

**18A.227 Flexible benefits plan for employees and retirees.**

- (1) For purposes of this section, the following definitions shall apply:
  - (a) "Cafeteria plan" shall mean a flexible benefits plan which meets the requirements of Section 125 of the Federal Internal Revenue Code;
  - (b) "Employee" shall mean a person, including an elected public official, who is regularly employed by any department, board, agency, or branch of state government, and who is a contributing member to any one (1) of the retirement systems administered by the state;
  - (c) "Cabinet" shall mean the Personnel Cabinet;
  - (d) "Change in family status" shall have the same meaning as used in Section 125 of the Internal Revenue Code and regulations promulgated thereunder; and
  - (e) "Salary reduction contribution" means all employer contributions that are excludable from gross income under the Internal Revenue Code.
- (2) As part of the employee benefits provided to state employees under this chapter, the cabinet may develop and make available to eligible employees a flexible benefits plan which meets the requirements for treatment as a cafeteria plan under Section 125 of the Internal Revenue Code. The plan shall be in writing and shall be available on an equal basis to all eligible employees within each county.
- (3) Options available under the plan may include, but are not limited to:
  - (a) Health insurance coverage;
  - (b) Managed health care coverage;
  - (c) Catastrophic illness coverage;
  - (d) Dental insurance;
  - (e) Term life insurance-accidental, death, or dismemberment;
  - (f) Vision insurance;
  - (g) Long term disability insurance;
  - (h) Long term medical care; and
  - (i) Any other benefits which may be offered under the provisions of the Internal Revenue Code and which the cabinet determines to be in the best interests of state employees.
- (4) Any employee who desires to participate in options offered under the plan, may direct that any options elected shall be funded through payroll deduction. Once an option is chosen, it shall not be changed until the end of the period for which election is made unless the employee experiences a change in family status, other change of status, or special enrollment rights under the Federal Health Insurance Portability and Accountability Act of 1996 which necessitates a revision of his benefit election.
- (5) Any employee contributions required toward the purchase of the selected options shall be made by a salary reduction contribution, to the extent the benefits would be considered to be tax-free under Chapter 1 of the Internal Revenue Code, and by after-tax salary deduction where the elected option is not tax-free.

**Effective:** July 15, 2002

**History:** Amended 2002 Ky. Acts ch. 352, sec. 2, effective July 15, 2002. -- Amended 2000 Ky. Acts ch. 438, sec. 6, effective April 21, 2000. -- Amended 1998 Ky. Acts ch. 154, sec. 46, effective July 15, 1998. -- Amended 1994 Ky. Acts ch. 350, sec. 2, effective July 15, 1994. -- Created 1990 Ky. Acts ch. 395, sec. 1, effective July 13, 1990.