



# 2017-18 ANNUAL REPORT

**PRESENTED BY**

*Kentucky Personnel Cabinet  
Secretary Thomas B. Stephens*



## **WE ARE**

### *Connecting People to Purpose*

We support more than 32,000 dedicated and talented people with a passion to serve. We are a community of doers, thinkers, learners, leaders, and achievers. Leading and innovating. Working for a purpose. Making a difference.



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## FROM THE SECRETARY

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The Personnel Cabinet continues to serve the people who serve, providing industry recognized health benefits, modern human resource processes, and state-of-the-art technology.

This past year has been a remarkable period of growth and transformation for the cabinet as we work to even further modernize our human resources practices. We continue the work of addressing each of our goals:

1. Becoming an employer of choice
2. Promoting a “one-employer” mindset
3. Fostering learning and development
4. Creating greater customer value

While being mindful and economically responsible, the cabinet has worked with vendors to maintain a value-driven health plan with features and benefits unsurpassed in the private sector.

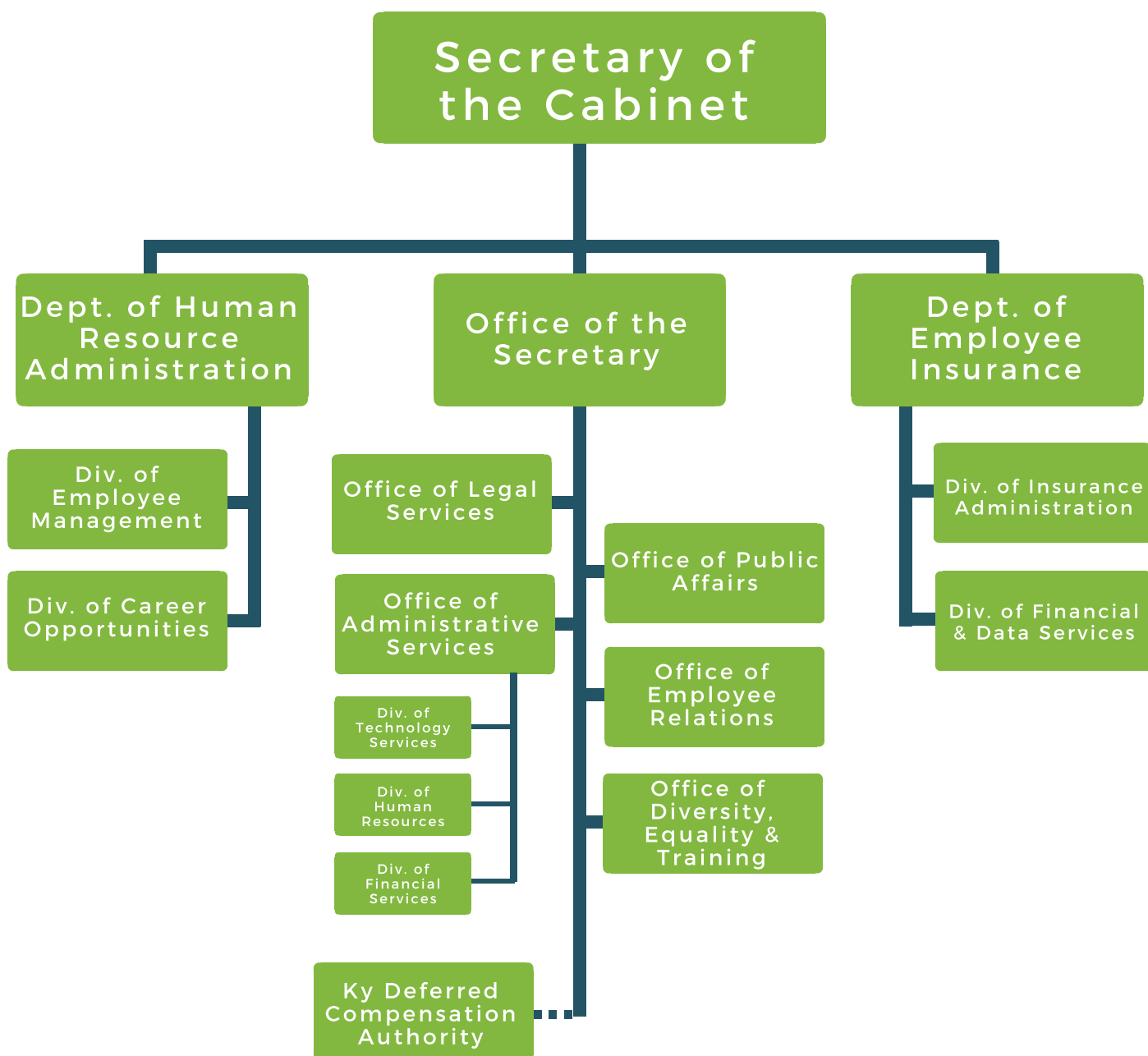
Our payroll processes have been recognized nationally as we work to bring our agencies online with electronic timekeeping, direct deposit and online W-2 options.

Focusing on the many benefits available to employees, highlighting our employees and their contributions and success, and providing a user-friendly application process have all contributed to our goal of increasing our applicant pool and retaining a highly talented and skilled workforce.

We anticipate even greater benefits for both our internal and external customers with the implementation of a new talent management system in the new year.



# PERSONNEL CABINET



## THIS IS US

The Personnel Cabinet provides leadership and guidance to attract, develop, motivate and retain a talented, diverse workforce; foster an understanding of and adherence to regulatory requirements; and create a positive, supportive work environment that values all employees.

Our vision is to be regarded by our employees and stakeholders as a trusted and valuable resource for innovative, accessible and responsive human resource services.



*a year's overview*

# OFFICE OF ADMINISTRATIVE SERVICES

The Office of Administrative Services (OAS) is responsible for the internal administration of the Personnel Cabinet. The Office's responsibilities include human resources, payroll, budget, accounting, purchasing, technology services, property management, and facilities.

## CABINET BUDGET

The Cabinet has three primary appropriation units: General Operations, Deferred Compensation, and Workers' Compensation.

The largest appropriation unit, General Operations, includes the Office of the Secretary, Legal Services, Administrative Services, Human Resources Administration, the Office of Diversity, Equality and Training, the Office of Employee Relations, the Department of Employee Insurance and the Division of Technology Services and KHRIS. General Operations expended \$24.6 million in FY 2018.

Each unit maintained expenditures within budget limits while continuing to provide services to every agency of state government, school districts, many quasi-governmental entities, and some counties.

## ACCOMPLISHMENTS

### Budget

OAS completed the biennial budget request for the Personnel Cabinet in the fall of 2017.

### Procurement

OAS assisted with the procurement process for several new contracts throughout the Cabinet; talent management software as a service, Deferred Comp legal counsel and auditor, health insurance dependent eligibility audit, KEAP oversight by a licensed psychologist, and optional employee insurance coverage for dental and vision.

### eMARS

During the fiscal year, the Finance and Administration Cabinet's Office of the Controller rolled out an upgrade to the eMARS accounting/financial system. This upgrade gave OAS the opportunity to review chart of account elements, procurement contracts, accounting templates, vendor records, COT account numbers and security within the system. This review produced more efficient datasets, better-organized contracts and tighter security.



*last year's*

# NUMBERS & STATISTICS

The following chart reflects the Cabinet's fiscal performance during Fiscal Year 2018.

Fiscal Year 2018 Budget Summary				
		Appropriation	Expenditures	% Expended
<b>55A0</b>	<b>General Operations</b>			
	Object Type 1 - Personnel Costs		20,240,732.88	
	Object Type 3 - Operating Expenses		4,320,684.82	
	Object Type 6 - Capital Outlay			
	<i>Total 55A0</i>	30,320,800.00	24,561,417.70	81.01%
<b>55B0</b>	<b>Public Employees Deferred Compensation Authority</b>			
	Object Type 1 - Personnel Costs		7,661,461.94	
	Object Type 3 - Operating Expenses		373,951.26	
	<i>Total 55B0</i>	9,340,700.00	8,035,413.20	86.03%
<b>55E0</b>	<b>Workers' Compensation Benefits and Reserve</b>			
	Object Type 1 - Personnel Costs		20,788,551.06	
	Object Type 3 - Operating Expenses		72,578.18	
	<i>Total 55E0</i>	26,328,600.00	20,861,129.24	79.23%

*a year's overview*

## Division of Technology Services

The Division of Technology Services (DTS) oversees information technology (IT) for the Personnel Cabinet, including the enterprise HR system that supports more than 496,000 job seekers, employees, local government payees (24 local county sheriff and county clerk offices), and benefits members. The work of the division includes the design, development, project management, implementation, and ongoing support of technology in the cabinet which impacts internal and external human resources initiatives.

### IT Security

Responsible for ensuring proper system user access and application security as well as researching security incidents. DTS responded to 6 security incidents. Of the 6 incidents researched, none were identified as a breach. More than 7,600 external HR users of the cabinet's 3 enterprise HR systems completed DTS' 2017/2018 annual iSTEP security training.

### IT Support

Supported 4,212 IT-related incident tickets. Of those, 204 were change requests to HR systems, while 4,008 were logged as DTS incidents for access requests, production support requests, defects, and desktop/IT support.

- Implemented an electronic solution for KECC campaign donations.
- Developed an electronic application to de-encrypt millions of historically encrypted emails to migrate to the Microsoft Office cloud, saving the Commonwealth more than \$500,000.
- Moved to a 3rd party vendor for annual software maintenance support for KHRIS, decreasing software maintenance support by approximately 50 percent.
- For the first time, provided W-2s online to state employees, resulting in significant reductions in cost of forms, printing, and mailing [For 2017, the first year available, 11,461 (24.16 percent) employees opted for electronic W-2s]
- Completed the FY18 IT audit of the Personnel Cabinet by the Auditor of Public Accounts with no control deficiency comments
- Automated 15 manual processes from paper to electronic process
- Negotiated and executed a contract with Cornerstone OnDemand for the Unified Talent Management Suite for all talent solutions – recruitment, onboarding, performance management, learning, connect/social network, and workforce planning with no additional appropriation of funds.



*a year's overview*

# OFFICE OF LEGAL SERVICES

The Office of Legal Services (OLS) performs various tasks, including drafting legal pleadings, memoranda, proposed legislation, proposed regulations, and legal opinions. OLS represents the cabinet in administrative hearings and proceedings before state and federal administrative agencies and courts.

## **Personnel Board-Related Matters**

Reviewed and consulted with agency attorneys and administrators when needed on 241 appeals filed with the Personnel Board. Reviewed and approved all Personnel Board settlement agreements involving executive branch agencies, as well as settlements which occur in other legal forums.

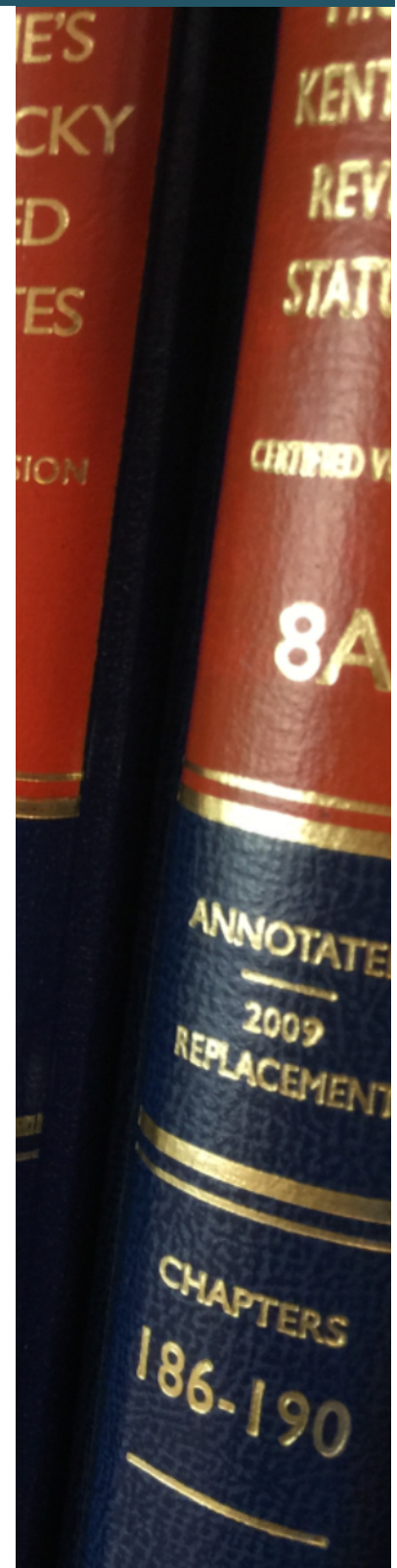
Provided legal support and guidance with respect to desk audits ordered by the Personnel Board, as well as other pending appeals involving classification questions. Attended monthly Personnel Board meetings, providing a summary of the cabinet's activities, suggesting regulation amendments, and reporting on trends throughout the HR enterprise.

## **Litigation**

Represented the Personnel Cabinet in 191 Personnel Board appeals. Served as counsel in a Personnel Board appeal for another agency due to an internal conflict of interest with one of the parties. Represented the Personnel Cabinet in various state court proceedings.

## **Requests for Information**

Served as the Records Custodian for the Personnel Cabinet. Processed 186 requests submitted under the Kentucky Open Records Act and notified agencies and employees in appropriate cases. Reviewed and responded to 185 employee requests for inspection of records. Responded to 804 investigative requests for employment from the U.S. Office of Personnel Management.



*a year's overview*

# OFFICE OF LEGAL SERVICES

## **Personnel Actions**

Reviewed and either approved, denied or requested further information for 9,749 background check files. Reviewed and either approved, denied or requested additional documentation for 3,975 personnel actions, including appointments, rehires, transfers, demotions, suspensions, reversions, separations, paid and unpaid leave, disciplinary fines, and work county changes. Reviewed, requested further information when necessary, and recommended for approval by the secretary of the Personnel Cabinet renewals of temporary assignments of other agency employees, special investigative leave actions, and petitions for written reprimand removals. Reviewed, requested further information when necessary, and recommended for approval along with the commissioner of DHRA any requests for closure of a state office building due to safety concerns, such as heating/air issues or water issues.

## **General Guidance / Legal Assistance**

Continued review of all Personnel administrative regulations as part of the Governor's Red Tape Initiative. Coordinated the federal drug-free workplace certifications on behalf of the Executive Branch agencies necessary for obtaining federal funding. Undertook a review of all probationary periods for certain Executive Branch job classifications.

Reviewed multiple contracts for various Personnel Cabinet business areas. Fielded numerous telephone calls from state employees and agencies regarding issues relating to the merit system, human resources, benefit information, open records requests, and background checks. Assisted with implementation of Executive

Order 2017-064, the Fair Chance Employment Initiative, to remove questions regarding criminal history from the state government application, ensuring applicants with criminal history no longer automatically disqualified from interview. Developed a mediation/settlement guide for Executive Branch personnel attorneys/mediators.

## **Legislative and Regulatory Matters**

Assisted with legislation during the 2018 regular session. Attended legislative committee hearings and reviewed legislation regarding key issues facing the Commonwealth HR enterprise and employee benefits.

## **Additional Roles**

Provided assistance/review for Personnel Cabinet divisions with proposed updates or changes to the Personnel Cabinet Retention Schedule. Served as the Cabinet's Ethics Officer and reviewed all outside employment requests and internal ethical considerations. Participated in mediations offered by the Personnel Cabinet's Office of Employee Relations. Replaced written request processes with streamlined, electronic processes.

## **Kentucky Employees' Health Plan & Group Life Insurance**

Provided daily legal advice to Department of Employee Insurance (DEI) as administrator of the Kentucky Employees' Health Plan (KEHP) and Kentucky Group Life Insurance (KGLI). Attended the Kentucky Group Health Insurance Board (KGHIB) and Advisory Committee. Assisted in developing administration rules and amending the Administration Manual for use by Insurance Coordinators and Human Resource Administrators. Drafted KEHP's



2018 IRC Section 125 cafeteria and HRA plan documents. Reviewed and drafted KEHP's 2018 summary plan descriptions and medical benefit booklets. Drafted and reviewed three RFPs for DEI services including optional dental/vision benefits, data aggregation, and dependent eligibility auditing. Negotiated and drafted KEHP vendor contracts, contract amendments, MOAs, and business associate agreements with eleven different vendors. Provided advice and oversight of the claims run out process administered by Humana for pre-2015 health claims. Provided advice and assisted with the development of the 2018 health insurance plan designs, the implementation of the 2018 dependent eligibility audit, the electronic record retention and encryption rules for DEI staff, and the rules pertaining to the addition of dental and vision employee insurance benefits. Assisted with the preparation for the 2018 Open Enrollment including drafting new policies, terms and conditions, legal notices, and forms for use during Open Enrollment. Promulgated the 2018 Kentucky Employees' Health Plan Benefits Selection Guide regulation.

### **Federal and State Law Compliance**

Counseled DEI regarding annual APA audits of the health plan and compliance with a myriad of federal laws governing employee benefits. Conducted legal analysis of various federal agency guidance and regulations amending provisions or rules regarding the Patient Protection and Affordable Care Act (H.R. 3590) (the ACA"). Continued to provide legal advice regarding the ACA Employer Reporting requirements. Reviewed federal proposals to amend the ACA. Provided guidance and assisted with the reporting and payment of the federal Patient-Centered Outcomes Research Institute (PCORI) fee on behalf of KEHP. Continued oversight of KEHP's compliance with health care reform requirements, COBRA, flexible benefits, and cafeteria plan rules. Continued drafting and updating HIPAA Security and Privacy Policies for KEHP, a covered entity, including developing data sharing rules with companies and agencies participating in the KEHP. Reported security incidents impacting protected health information to the U.S. Department of Health and Human Services.

*A year's overview*

# OFFICE OF PUBLIC AFFAIRS

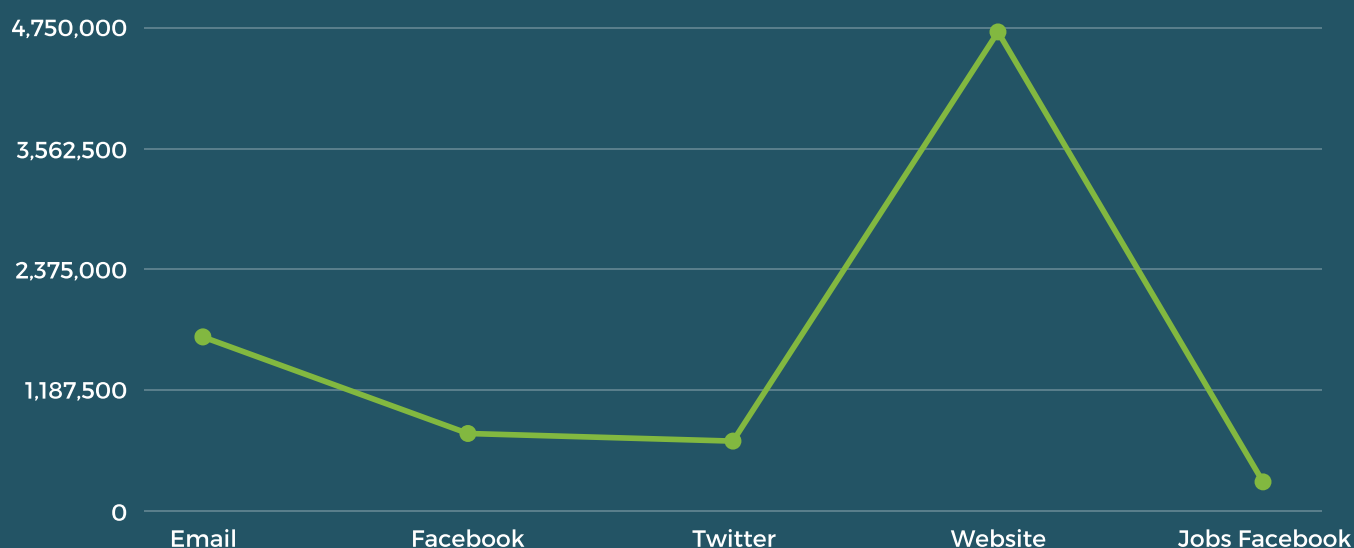
The Office of Public Affairs (OPA) plans communication and marketing strategies to promote cabinet programs and benefits provided to health plan members and dependents, state employees, and the public at large.

## 4.6 M

*visits to our websites*

## 1.7 M

*engagements through email*



Providing a wide range of public information services on behalf of the cabinet, the Office of Public Affairs (OPA) continues to develop communication tools to provide employees with the information they need to participate in cabinet-offered programs, take advantage of benefits, and be knowledgeable of human resource initiatives impacting their work-life. OPA utilizes social media, press releases, speeches and events, employee newsletters, websites, emails, media responses and more.

OPA continually seeks new and innovative ways to communicate with employees and health plan members. Because of the wide age range, communication preferences, diverse education levels, and varying work environments of our audience, no one communication tool will meet the needs of the entire constituency. OPA has expanded its reach by introducing modern tools into the mix, while maintaining those that have proven consistently reliable.

**Traditional resources**

Email communication continues to be a reliable tool, supporting initiatives across the cabinet, including wellness, Deferred Compensation and open enrollment. Approximately 145 program announcements or reminders were delivered to varying audiences, with 1.7 million unique opens reported.

The office oversees each of the cabinet's websites, their governance and maintenance. Together, our four websites receive 4.6 million hits each year. OPA provides training and meets with the website teams regularly to ensure website reliability and accuracy

**Social Media**

The office utilizes social media tools to highlight news and events and provide important timely messaging to employees. As of June 30, 2018, the Personnel Cabinet's Facebook page had 6,644 followers. In March, 2017, the office worked with the Department of Career Opportunities to launch a Facebook page devoted to job opportunities within state government. The page now has nearly 1,600 followers. State employees and health plan members reach out to the cabinet through the private messaging on both Facebook pages for customer service requests. The platform is a useful addition to cabinet communication strategies.

Twitter has expanded in popularity and use among our audiences. In just over one year, the Personnel Cabinet feed has more than 900 followers and 167,000 impressions each month.

**Personnel Cabinet App**

The office has been working with the Division of Technology Services and other departments to launch a Personnel Cabinet phone app in August. The app will allow users to access real-time data, and receive push notifications on topics of their choice.

**Video messaging**

The need for video communication capabilities grows as our audience changes. OPA has expanded their use of video messaging on social media, websites and email communication as tools and resources have become available.



*a year's overview*

# OPA

**Program support & development**

One of OPA's primary functions is to partner with other departments within the cabinet to support ongoing initiatives and launch marketing/communication plans for new programs and services.

Such initiatives this year included marketing of the Go365 program, step challenges and other wellness activities, Vitals SmartShopper, LiveHealth Online, the LivingWell clinics, Diabetes Prevention Program and more.

OPA supported cabinet conferences and training by helping develop online registration forms, web pages, conference programs, agendas, and posters. Examples included the EEO Conference, and the HR Leadership Conference.

The office helped promote the Governor's Ambassador Awards and Public Service Recognition Week, highlighting employees and the work they do through social media, email and press releases. The poster contest with school students is marketed to teachers and parents, and the winners are recognized through local media.

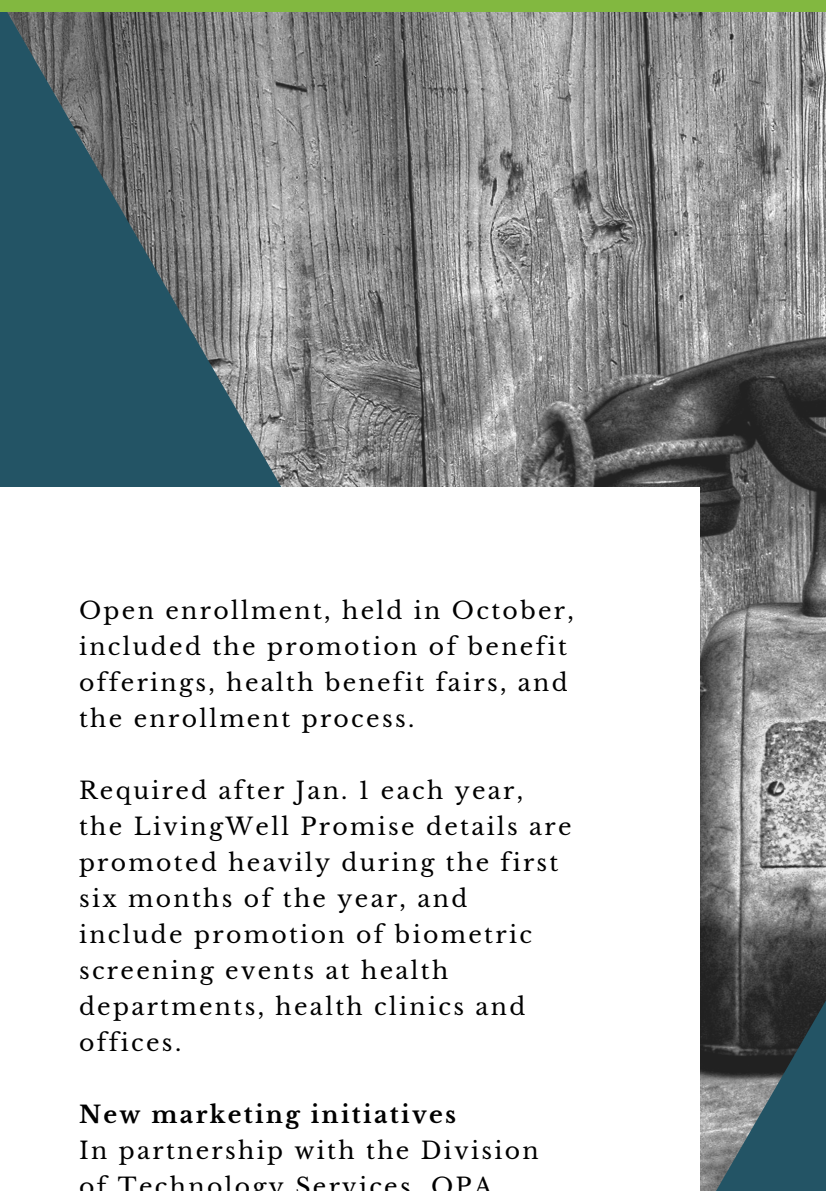
Open enrollment, held in October, included the promotion of benefit offerings, health benefit fairs, and the enrollment process.


Required after Jan. 1 each year, the LivingWell Promise details are promoted heavily during the first six months of the year, and include promotion of biometric screening events at health departments, health clinics and offices.

**New marketing initiatives**

In partnership with the Division of Technology Services, OPA began planning marketing strategies for a new talent management suite. The system will eventually include career application services and recruitment, learning, social networking features, onboarding, performance management, and workforce planning.

Communication strategies were developed and include the online design and layout of the site, production of videos highlighting employees from various agencies, email promotion, the use of social media, and face-to-face communication, among other tools. The project will be ongoing.





The office also worked to help promote and recruit a new Governor's Minority Management Trainee Program (GMMTP) class, the first class to begin since 2014.

**Publications**

The office is regularly called upon to design and print publications for promotional purposes, conferences or events. This year, the office produced a program for a regional human resource conference, banners and posters for wellness events, monthly ads regarding health insurance benefits, magnets with vendor contact information, flyers to use during onboarding, posters promoting services at health clinics, handouts for state fair, and more.

**Media relations**

Maintaining a positive relationship with the media, OPA works throughout the year to promote innovative programs and highlight accomplishments. During the 2017-18 fiscal year, 14 press releases were distributed, promoting conferences, wellness programs, awards, recognition of employees, and more.

Individual invitations for interviews have been accepted

favorably by the local news media to discuss details of innovative projects, explain complex issues, or highlight noteworthy accomplishments.

OPA works with the Office of Legal Services to fill and respond to each media-related inquiry and open records request. The office also coordinates all the cabinet's official media requests for information and media response policies.

**Agency partnerships**

State agencies from across the enterprise are partnering with the Personnel Cabinet to disseminate information internally. Agencies are turning to OPA for distribution of urgent road closures (KYTC), events, discounts, benefits and new laws impacting employees.

**Online improvement**

OPA works with internal departments to improve online services. A new online application for the Certificate of Supervisory Essentials training, two web forms for the Department of Legal Services, reports and online forms for Workers Compensation, and an affirmative action report form were all created.

*Who we are*

## OFFICE OF DIVERSITY, EQUALITY & TRAINING

The Office of Diversity, Equality & Training (ODET) is responsible for the development and implementation of progressive statewide workforce management in the areas of equal employment opportunity, affirmative action, retention, inclusion, and diversity. ODET also has responsibility for training, employee development, and related programs conducted on behalf of the executive branch. Via an array of classroom workshops, e-learning and self-study resources, ODET offers compliance and supervisor training opportunities including:

- Anti-Harassment
- Embracing Diversity
- Leadership and Management
- Employee Development and others!

# 54%

*EEO Conference  
increase*

# 28

*GMMTP participants*

### *Program spotlight*

The Governor's Minority Management Trainee Program (GMMTP) was reintroduced and expanded for the first time since 2013. A record number of applications were submitted, and 28 were accepted.

The program is designed to enhance the skills and leadership potential of those enrolled, while providing them with a professional support system throughout the public and private sector. Participants get unique insight into state government through cabinet visits that allow participants to learn about each agency. The program requires participants to complete the curriculum for the Certificate of Supervisory Essentials (CSE), and monthly enrichment programming.

The program also provides:

- Networking Opportunities
- Career mentoring and coaching from public and private sector professionals
- Community service opportunities

GMMTP has helped to increase the representation of minority managers within state government. Through the innovative programming, mentoring and networking opportunities provided to program participants, GMMTP is a valuable tool for those interested in learning more about leadership and management and about how to be a conduit for solving the workforce issues inherent in state government today.

*Last year's*

# SUCCESSSES

**Equal Employment Opportunity and related programming**

ODE&T provided sexual harassment prevention training to all 991 governor-appointed, non-merit employees. The office has conducted half-day sessions at various correctional facilities and institutions. By the end of 2018, training will have been provided to 75% of all institutions.

**31st Annual Governor's Equal Employment Opportunity Conference**

In November 2017, ODET increased the participation and scope of the annual event. Held at the iconic Muhammad Ali Center in Louisville, the conference saw an increase in attendance of over 54% from the previous year. The conference also featured the use of a conference mobile app, providing participants access to scheduling information, speaker bios, and maps of the Ali Center.

**Certificate of Supervisor Essentials (CSE)**

The CSE continues to provide current and aspiring supervisors within the executive branch the tools they need to be successful managers within the framework of Kentucky state government. This year, 400 new participants entered the program, representing 12 cabinets and 61 counties. Certificates were awarded to 152 employees.



With assistance from the Department of Human Resources, ODET conducted an analysis of all CSE participants since program inception in 2014. This analysis indicated 36% of the program graduates have received pay grade increases.

**External Partnerships**

ODE&T continues to offer external professional development and has collaborated with:

Department of Military Affairs  
Human Rights Commission  
Department of Education  
Department of Agriculture  
Auditor of Public Accounts  
Jefferson County PVA  
Legislative Research Commission

**Modernization and Efficiency**

ODE&T assisted in the acquisition and implementation of a new learning management system, Commonwealth U. The system provides users access to more than 1,350 online or classroom training courses. As part of the rollout, ODET trained 348 administrators and coordinators from all executive branch agencies in system functionality.





# OFFICE OF EMPLOYEE RELATIONS

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The Office of Employee Relations provides leadership and support to other state agencies through various programs including workers compensation, return to work, workplace relations, employee recognition, and employee assistance.

## **Employee Suggestion System**

State government employees use an Internet-based system to submit improvement suggestions on-line. This efficient process helps to identify the Commonwealth as a leader in recognizing and managing employee ideas. The form is simple, user-friendly, and fast. Employees receive immediate confirmation of their suggestion and are able to track it throughout the process. During FY 17-18, employees submitted 253 suggestions.

It was an honor to present a total of \$6,374 in awards to twelve (12) state employees through the Employee Suggestion System. Implemented suggestions represented a first-year savings of \$71,839.

## **Employee Recognition Certificates**

KRS Chapter 18A employees receive service certificates in honor of their dedicated completion of 5, 10, 20, 30 and 40 years of service from the Personnel Cabinet. Fiscal Year 17-18 recognition certificates were processed for 3,102 employees. Retirement certificates were presented to 1,716 employees.

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**Governor's Ambassador Awards**

This Program allows coworkers and the public-at-large to recognize unique and outstanding service performed by a state employee or team of employees. The recognition program occurred on April 27, 2018. Six individuals and one team of public service employees received recognition in six categories: customer service, courage, leadership, professional achievement, teamwork, and community service and volunteerism.

Ninety nominations involving 136 individuals were received. A selection committee reviewed and selected three finalists in each category. The governor then selected the overall winners in each category. Nominees and their invited guests attended the awards ceremony, and award recipients received the honor of having a personalized engraved brick placed along Ambassador Avenue outside the Thomas D. Clark Center for Kentucky History.

**Public Employee Recognition Week**

Each year during Kentucky Public Service Recognition Week, we honor those who serve Kentucky as state and local government employees. The Employee Recognition Branch coordinates this effort within the Personnel Cabinet, and provides an online toolkit of ideas for use by other agencies. To avoid schools' fall break, the Kentucky Employees Charitable Campaign, health insurance open enrollment, and an anticipated special session last fall, the recognition week was held April 22-28, 2018.

Employee Recognition banners were placed at Capital View, the Sower Building, CHFS, and the Transportation Cabinet.

**Kentucky Employee Assistance Program**

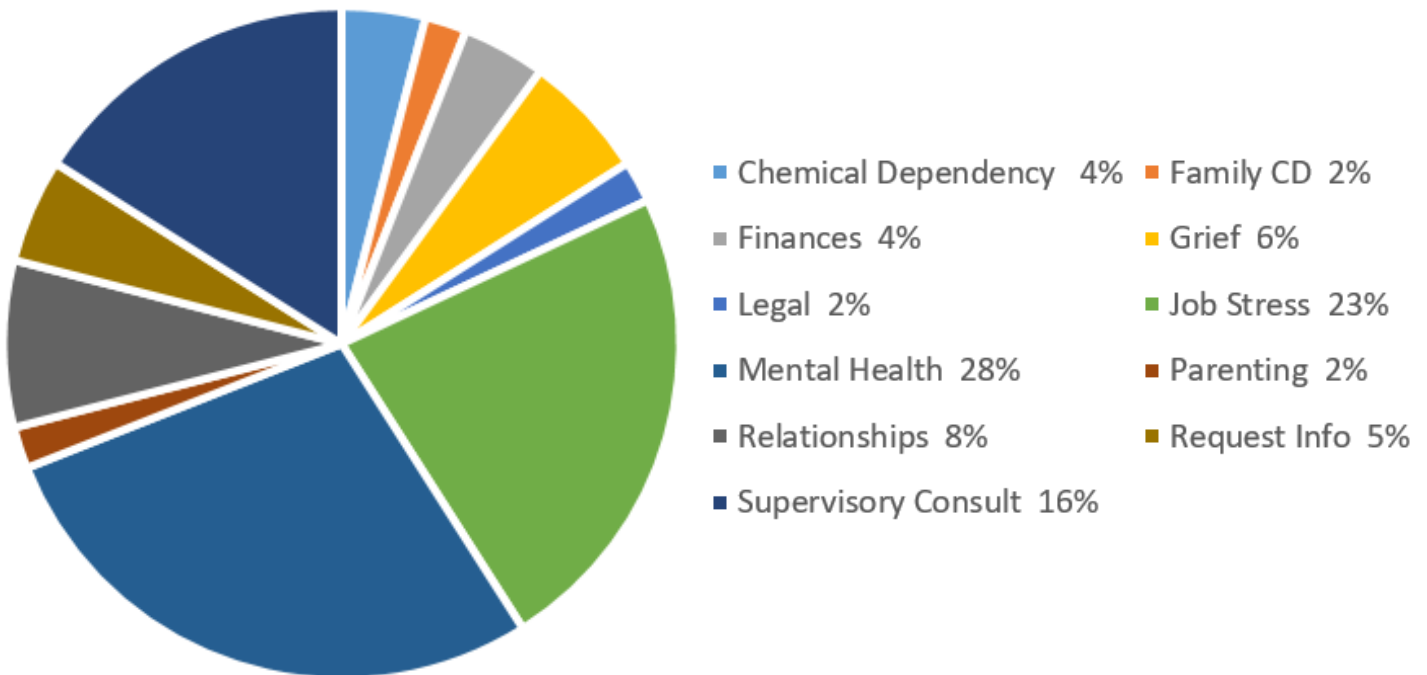
During FY 2017-18, the Kentucky Employee Assistance Program provided direct employee assistance services to 795 state employees and/or their family members. The cabinets in which employees most utilized services were the Cabinet for Health and Family Services (23 percent) and the Justice and Public Safety Cabinet (16 percent). Issues most frequently presented included mental/emotional health (28 percent) and job stress (23 percent).

The KEAP staff provided more than 104 live presentations resulting in numerous contacts. The presentations included topics such as depression awareness, personal budgeting, stress management and verbal de-escalation. The number of live webinars continues to grow allowing participation across the state. KEAP works with Go365 to award wellness points for participation in work/life balance trainings. KEAP staff presented at a number of agency events and conferences as well as health fairs. Staff consulted with many agency personnel offices on how to effectively address troubled employee situations.

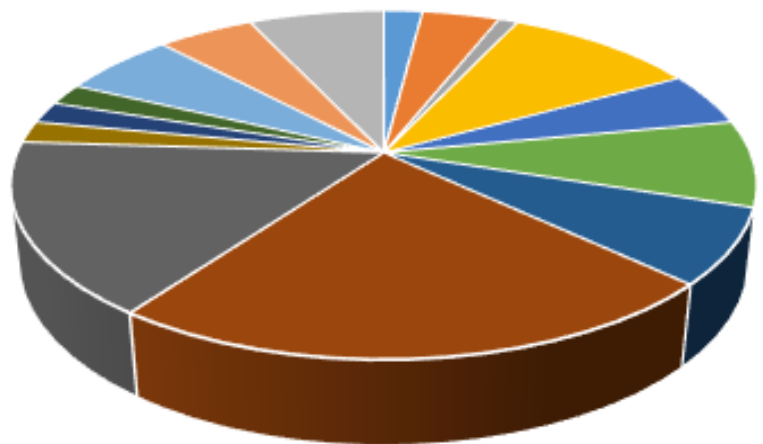
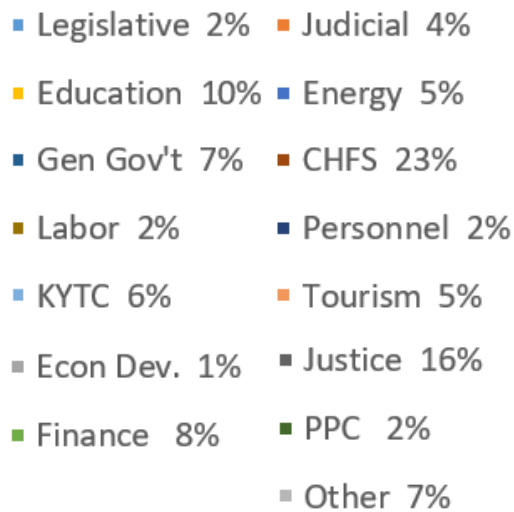
In FY 17-18, KEAP received approval by the Kentucky Board of Examiners of Psychology (KBEP) and the Kentucky Board of Social Work to provide continuing education courses free of charge to state employees in the social services profession who must maintain mental health licenses.

This provides agencies a savings of approximately \$25 per hour of continuing education for their employees.

## Presentation Topics



## Agency Utilization



*a year's overview*

# KEAP

Topics related to mental health and job stress continue to be of most interest to constituents. Consultations with supervisors remain important. Larger agencies, including CHFS and Justice, maintain a larger utilization percentage.

### Office of the Ombudsman

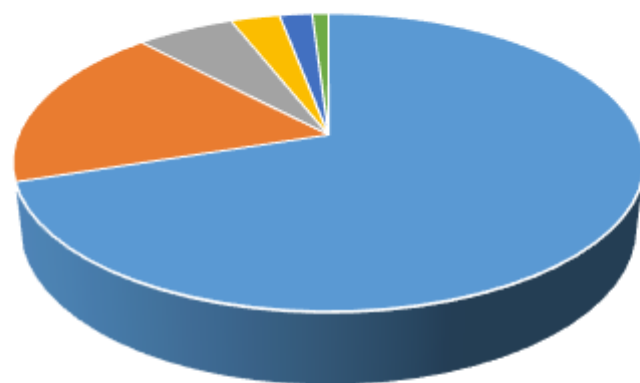
The position of Ombudsman was established on May 22, 2017 to serve as a liaison and resource for employees and agencies in need of information or guidance. The Ombudsman responds to inquiries and provides resources or options, facilitates meetings or other forms of communication, helps guide solutions to concerns that may arise, and recommends actions or changes to existing procedures.

The Ombudsman also oversees the Kentucky Employee Mediation Program (KEMP), providing dispute resolution for executive branch employees. It offers formal mediation between two parties and workplace resolution among a group. The majority of mediations are referrals from the Kentucky Personnel Board due to an appeal. Settling appeals through mediation saves significant resources in staff time and financial costs. There are 24 part-time, volunteer mediators (state employees) actively participating in the program. Eight are fully certified. In August 2017, a class for those interested in being certified was held. There are now a 16 waiting to complete their final certification.

While the Finance and Administration Cabinet manages the TipLine program, any reports that are human resource related are forwarded to the Ombudsman, who either responds to the reporter, or assigns it to the specific agency.

- There were 23 mediations conducted, of which 19 were referred from the Personnel Board (82.6%). Of the referrals from the Personnel Board, 11 were settled – involving a total thirteen (13) appeals. Of the four not referred from the Personnel Board, two were considered successful.
- Four Workplace Resolutions were conducted, involving 53 employees.
- The Ombudsman received over 1,300 emails and phone calls, covering a variety of topics. These came from the general public, state employees, human resources personnel, constituent services, etc.
- There were 94 TipLine referrals to the Personnel Cabinet Ombudsman.

### *TipLine Referral Topics*



- Human Resources 70% ■ Financial 18%
- EEO 6% ■ Compliance 3%
- General 2% ■ Safety 1%



**Adoption Reimbursement Program**

For employees who wish to adopt, the Commonwealth provides financial assistance of up to \$5,000 to help cover expenses. With the exception of Kentucky State Police, this benefit is only available to executive branch employees covered by 18A. In FY 17-18, the adoption benefit program received and approved 14 applications from eight agencies. The approved reimbursements totaled \$48,300.82.

Various administrative changes are planned for the Adoption Reimbursement Program. While keeping the same program eligibility requirements, reimbursement amounts will change to a flat stipend. This will eliminate much of the paperwork, decrease the processing time so employees can receive funds faster, encourage more adoptions from the state foster care program, initiate an additional benefit of a KY STABLE account for qualifying children (\$1,000), and establish a Kentucky Education Savings Plan account for children not eligible for the KY STABLE account.

**Kentucky Employees Charitable Campaign**

Each year the Personnel Cabinet administers the Kentucky Employees Charitable Campaign (KECC) to employees who receive paychecks through the Commonwealth. More than \$1 million was raised for local charities in 2017. This year's campaign is chaired by Auditor Mark Harmon and will launch on September 5, 2018 via a "virtual" kickoff coordinated with the United Way of Kentucky. The theme is "Together We Care". The overall goal for this year has yet to be determined.

Beginning with the 2017 campaign, employees were able to participate in online giving. This allowed for a decrease in KECC's budget of more than \$31,000.

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**KY State Safety Program**

The Executive Safety Advisory Committee (ESAC) includes representatives from various agencies who meet bi-monthly to discuss safety and health initiatives and policy. Experts from inside and outside state government present information to the committee. ESAC shares accident numbers, claim counts, and monthly and quarterly accident/incident rates. ESAC uses this data to coordinate an analytical approach to ensuring proper health and safety training is provided to all state employees. Currently, there are 19 state agencies represented.

**Safety Training**

“Fundamentals of Safety and Health” is an online training class designed to provide standardized, statewide safety training. This course is available through the Office of Diversity, Equality, and Training. Sixteen interactive safety trainings are available on the Safety Program web page, seven of which are available in Spanish. Participants may print a certificate after successful completion of the course.

The Personnel Cabinet collaborated with the Kentucky Community Crisis Response Board and the Kentucky Law Enforcement Council in coordinating training, critical incident stress management and curriculum advancement for the Department of Criminal Justice Training.

**Safety Certifications**

Personnel Cabinet employees can now be trained, certified/recertified in first aid, CPR, and AED use from an internal licensed instructor, and valid for two years.

**Disaster Recovery Plan**

The Personnel Cabinet continues to maintain a Business Continuity & Disaster Recovery Plan to ensure completion of critical operations in the event of an emergency. The cabinet is working with Kentucky Division of Emergency Management to finalize the plan, and ultimately submit for FEMA review and certification. Upon completion, the plan will be used as a template for all other cabinets and agencies to follow in drafting their own Business Continuity & Disaster Recovery Plans.

The Personnel Cabinet collaborated with the Kentucky Division of Emergency Management to utilize IPAWS to provide state employees with potentially life-saving information. IPAWS is FEMA’s Integrated Public Alert and Warning System (IPAWS), which is an internet-based program capable of issuing critical public alerts and warnings

**Blood Drives**

The cabinet coordinated six blood drives alternating between the Central Kentucky Blood Center and the American Red Cross, registering 722 donors and collecting 697 pints of whole blood.

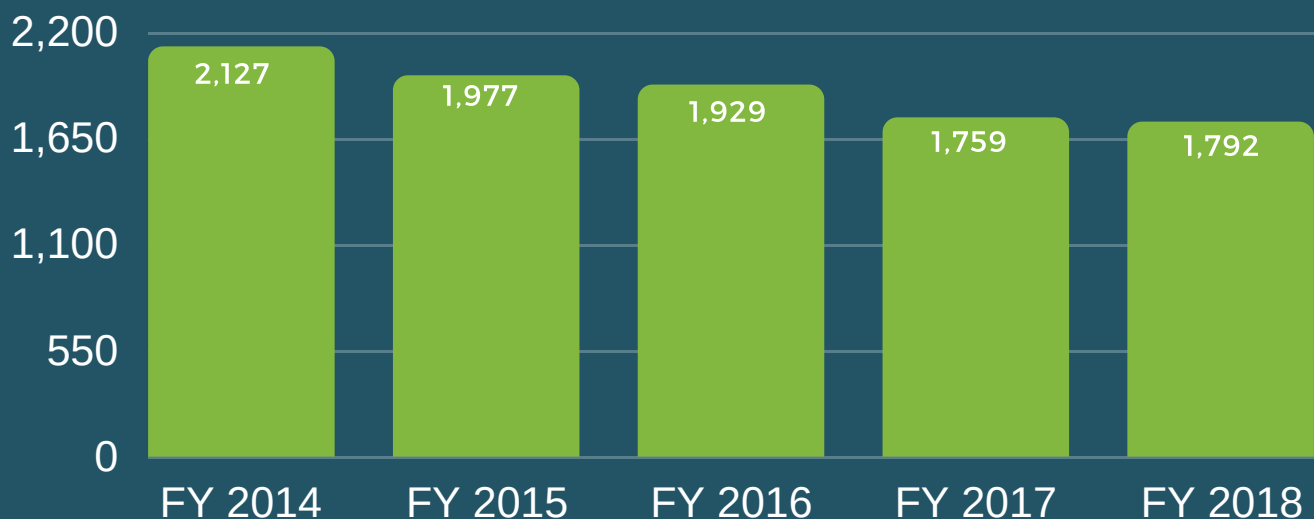
This represents 113 more donors for fiscal year 2017-18, which resulted in the donation of approximately 20 percent more units of whole blood.

### Worker's Compensation

The Workers Compensation Branch (WCB) focuses on individual customer needs and cost containment. We maintain strategic relationships with over 200 agency contacts to begin the management of a claim immediately. During severe weather or any emergency, we work proactively with Emergency Management centers to assist injured employees. WCB works closely with the Safety Program and the Return-to-Work Program to prevent and reduce injuries, focus on customer needs, and to have knowledgeable employees ready to assist agencies and injured employees.

Although First Report of Injury forms are submitted electronically, our employees take serious or catastrophic injuries by telephone, during business hours, to begin immediate management of benefits.

## TOTAL MEDICAL/INDEMNITY CLAIMS



## STATISTICS

- Processed 2,811 First Report of Injuries.
- Provided coverage for 48,665 state and quasi-state employees, 14,055 volunteer ambulance and firefighters, and 1,093 junior volunteer firefighters.
- Received and processed 1,517 temporary total disability benefit checks for leave reimbursement.
- Developed an on-line mechanism for First Reports of Injuries (FROI), reducing processing from 15 to four minutes per claim, saving 642 hours per year.
- Incorporated all FROIs into one database, which increased reporting accuracy and efficiency across the program.
- Brought the prosecution of subrogation claims in-house. To date 27 cases have processed with a savings of \$108,000.

- Brought pre-litigated settlement agreements in-house, processing 64 agreements at a savings of \$28,800.
- Assigned outside counsel to 67 litigated claims during FY 2017-18.
- Extended workers' compensation coverage to distressed public school systems. To date, two school districts have entered in the program with a combined cost savings to the school districts of \$129,447.00
- Assertively managed workers' compensation claims decreasing the Simulated Premium Assessment more than \$2.6 million and workers' compensation premiums more than \$1.8 million.

Total Incurred for Fiscal Year 17-18:

\$12,706,385.10

Medical Claims: 1,737

Total Claims Reported: 2,811



### Return-to-Work Program

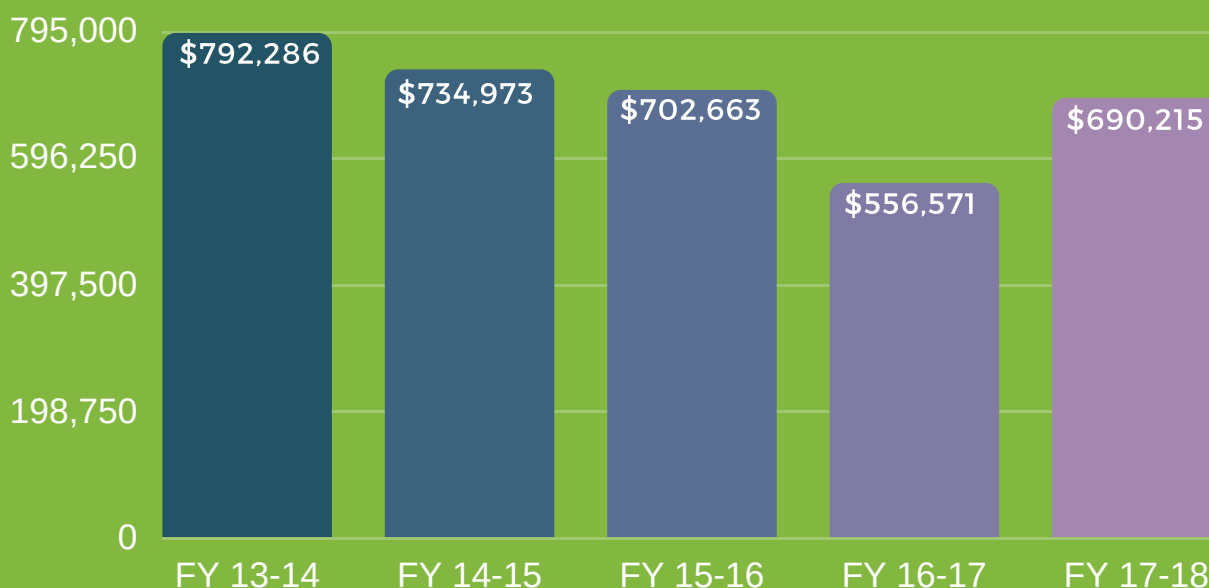
The Return-to-Work Program (RTWP) consults with employers and assists in developing Temporary Modified Duty Programs (TMPD). In our consulting role, we educate the employer on the importance and benefit of providing modified duty for an employee recuperating from a work related injury. Research indicates an injured employee recovers more quickly when returned to work as soon as medically possible. During the fiscal year, 482 employees returned to full duty. The RTWP plays an integral part in providing agencies with resources and information needed to make an informed decision when returning employees to work. The information in the following chart is strictly based on direct savings and does not account for the indirect savings to an agency once the employee returns to full duty. Since the inception of the RTWP in 2005 the program has recognized a savings in temporary total disability benefits of over \$9 million.

The Return-to-Work Program also is home to the Family and Medical Leave (FML), Sick Leave Sharing (SLS) and Annual Leave Sharing (ALS) Coordinator, and the Office of the Americans with Disability Act (ADA) Coordinator for state government. The office works with state agencies and employees when questions arise regarding workplace accommodations and any issues relating to state government leave policies or programs. As of 2018, the ADA Office has three (3) certified ADA Coordinators.

### Ergonomic Evaluations

The Return-to-Work Program continues to educate employers and employees on the proper ergonomic standards for workstations. It is certainly best to conduct ergonomic evaluations prior to any injury occurring, however, an evaluation can occur any time during an employee's recuperation period in order to assist with return to work issues. Ongoing training is provided upon agency request. The RTWP also conducts job analysis to assist agencies in determining an employee's essential functions of the job. This helps the agency determine the need for the reasonable accommodation process. Twenty-eight evaluations were conducted this year.

## COST SAVINGS WITH MODIFIED DUTY PROGRAM





*a year's overview*

# DEPARTMENT OF HUMAN RESOURCE ADMINISTRATION

DHRA oversees the Commonwealth's employment application process, state payroll functions, maintenance of permanent employee personnel records, classification and compensation system for employees, records retention, and the statewide Performance Management Program.

## REPLACING THE CAREER OPPORTUNITIES SYSTEM

Working with the Division of Technology Services, the department began designing a new recruitment system within the new talent management suite. Replacing not only the current recruitment system and enterprise learning system, Cornerstone OnDemand was obtained with no additional funds, promising to provide improved technology and more efficient, user and mobile friendly processes.

Following an incredibly short project schedule, staff worked vigorously to prepare the new system while continuing to maintain the current system and prepare it for deactivation on June 30, 2018.

## ACCOMPLISHMENTS

### Apprenticeship

DHRA worked with the Labor Cabinet's Department of Workplace Standards, Division of Apprenticeship to introduce apprenticeship and training programs to the executive branch. These programs are believed to help recruit, train and retain a quality workforce, reducing turnover and increasing productivity. Beginning April 16, two new job class specifications (Apprentice I and Apprentice II) were made available.

### Online W-2 Elections

Working closely with the Division of Technology Services, the department launched a campaign to encourage the election of electronic W-2s for tax year 2017. Available sooner than printed forms, the electronic option allows employees to gain safe and secure access to their important tax information. Also allowing for self-service reprints, this new and optional feature gives employees more control over their work-related information. In the first year of availability, 24 percent of employees chose the online option. We continue to monitor and advertise this option and look forward to watching this percentage increase.



# \$1.6 B

*Total amount of state  
payroll processed*

# 480

*Human resource  
personnel trained*

## *a year's overview*

### **Self-Time Entry**

DHRA is working to improve efficiencies through KHRIS Employee Self-Service (ESS), and has continued to introduce self-time entry to agencies across the enterprise. Using a slow and steady approach in this endeavor, DHRA has been meticulous in each agencies' onboarding process to ensure proper set-up, training, and support is available to meet each agencies' unique needs. A total of 8,053 employees are utilizing self-time entry.

### **Communications**

DHRA provides HR oversight along with business and system guidance to agencies. In support of this, 12 issues of the "KY-HR: Policy & Procedure Publication" were created and distributed to agency HR staff. DHRA continued to maintain the Personnel Cabinet's Human Resource (HR) website, and provide information for the employee and career's websites, including the Employee Handbook.

### **Payroll Deferral**

DHRA successfully implemented a deferral of the June 29, 2018 pay to July 2, 2018, as mandated by the 2016-2018 budget bill passed by the General Assembly.

### **Performance Management**

Overseeing the statewide Performance Management Program, DHRA performed audits on 3-10 percent of each cabinet's employee performance evaluations, 755 in total. "Performance Matters" training on the employee performance evaluation system was conducted for 440 evaluators and interested employees. An additional 173 employees attended a performance evaluation system refresher training.

### **Record Retention**

DHRA provides continued oversight of the cabinet's records retention schedule. Quarterly reviews were performed and DHRA assisted all areas with the creation and/or change process as necessary. DHRA also facilitated meetings and coordinated assistance from KDLA and provided guidance throughout the year on adherence and interpretation of the schedule.

## **TRAINING OF HR STAFF**

Training is provided to agency HR staff that utilize the Kentucky Human Resource Information System (KHRIS). Many division staff members are involved in these classes as trainers and subject matter experts. Classes are offered to new employees and to current employees wishing to re-take the course(s) as a refresher.

**47** Human Resource Generalists

**8** Benefits Administration Refresher

**9** Organizational Management Refresher

**12** Personnel Administration Refresher

**5** Time Management Refresher

**5** Payroll Refresher

**17** County Fees/Human Resource Generalist

**135** Time Keeper

**57** Time Administrator

**12** Organizational Management 200

**16** Personnel Administration 200

**13** Payroll 200

**22** Workers' Compensation Buyback

**61** Fundamentals of Payroll

**61** Fair Labor Standards Act

# Division of Career Opportunities

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DCO's operates a centralized applicant and employee certification program, including the administration of layoff plans and reemployment lists, and coordinates outreach programs.

## Customer Service Tasks:

Walk-ins (Assisting applicants in the computer lab): 39

Helpdesk email responses: 17,241

Phone calls (Applicant Services): 8,752

Veterans assisted: 1,283

Veteran's preference assigned: 850

Veteran's outreach emails sent: 1,997

Total applicants in COS: 312,817 [New: 24,387]

Applications reviewed for min. qualifications: 47,135

Registers certified- 6,520

## Agency-HR & Managers

DCO provides exceptional agency customer service and offers outreach to HR personnel through agency visits, COS training and presentations. To prepare for the new recruitment system, 169 agency HR employees were trained.

## Facebook – Careers

The Career Opportunities Facebook page offers an avenue for vacant, hard to fill, or in-demand positions to be highlighted. More than 320 positions were advertised.

## Application Update

On July 1, 2017, a new state application was launched within the Career Opportunities System. Intending to streamline the application process until the new recruitment system could be delivered, this update provided a more efficient and user-friendly application process.





Allowing for a résumé upload, key content from the résumé could auto-populate portions of the application. Additionally, responsive questions allowed for candidates to by-pass non-applicable portions of the form. Although temporary, this effort provided immediate relief to candidates and better prepared them for the new recruitment system offering even greater improvement.

#### **System Support (Business)**

DCO continuously submits essential change requests that improve the Career Opportunities System for our customers.

#### **Recruitment**

Participation in recruitment events for state agencies remains critical, and DCO reaches out to agency counterparts and the Office of Diversity, Equality & Training for assistance with these important events. During this period, DCO participated in 12 different events.

## **Division of Employee Management (DEM)**

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This division is responsible for executing the state payroll, processing personnel actions, maintaining official personnel files, and for classification and compensation. The division also assists agencies in implementing lay-off plans, complying with the provisions of the Fair Labor Standards Act (FLSA), and the review and completion of reorganizations.

#### **Desk Audits**

To ensure that employees were properly classified, seven classification desk audits were completed, five of which were board ordered.

#### **Job Class Specification Changes**

DEM maintains the job class specifications used by state agencies. This is a constant project and at times, other areas assist in this review. During the current reporting period:

- 31 job class specifications were abolished
- 148 job class specifications were revised
- 28 job class specifications were established

#### **Processing of Personnel Actions**

Over the course of this reporting period, DEM reviewed and approved 33,937 individual personnel actions. In addition, 28,333 annual increments and 5,152 probationary increases were processed, primarily through mass upload. The total number of personnel actions processed for this fiscal year total 67,404.

### Personnel Files/Records

As part of maintaining personnel records, the department scanned 13,920 documents. These documents are typically multiple pages in length and consist of supporting documentation to personnel actions, written reprimands, records inspection documents, etc.

### Employment Verification

DEM provides verbal and written employment verification, typically to third parties seeking confirmation of employment. Since December 2017, 1,594 verifications have been completed.

### Reorganizations

During this current reporting period, 21 agency reorganizations were implemented. As a part of that process, statewide agency organizational charts were also maintained.

### Salary Surveys

To stay knowledgeable of current compensation practices in surrounding states, and in an effort to remain competitive, DEM participated in 27 salary surveys from states within the National Compensation Association of State Governments.

### State Payroll

DEM processed \$1,668,201,144.81 in payroll for an average of 42,271 employees during this review period. As a result, the department prepared and distributed 47,443 Wage and Tax Statements (W-2) for 2017.

<b>AVERAGE GROSS ANNUAL SALARY</b>	<b>\$44,766.55</b>
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#### Average employer paid annual benefits:

Retirement	\$20,320.95
FICA	\$3,182.19
Health Insurance	\$7,891.30
Life Insurance	\$11.86
Total Benefits:	\$31,406.29

<b>AVERAGE GROSS EMPLOYEE COMPENSATION</b>	<b>\$76,172.85</b>
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Annual increments per KRS 18A.355:

Last annual increment (1%) increase - 2015-16

Last 5% annual increment - 2001

Last time wage equity was applied to adjust our salary schedule - 2007

*last year's*

# NUMBERS & STATISTICS

As of June 20, 2018, the state government employee count included more than 34,000 within the three branches of government.

Executive: 30,051

Judicial: 3,578

Legislative: 566

**Legislative**

2%

**Judicial**

10%



**Executive**

88%

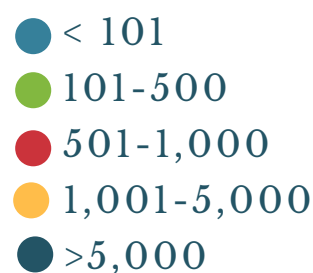
Kentucky state government is made up of three branches: the legislative branch, the judicial branch, and the executive branch.

The legislative branch is made up of the elected members of the Kentucky General Assembly and their staff.

The judicial branch includes the state's court system. It interprets and applies the laws under the Kentucky and United States Constitutions.

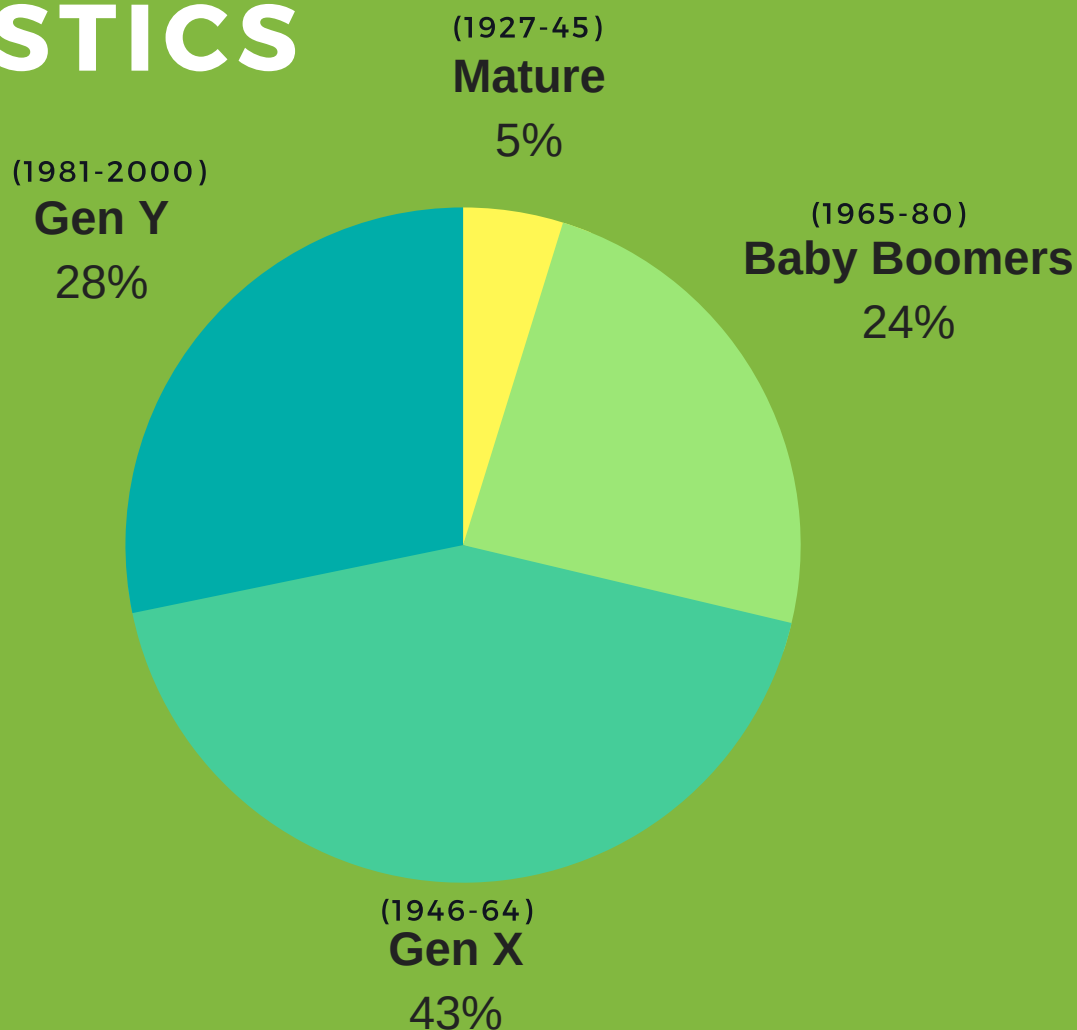
The Executive Branch, headed by the governor, carries out the laws through cabinets, departments, boards, commissions, and offices. There are currently eleven program cabinets: Transportation, Economic Development, Finance & Administration, Tourism, Arts & Heritage, Education & Workforce Development, Health & Family Services, Justice & Public Safety, Personnel, Labor, Energy & Environment, and Public Protection. The General Government Cabinet is composed of departments, boards, commissions, and constitutional offices.

## Employees by work county





# EMPLOYEE STATISTICS



## By age

The majority of the Commonwealth's workforce falls within the "Generation X" category, those born between 1965-1980. These employees, along with the "Baby Boomers," are considered career employees, with many years vested in a public service career. The needs of these two groups differ, but are focused on quality health care benefits, retirement, and long-term financial security.

The priorities and needs of employees categorized as "Generation Y" or those between the ages of 18-37 tend to encompass

flexibility and work-life balance, growth and development, and opportunities to contribute to community.

Creating a benefits package and work environment that meets the demands of these various employee groups, while recruiting for the new generation, continues to be a priority for the Personnel Cabinet.

# EMPLOYEE STATISTICS



## By race & gender

The Commonwealth strives to create a work environment that values diversity and inclusion. Diversity complements the other organizational values of teamwork, leadership, empowerment and service quality and encompasses the way we work, the work environment, and respect for people and ideas. Diversity includes everyone and everything. While its major focus may often revolve around race and gender, it is not something that is defined, or limited to these two factors.

Diversity also extends to age, personal and work history, education, function, personality, geographic origin, tenure with the organization, merit and non-merit status, and management or non-management position. It also encompasses varying management styles and ways of thinking, leadership abilities, skill levels, experiences, viewpoints, expression of thoughts and differing ways of delivering services provided there is consistency in the values we share.

*a year's overview*

# DEPARTMENT OF EMPLOYEE INSURANCE

## Diabetes Prevention Program

More than 100 members are participating in a CDC approved online version of the Diabetes Prevention Program (DPP). If a member has pre-diabetes, they can attend a traditional or online class for free. Participants in the online program are meeting or exceeding all of the CDC recommended goals related to weight loss, physical activity, and A1C levels.

The Department of Employee Insurance (DEI) administers the Kentucky Employees' Health Plan (KEHP), a \$1.8 billion, self-funded health insurance and flexible spending account program which provides benefits to 298,000 public employees and dependents. DEI also operates a fully insured Group Life Insurance program for public employees.

## Diabetes Value Benefit

This innovative diabetes program helps members adhere to their medicine, thus reducing medical costs. Since January 1, 2016, KEHP members living with diabetes pay a reduced co-pay and co-insurance, with no deductible, for most of their maintenance diabetic prescriptions and supplies. The Diabetes Value Benefit greatly increased member adherence to their diabetes medications.

Newly optimally adherent members grew from 19 members in 2015 to 1,865 members in 2016 and 1,719 in 2017. The estimated medical savings for the self-insured plan is approximately \$10 million. Members saw a decrease in the use of other prescriptions, emergency room visits and hospital admissions.

Optimally Adherent Diabetic Member Summary					
Year	Total Members*	Optimally Adherent Members	Percent Optimal Adherence	Newly Optimally Adherent Members	Estimated Medical Savings**
2015	17,139	10,597	62%	19	\$56,100
2016	17,885	11,810	66%	1,865	\$5,507,300
2017	18,569	12,508	67%	1,719	\$5,076,200

\*Total Members only represents members who were eligible for at least 85% of the reporting period

\*\* Estimated \$2,953 medical savings per optimal utilizer per were derived from CVS/caremark Enterprise Analytics Pharmacy Econometric Model, 2014

## Wellness programs

KEHP continued to offer the Go365 wellness program and is beginning to see a return on investment with the various wellness initiatives implemented across the state.

A year-over-year review of wellness data revealed that as members became more engaged in their health and wellness, their health risk scores decreased 13 percent. Members at the lowest activity level of Blue/Bronze cost nearly two times as much as members at Silver and above status levels.



# NEW DPP CLASSES

*L&N Bldg, Louisville  
Fayette County Schools  
Commonwealth Office  
of Technology*

To increase member engagement, the Wellness Director focused on growing the Statewide Wellness Champions, a group of leaders dedicated to encouraging wellness in their agencies. The group grew by 49 percent (223 champions).

Two regional step challenges were held with more than 16,000 participants. A Breast Cancer Awareness Campaign was held with 115 survivor stories received. Three members were selected to share their stories of hope, courage, and inspiration via video.

Two other challenges included a 30-Day Lifestyle Challenge and the first Champions Only Step Challenge. In the Lifestyle Challenge, members were encouraged to achieve goals related to water intake, physical activity, nutrition, meditation, and sleep for five out of seven days.

Those members electing a LivingWell Plan agree to complete the LivingWell Promise - a Health Assessment or Biometric Screening. For plan year 2018, 93 percent of members completed the Promise. To assist, DEI participated in several Biometric Screening events across the state. At the Legislative Research Commission event, 104 legislators and LRC staff completed their LivingWell Promise.

Staff met with Labor Cabinet Secretary Derrick Ramsey and Revenue Cabinet leadership to assist them in promoting the many statewide wellness initiatives and free to low-cost benefit programs offered to state employees.

## **Keeping premiums low**

During this fiscal year, KEHP set benefits and rates for three plan years, increasing premiums an average of only 1.16 percent in that time. In comparison, large employers have seen a 5-8 percent average increase in health insurance premiums. KEHP is able to keep premiums low through innovative programs like LiveHealth Online, Vitals SmartShopper, Diabetes Value Benefit, and others.

## **Vitals SmartShopper Program**

KEHP members received \$426,600 in cash incentives for using lower-cost options for medical procedures like mammograms, MRIs, and colonoscopies. Members shopping for care through Vitals SmartShopper saved the health plan \$2.5 million in claims cost.





# WORKSITE WELLNESS

*Belfry Area wellness champions, Pike County Schools.*

## **Dependent Eligibility Verification Audit**

Through a Request for Proposal (RFP) process, the KEHP partnered with Alight Solutions to conduct a Dependent Eligibility Verification Audit. More than 120,000 dependents enrolled in the health plan and 18,000 employees enrolled in the Waiver General Purpose Health Reimbursement Arrangement (HRA) were included. The controlled process was designed to ensure only eligible employees/dependents were enrolled in coverage. While not finalized as of the date of this report, a savings of approximately \$25 million is expected in future claims based on an ineligible rate of 5 to 7 percent.

## **Onsite Health Clinic opens in Louisville**

The fifth LivingWell Health Clinic for Commonwealth employees opened at the L&N Building in Louisville. The clinic serves approximately 800 and is the first state employee clinic located outside of Frankfort. Premise Health manages all of the LivingWell Health Clinics.

## **Serving as a role model**

Because many of KEHP's benefits are viewed as innovative and leading edge, staff is often asked to share the plan's successes. Information was provided at the following

- State and Local Government Benefits Association National Conference – Diabetes Value Benefit
- Kentucky Diabetes Network quarterly State meetings
- Kentucky Chamber of Commerce Health and Wellness Conference – Diabetes Prevention Program and KEHP Wellness
- Diabetes Prevention in the Bluegrass: A State Engagement Meeting in partnership with the National Association of Chronic Disease Directors – Diabetes Prevention Program
- Bluegrass Society of HR Managers – Diabetes Value Benefit and Diabetes Prevention Program
- Kentucky State Society of HR Managers Conference – Innovative programs including transparency, wellness, diabetes, and telemedicine
- The Foundation for Government Accountability – represented Governor Bevin and spoke on healthcare transparency

**Focus on communications**

A commitment to reach as many members as possible through face-to-face meetings found the team traveling across the Commonwealth to engage members. More than 36 visits were made to share information on many wellness benefits available to members.

KEHP staff also collaborate with other state agencies such as the Cabinet for Health and Family Services, Department of Public Health, Office of Health Policy, and Department of Medicaid Services on a variety of programs including Senate Bill 63 – a report on the state of diabetes in the Commonwealth, published each odd-numbered year.

**Open enrollment**

An active enrollment was held for more than 260,000 KEHP members and their dependents. Benefit fairs were held at 14 locations with computer kiosks and staff at each location to assist members with their online enrollment.

The growth of Consumer Driven Health Plans (CDHPs) continued with more than 155,000 members enrolled in one of two CDHPs. This continues to represent significant savings for the plan as well as an increase in member education related to health insurance related costs.

Plan year 2018 open enrollment offered members the opportunity to enroll or change their optional Life Insurance coverage. All premium rates for optional Life Insurance coverage were reduced for 2018. Two new employee life insurance plans were added, along with three new dependent life insurance plan options.

# 11,544

members used free telemedicine services through LiveHealth Online.

# 1,600

members used the service for a therapist, psychologist, or psychiatrist.

# \$2M

saved.

## Insurance Administration

**Enrollment and Member Services**

This branch provides customer services and enrollment and eligibility assistance for the health plan. The team scanned 62,075 health insurance documents for processing, answered 37,341 calls, and processed 150,000 infotypes in KHRIS. Documentation includes new hires, qualifying events, transfers, terminations, and demographic updates. More than 4,150 open enrollment grievances and 780 regular grievances were processed.

Many internal processes were reviewed to improve efficiencies. Updated processes have been established for rejecting incomplete applications, verifying dependent eligibility, and auditing processed paperwork.

**Kentucky Group Life Insurance**

This branch administers the state-sponsored life insurance contract that provides \$20,000 of basic life insurance and accidental death and dismemberment coverage free of charge for all active employees. Optional plans are also available.

The Life Insurance team handled 15,097 applications and beneficiary forms and sent 111 Evidence of Insurability forms to Nationwide. The team also handled 249 death claims for member beneficiaries.

## Financial & Data Services

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**Management of multiple vendors**

The division provides strict controls related to the finances of KEHP's \$1.8 billion trust fund. The staff manages data related to funding, enrollment, claims invoice payments, and agency billing for the five vendors that administer the health plan and provide consulting services.

**Data Analysis Branch**

Staff in this branch are responsible for the enrollment, financial, and billing data related to servicing five vendors, 260,000 members, and both Commonwealth paid and non-Commonwealth paid agencies. The group processed 3,395 files in this period. Their workload includes process documentation, files, coding, reports, testing, and Open Enrollment planning, implementation and testing.

**Financial Management**

This team manages reconciliation, payments, funding, and reporting of vendors' banking processes.

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Several process improvements have been made, including moving vendor payment methods from wire to EFT (ACH). This move reduced costs from \$3.25 to \$0.02 per transaction.

The group is responsible for all health plan trust fund payments, including financial reporting used by the Office of the State Budget Director. This year the team assumed responsibility for all health trust payments, some of which were formerly handled through the cabinet's Department of Administrative Services. This change allows both areas to focus on their core mission and promotes department staff growth and development.

#### **Premium Billing Branch**

This group manages billing and premium reconciliation, supports customer service for health premiums, flexible spending accounts, and health reimbursement arrangement contributions, and manages the administration fees for KEHP and Group Life Insurance.

The team continues to update and improve processes as they work with school boards, small quasi agencies, and retirement systems to collect and reconcile premium payments for health and life insurance members. Early in 2018, 215 agencies were sending in paper checks for their employee and employer portion of the insurance premiums. Only 178 agencies were using the ACH payment method. Since then, the team has moved all but 19 agencies to the ACH payment method. This move streamlines the premium collection and reconciliation processes.



*a year's overview*

# KENTUCKY DEFERRED COMPENSATION AUTHORITY (KDC)

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KDC is the official supplemental retirement system for the employees of the Commonwealth, public education, and local programs. KDC is authorized by KRS 18A.230—18A.350.

KDC reports to the Personnel Cabinet for administrative purposes and is administered under the direction of a seven member Board of Trustees and an Executive Director. Our organization consists the following 3 branches:

- 1) Executive Branch
- 2) Administrative Services Branch
- 3) Investment Services Branch

KDC receives no general fund revenue and is completely self-funded. Because KDC is a public plan with no profit incentive, employees probably pay less with KDC than if investing independently.

KDC provides multiple pre- and after-tax investment options through payroll deduction where tax-deferred earnings are automatically reinvested. Participants make their own elections from a spectrum of investment options or may choose assistance from a third-party investment consultant for a fee. Currently, there are over twenty investment options, including target-date funds. Participants can invest via:

- a. Self selection;
- b. Target Retirement Date funds; or
- c. Managed account service (currently Nationwide ProAccount); incurs a service fee.





# \$3 B

Maintains in excess of \$3 billion in participant assets.

# -\$1.2 M

KDC reduced fees \$1.2 million per year to participants by eliminating and restructuring fees. KDC also re-organized and streamlined business processes to achieve better efficiencies

# 65%

KDC expanded telephone service hours from 45 to 75 per week; a 67% increase.

# 2X

Doubled the amount of topics and frequency of webinars. KDC eliminated benefit expos in favor of targeted scheduled visits and email messages to eligible participants. This has driven up participant account activity resulting in tangible business increases.

### Additional highlights

KDC selected passive target-date mutual funds as the plan default investment to better assist participants who need assistance or have difficulty navigating the investment selection process. KDC also began the MUNIS integration project which will allow KDC access to public education payroll, per end user requests, to facilitate more efficient processing of deferrals.



**2017-18**

*Kentucky Personnel Cabinet  
Annual Report*