Department of Employee Insurance
501 HIGH STREET, 4TH FLOOR
FRANKFORT, KENTUCKY 40601

**DEI MEMO 26-09**

**TO:** ICs and HRGs

**FROM:** Department of Employee Insurance (DEI)

**RE:** Administration Manual 2026 Release

**DATE:** September 3, 2026

The Administration Manual has been updated for 2026. This manual is a resource for understanding qualifying events and deadlines, as well as other policies related to administering benefits provided by the Department of Employee Insurance.

The 2026 update includes several clarifications throughout the manual and addresses a significant change to the State-Sponsored Group Life Conversion and Portability Notice in Appendix N. The most pertinent updates are listed below and are identified throughout the manual with the blue **Updated** icon.

- Chapter 1, Section 3 Retirees:
  - Added NOTE: In general, Retirees 65 and over, eligible for Medicare and actively employed with a KEHP participating employer should consider electing coverage with the employer to avoid penalties from Medicare.
- Chapter 4, Section 4 Leaves of Absence – Section C Military Leave:
  - Added clarification: Employees called to federal uniformed service (including National Guard deployments exceeding 30 days) are eligible for health benefits through the United States government. The Employee's Dependents may also be eligible for military Health Insurance. Under USERRA, members must be allowed 30 days to decide whether to elect TRICARE or remain covered under KEHP. During that 30-day period, the member is still eligible for the employer contribution. See **UNIFORMED SERVICES EMPLOYMENT AND REEMPLOYMENT RIGHTS ACT NOTICE** in Appendix B for more information. State employees should refer to their agency HR for more details on the 21-day work credit for military leave.
- Appendix C – FMLA letter:
  - Added clarification: Upon starting an unpaid leave of absence under FML, you may opt to continue all coverages or elect to revoke all coverages. Should you decide to revoke your elections, they may be subject to reinstatement upon your return from leave. You have 30 days from your last paid date prior to unpaid leave to notify your employer of your revocation. Current elections will terminate based on the last day of paid leave.

- Appendix H – LWOP chart updated:
  - Because Sick Leave by PAN occurs on the 31st day of consecutive sick leave without pay, the termination of Health insurance, Waiver HRAs, and Waiver Limited Purpose HRAs should be retroactive based on the last day payment for coverage is received. See Chapter 4: Leaves of Absences for more information.
  - Removed FSA to match chapter 7 - Employees are not eligible for FSAs beyond their termination date even if it is due to LWOP
- Appendix I – Cost Charged to Employee/Retiree for a Benefit Option Significantly increases Other Conditions/guidance:
  - Added NOTE: The significant cost increase must occur during the plan year. This does not apply to cost increases that are announced during open enrollment.
- Appendix I **–** Medicare or Medicaid Entitlement: Other Conditions/Guidance
  - Added NOTE: If a Return-to-work Retiree with KPPA coverage turns 65 and becomes entitled to Medicare while actively employed, they have the option to delay enrolling in Medicare B. They may instead drop KPPA coverage and enroll in their active agency's plan, which helps avoid Medicare late enrollment penalties when they choose to enroll in Medicare at a later time.
- Appendix N – Group Life Insurance: Portability and Conversion Options and Responsibilities:
  - Replaced State-Sponsored Group Life Conversion and Portability Notice with updated Information regarding the new Portability and Conversion process

We welcome your comments and suggestions to improve the document and request that you email Christie Burkhead for any suggestions you may have.