	21.98	75.0	75.0
VIRGINIA	31.26	77.80	0	0	31.26	77.80	0	0
WASHINGTON	30.53	35.74	0	0	30.53	35.74	0	0
WEST VIRGINIA	5.99	26.00	13.96	0	19.95	26.00	70.0	0
WISCONSIN	44.10	48.79	0	0	44.10	48.79	0%-sick leave credits may be used to pay premiums	7
WYOMING	34.10	39.22	0	0	34.10	39.22	0	0
VIRGIN ISLANDS	13.60	14.88	13.60	14.88	27.20	29.76	50.0	50.0

LUMP SUM DEATH BENEFIT

	<u>\$1,250</u>		<u>\$1,500</u>		<u>\$1,750</u>		<u>\$2,000</u>		<u>\$2,500</u>	
	<u>Rate</u>	<u>Cost</u>	<u>Rate</u>	<u>Cost</u>	<u>Rate</u>	<u>Cost</u>	<u>Rate</u>	<u>Cost</u>	<u>Rate</u>	<u>Cost</u>
KPERS NON-SCHOOL										
State	.02%	\$92,000	.04%	\$184,000	.06%	\$276,000	.08%	\$368,000	.11%	\$507,000
Local	.02%	70,000	.04%	140,000	.06%	210,000	.08%	280,000	.11%	387,000
Sub-Total		\$162,000		\$324,000		\$486,000		\$648,000		\$812,000
KPERS SCHOOL	.01%	\$102,000	.02%	\$204,000	.03%	\$306,000	.04%	\$408,000	.06%	\$615,000
Sub-Total (Local)		70,000		140,000		210,000		280,000		387,000
Sub-Total (State)		194,000		388,000		582,000		776,000		1,122,000
GRAND TOTAL		\$264,000		\$528,000		\$792,000		\$1,056,000		\$1,509,000

## HOUSE BILL No. 2219

By Committee on Pensions, Investments and Benefits

2-7

0017 AN ACT concerning the Kansas police and firemen's retirement  
0018 system; relating to retirement benefits of members' spouses;  
0019 amending K.S.A. 1984 Supp. 74-4958 and repealing the exist-  
0020 ing section.

0021 *Be it enacted by the Legislature of the State of Kansas:*

0022 Section 1. K.S.A. 1984 Supp. 74-4958 is hereby amended to  
0023 read as follows: 74-4958. (1) Any member who retires on or after  
0024 such member's normal retirement date shall be entitled to re-  
0025 ceive an age and service retirement benefit equal to 2% of such  
0026 member's final average salary multiplied by the number of years  
0027 of credited service except that in no case shall such retirement  
0028 benefit exceed 70% of such member's final average salary.

0029 (2) Any member who retires before such member's normal  
0030 retirement date shall receive an early retirement benefit equal to  
0031 the annual retirement benefit payable had the member retired  
0032 on the normal retirement date reduced by an amount equal to the  
0033 product of (A) such annual retirement benefit payable had the  
0034 member retired on the normal retirement date, multiplied by (B)  
0035 the product of .4% multiplied by the number of months differ-  
0036 ence, to the nearest whole month, between the member's at-  
0037 tained age at the time of retirement and age 55.

0038 (3) Upon the death after retirement of a member who was  
0039 covered, up to the entry date of the member's employer, by a  
0040 pension system under the provisions of K.S.A. 12-5001 to 12-  
0041 5007, inclusive, and any amendments thereto, or K.S.A. 13-14a01  
0042 to 13-14a14, inclusive, and any amendments thereto, or K.S.A.  
0043 14-10a01 to 14-10a15, inclusive, and any amendments thereto,  
0044 and who had not elected to retire under one of the options  
0045 provided under K.S.A. 74-4964 and amendments thereto, the

Attachment 3

Attachment 3



0046 member's spouse, if such spouse was the member's lawfully  
 0047 wedded spouse for a period of not less than one year at the time  
 0048 of the member's retirement *or if such spouse had been the*  
 0049 *member's lawfully wedded spouse for at least five years after*  
 0050 *the time of the member's retirement*, shall receive a lump-sum  
 0051 benefit equal to 1/2 the member's final average salary at the time  
 0052 of the member's retirement and shall receive an annual spouse's  
 0053 benefit equal to 75% of the member's retirement benefit payable  
 0054 in monthly installments, to accrue from the first day of the month  
 0055 following the member's date of death and ending on the first day  
 0056 of the month in which the spouse dies ~~or remarries. However, if~~  
 0057 ~~such member's spouse who remarries later becomes an unmar-~~  
 0058 ~~ried person, such member's spouse shall be entitled again to~~  
 0059 ~~receive annual benefits in an amount equal to that which such~~  
 0060 ~~member's spouse was receiving when such annual benefits were~~  
 0061 ~~terminated due to remarriage. Such annual benefit shall accrue~~  
 0062 ~~from the first day of the month following the date such~~  
 0063 ~~member's spouse again becomes an unmarried person.]~~ If there is  
 0064 no surviving spouse, or if after the death of the spouse there  
 0065 remain one or more unmarried children under the age of 18  
 0066 years, the annual spouse's benefit shall be payable in equal  
 0067 shares to such children and each child's share shall end on the  
 0068 first day of the month in which such child attains the age of 18  
 0069 years, dies or marries, whichever occurs earlier. All payments  
 0070 due under this section to a minor shall be made to a legally  
 0071 appointed conservator of such minor as provided in subsection  
 0072 (7) of K.S.A. 1982 Supp. 74-4902 and amendments thereto.  
 0073 (4) Upon the death after retirement of a member who had not  
 0074 elected to retire under one of the options provided under K.S.A.  
 0075 74-4964 and amendments thereto, such member's beneficiary  
 0076 shall receive an amount equal to the excess, if any, of such  
 0077 member's accumulated contributions over the sum of all retire-  
 0078 ment benefit payments made.  
 0079 Sec. 2. K.S.A. 1984 Supp. 74-4958 is hereby repealed.  
 0080 Sec. 3. This act shall take effect and be in force from and  
 0081 after its publication in the statute book.

No person shall be entitled to receive more than one benefit under the provisions of this subsection. Any person who otherwise meets the qualifications to receive more than one benefit under this subsection shall elect the benefit such person shall receive.