



Andy Beshear
GOVERNOR

PERSONNEL CABINET

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Mary Elizabeth Bailey
SECRETARY

February 11, 2026

All Members of the General Assembly
702 Capital Avenue
Frankfort, Kentucky 40601

Re: HB 500 – AN ACT relating to appropriations measures...State Employee
Group Health Insurance Plan – Employer Contribution

Dear Senators and Representatives,

The Personnel Cabinet writes to express concerns about the employer contribution rate limits imposed by House Bill (HB) 500, Part IV, Section 9. If the General Assembly passes this proposed change, it will have a devastating impact on all Kentucky Employee Health Plan (KEHP) members and their dependents, resulting in a possible 78% increase in employee premiums over the two years.

HB 500 limits the employer contribution increase to 5% in each plan year, which would result in a drastic shortfall to the plan of \$77 million in 2027 and \$202 million in 2028. Unfortunately, there are only two ways to make up the difference: increasing premiums on KEHP members and dependents or decreasing their benefits.

The passage of HB 500 in its current form would necessitate at least some of the following changes to the current plan design: increasing copays for care appointments and prescriptions, increased out of pocket maximums, increased deductible/coinsurance percentages, separate deductibles for medical and pharmacy benefits, removal or reduction of benefits on medical coverage (meaning certain treatments will be subject to new limitations), removal of certain drugs from coverage (moving to the most restrictive drug formulary), and other potential impacts.

Currently 310,506 members (plan holders, waivers, and dependents) would be impacted, including employees in all branches of government.

- Executive, Legislative & Judicial Branch agencies;
- Boards of Education;
- Health Departments;
- State Employee Retirees, Pre-65;



- Teachers' Retirement Retirees, Pre-65;
- Quasi-Government entities¹;
- Judicial branch, Legislative Branch & KCTCS Retirees.

To illustrate the impact more fully, here are examples:

Teacher Rank III:

Current Monthly net: \$1939.68

Net after proposed monthly increase: \$1453.64 (**net decrease -\$486.04 per month**)

School Bus Driver:

Current Monthly net: \$680.82

Net after proposed monthly increase: \$145.64 (**net decrease -\$535.18 per month**)

Correctional Officer:

Current monthly net: \$1815.50

Net after proposed premium increase: \$1389.62 (**net decrease -\$425.88 per month**)

Social Worker:

Current monthly net: \$2948.52

Net after proposed premium increase: \$2522.60 (**net decrease -\$425.92 per month**)

State Trooper:

Current monthly net: \$3000.94

Net after proposed premium increase: \$2606.60 (**net decrease -\$394.34 per month**)

State Legislator:

Current monthly net: \$1020.40

Net after proposed increase: \$743.20 (**net decrease -\$277.20 per month**)

LRC employee:

Current monthly net: \$4405.58

Net after proposed monthly increase: \$4165.80 (**net decrease -\$239.78 per month**)

AOC employee:

Current monthly net: \$2181.88

Net after proposed monthly increase: \$1704.24 (**net decrease -\$477.64 per month**)

If the health plan is forced to make up for the projected shortfall without discretion to increase employer contributions beyond the limits imposed by HB 500, these changes will be catastrophic for KEHP members. Forcing KEHP to make up for the shortfall with changes that directly pass costs on to its members will completely

¹ County Conservation District, Economic Development Agency, County Fiscal Court, etc.

negate the improvements to state employee compensation that have been achieved through annual increments and salary enhancements enacted by the General Assembly and signed into law by the Governor.

Sincerely,

A handwritten signature in blue ink that reads "Mary Elizabeth Bailey". The script is cursive and fluid, with the first letters of each word being capitalized and prominent.

Mary Elizabeth Bailey
Secretary
Personnel Cabinet