

Kentucky Employees' Health Plan (KEHP)

Twenty-Fifth Annual Report of the
Kentucky Group Health Insurance Board

Prepared for the Commonwealth of Kentucky's
Governor, General Assembly, and Chief Justice
of the Supreme Court



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Executive Summary



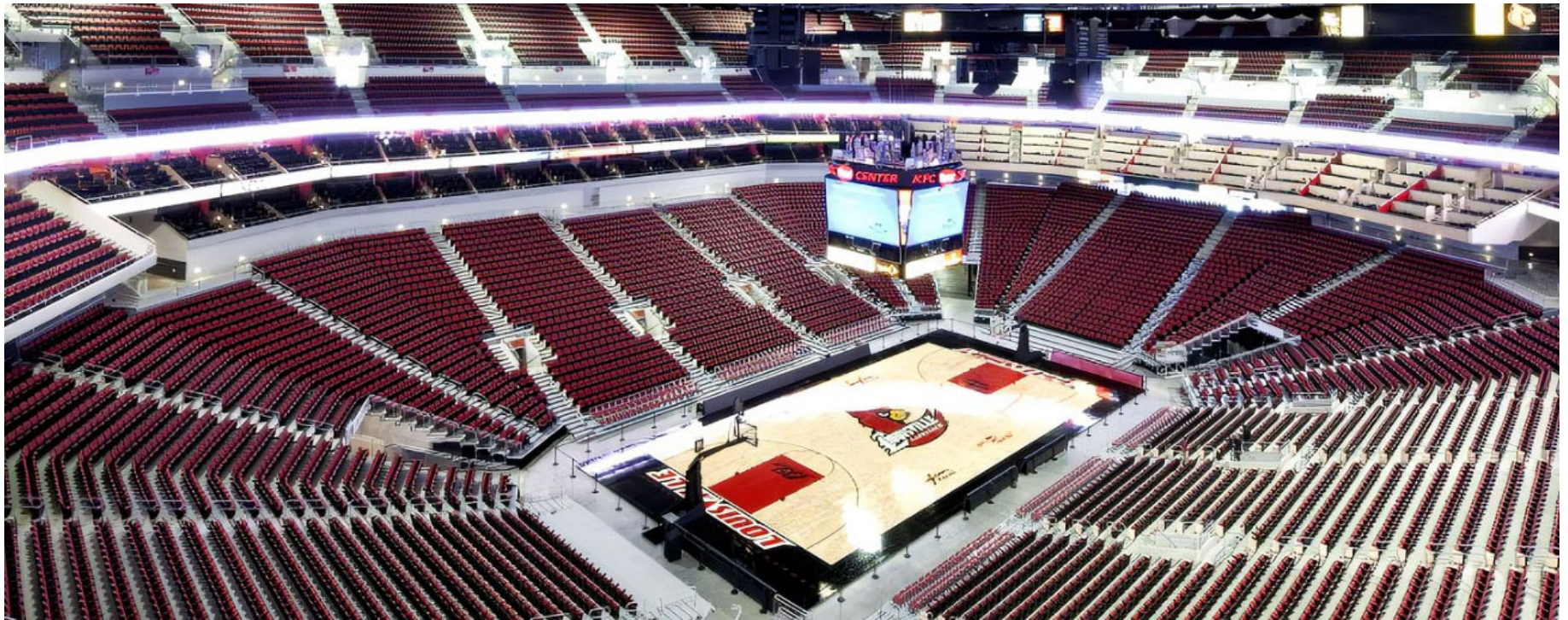
Program Highlights

Overview of 2024 cost, utilization, and plan performance comparison to prior years and future issues outlook

Population

The KEHP administers medical benefits for approximately **300,000** people in Kentucky—that's more than one in 16 Kentuckians!

Employees, retirees, and their family members enrolled in KEHP would fill the YUM center more than 13 times!



Source: KEHP enrollment in Kentucky Human Resource Information System (KHRIS)

2024 KEHP by the Numbers

\$2.25 billion

in KEHP payments to doctors, hospitals, pharmacies, and other providers across Kentucky

\$6.17 million

average daily spend for medical and prescription drug claims

\$7,824

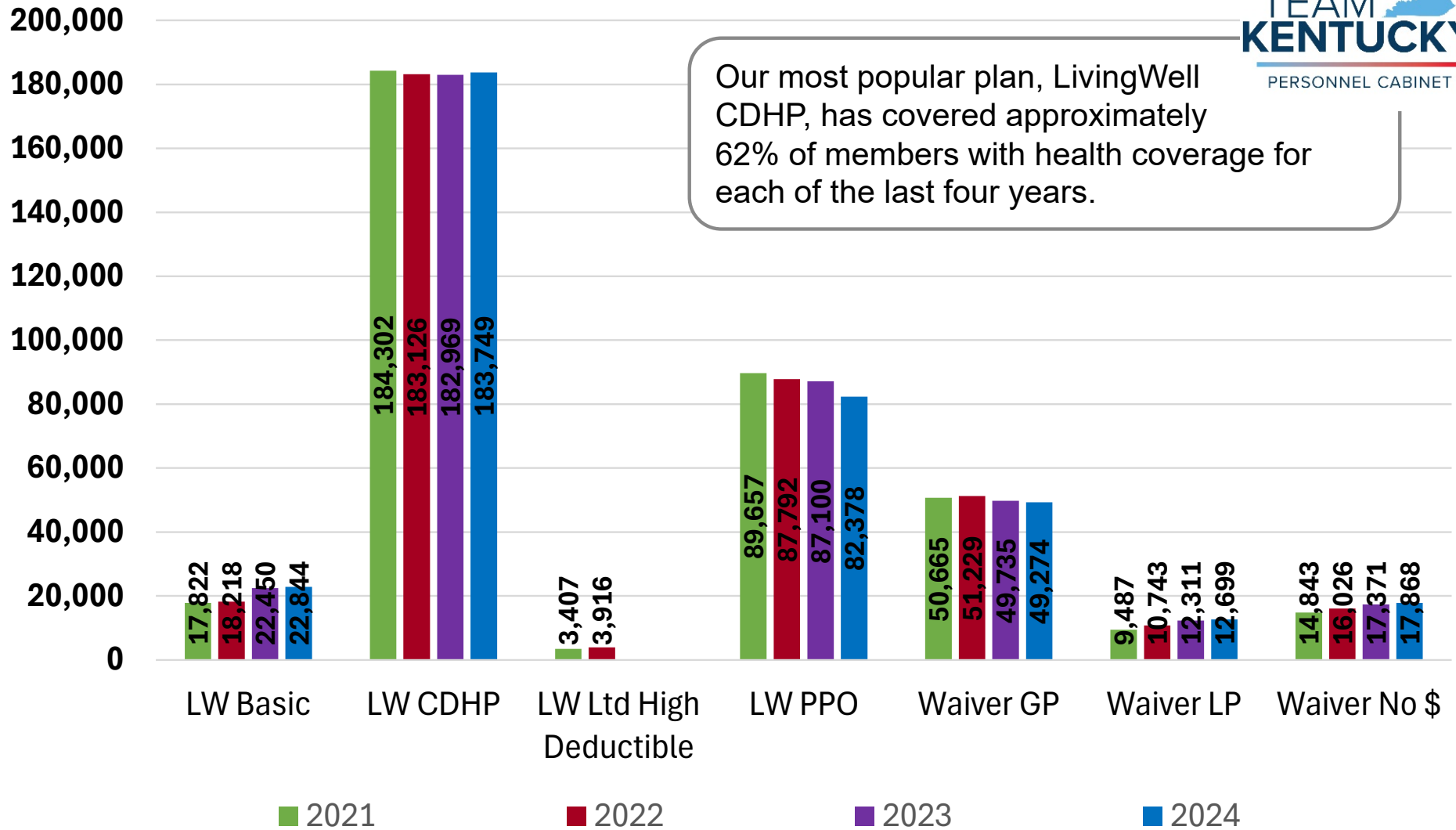
average spent on medical and prescription claims per Member

8.67 million

individual medical and prescription drug claims paid for members

Source: KEHP enrollment and claims data aggregated by Merative

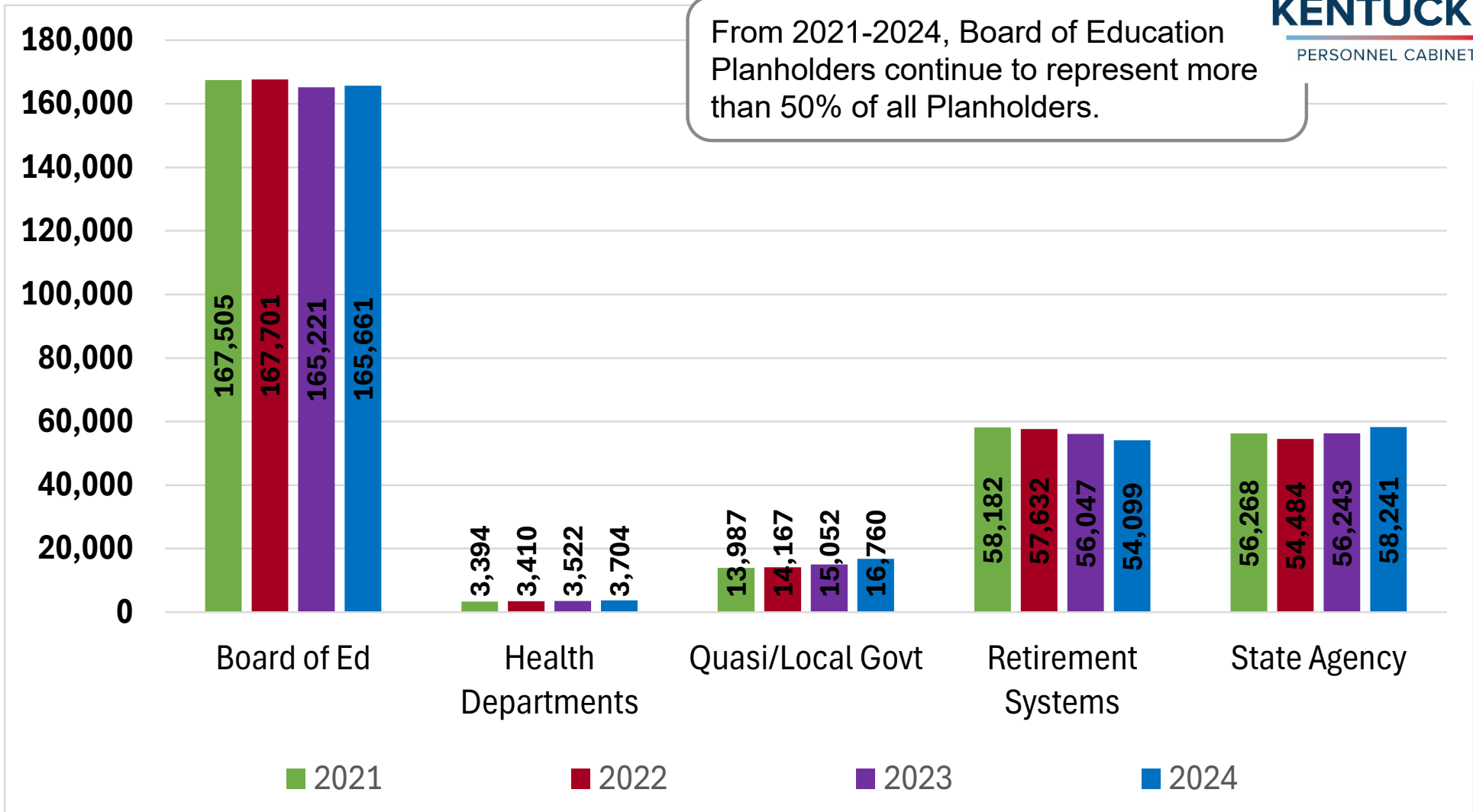
Members by Plan



Source: Enrollment data utilized in Businesswarehouse using Business Objects

Health Covered Members by Group

From 2021-2024, Board of Education Planholders continue to represent more than 50% of all Planholders.

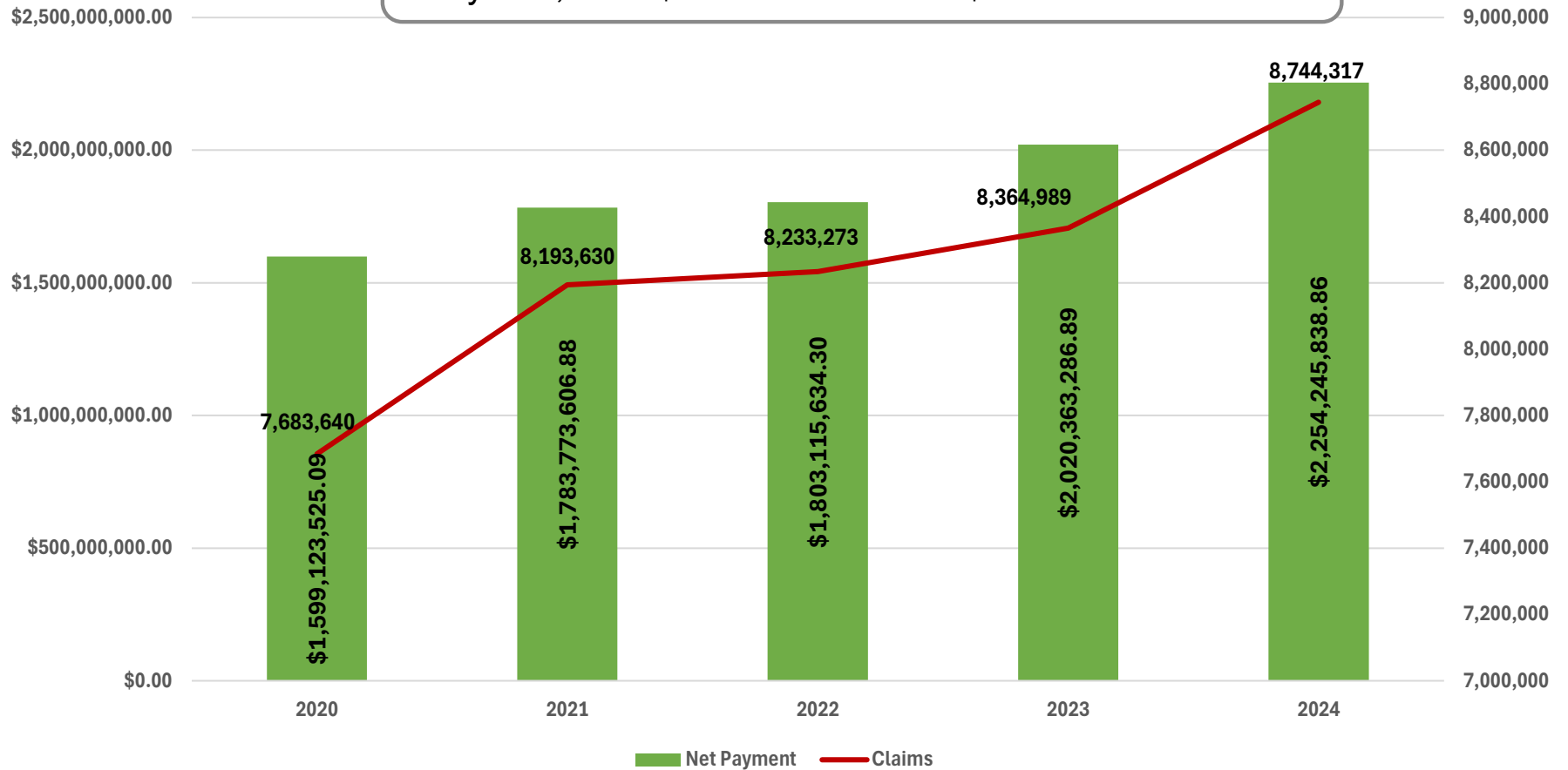


Source: Enrollment data Business warehouse Business Objects.
*Other includes COBRA, KCTCS and other small employer groups

Net Payments and Claims by Year



Average net payments per claim continue to grow over the years, from \$208.12 in 2020 to \$257.80 in 2024.

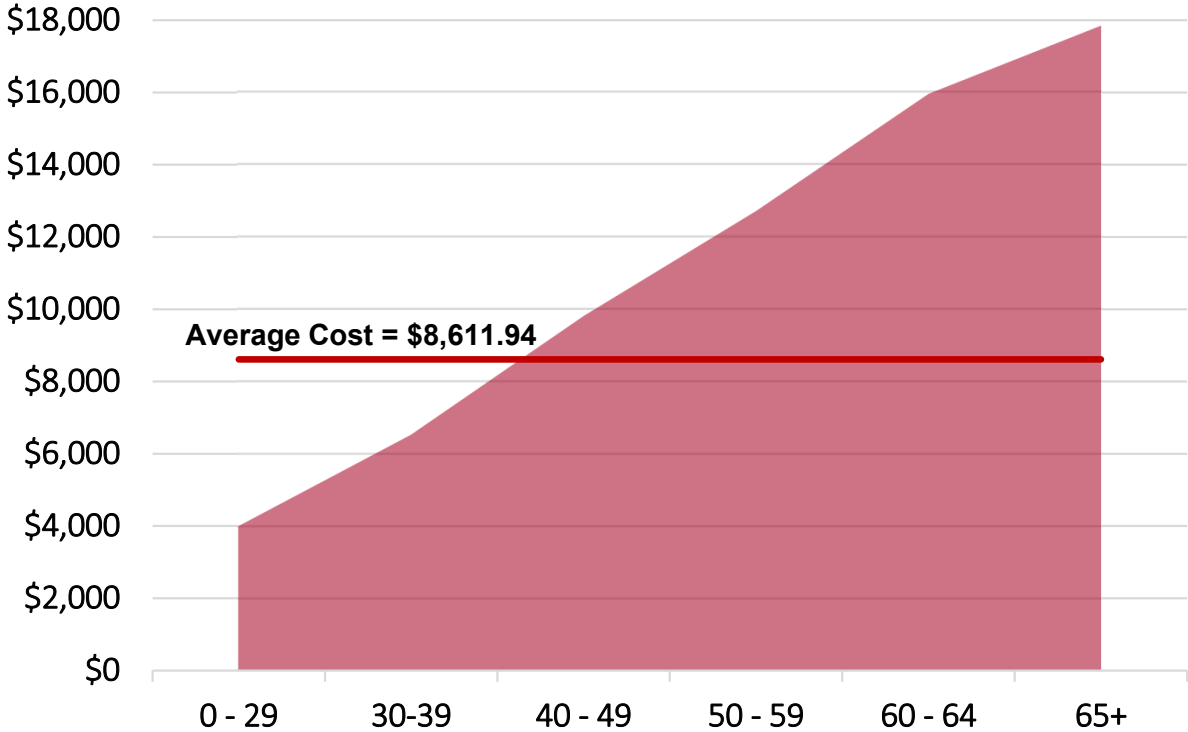


Source: Claims data aggregated by Merative

Pooling Risk

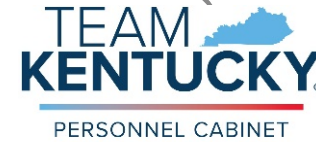
Because anyone—young or old—can have an unforeseen catastrophic health event, KEHP spreads healthcare costs across all **288,090** health plan members, keeping the plan affordable for everyone.

KEHP average annual claims cost by age group, all medical and pharmacy claims, 2024

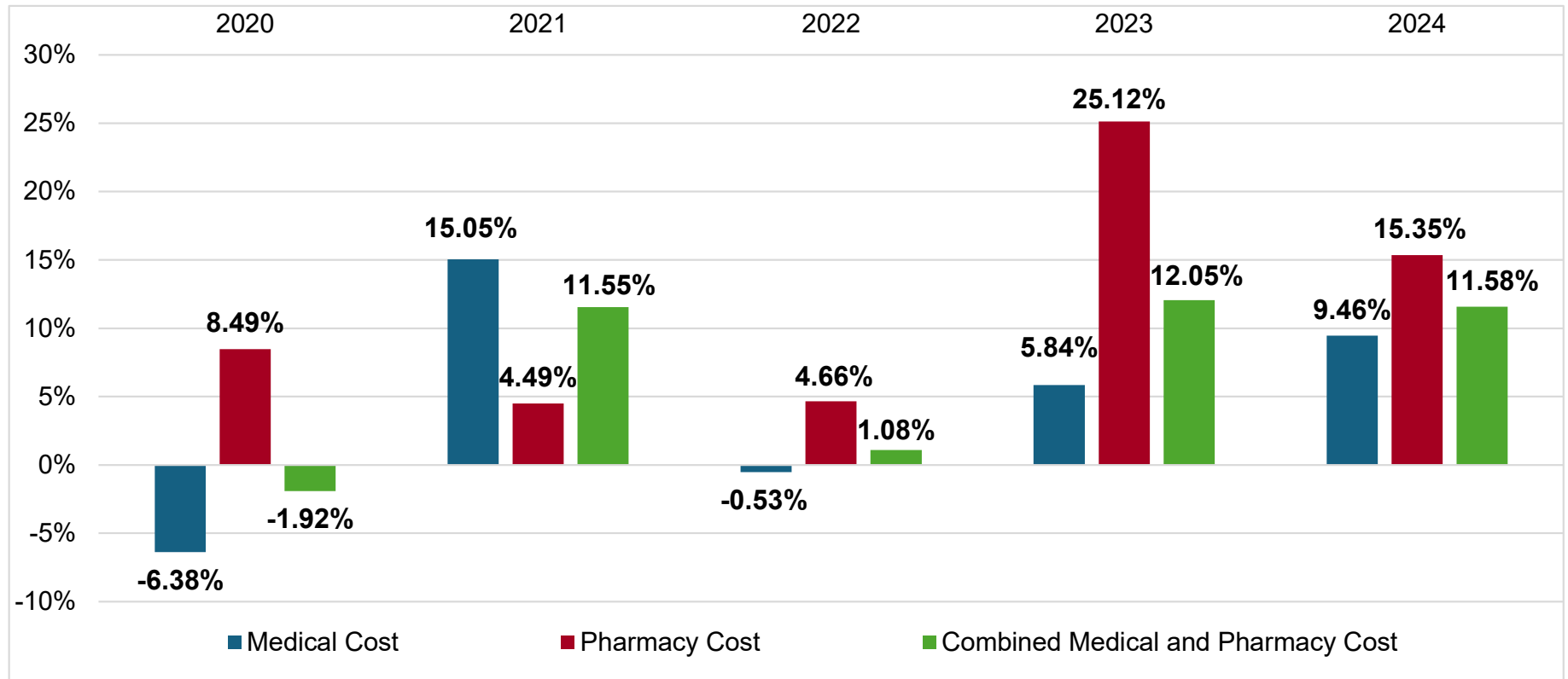


Source: KEHP claims data aggregated by Merative

Medical and Pharmacy Trends



Incurred medical costs have increased by 32.58% (\$1.07B to \$1.42B) between 2020 to 2024 while pharmacy costs increased by 57.83% (\$531M to \$838M) over that same time period.

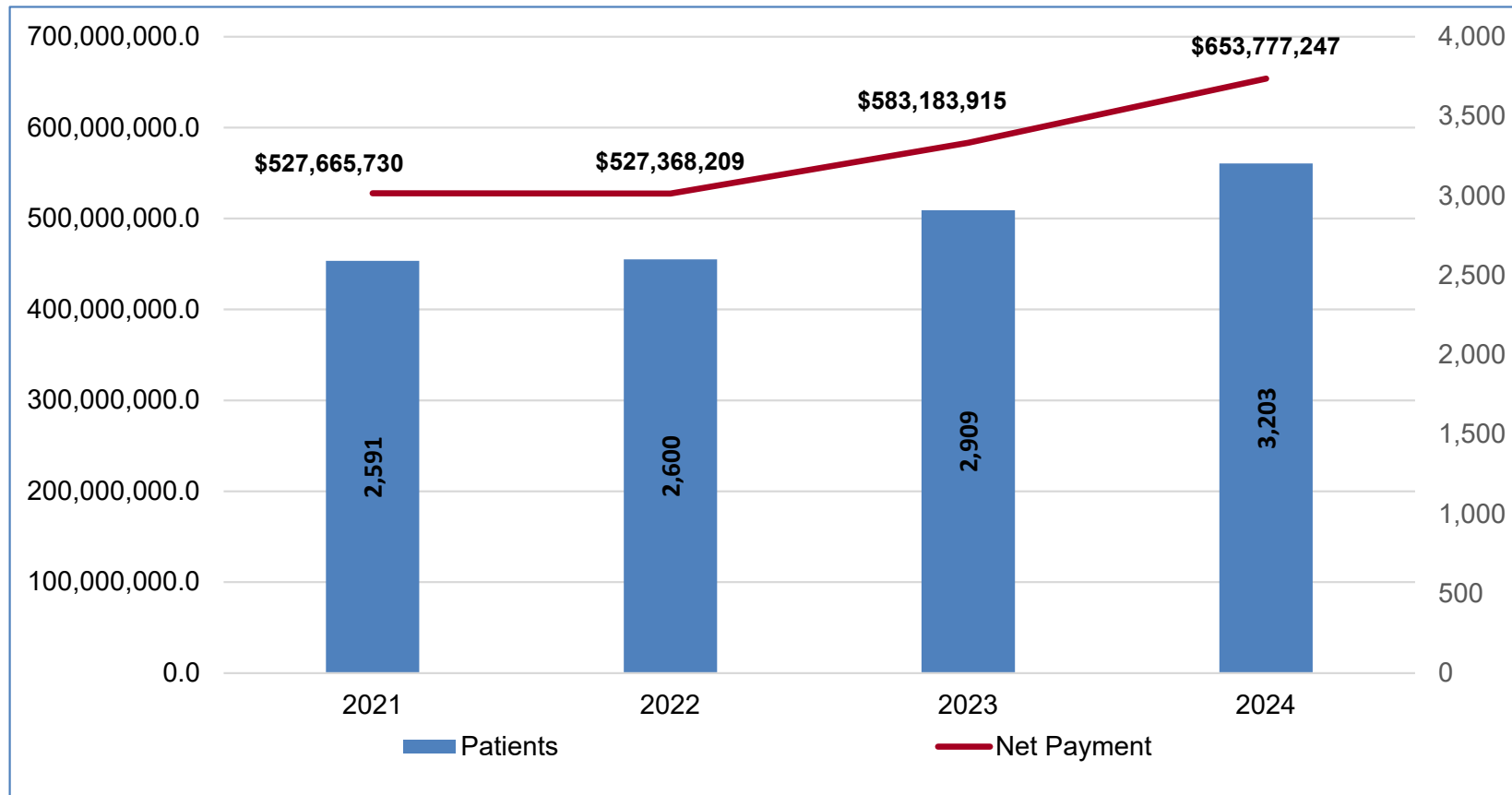


Source: KEHP claims data aggregated by Merative

High-Cost Claimants

Twenty-five high-cost claimants had over \$1M in medical and pharmacy claims in 2024, while the remaining 3,178 high-cost claimants account for claims ranging from \$100k to \$1M.

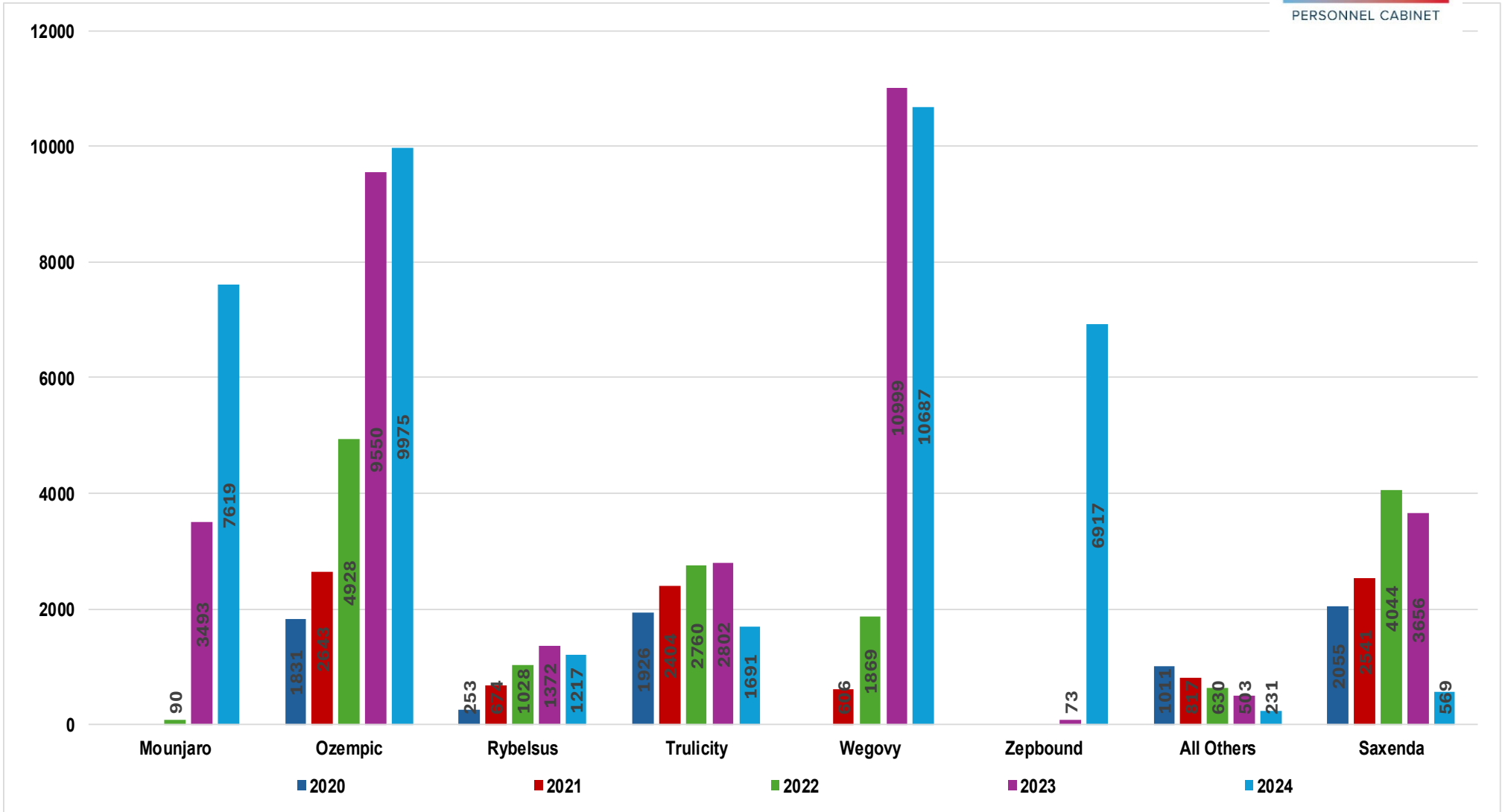
High-cost claimants (\geq \$100K) continue to drive the overall cost trend.



Source: KEHP claims data aggregated by Merative

GLP-1 Patients

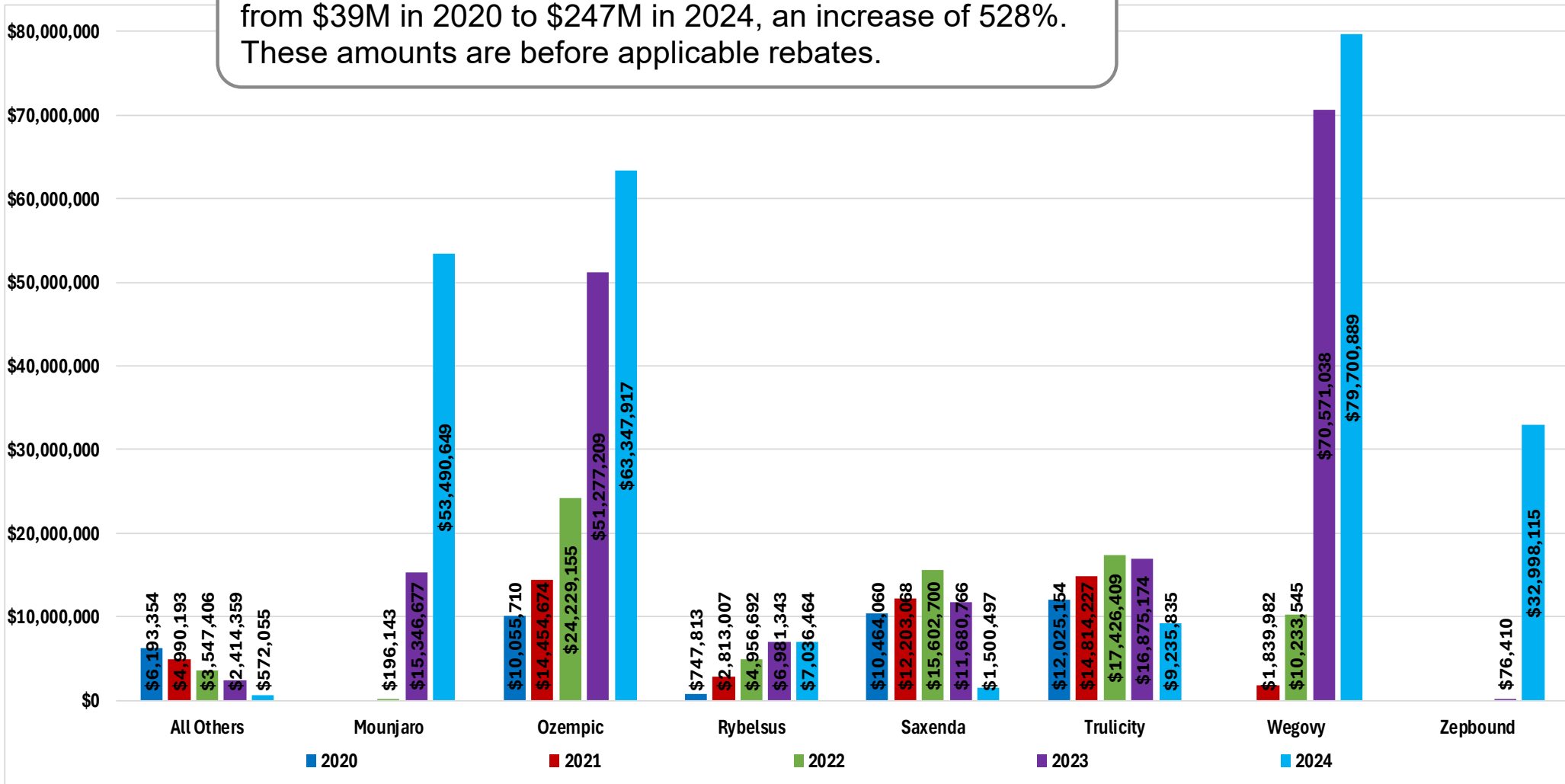
The total number of GLP-1 patients has increased from 7,076 in 2020 to 38,906 in 2024, for an overall 450% increase.



Source: KEHP claims data aggregated by Merative

GLP-1 Plan Paid Totals

The net plan paid amount for GLP-1 medications increased from \$39M in 2020 to \$247M in 2024, an increase of 528%. These amounts are before applicable rebates.



Source: KEHP claims data aggregated by Merative

2024 Prescription Fills

KEHP Members filled over four million prescriptions in 2024, of which over 33% were filled at Kentucky independent pharmacies.



Pharmacy Type	Total Scripts		Allowed Amount		Plan Paid		Out of Pocket	
Kentucky Independent Pharmacies*	1,487,211	33.85%	\$156,776,155	17.30%	\$140,401,113	16.75%	\$16,375,043	23.99%
All Other Pharmacies	2,906,537	66.15%	\$749,685,018	82.70%	\$697,788,999	83.25%	\$51,896,018	76.01%
Total	4,393,748		\$906,461,173		\$838,190,112		\$68,271,061	

Source: CVS Pharmacy internal data given and * awaiting approval by Networks team

Board Recommendations for Plan Years 2023–2025

- Provide state-of-the-art benefits while maintaining reasonable premiums.
- Offer benefits that meet the needs of a diverse workforce.
- Improve employee health and wellbeing.
- Provide the tools to manage chronic disease conditions.
- Implement actuarial recommendation to establish plan reserves.
- Increase member engagement in health and wellness programs.
- Educate and drive members to high-quality, cost-effective care.
- Help employees understand KEHP programs and tools available.

Source: KEHP Nineteenth Annual Report of the Kentucky Group Health Insurance Board

What Benefits Do We Offer?

About Our Program



Overview of 2024
plans, benefits, programs, and partners

Health Plans—2024

CDHP

KEHP offered two consumer driven health plans (CDHP) that feature an embedded HRA to reduce deductibles and out-of-pocket maximums. CDHPs encourage engagement and consumerism to keep total costs to members low.

Waiver GP HRA

KEHP offered two HRAs to active employees of agencies that participate in KEHP's FSA/HRA program. Individuals who meet eligibility requirements and choose to waive health insurance coverage may qualify for a \$2,100 employer-funded General Purpose HRA for qualified medical, dental and vision expenses.

PPO

KEHP offered one Preferred Provider Organization (PPO) plan that has higher premiums and no HRA. Instead, the PPO offers copayments for pharmacy benefits and certain services, rather than coinsurance.

Waiver LP HRA

For members whose agency doesn't qualify for the General Purpose HRA, they may qualify for the Limited Purpose HRA, which can be used for dental and vision expenses.

2024 Plan Changes

Flexible Spending Account Limits

Healthcare Flexible Spending Account Limits increase to \$3,050 for the year. The carryover maximum for such accounts increases to \$610 for any unused funds from 2024 moving to 2025.

Carrum

Carrum Health is a surgical center of excellence program that provides high quality surgical and oncology support for members under a bundled claim model to assist with Plan financials.

Castlight

Castlight expands services from a benefit navigator to now include wellness programming and rewards. Participating members can obtain wellness rewards for completing certain activities.

2024 KEHP Health Insurance Choices

	LivingWell CDHP	LivingWell PPO	LivingWell Basic CDHP
HRA Amount	Single \$500 Family \$1,000	Not Applicable	Single \$250 Family \$500
Deductible	Single \$1,500 Family \$2,750	Single \$1,000 Family \$1,750	Single \$2,000 Family \$3,750
Maximum Out-of-Pocket	Single \$3,000 Family \$5,750	Single \$3,000 Family \$5,750	Single \$4,000 Family \$7,750
Coinsurance	Plan: 80% Member: 20%	Plan: 75% Member: 25%	Plan: 70% Member: 30%
Doctor's Office Visits	Deductible, then 20%	Copay: \$25 PCP \$50 Specialist	Deductible, then 30%
Emergency Room	Deductible, then 20%	Copay: \$150, then deductible, then 25%	Deductible, then 30%

Source: 2024 KEHP Benefits Selection Guide

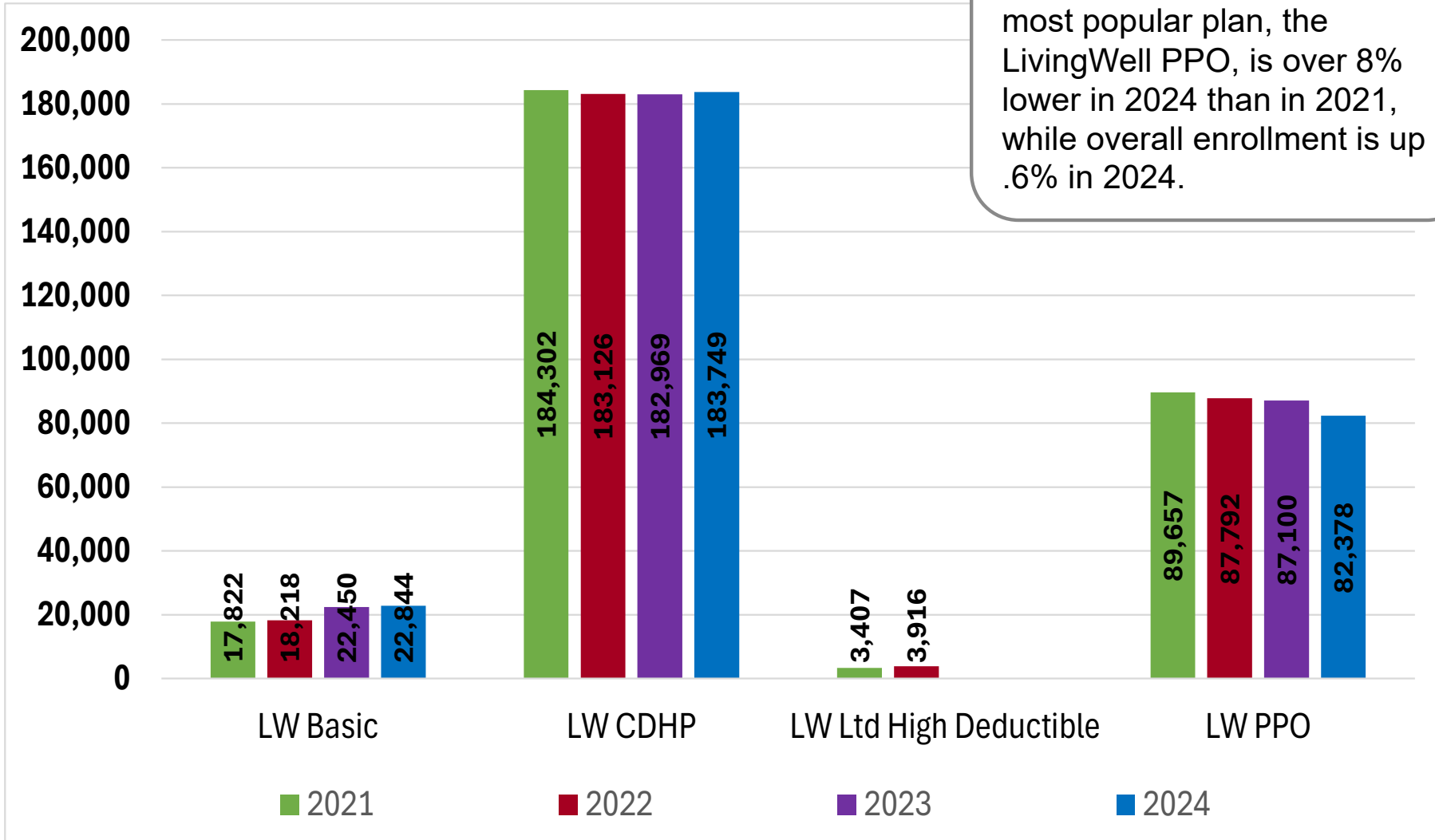
2024 Drug Benefits

	LivingWell CDHP	LivingWell PPO	LivingWell Basic CDHP
30-Day Supply Tier 1: Generic Tier 2: Formulary	Deductible, then 20%	\$20 \$40 Zero cost share for specialty drugs for those enrolled in the PrudentRx specialty program. A 30% co-insurance for specialty drugs applied to those not enrolled.	Deductible, then 30%
90-Day Supply Tier 1: Generic Tier 2: Formulary	Deductible, then 20%	\$40 \$80 Zero cost share for specialty drugs for those enrolled in the PrudentRx specialty program. A 30% co-insurance for specialty drugs applied to those not enrolled.	Deductible, then 30%

Certain drugs to treat diabetes, COPD, and asthma are subject to reduced co-pays and co-insurance with no Deductibles. A 90-day supply of maintenance drugs is subject to lower co-pays and co-insurance. Select preventative/maintenance drugs bypass the deductible on the CDHPs.

Source: 2024 KEHP Benefits Selection Guide

Enrollment by Plan



Source: KEHP Data aggregated by Merative

Who Administers KEHP Benefits?

KEHP Vendor Partners

The KEHP is a self-insured plan with benefits designed in partnership with our vendors to provide benefit administration and customer service. KEHP aims to provide our members with the best possible level of coverage, administration, and customer service.



KEHP Vendor Partners

- **Medical: Anthem Blue Cross Blue Shield (Anthem)** has operated in Kentucky for more than 75 years and is the largest insurance carrier in the Commonwealth. Anthem offers a large network of providers, excellent service and technology, and opportunities to help hold down costs.
- **Pharmacy: CVS/caremark** network includes more than 67,000 pharmacies nationwide, including chain pharmacies and 20,000 independent pharmacies. KEHP members do not have to use a CVS pharmacy and can use their local in-network pharmacy.
- **FSA/HRA: HealthEquity** is a leader in administering FSAs and HRAs. HealthEquity is solely dedicated to administering pretax spending accounts which empower employees to save money on taxes. They also provide COBRA administration services.



KEHP Vendor Partners

- **Transparency: SmartShopper** allows our members to earn a cash reward for choosing a cost-effective option for their healthcare needs. It's easy and free to shop SmartShopper's list of services, lower your out-of-pocket costs, and earn rewards.
- **Wellbeing: Castlight** is KEHP's well-being rewards program vendor and content provider with an online platform and mobile app experience. **WebMD** provides in-person wellness content to our members. WebMD's program is proven to inspire healthier habits, minds, and bodies.
- **Behavioral Health: RethinkCare** offers support for employees raising children with special needs. This free benefit provides tools for learning, social and behavioral challenges, and developmental disabilities.
- **Verification:** KEHP has a responsibility to ensure that our health plans are only covering legally eligible dependents. KEHP partnered with **Alight Solutions**, Inc. to conduct ongoing dependent eligibility verification and re-verification processes for spouses and step-children.

SmartShopper®



WebMD®
health services



alight

Additional Plan Benefits

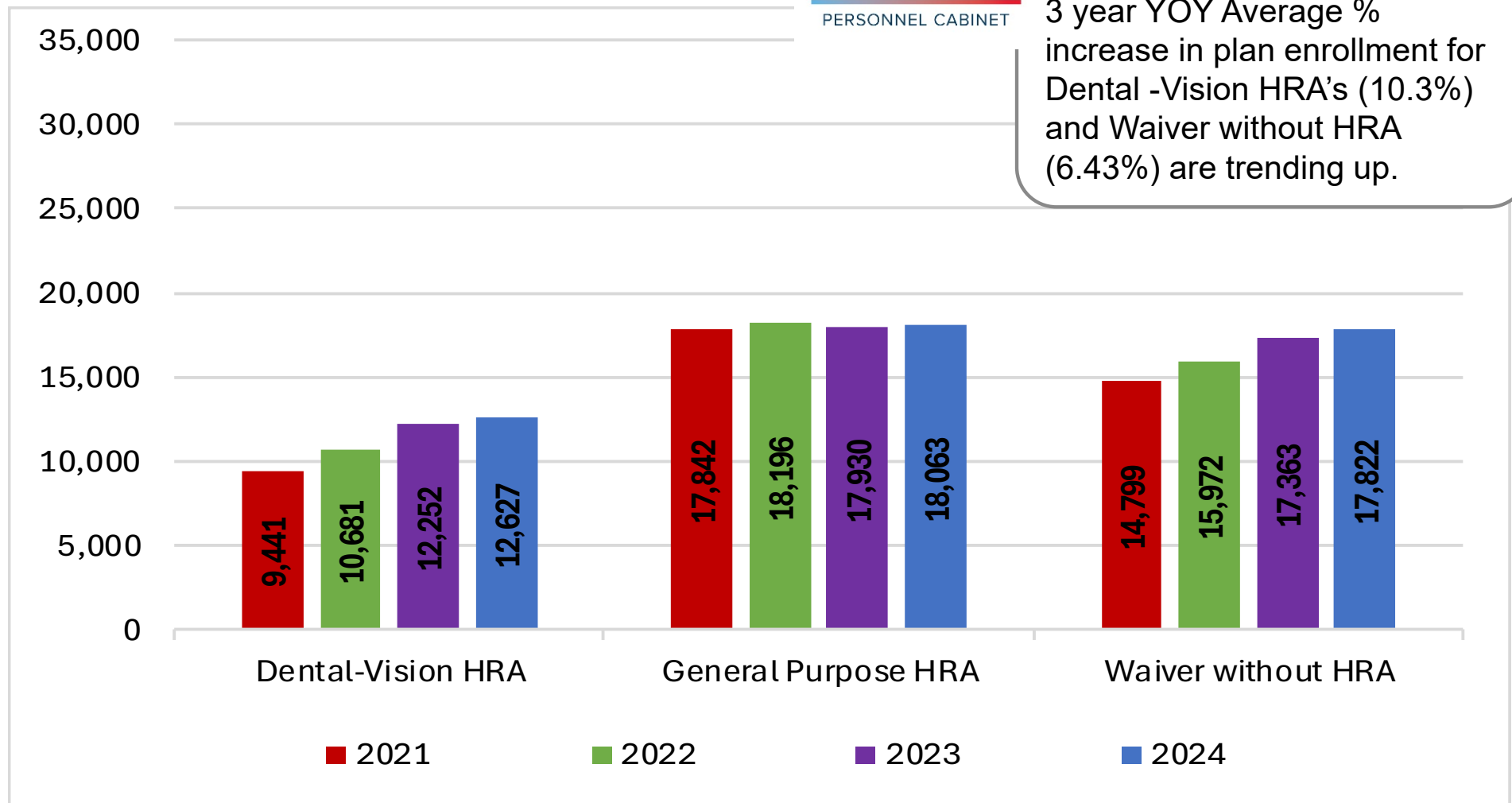
KEHP also offers a variety of innovative benefits to support members

- LiveHealth Online Medical and Behavioral Health
- Diabetes Value Benefit
- COPD and Asthma Value Benefit
- Premise Health LivingWell Health Clinics
- 24/7 Nurse Line
- 24/7 Substance Use Disorder Telephone Support
- Incentivized and In-person Wellness Programs
- Diabetes Prevention Program
- Hinge Health
- Building Healthy Families
- Condition/Disease Management Programs
- Tobacco Cessation
- Pregnancy/Maternity Support
- Wellness Discounts
- Castlight benefit navigation and wellness rewards
- UK Healthcare Acupuncture
- Carrum Health centers of excellence

Waivers Enrollment



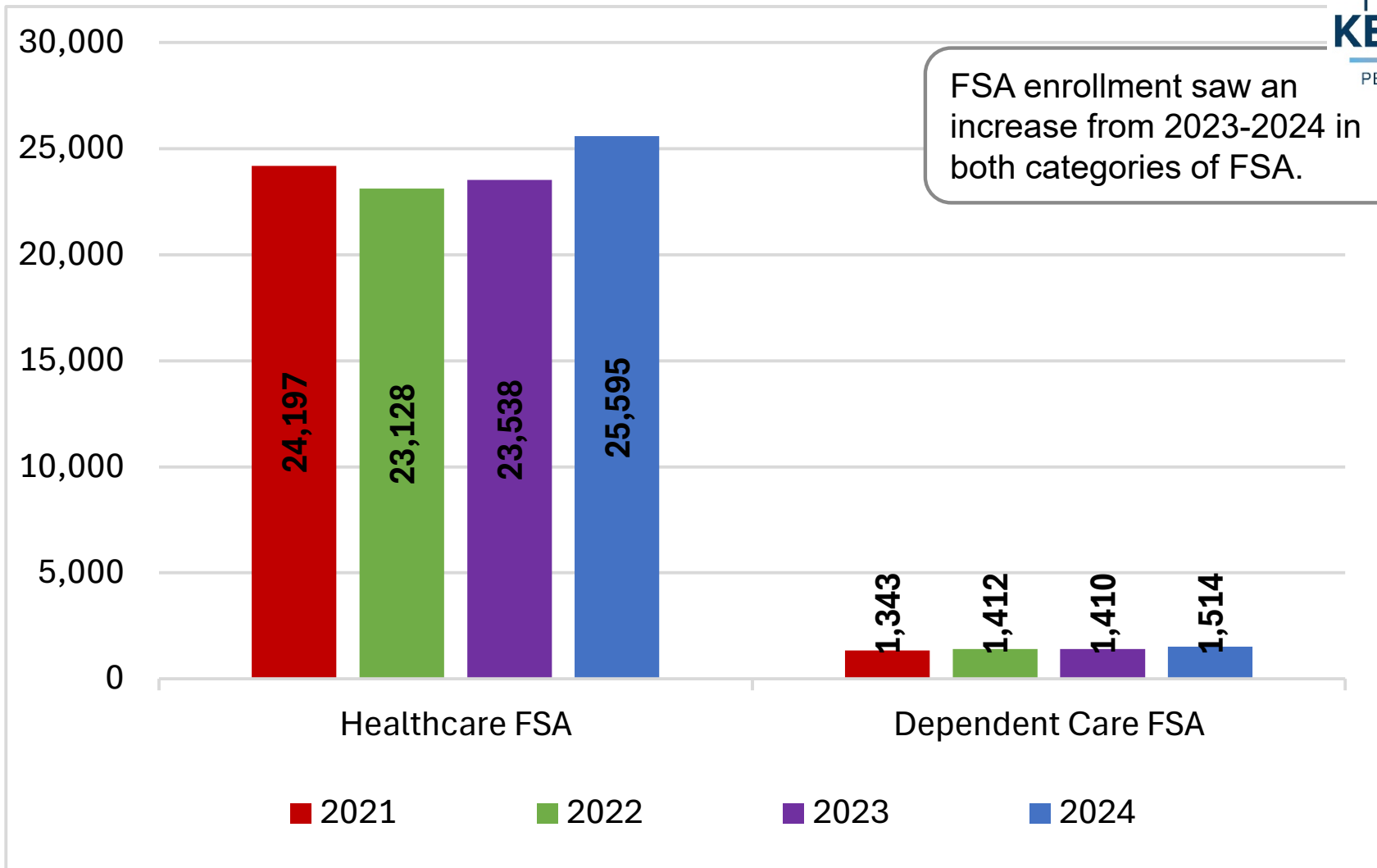
3 year YOY Average % increase in plan enrollment for Dental -Vision HRA's (10.3%) and Waiver without HRA (6.43%) are trending up.



*Members not eligible for an HRA (retirees and members of agencies not participating in flex benefits).

Source: KEHP enrollment in KHRIS and WageWorks Contributions Report

Flexible Spending Accounts



*Assumes a combined tax rate of 25%.

Source: KEHP enrollment in KHRIS and WageWorks Contributions Report

Voluntary Benefits

- **Optional Life Insurance**—employees of these participating employers may also purchase additional life insurance for themselves and their eligible dependents
- **Dental Insurance**—introduced in 2019, active employees may choose optional, employer-sponsored, employee-paid dental insurance
- **Vision Insurance**—introduced in 2019, active employees may choose optional, employer-sponsored, employee-paid vision insurance

2024 Optional Life Insurance



The Department offers five employee life insurance optional plans and eight dependent life insurance options in 2024.

Employee Life Insurance Options

	Option 1	Option 2	Option 3	Option 4	Option 5
Coverage Amount	\$10,000	\$25,000	\$50,000	\$100,000	\$150,000

Dependent Life Insurance Options

Coverage Amounts	Option 1	Option 2	Option 3	Option 4	Option 5	Option 6	Option 7	Option 8
Spouse	\$10,000	\$20,000	\$50,000	\$10,000	\$20,000	\$50,000		
Child < 6 Months	\$2,500	\$2,500	\$2,500				\$2,500	\$2,500
Child 6 Months to Age 26	\$5,000	\$10,000	\$10,000				\$5,000	\$10,000

Source: 2024 KEHP Benefits Selection Guide

2024 Dental Insurance Plans

	Bronze	Silver	Gold
Annual Benefit Maximum	\$750	\$1,000	\$1,500
Annual Deductible	\$50	\$50	\$50
Orthodontia (children up to 18 years)	Not Covered	Not Covered	\$1,500
Diagnostic and Preventive Service	100%	100%	100%
Basic Services	50%	80%	80%
Oral Surgery	50%	80%	80%
Major Services (Including Implants)	Not Covered	50%	50%
Annual Maximum Carryover	Not Covered	Not Covered	Covered
No Waiting Period for Basic or Major Services			

Source: 2024 KEHP Benefits Selection Guide

2024 Vision Insurance Plans

	Bronze	Silver	Gold
Exam With Dilation as Necessary (once per calendar year)	\$10 copay	\$10 copay	\$10 copay
Frames (20% off any balance after allowance)	\$125 allowance and 20% off any remaining balance	\$150 allowance and 20% off any remaining balance	\$150 allowance and 20% off any remaining balance
Eyeglass Lenses— single vision, bifocal, trifocal, lenticular* (once every calendar year)	\$25 copay	\$10 copay	\$10 copay
Conventional Contact Lens* (once every calendar year)	\$150 allowance plus 15% off balance over \$150	\$150 allowance plus 15% off balance over \$150	\$175 allowance plus 15% off balance over \$175

*For coverage of other lens types and options, see <https://personnel.ky.gov/Pages/Vision.aspx>

Source: 2024 KEHP Benefits Selection Guide

Who Do We Serve?

About Our Members



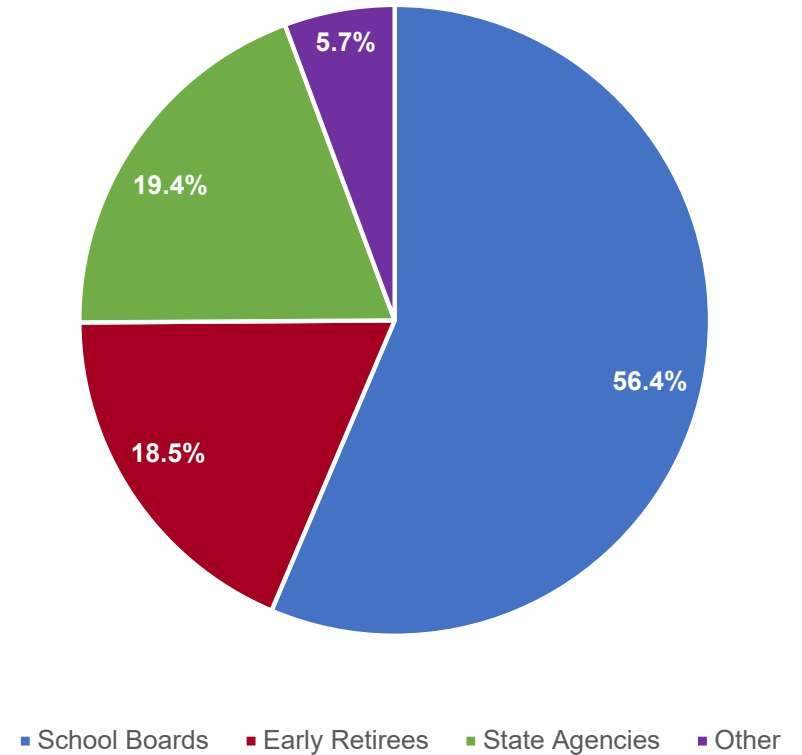
Overview of enrollments in the Department of Employee Insurance plans and programs

Eligibility

- KEHP is a self-funded plan that offers health insurance coverage to approximately 290,000 public employees, retirees, and quasi governmental agencies and dependents. KEHP is run by public employees, for public employees, so members have a direct stake in the financial wellbeing of the plan.
- The Department of Employee Insurance also administers optional life insurance, dental insurance, and vision insurance programs for eligible agencies.

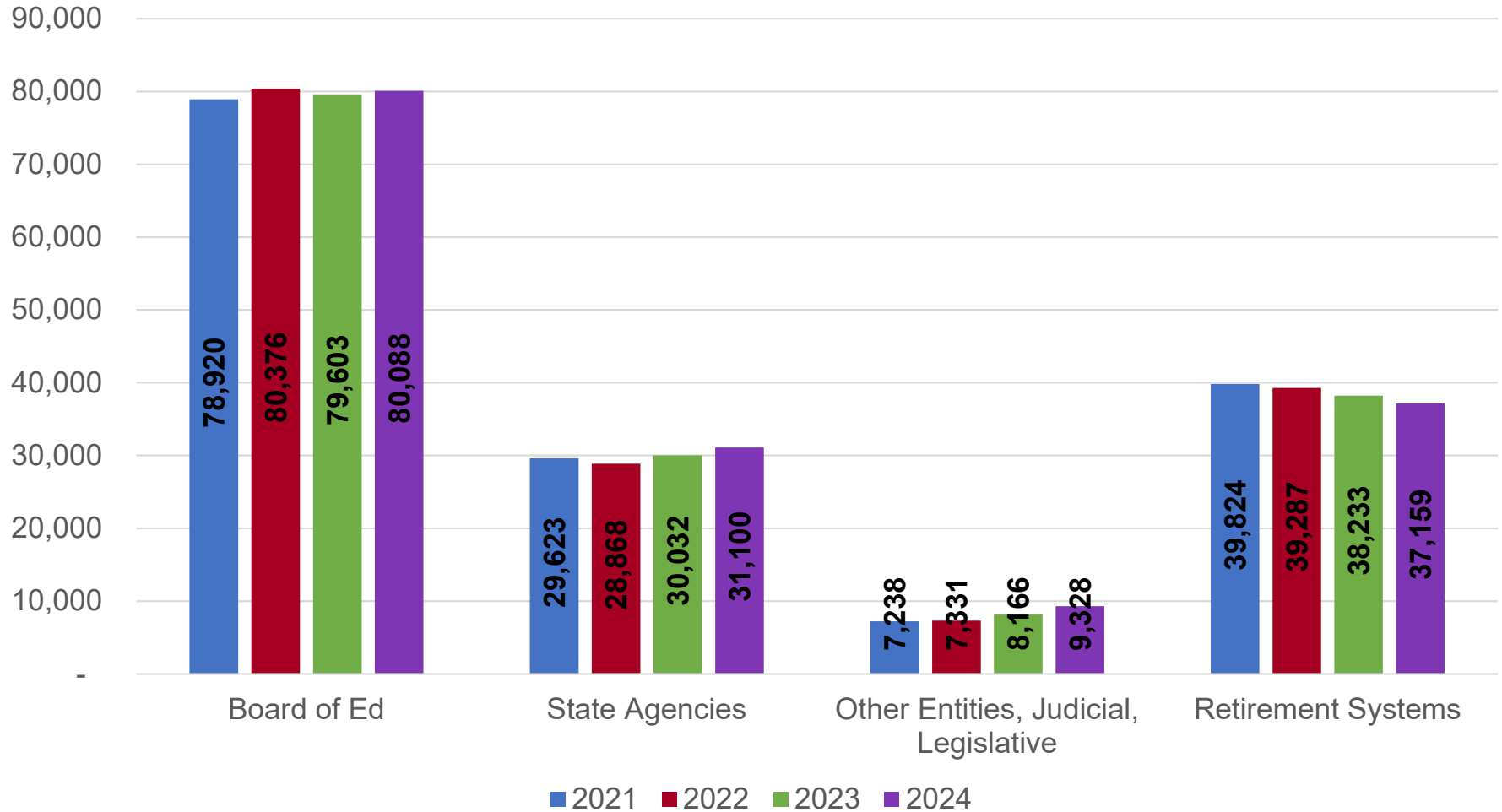


KEHP covers 6.25% of the entire state population.



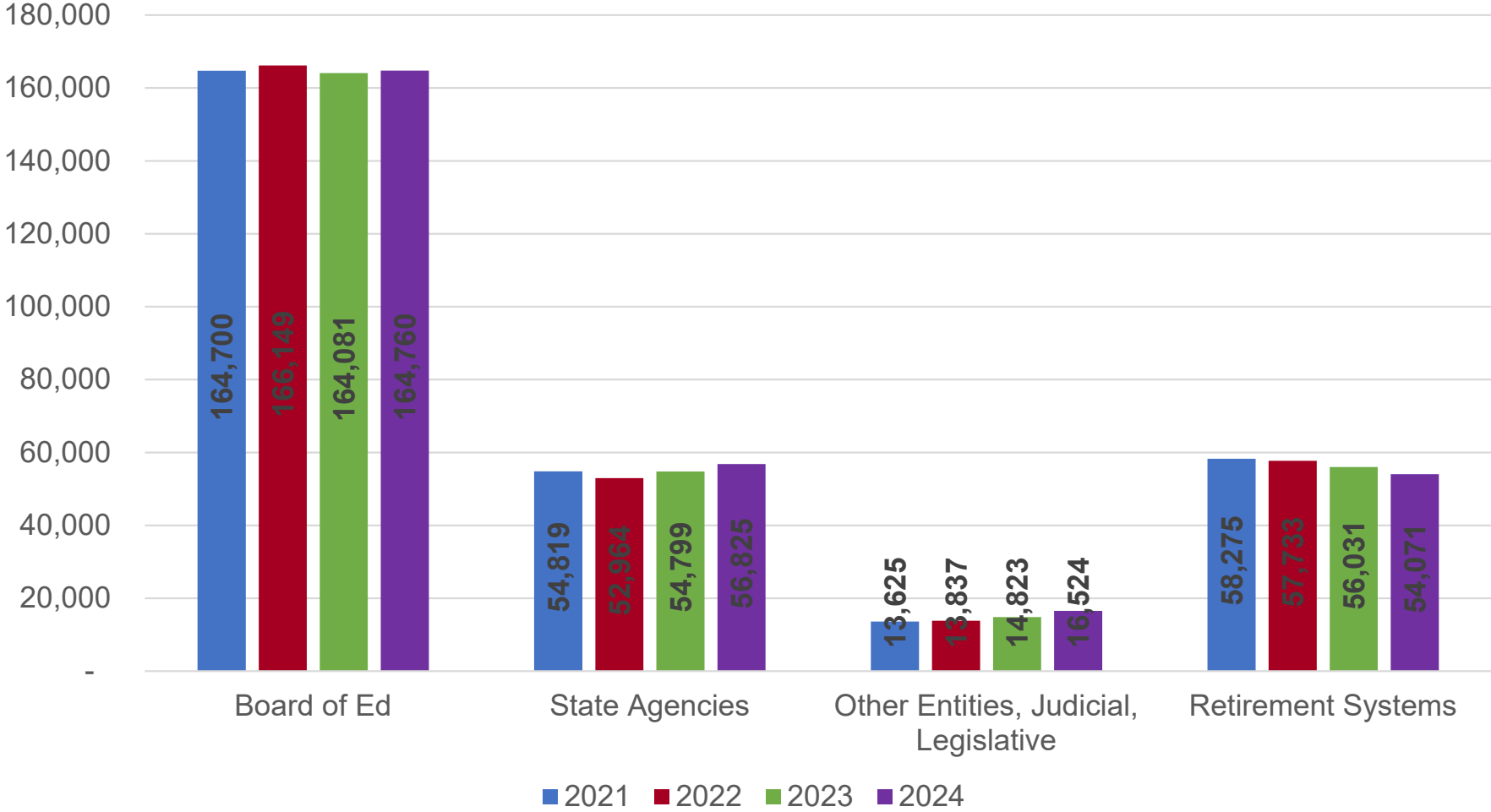
Source: KEHP enrollment in KHRIS and Merative

Planholders by Group



Source: KEHP enrollment in KHRIS and Merative

Members by Group



Source: KEHP enrollment in KHRIS and Merative

Enrollment Demographics

	2021	2022	2023	2024
Health Enrollment				
Planholders	152,421	152,592	153,242	154,948
Members	286,425	285,508	285,440	288,097
Average Age				
Planholders	48	48	48	48
Dependents	23	23	23	23
Demographic Splits				
Planholders Percentage Female	66%	66%	66%	66%
Planholders Percentage Male	34%	34%	34%	34%
Member to Planholder Ratio	1.88	1.87	1.86	1.86
% of Covered Adult Members who are:				
Adult Male	38%	38%	38%	38%
Adult Female	62%	62%	62%	62%
% of Covered Child Members who are:				
Child Male	51%	51%	51%	51%
Child Female	49%	49%	49%	49%

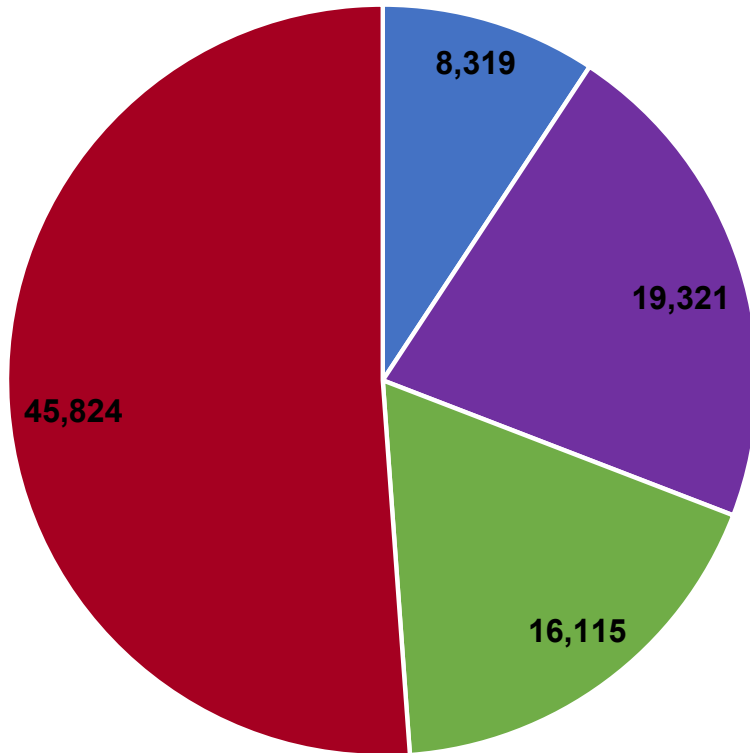
Source: KEHP enrollment and claims data from KHRIS and aggregated by Merative

***Demographics include data for individuals enrolled for only a portion of that applicable year*

2024 LivingWell CDHP Planholder Demographics



LivingWell CDHP has the highest percentage of female planholder enrollment of any plan.



■ Couple ■ Family ■ Parent Plus ■ Single

Dimensions	
Planholders Avg Age	47.3
Planholder Percentage Female	67%
Planholder Percentage Male	33%

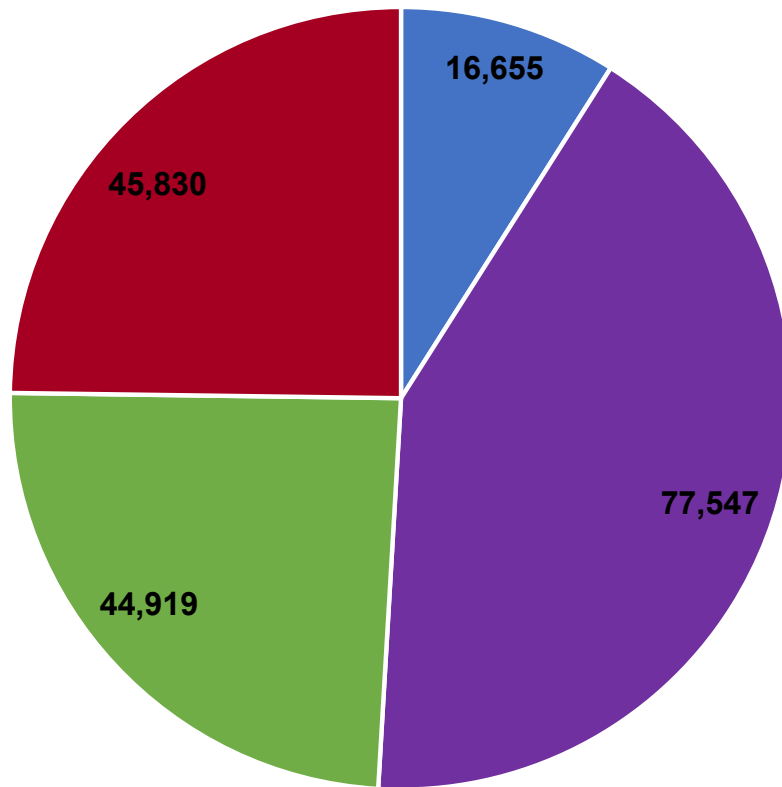
Source: KEHP enrollment and claims data aggregated by Merative

*** Member counts on plans can differ on single coverage in the event a planholder passes and transfers to the beneficiary.

2024 LivingWell CDHP Member Demographics



LivingWell CDHP has the highest ratio (1:2.1) of dependents to planholders of any plan.



■ Couple ■ Family ■ Parent Plus ■ Single

Dimensions	
Members Avg Age	34.7
Member Percentage Female	56%
Member Percentage Male	44%

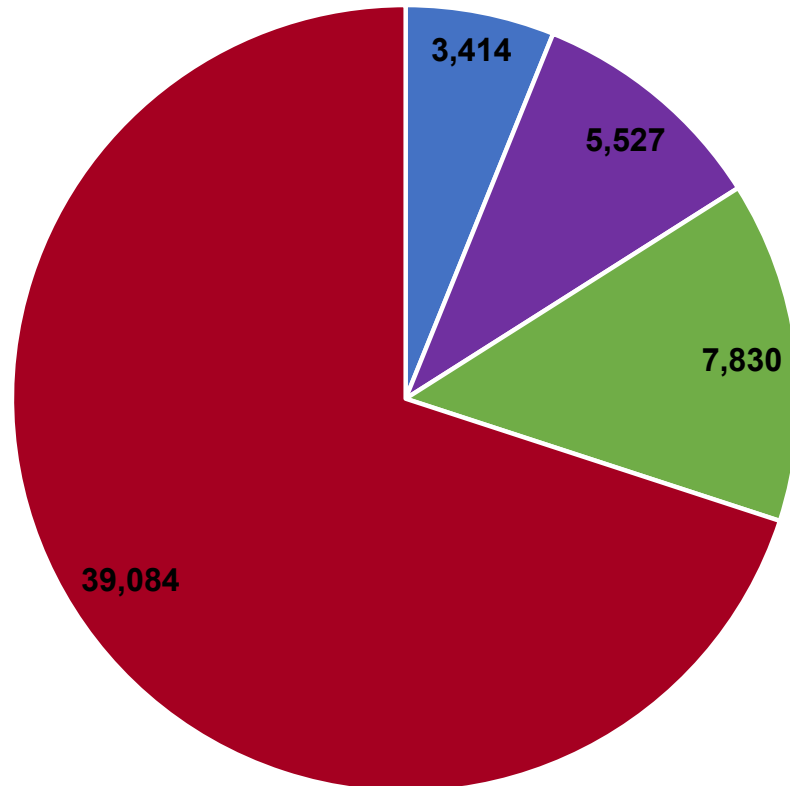
Source: KEHP enrollment and claims data aggregated by Merative

*** Member counts on plans can differ on single coverage in the event a planholder passes and transfers to the beneficiary

2024 LivingWell PPO Planholder Demographics



LivingWell PPO has the highest average planholder age of any plan.



■ Couple ■ Family ■ Parent Plus ■ Single

Dimensions	
Planholders Avg Age	51.2
Planholder Percentage Female	64%
Planholder Percentage Male	36%

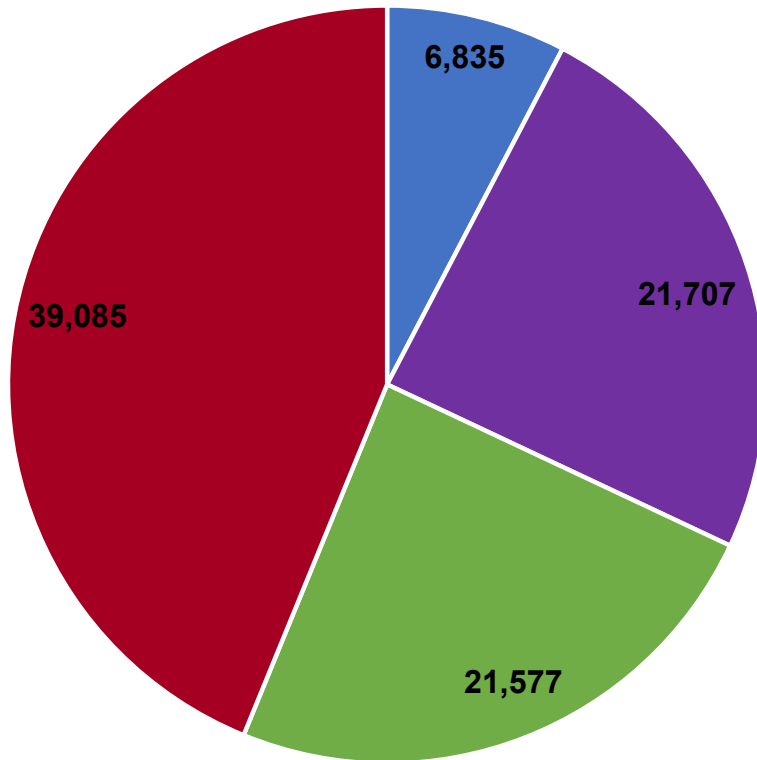
Source: KEHP enrollment and claims data aggregated by Merative

*** Member counts on plans can differ on single coverage in the event a planholder passes and transfers to the beneficiary

2024 LivingWell PPO Member Demographics



LivingWell PPO has the highest number of retirees of any plan.



■ Couple ■ Family ■ Parent Plus ■ Single

Dimensions	
Members Avg Age	41.0
Member Percentage Female	60%
Member Percentage Male	40%

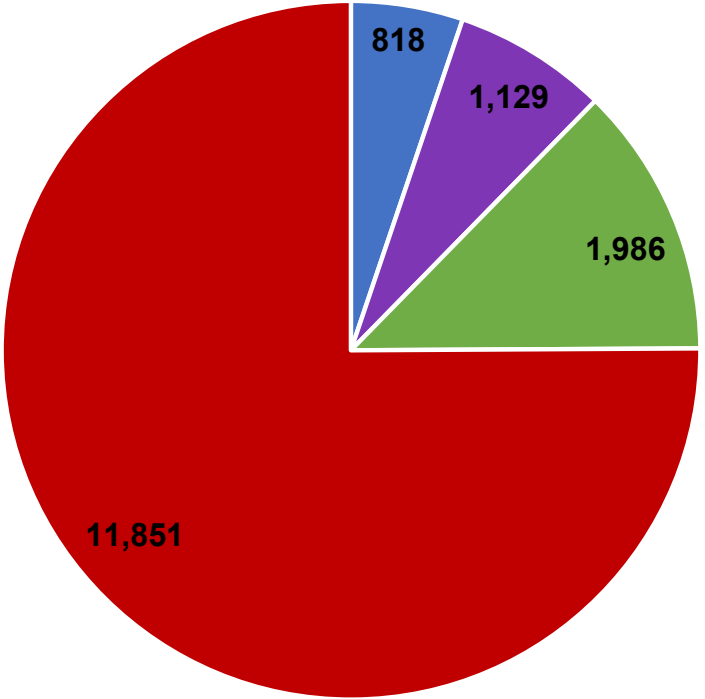
Source: KEHP enrollment and claims data aggregated by Merative

*** Member counts on plans can differ on single coverage in the event a planholder passes and transfers to the beneficiary

2024 LivingWell Basic CDHP Planholder Demographics



LivingWell Basic CDHP has the lowest average age of planholders.



■ Couple ■ Family ■ Parent Plus ■ Single

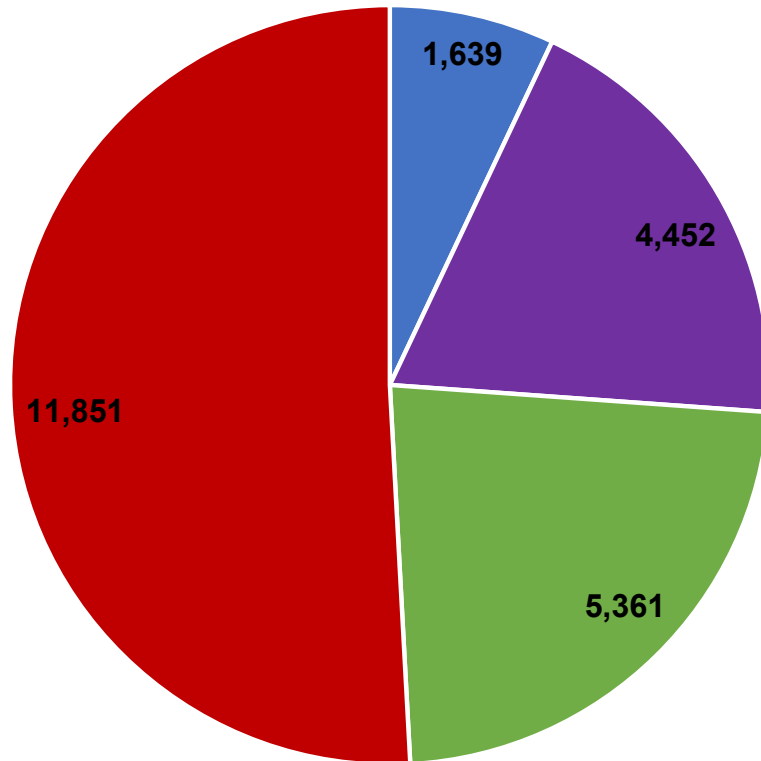
Dimensions	
Planholders Avg Age	41.6
Planholder Percentage Female	59%
Planholder Percentage Male	41%

Source: KEHP enrollment and claims data aggregated by Merative
 *** Member counts on plans can differ on single coverage in the event a planholder passes and transfers to the beneficiary

2024 LivingWell Basic CDHP Member Demographics



A majority of planholders are single coverage.



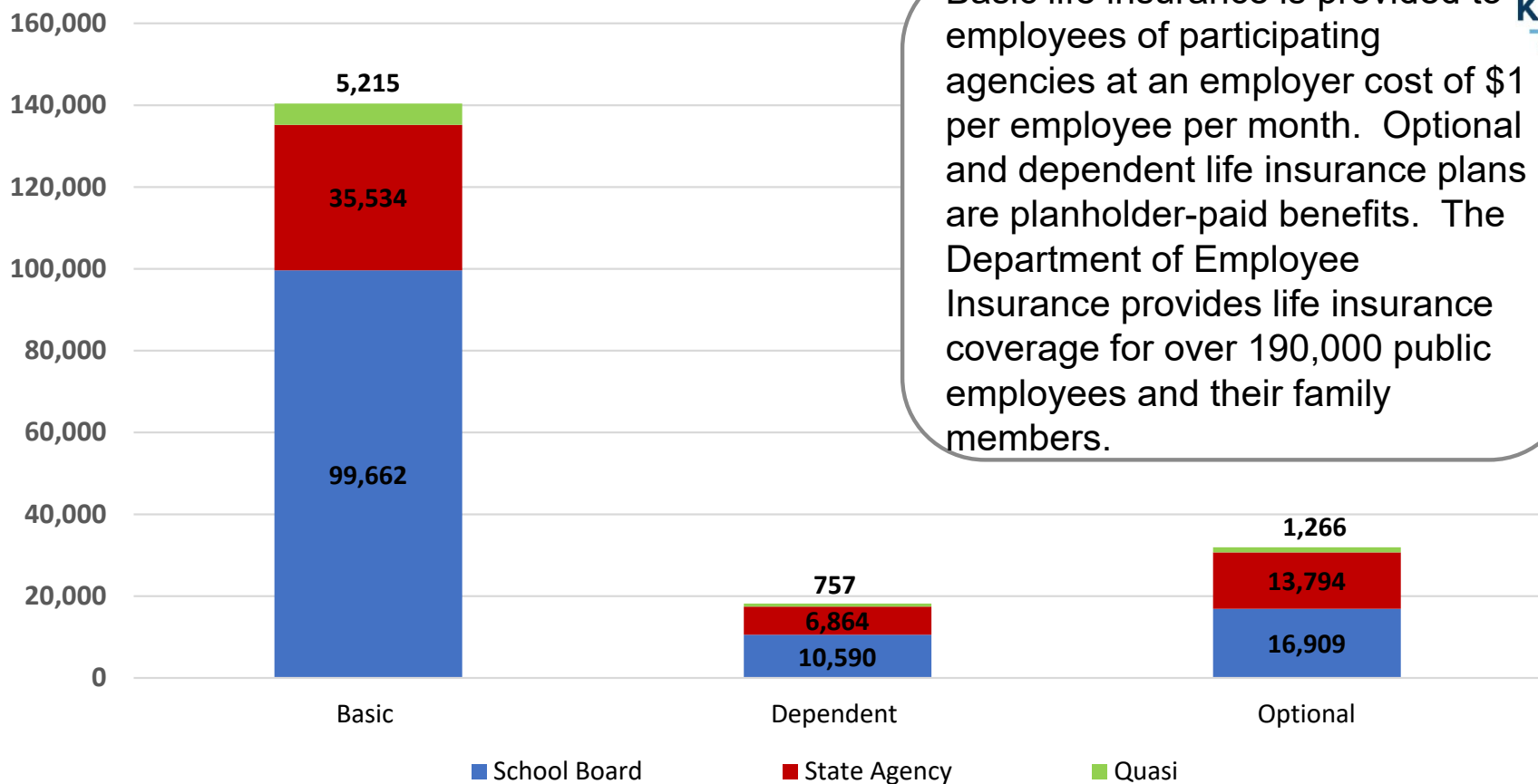
■ Couple ■ Family ■ Parent Plus ■ Single

Dimensions	
Members Avg Age	34.3
Member Percentage Female	55%
Member Percentage Male	45%

Source: KEHP enrollment and claims data aggregated by Merative

*** Member counts on plans can differ on single coverage in the event a planholder passes and transfers to the beneficiary.

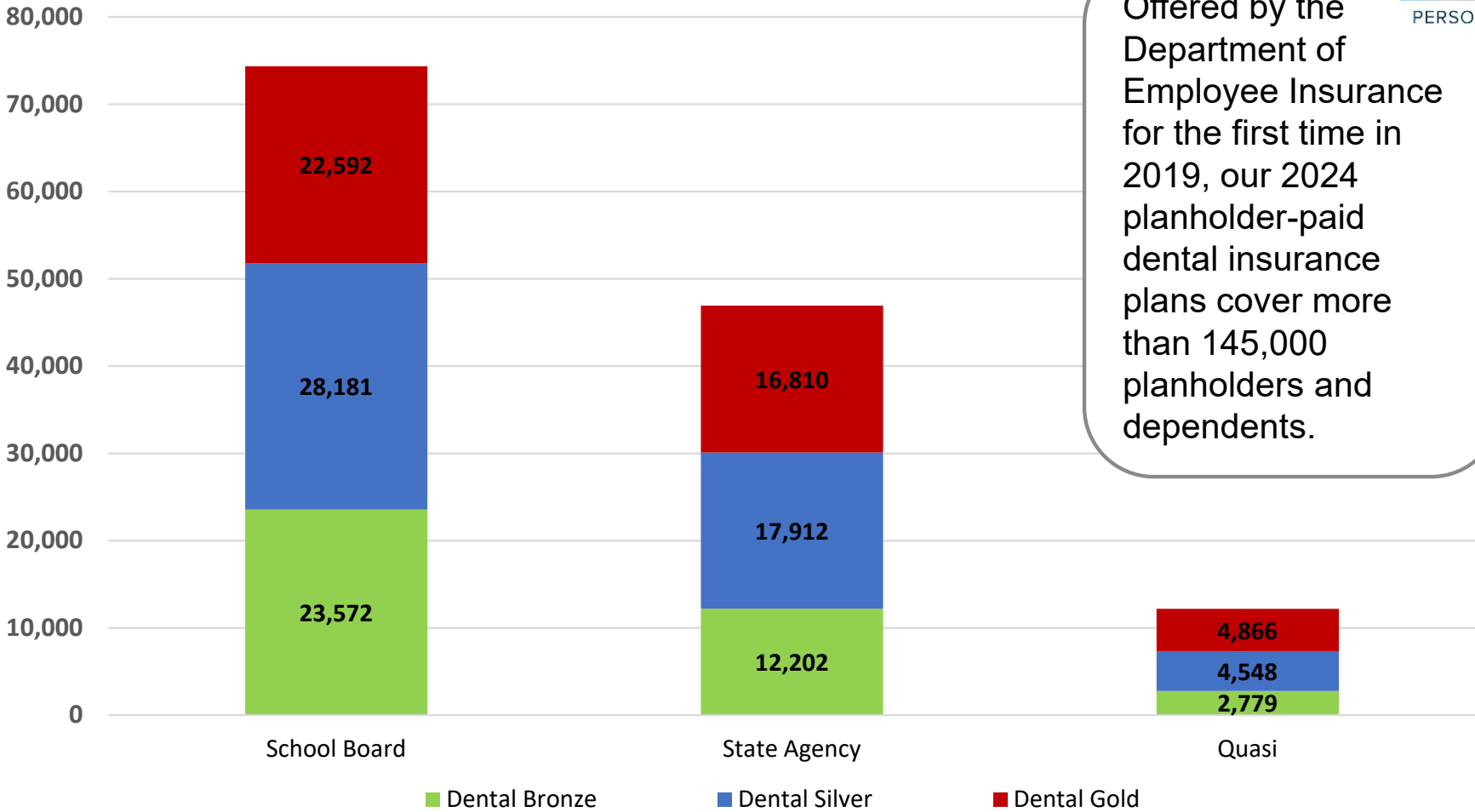
2024 Life Insurance Enrollment



Basic life insurance is provided to employees of participating agencies at an employer cost of \$1 per employee per month. Optional and dependent life insurance plans are planholder-paid benefits. The Department of Employee Insurance provides life insurance coverage for over 190,000 public employees and their family members.

Source: KEHP enrollment in KHRIS

2024 Dental Insurance Members



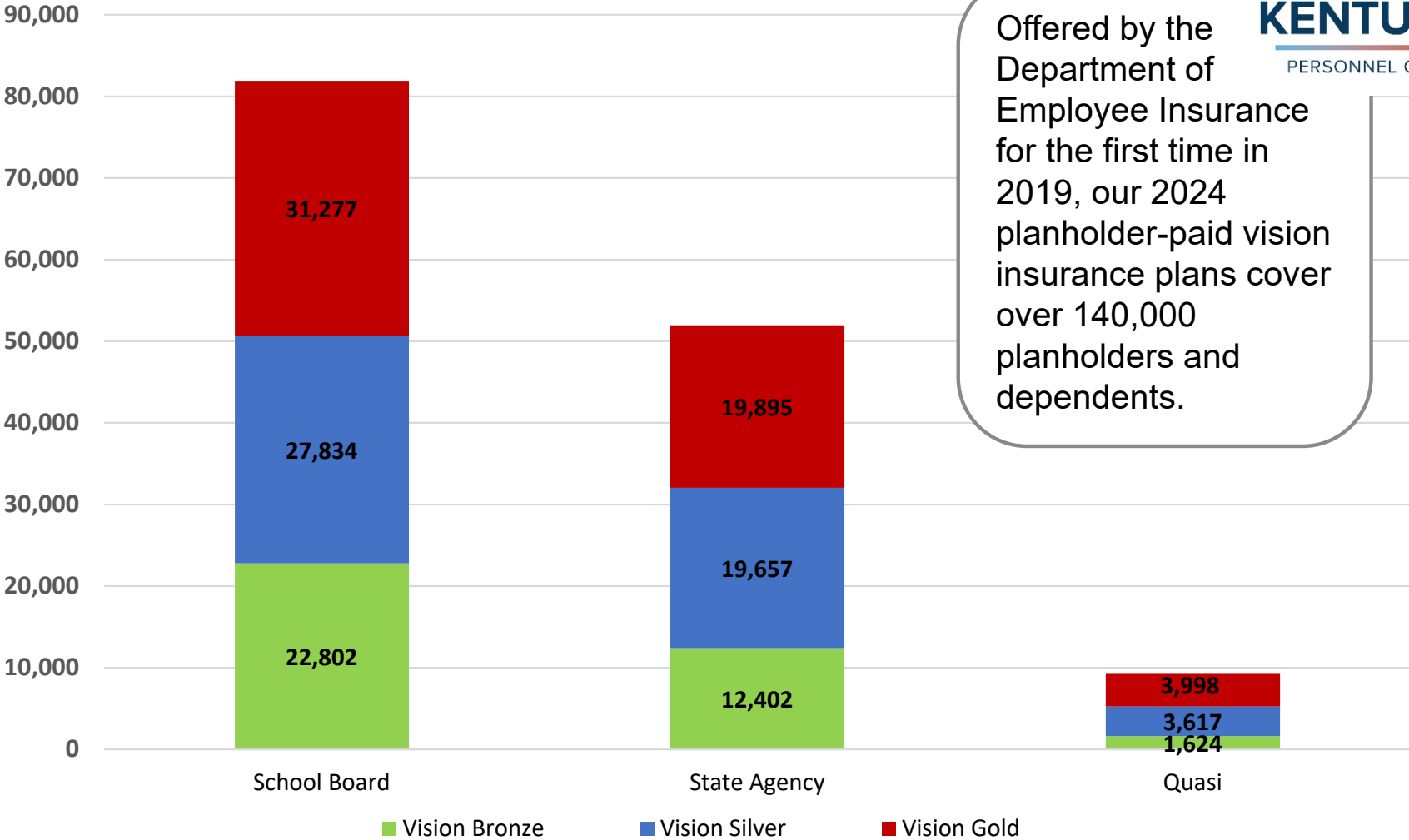
Offered by the Department of Employee Insurance for the first time in 2019, our 2024 planholder-paid dental insurance plans cover more than 145,000 planholders and dependents.

Source: KEHP enrollment in KHRIS

2024 Vision Insurance Members



Offered by the Department of Employee Insurance for the first time in 2019, our 2024 planholder-paid vision insurance plans cover over 140,000 planholders and dependents.



Source: KEHP enrollment in KHRIS

Cost and Utilization Trends

About Our Program Experience



Overview of 2021–2024 medical and pharmacy claims, plan trends, and program performance

Claims Experience

	2021	2022	2023	2024
Allowed Cost—Medical	\$1,461,426,673.25	\$1,477,086,337.87	\$1,562,072,882.66	\$1,697,322,780.27
Allowed Cost—Rx	\$615,941,675.70	\$664,960,464.67	\$818,018,616.05	\$943,988,139.03
Total Allowed Cost	\$2,077,368,348.95	\$2,142,046,802.54	\$2,380,091,498.71	\$2,641,310,919.30
Plan Paid—Medical	\$1,228,902,642.59	\$1,222,898,113.08	\$1,294,630,321.40	\$1,420,359,754.92
Plan Paid—Rx*	\$554,872,809.60	\$580,703,822.92	\$726,600,449.26	\$838,210,941.18
Total Plan Paid	\$1,783,775,452.19	\$1,803,601,936.00	\$2,021,230,770.66	\$2,258,570,696.1

KEHP payments for Rx increased 51.06% over the 4 year period, where payments for medical only increased 15.58%.



*Source: KEHP enrollment and claims data aggregated by Merative
 * Plan Paid – Rx amounts are before rebates.*

Claims Experience Per Member Per Month

	2021	2022	2023	2024
Allowed Cost—Medical	\$467.69	\$476.95	\$504.64	\$541.27
Allowed Cost—Rx	\$197.11	\$214.72	\$264.27	\$301.03
Total Allowed Cost	\$664.80	\$691.67	\$768.90	\$842.30
Plan Paid—Medical	\$393.27	\$394.88	\$418.24	\$452.95
Plan Paid—Rx*	\$177.57	\$187.51	\$234.73	\$267.30
Total Plan Paid	\$570.84	\$582.39	\$652.97	\$720.25



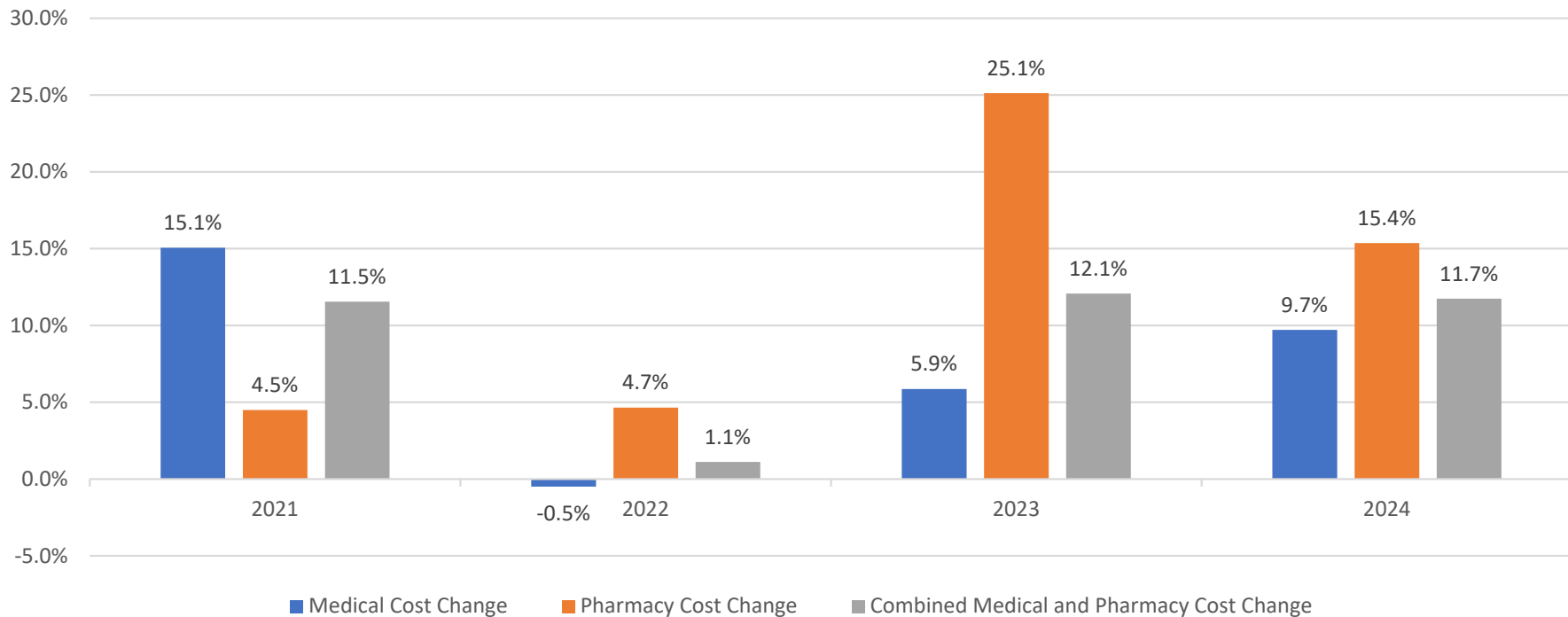
KEHP payments PMPM for Rx increased 50.53% over the 4 year period, where payments for medical PMPM only increased 15.17%.

*Source: KEHP enrollment and claims data aggregated by Merative
 * Plan Paid – Rx amounts are before rebates.*

Medical and Pharmacy Trends

The overall increase from 2021 to 2024 was 26.6%.

Medical and Pharmacy Trends

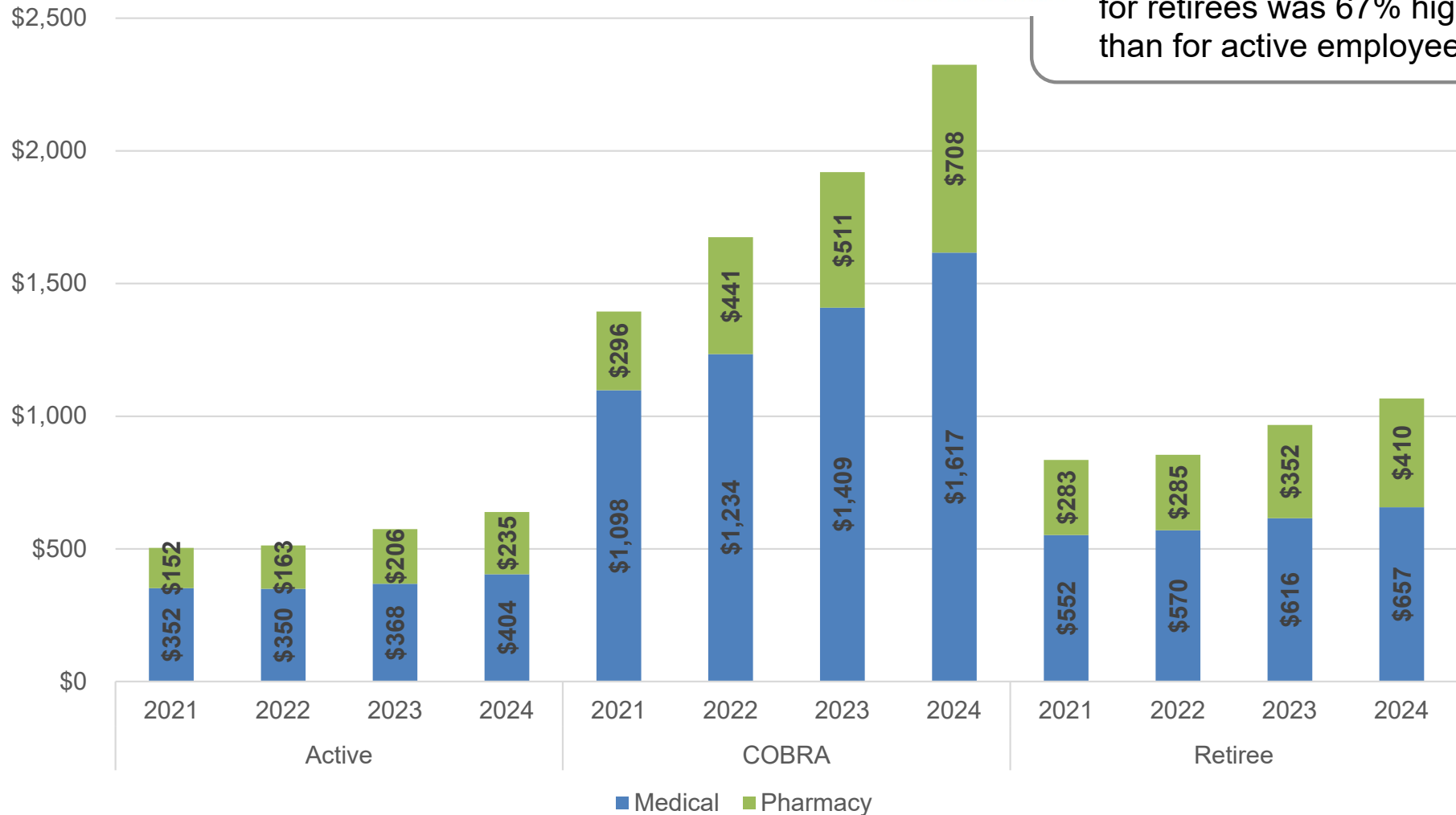


Source: KEHP enrollment and claims data aggregated by Merative

Medical and Pharmacy Claims PMPM by Member Status



In 2024, claims cost PMPM for retirees was 67% higher than for active employees.

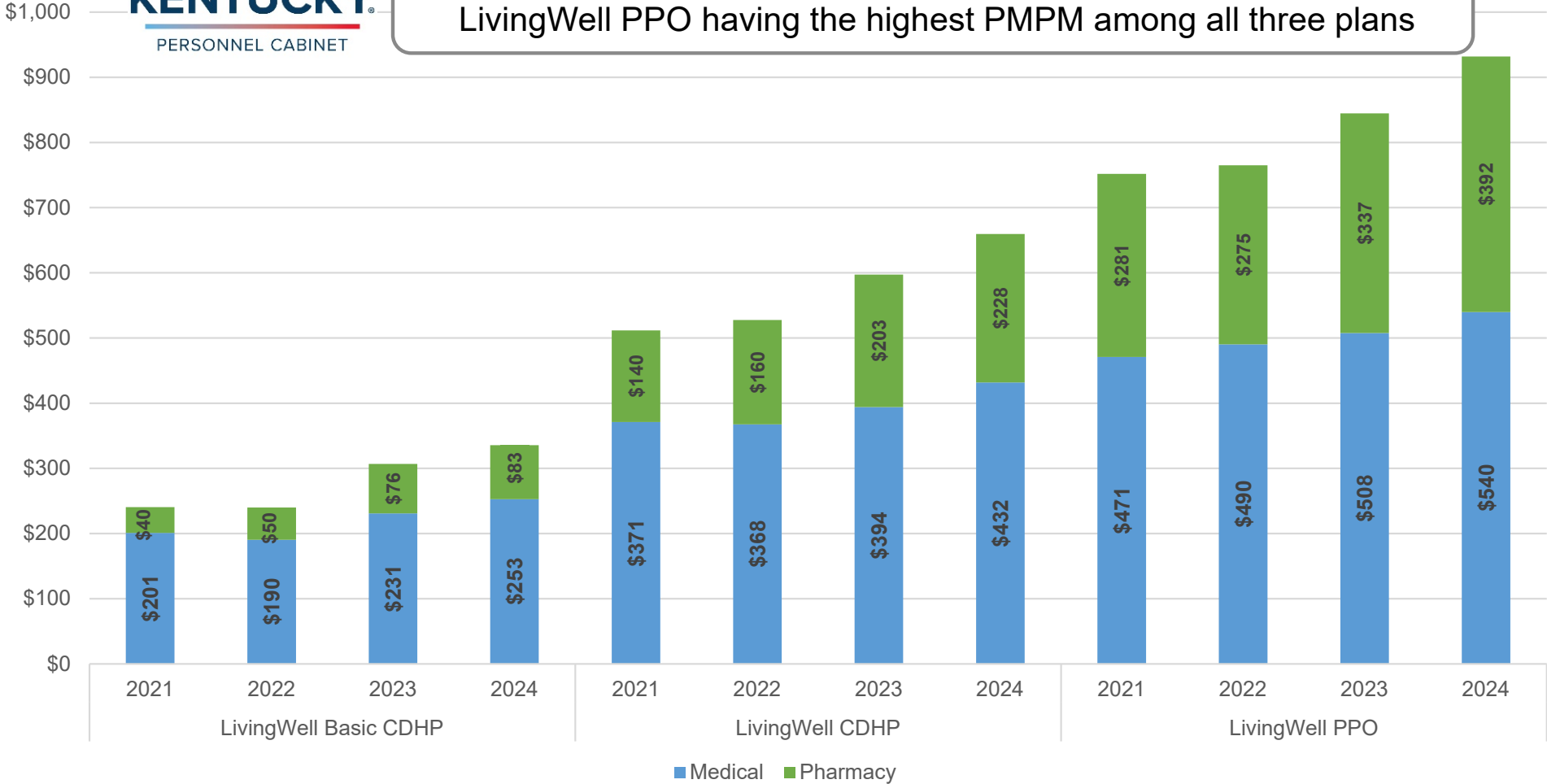


Source: KEHP enrollment and claims data aggregated by Merative

Medical and Pharmacy Claims PMPM by Plan



Claims PMPM aggregate trends similar across plans with the LivingWell PPO having the highest PMPM among all three plans



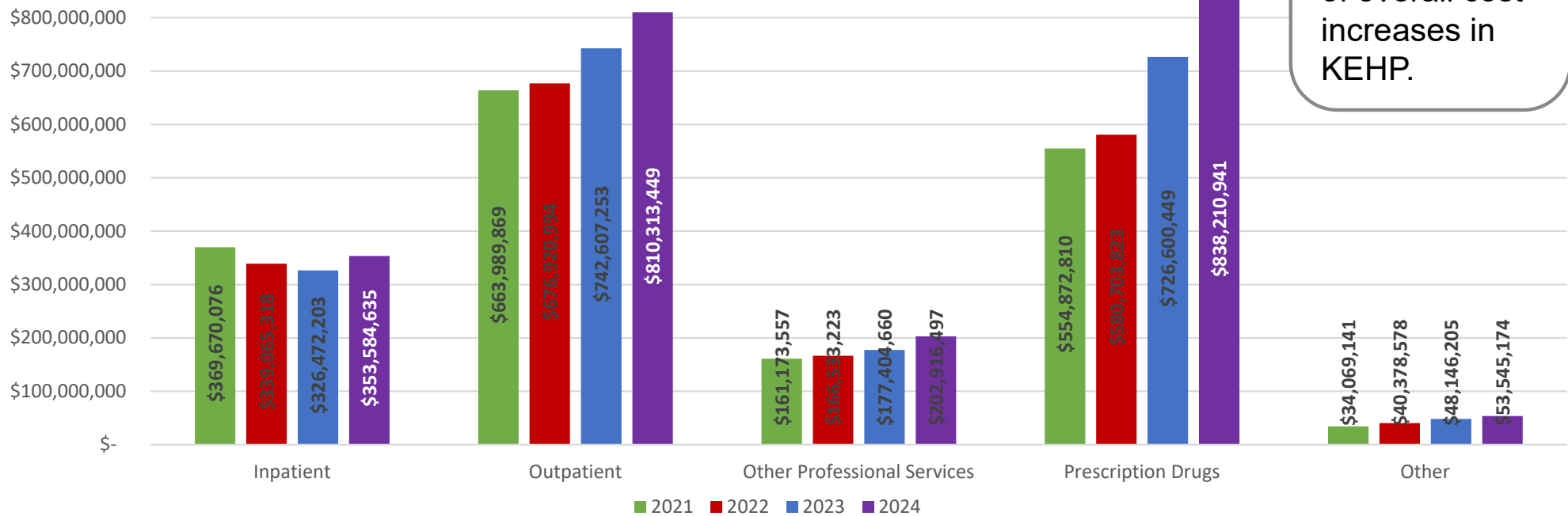
Source: KEHP enrollment and claims data aggregated by Merative

Average Medical and Pharmacy Paid Costs by Service Type



Prescription drugs continue to be the greatest driver of overall cost increases in KEHP.

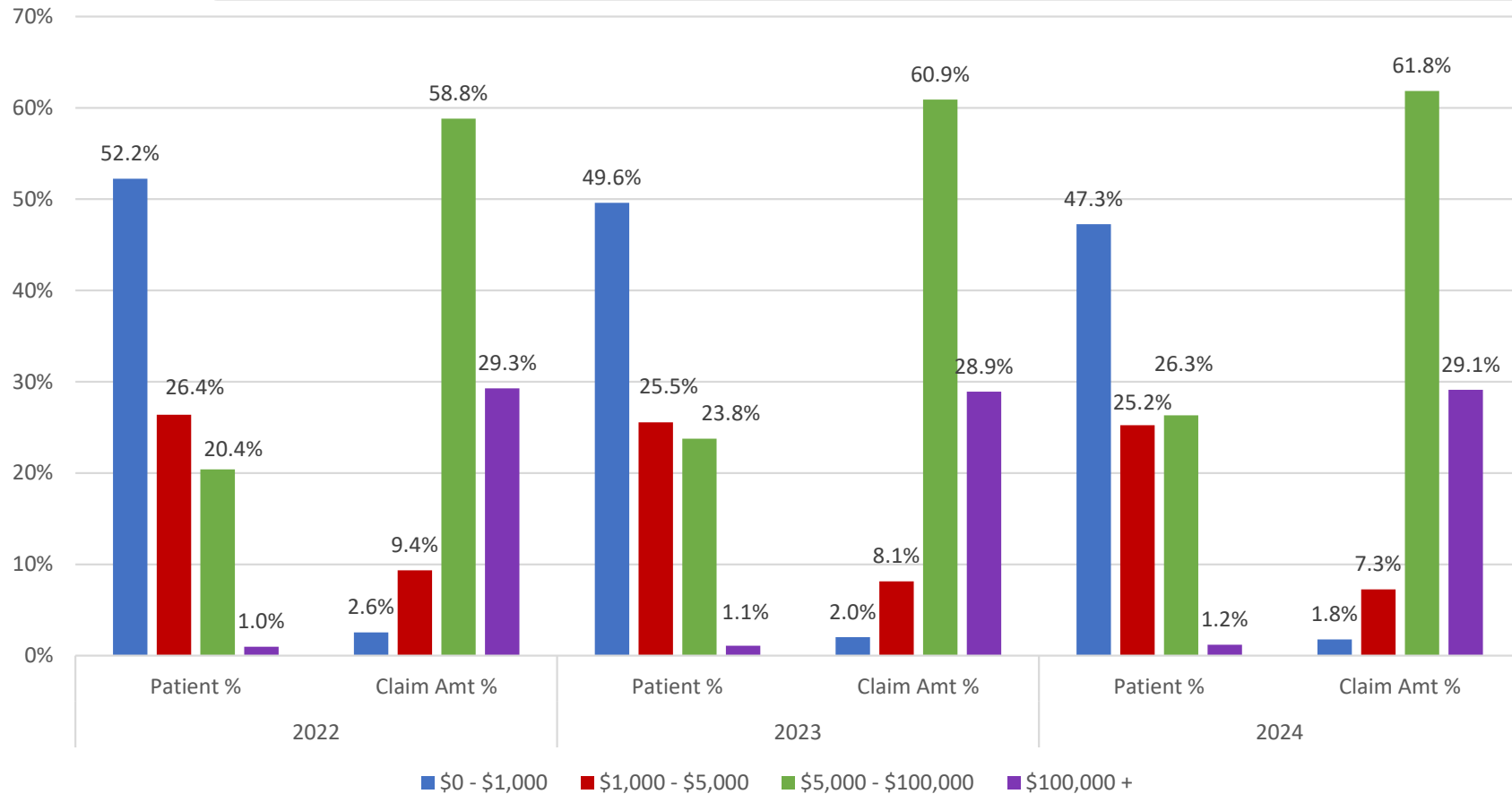
Medical and Pharmacy Paid Costs by Service Type



Source: KEHP enrollment and claims data aggregated by Merative

Paid Claims Distribution by Amount

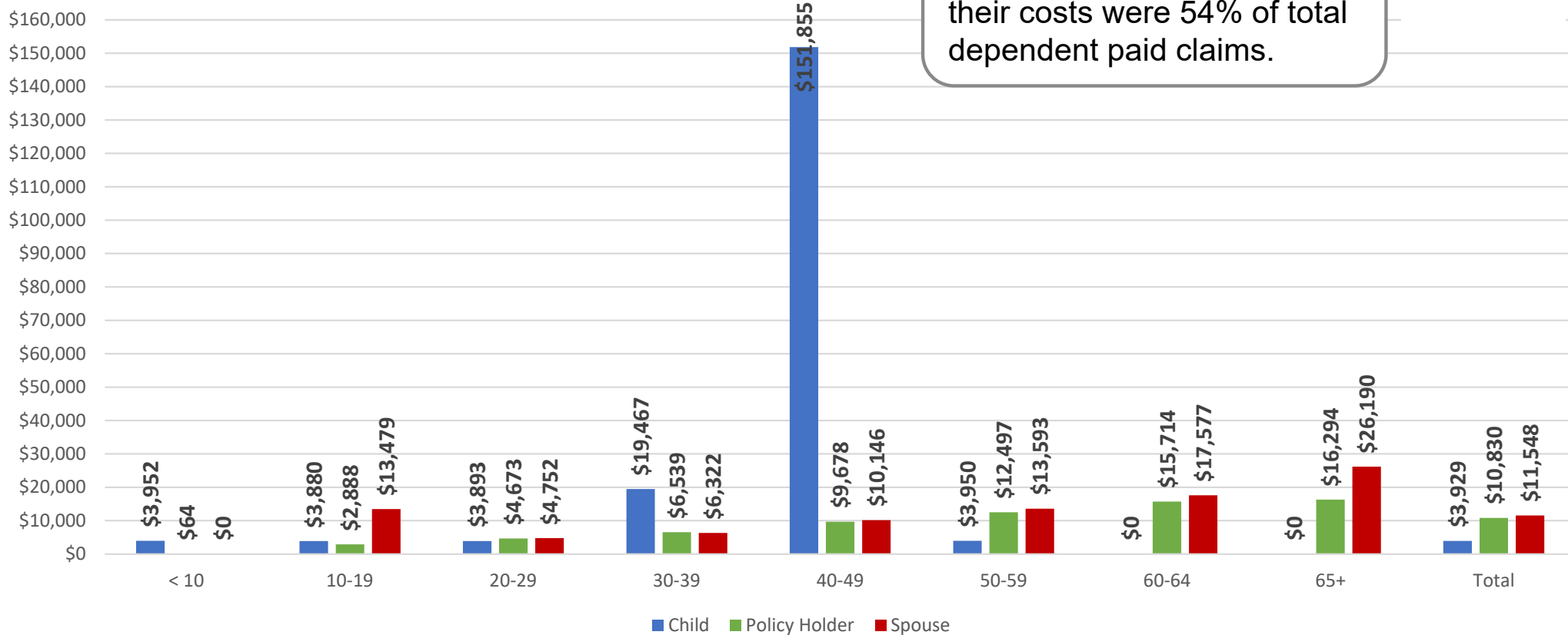
About 47% of members had net paid claims of less than \$1,000 in 2024, whereas 27.5% of claimants account for over 90% of claims costs.



Source: KEHP enrollment and claims data aggregated by Merative

Planholder and Dependent Claims PMPY by Age Band

Spouses were 28% of dependent enrollment, but their costs were 54% of total dependent paid claims.



Source: KEHP enrollment and claims data aggregated by Merative

Inpatient Utilization

Inpatient Hospital Claim Utilization Statistics	2021	2022	2023	2024
Admits Per 1000	58	52	50	48
Days Per 1000 Adm Acute	301	258	246	238
Days LOS Admit	5.21	4.94	4.96	5.00
Net Pay Per Adm Acute	\$25,645	\$25,409	\$26,776	\$29,192
Net Pay Per Epis Admit	\$345.4	\$300.4	\$292.1	\$296.4
Net Pay Per Day Adm Acute	\$4,921	\$5,147	\$5,401	\$5,843
Allow Amt PMPM Adm Acute	\$129.47	\$117.03	\$116.67	\$121.23



Inpatient admissions has been decreasing compared to 2021 while cost per day has been increasing.

Source: KEHP enrollment and claims data aggregated by Merative

Outpatient Utilization

Outpatient Hospital Claim Utilization Statistics	2021	2022	2023	2024
Visits Per 1000 OP Fac Med	1,662	1,540	1,598	1,662
Svcs Per 1000 OP Med	34,626	36,202	37,474	39,428
Visits OP Fac	432,821	397,341	412,283	434,428
Svcs OP	\$9,016,568	\$9,342,829	\$9,666,436	\$10,303,302
Allowed Amount OP Events	\$249,421,486	\$256,132,420	\$276,367,503	\$311,740,115
Allow Amt PMPM OP Events	\$79.82	\$82.71	\$89.28	\$99.41

Outpatient visits have varied year to year, but Allowed Amount for Outpatient Events continues to increase year over year with the average PMPM going up 24.5% from 2021 to 2024.



Source: KEHP enrollment and claims data aggregated by Merative

Professional Services Utilization

Professional Claim Utilization Statistics	2021	2022	2023	2024
Visits Per 1000	6,082	5,869	5,837	5,861
Svcs Per 1000 Med	12,711	12,950	12,821	12,874
Visits Patient	1,583,750	1,514,753	1,505,633	1,531,531
Service Count	3,309,892	3,342,076	3,307,097	3,364,278
Net Payment	\$222,246,026	\$217,481,307	\$222,192,339	\$233,753,424
Allowed Amount	\$299,958,744	\$298,317,023	\$301,846,114	\$313,269,112
Allow Amt PMPM	\$95.99	\$96.33	\$97.51	\$99.90



Professional visits have stayed relatively steady year over year, but the number of services and costs have been increasing steadily.

Source: KEHP enrollment and claims data aggregated by Merative

Utilization by Top 10 Major Diagnostic Category

Major Diagnostic Category	Total Plan Costs			
	2021	2022	2023	2024
Musculoskeletal	\$200,183,972	\$207,047,345	\$217,874,912	\$241,413,782
Circulatory	\$128,266,673	\$128,365,463	\$135,826,036	\$153,868,228
Health Status	\$125,500,311	\$120,835,075	\$124,753,647	\$135,983,625
Digestive	\$98,740,338	\$95,877,307	\$107,143,791	\$115,144,296
Myeloproliferative Diseases	\$85,079,885	\$91,505,877	\$104,020,805	\$103,564,455
Nervous	\$74,112,439	\$73,940,677	\$87,763,459	\$98,585,749
Skin, Breast	\$51,653,561	\$52,033,803	\$57,346,539	\$64,456,077
Respiratory	\$95,811,518	\$69,021,744	\$50,426,606	\$60,042,295
Kidney	\$42,172,082	\$45,204,471	\$49,464,604	\$55,553,586
Ear, Nose, Mouth & Throat	\$38,010,584	\$44,608,114	\$53,082,626	\$55,545,990

More than 76% of claim costs are for treatment of the top 10 MDCs.



Source: KEHP enrollment and claims data aggregated by Merative

Plan Cost by Chronic Conditions

Clinical Condition	2021	2022	2023	2024	2021 - 2024 % Change
Cancer	\$76,102,582	\$73,038,896	\$81,065,206	\$89,161,684	17.16%
Chronic Back/Neck Pain	\$48,440,318	\$53,709,472	\$53,104,202	\$61,214,610	26.37%
Osteoarthritis	\$49,065,092	\$51,732,407	\$53,151,652	\$59,510,135	21.29%
Coronary Artery Disease	\$35,001,357	\$31,627,047	\$34,957,390	\$33,363,253	-4.68%
Diabetes	\$20,482,734	\$19,252,852	\$18,561,903	\$20,197,119	-1.39%
Hypertension, Essential	\$10,637,316	\$12,402,831	\$15,129,933	\$18,871,257	77.41%
Overweight/Obesity	\$13,165,907	\$14,223,217	\$12,150,303	\$10,301,754	-21.75%
Asthma	\$2,761,105	\$3,322,996	\$3,576,094	\$3,745,228	35.64%
Congestive Heart Failure	\$1,599,275	\$2,395,971	\$1,774,136	\$2,609,952	63.20%
Chronic Obstruc Pulm Dis(COPD)	\$1,612,271	\$1,568,999	\$1,733,603	\$1,854,403	15.02%

The total cost of chronic conditions increased by 1.7% in 2022, 4.5% in 2023 and 9.3% in 2024 with an overall increase from 2021 to 2024 16.2%.



Source: KEHP enrollment and claims data aggregated by Merative

Paid Claims by Member Type

Relationship	Combined Plan Cost			
	2021	2022	2023	2024
Planholders	\$1,184,070,254	\$1,202,218,894	\$1,361,709,526	\$1,521,959,919
Spouse	\$307,532,577	\$300,813,103	\$344,159,440	\$391,199,696
Child	\$287,534,969	\$295,753,070	\$310,549,221	\$340,726,650

Relationship	Combined Plan Cost PMPM			
	2021	2022	2023	2024
Planholders	\$711	\$726	\$819	\$902
Spouse	\$745	\$739	\$860	\$962
Child	\$275	\$286	\$301	\$327



Spouses remain the most expensive group to cover. Spouses have been found to be between 1.7% and 6.6% more expensive on a per member per month basis over the last four years.

Source: KEHP enrollment and claims data aggregated by Merative

Paid Claims by Planholder Type

Status	Combined Plan Cost			
	2021	2022	2023	2024
Active Employees	\$1,270,954,954	\$1,282,556,858	\$1,442,592,639	\$1,641,865,002
Retirees	\$508,182,846	\$516,228,209	\$573,825,549	\$612,021,263

Status	Combined Plan Cost PMPM			
	2021	2022	2023	2024
Active Employees	\$505	\$514	\$577	\$641
Retirees	\$836	\$855	\$967	\$1,067

Claims cost PMPM for retirees has averaged 66% higher than active employees over the last four years.



Source: KEHP enrollment and claims data aggregated by Merative

KEHP Pharmacy Benefits Detailed Experience



- Total allowed pharmacy PMPM cost increased by 13.9% from 2023 to 2024 even though the number of scripts only increased by 3.5%.
- KEHP's retail pharmacy generic substitution rate has slowly increased from 98.35% in 2021 to 99.21% in 2024.
- The number of scripts PMPM increased slightly from 1.21 in 2021 to 1.27 in 2024.
- The Net Pay PMPM increased from \$177.49 in 2021 to \$267.19 in 2024.

Aggregate Pharmacy Benefits Costs

	2021	2022	2023	2024
Total Eligible Members	286,425	285,508	285,440	288,097
Total Number of Scripts	4,174,216	4,210,995	4,244,452	4,390,976
Scripts Per Member	14.57	14.75	14.87	15.24
Total Plan Paid	\$554,622,278	\$579,989,438	\$726,100,412	\$837,860,485
Total Member Paid	\$61,017,360	\$63,748,287	\$73,831,084	\$62,836,018
Total Allowed Cost	\$615,639,639	\$664,141,384	\$817,454,827	\$943,560,183
Plan Paid PMPM	\$177.49	\$187.28	\$234.57	\$267.19
Member Paid PMPM	\$17.75	\$18.61	\$21.55	\$18.18
Total Allowed Cost PMPM	\$197.02	\$214.45	\$264.08	\$300.90

The increase in pharmacy claims is driven mostly by the cost per script. While the number of scripts increased slightly every year, the average plan paid per script has increased from \$177 in 2021 to \$267 in 2024.



Source: KEHP enrollment and claims data aggregated by Merative

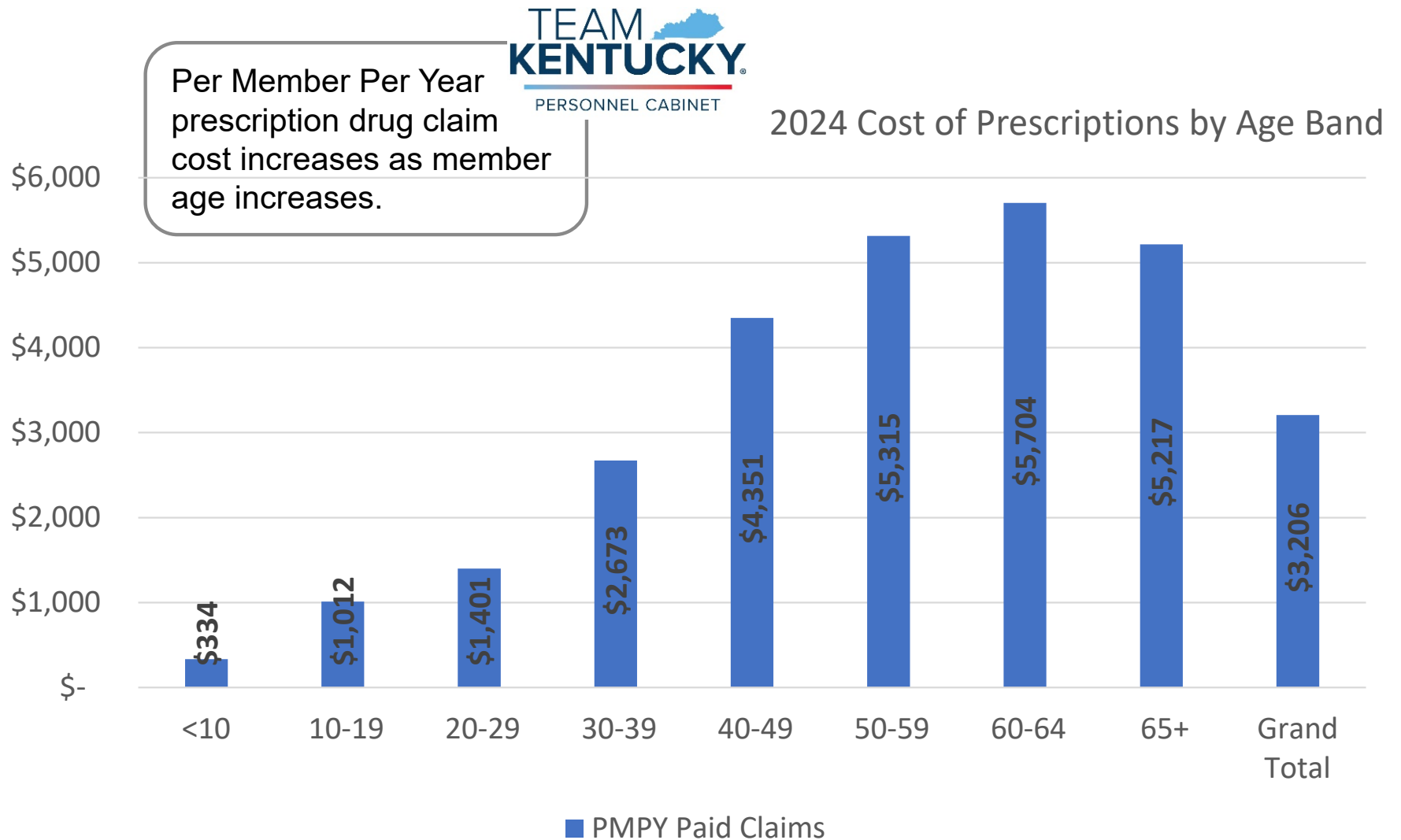
Brand vs Generic Drug Comparison

Measurement		Brand	Generic
2024	Utilization Rate	14%	86%
	Total Scripts Rx	590,601	3,676,874
	Allowed Amount Rx	\$817,643,353.63	\$103,130,288.16
2023	Utilization Rate	13%	87%
	Total Scripts Rx	528,887	3,614,575
	Allowed Amount Rx	\$700,368,414.67	\$96,335,829.80
2022	Utilization Rate	13%	87%
	Total Scripts Rx	509,165	3,537,366
	Allowed Amount Rx	\$549,412,525.03	\$95,280,374.81
2021	Utilization Rate	14%	86%
	Total Scripts Rx	577,602	3,457,312
	Allowed Amount Rx	\$496,047,494.96	\$102,696,432.10

	2024	2023	2022	2021
Scripts Generic Efficiency Rx	99.21%	99.07%	98.25%	98.36%

Source: KEHP enrollment and claims data aggregated by Merative

Cost of Prescriptions by Age Band



Source: KEHP enrollment and claims data aggregated by Merative

Top 10 Drugs for KEHP

Drug	2024 Rank	Total Plan Cost				Number of Scripts			
		2021	2022	2023	2024	2021	2022	2023	2024
WEGOVY	1	\$1,824,036	\$10,191,238	\$70,228,608	\$79,888,235	1,489	8,220	57,490	63,798
OZEMPIC	2	\$14,450,831	\$24,111,798	\$51,285,188	\$63,282,853	13,826	24,145	53,247	63,833
MOUNJARO	3	\$0	\$199,860	\$15,281,558	\$53,457,775	0	204	15,602	51,975
ZEPBOUND PEN	4	\$0	\$0	\$75,640	\$32,849,521	0	0	80	35,619
STELARA	5	\$23,106,340	\$25,319,915	\$27,635,980	\$32,479,662	1,137	1,280	1,270	1,425
SKYRIZI	6	\$7,403,157	\$9,412,981	\$17,632,398	\$28,048,318	451	610	997	1,471
JARDIANCE	7	\$10,033,450	\$12,356,483	\$15,021,855	\$17,175,774	13,017	15,123	17,253	19,004
RINVOQ	8	\$2,173,788	\$3,501,524	\$7,111,126	\$15,216,111	340	548	959	1,843
DUPIXENT PEN	9	\$1,746,199	\$3,207,157	\$7,431,299	\$13,762,751	599	1,224	2,227	3,610
ENBREL	10	\$10,610,030	\$9,951,775	\$10,449,858	\$12,020,790	1,308	1,475	1,359	1,416

Source: KEHP enrollment and claims data aggregated by Merative

Top 10 Therapeutic Classes

Therapeutic Class	Total Plan Cost				Number of Scripts			
	2021	2022	2023	2024	2021	2022	2023	2024
Hormones & Synthetic Subst	\$155,479,760	\$182,287,826	\$278,994,349	\$330,290,721	689,256	712,501	771,529	856,479
Immunosuppressants	\$135,786,291	\$135,778,849	\$168,375,876	\$179,323,560	22,364	23,654	25,846	29,660
Central Nervous System	\$54,157,523	\$54,730,904	\$59,497,267	\$74,903,177	1,038,253	1,035,454	1,045,029	1,068,110
Antineoplastic Agents	\$36,313,166	\$40,146,087	\$40,835,147	\$49,278,853	18,292	18,256	18,942	19,270
Cardiovascular Agents	\$28,305,093	\$25,506,507	\$28,122,977	\$36,433,059	754,374	741,955	734,197	767,443
Misc Therapeutic Agents	\$19,890,687	\$18,263,075	\$17,094,483	\$16,658,801	47,900	47,115	46,579	44,686
Diagnostic Agents	\$3,053,924	\$17,797,678	\$20,465,272	\$22,825,735	37,862	98,169	90,578	78,115
Respiratory Tract Agents	\$17,191,370	\$17,031,566	\$18,786,065	\$22,134,047	87,269	96,158	94,252	97,946
Gastrointestinal Drugs	\$15,524,848	\$14,477,472	\$17,154,191	\$21,631,674	188,287	205,088	203,613	195,708
Blood Form/Coagul Agents	\$14,148,087	\$14,515,213	\$16,463,417	\$17,723,984	37,441	35,461	36,488	38,361

Source: KEHP enrollment and claims data aggregated by Merative

Retail Pharmacy Benchmarked Utilization Statistics

Key Statistic	KEHP		Peer
	2023	2024	2024
Member Cost Percentage	9.4%	7.5%	7.0%
Generic Fill Rate	85.6%	84.9%	84.5%
Generic Substitution Rate	98.8%	99.0%	99.0%
Mail Subscription Rate	1.6%	1.6%	10.3%
Specialty Percentage of Allowed Cost	38.8%	38.58%	47.8%
Specialty Plan Allowed Cost PMPM	\$99.61	\$99.61	\$102.41

In 2024, KEHP's member cost share is 0.5% higher than CVS/caremark's benchmark. KEHP's generic fill rate and generic substitution rate were at or above that of benchmark. KEHP's specialty percentage of allowed cost and specialty allowed cost PMPM were lower than the benchmark.



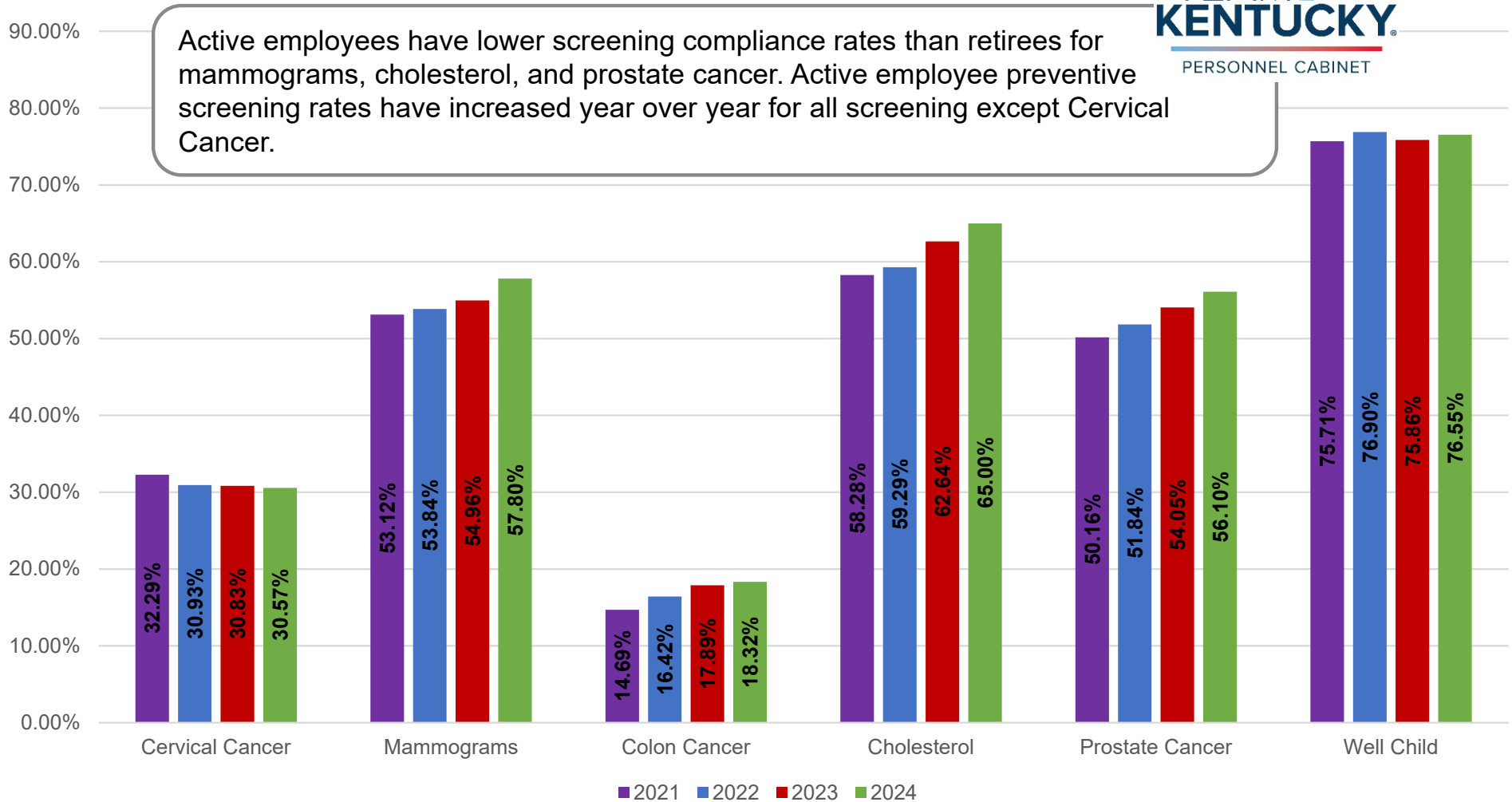
Source: CVS Rx Insights, 2024 Plan Review

Drugs Losing Patent Protection

Year	Drug	2024 Utilization					
		Members	Total Scripts	Plan Cost	Member Cost	Total	
Losing Patent Protection	2025	Xarelto	1,755	8,933	\$7,198,702	\$797,943	\$7,996,645
		Jynarque	16	117	\$2,030,870	\$60,414	\$2,091,284
		Saxenda	444	1,377	\$1,556,851	\$174,773	\$1,731,625
		Tasigna	4	28	\$491,738	\$2,797	\$494,535
		Brilinta	69	367	\$198,173	\$21,387	\$219,559
		All Other	121	692	\$609,009	\$53,409	\$662,418
		Total	2,398	11,514	\$12,085,343	\$1,110,724	\$13,196,066
	2026	Januvia	973	4,746	\$3,754,951	\$237,792	\$3,992,743
		Entresto	784	4,069	\$3,748,398	\$187,275	\$3,935,673
		Xeljanz	85	492	\$3,716,577	\$47,731	\$3,764,308
		Xifaxan	528	980	\$2,512,266	\$205,110	\$2,717,376
		Trintellix	687	3,944	\$2,230,125	\$280,718	\$2,510,844
		All Other	943	5,082	\$12,621,752	\$323,441	\$12,945,193
		Total	3,919	19,313	\$28,584,070	\$1,282,067	\$29,866,137

Source: CVS Rx Insights, 2024 Plan Review

Preventive Care Screening Utilization Active Employees

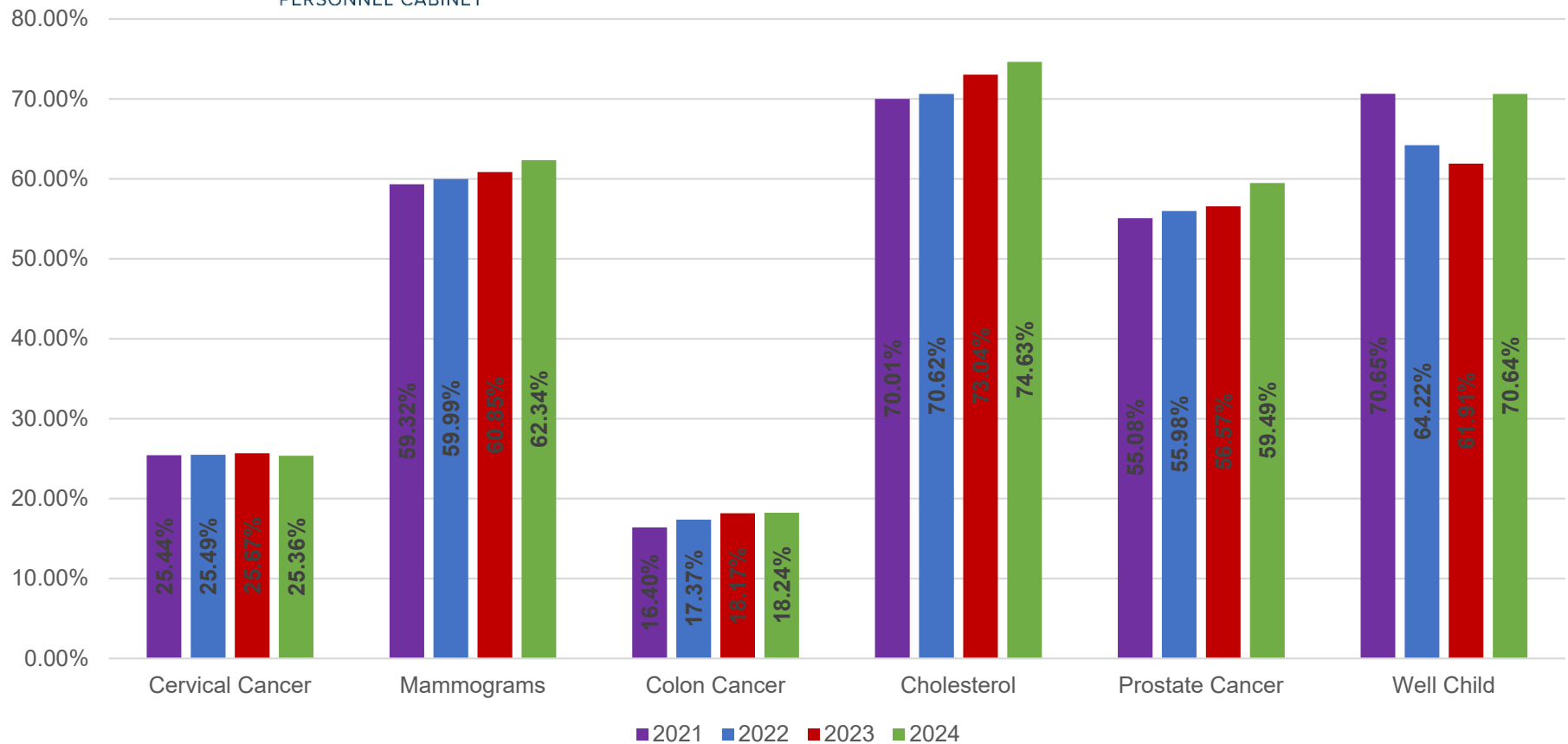


Source: KEHP enrollment and claims data aggregated by Merative

Preventive Care Screening Utilization Early Retirees



Retirees have lower screening compliance rates than active employees for cervical cancer and well-child screenings.



Source: KEHP enrollment and claims data aggregated by Merative

Engagement in Special Outreach Programs

Anthem	2022			2023			2024		
	Referral	Engaged	Rate	Referral	Engaged	Rate	Referral	Engaged	Rate
Case Management	63,095	8,946	14.2%	58,585	7,282	12.4%	91,328	9,654	9.2%
Behavioral Health	805	279	34.7%	864	253	29.3%	1,186	377	31.8%
Future Moms	83	51	61.4%	77	36	46.8%	168	58	34.5%

Sources: Anthem's Annual Case Management, MyHealth Advantage and Plan Integrated Account Reports

HEDIS Measures

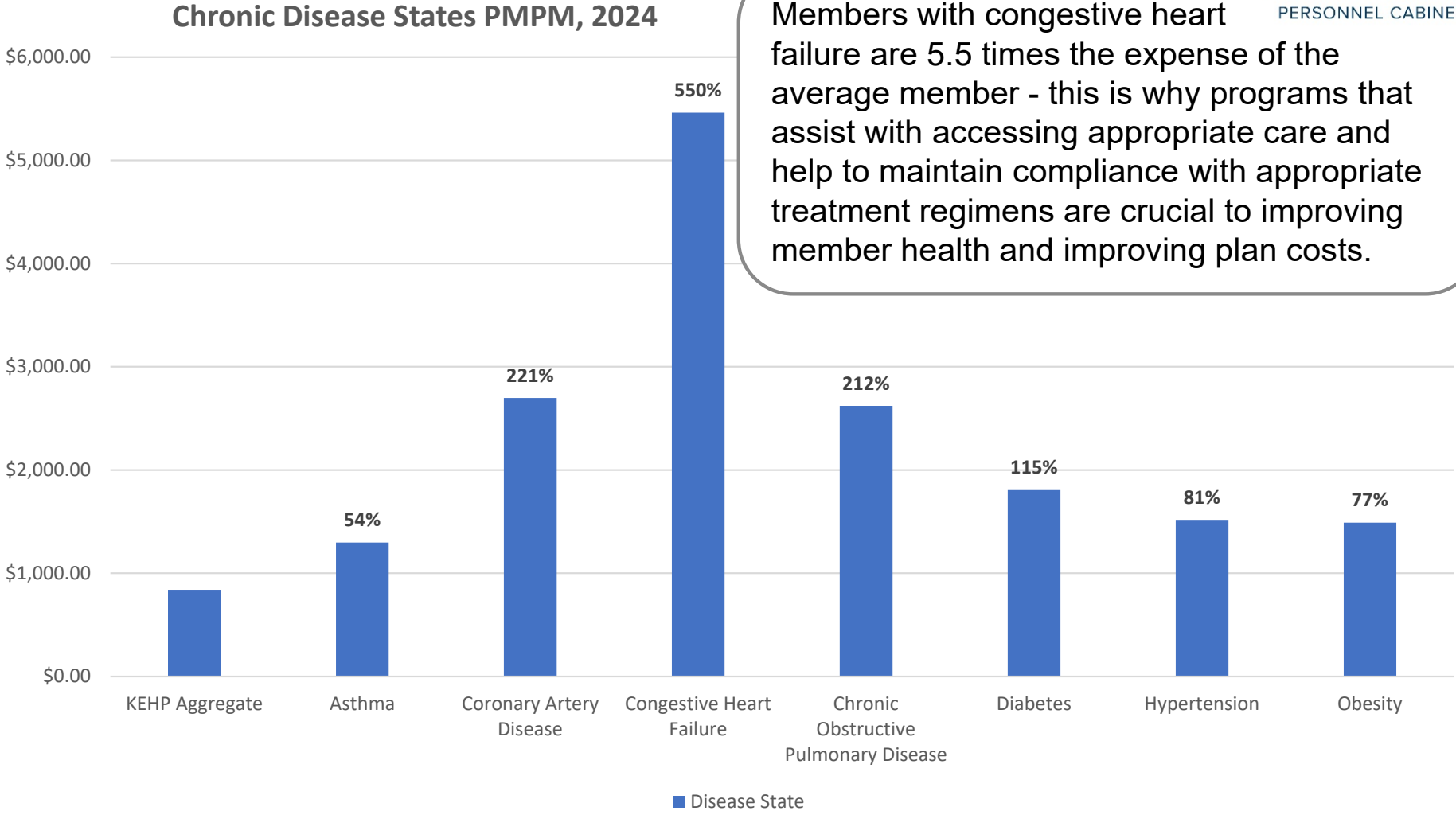
HEDIS Measures	2023	2024
HEDIS AIS Adult Immunization Status Zoster	7%	7%
HEDIS AXR Antibiotic Utilization for Respiratory Cond 1st	40%	43%
HEDIS BCS Breast Cancer Screening	77%	78%
HEDIS CBP Control High Blood Pressure	10%	15%
HEDIS CCS Cervical Cancer Screen	68%	68%
HEDIS CHL Chlamydia Screen	34%	34%
HEDIS COL Colorectal Cancer Screen	52%	59%
HEDIS IMA Human Papillomavirus Vaccine Adolescent	28%	28%

All indicators improved from 2023 to 2024 aside from HEDIS AIS Adult Immunization Status Zoster which remained level at 7%.



Source: KEHP enrollment and claims data aggregated by Merative

Chronic Disease States PMPM



Members with congestive heart failure are 5.5 times the expense of the average member - this is why programs that assist with accessing appropriate care and help to maintain compliance with appropriate treatment regimens are crucial to improving member health and improving plan costs.

Source: KEHP enrollment and claims data aggregated by Merative

Comparison of Selected Population Health Statistics for the Commonwealth

	KY	US	Year
Life Expectancy	72.3	76.4	2020
Flu Vaccination Rate	45.10%	47.20%	2023-2024
Influenza Deaths Per 100,000	1.1	1	2023
Pneumonia Deaths Per 100,000	12.2	9.9	
Adults Reporting Mental Illness in the Past Year	25.20%	23.00%	2022-2023
Adults Reporting Serious Mental Illness in the Past Year	7.80%	5.80%	
Teens Ages 12-17 Reporting a Major Depressive Episode in the Past Year	20.50%	18.80%	
Adults 18+ Reporting a Major Depressive Episode in the Past Year	11.00%	8.60%	
Individuals Reporting Alcohol Use Disorder in the Past Year, Teens Ages 12-17	2.90%	2.90%	
Individuals Reporting Alcohol Use Disorder in the Past Year, Adults Ages 18+	10.70%	11.10%	
Past Year Opioid Use Disorder	3.30%	2.20%	
Drug Overdose Death Rate (per 100,000 population),	48	31.3	2023
Opioid Overdose Death Rate (Age-Adjusted) per 100,000 population	38.1	24	
Primary Care Percent of Need Met	41.00%	47.00%	2024
Dental Care Percent of Need Met	13.90%	32.40%	
Mental Health Care Percent of Need Met	28.30%	26.80%	

The population statistics suggest that Kentucky residents have a less healthy lifestyle than the U.S. as a whole and can expect both a higher prevalence of health issues and a lower life expectancy.

*Red shading = KY experience is poorer than the U.S.

Source: Kaiser Family Foundation, www.kff.org/statedata/



KEHP Benchmarked Results



- KEHP's cost per planholder per year compares favorably to the Public Sector.
- KEHP's risk score is 142 in 2024.
- KEHP has a higher prevalence of chronic illness than both the Public Sector and Private Sector populations.
- KEHP with Coronary Artery Disorder (CAD) or Obesity were more likely to be admitted than Public and Private Sector members with those conditions.
- Across the two inpatient quality metrics, Avoidable Admissions per 1000, and Patient Complications per 1000, KEHP compared unfavorably to the Public Sector and Private Sector
- KEHP compared favorably to both the Public and Private Sector when comparing the readmission rate

Key Demographic Benchmarks

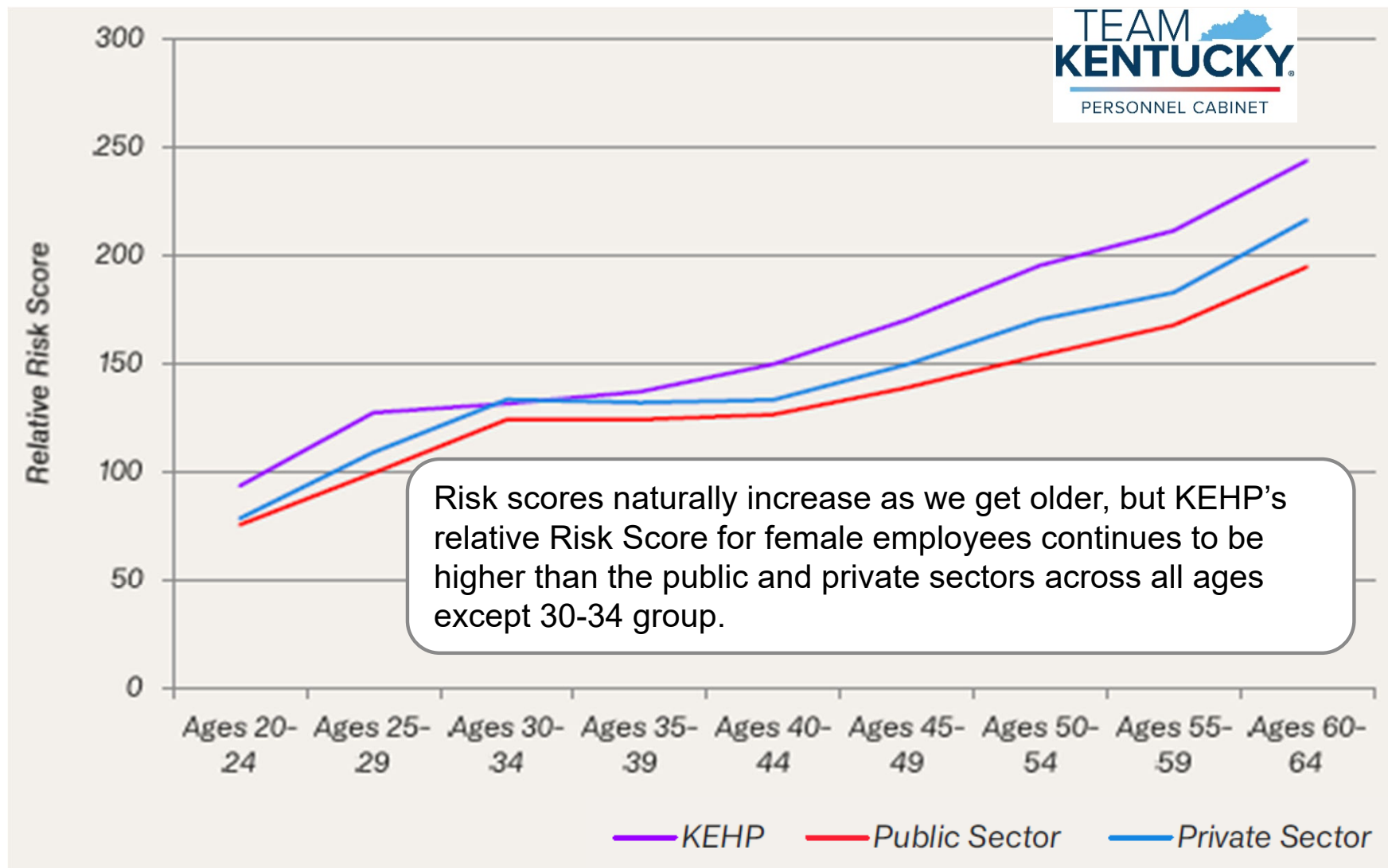
	KEHP	Public Sector	Private Sector
Average Member Age	36.6	35.8	33.7
Average Family Size	1.9	2.0	2.1
Member % Female	57%	55%	51%

KEHP's population is about the same age as the Public Sector and older than the Private Sector. Family sizes are similar across all three groups. KEHP has a higher percentage of women compared to both the Public and Private sectors.



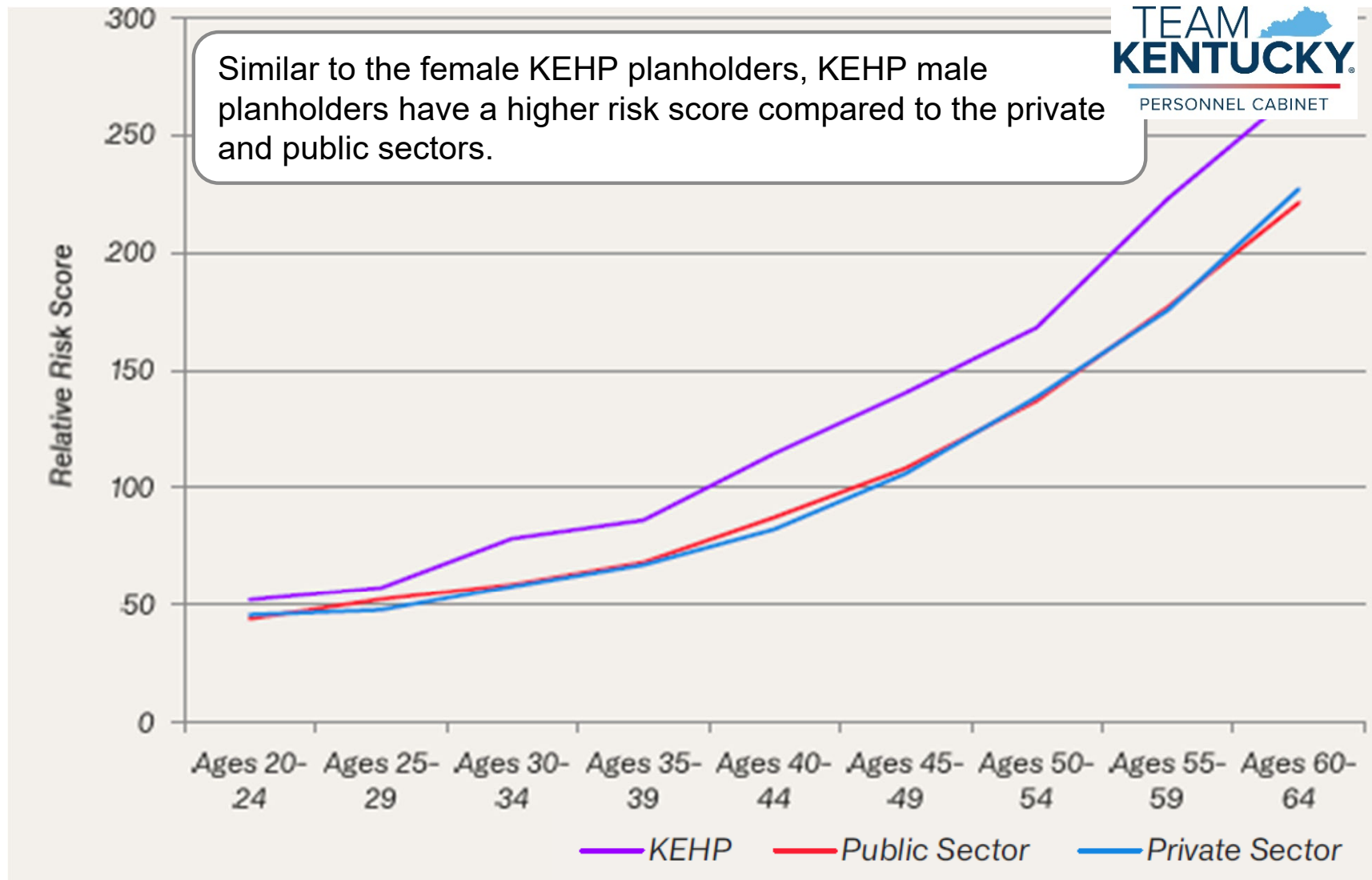
Source: Merative Benchmark Report

Risk by Age, Female Cohort



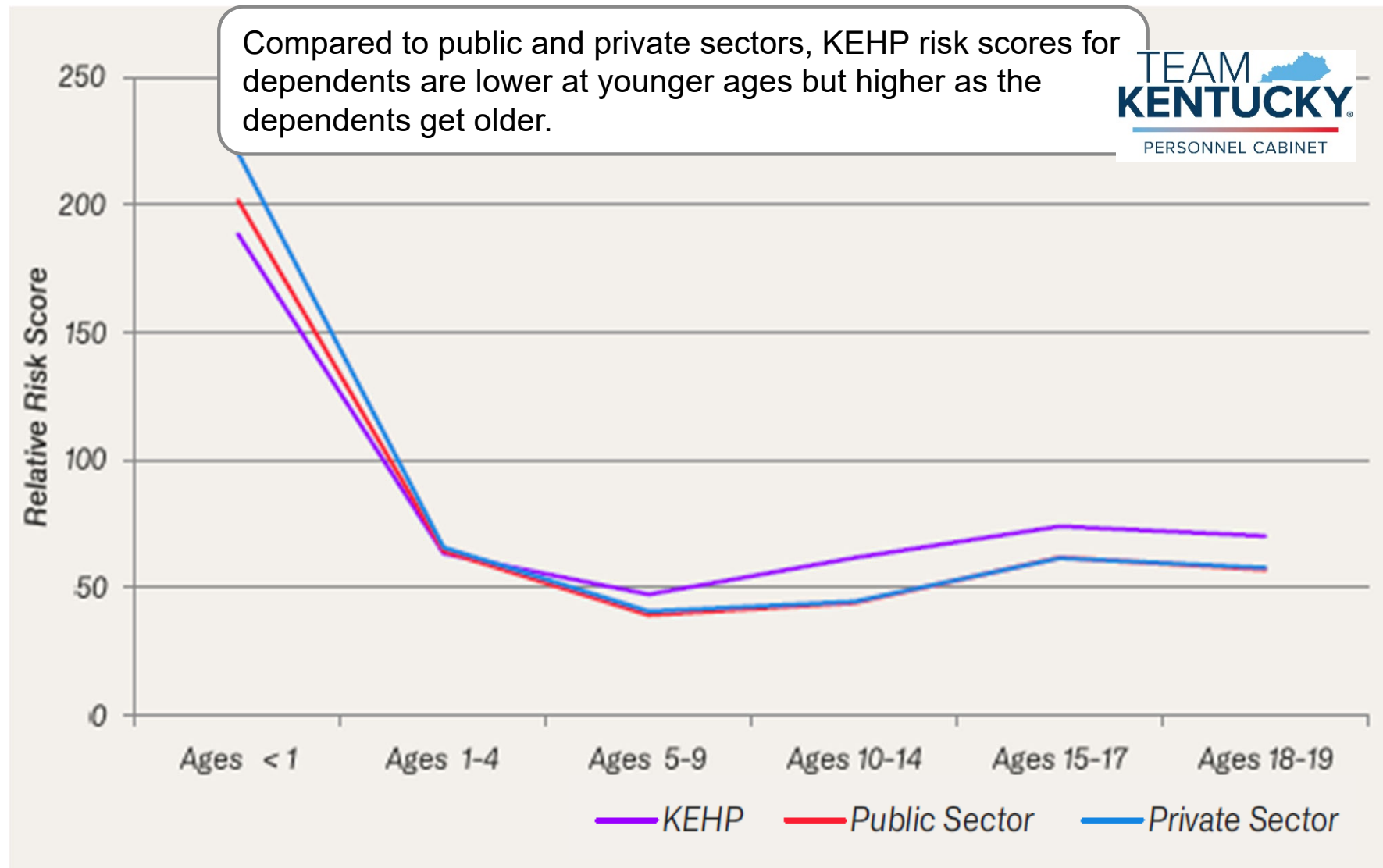
Source: Merative Benchmark Report

Risk by Age, Male Cohort



Source: Merative Benchmark Report

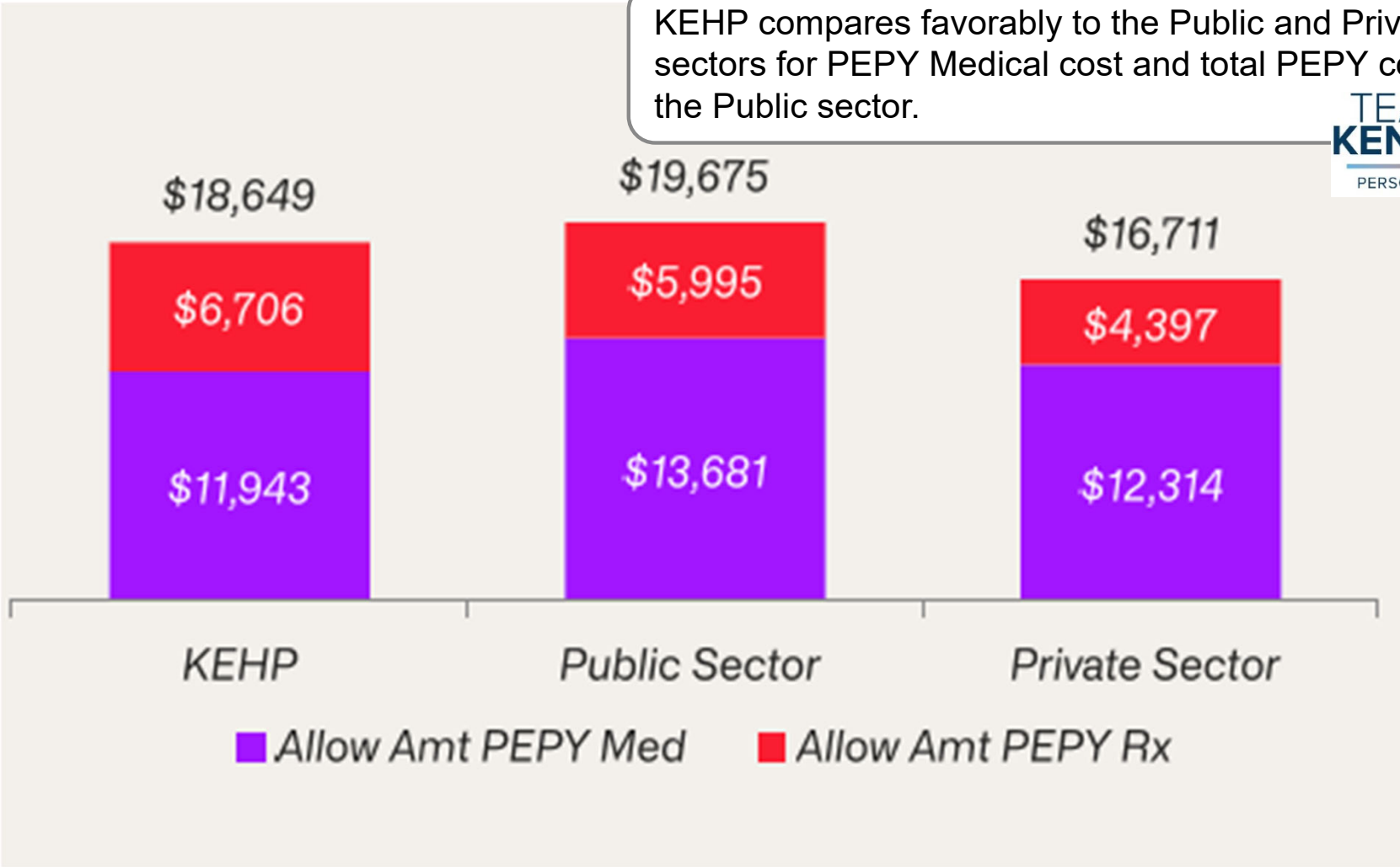
Risk by Age, Children & Other Dependents



Source: Merative Benchmark Report

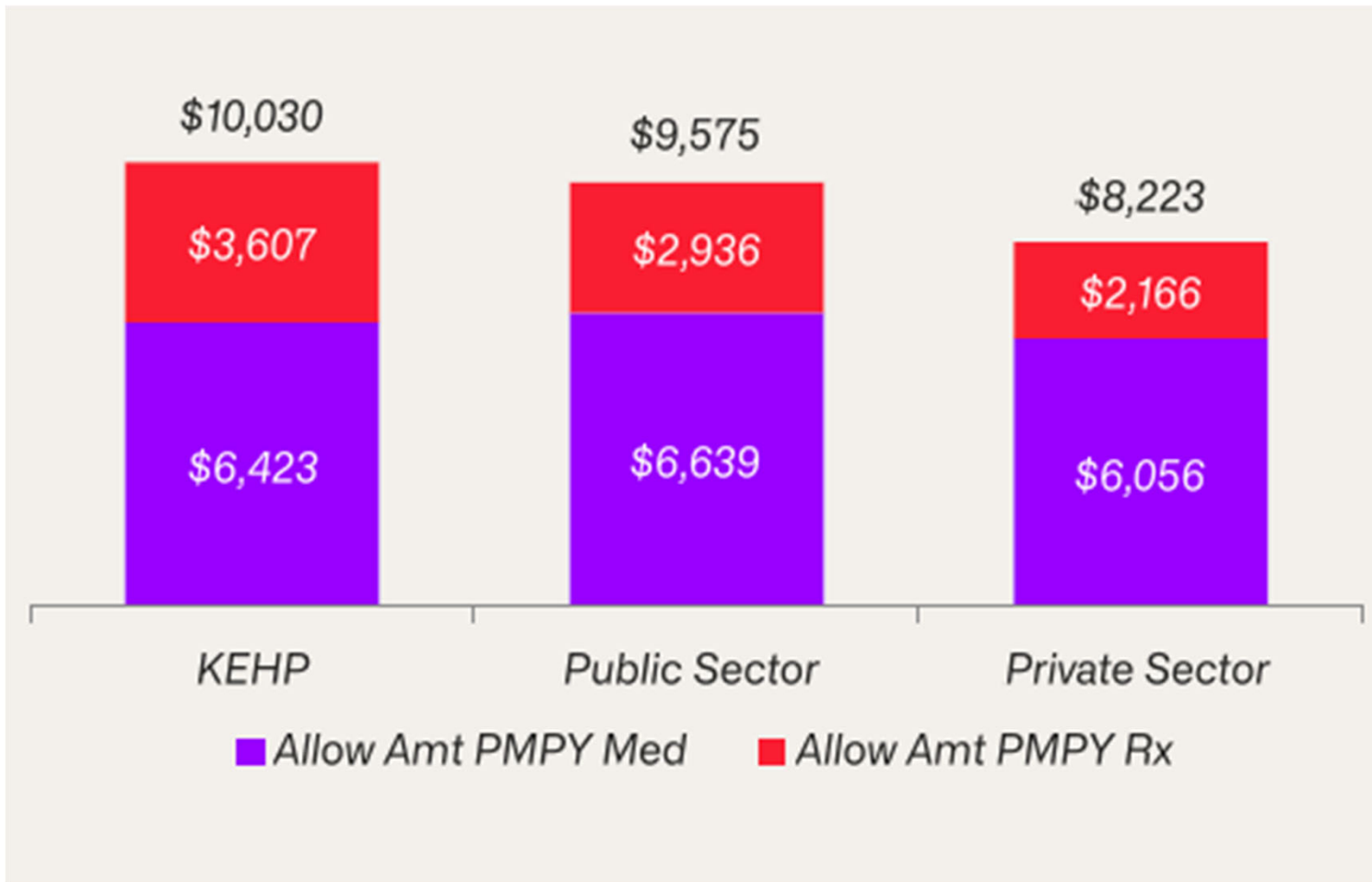
KEHP Cost PEPY Compared to Public and Private Sectors

KEHP compares favorably to the Public and Private sectors for PEPY Medical cost and total PEPY costs for the Public sector.



Source: Merative Benchmark Report

KEHP Cost PMPY Compared to Public and Private Sectors – Dependents and Spouses Included



KEHP is 5% higher than the Public Sector and 22% higher than the Private Sector, on a PMPY basis for medical and drug cost combined cost.

KEHP has a PMPY pharmacy cost that is 66% higher than the Private Sector and 23% higher than the Public Sector.

Source: Merative Benchmark Report

Disease Prevalence Active Employees

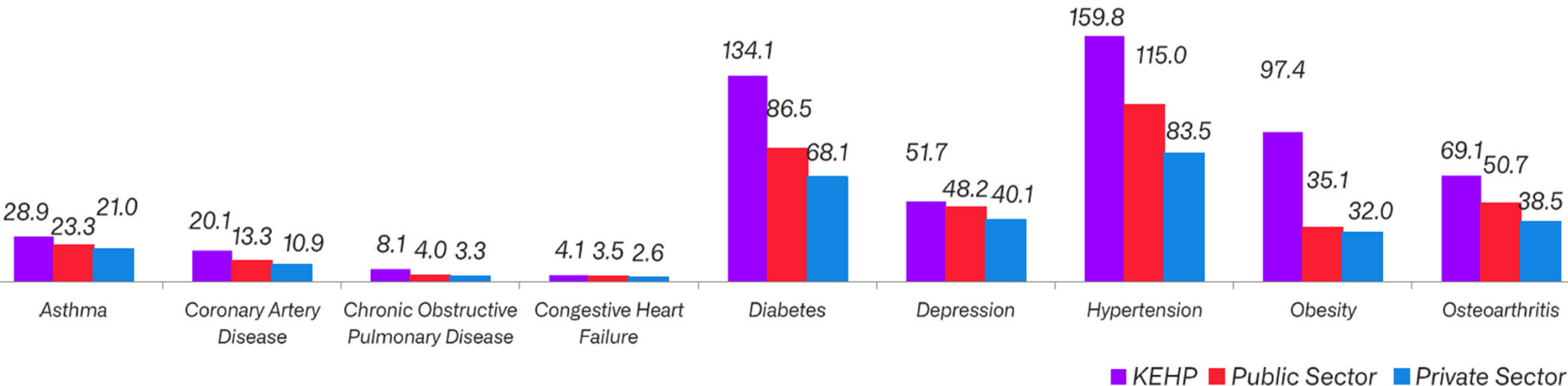
Disease Prevalence (% of Patients)	KEHP	Public Sector Employees	Difference (Pct Points)	Private Sector Employees	Difference (Pct Points)
Asthma	2.65%	1.83%	0.82	2.08%	0.57
Coronary Artery Disorder	2.31%	1.40%	0.91	1.66%	0.65
Chronic Obstructive Pulmonary Disease	0.88%	0.41%	0.48	0.48%	0.40
Congestive Heart Failure	0.46%	0.33%	0.13	0.44%	0.02
Diabetes	16.28%	8.64%	7.65	10.72%	5.57
Depression	5.96%	4.60%	1.37	5.43%	0.53
Hypertension	19.42%	10.70%	8.72	14.37%	5.05
Low Back Disorder	14.07%	7.77%	6.30	9.69%	4.38
Obesity	9.75%	3.20%	6.55	3.51%	6.24
Osteoarthritis	8.34%	4.92%	3.42	6.32%	2.02
Anxiety Disorder	11.22%	7.81%	3.40	6.26%	4.96
Bipolar Disorder	0.95%	0.90%	0.05	0.72%	0.23
HIV Infection	0.11%	0.24%	-0.13	0.25%	-0.14
Rheumatoid Arthritis	1.11%	0.79%	0.32	0.67%	0.44

KEHP members have higher incidences in almost all major disease categories than the benchmarks



Source: Merative Benchmark Report

Chronic Condition Prevalence Per 1,000 Members



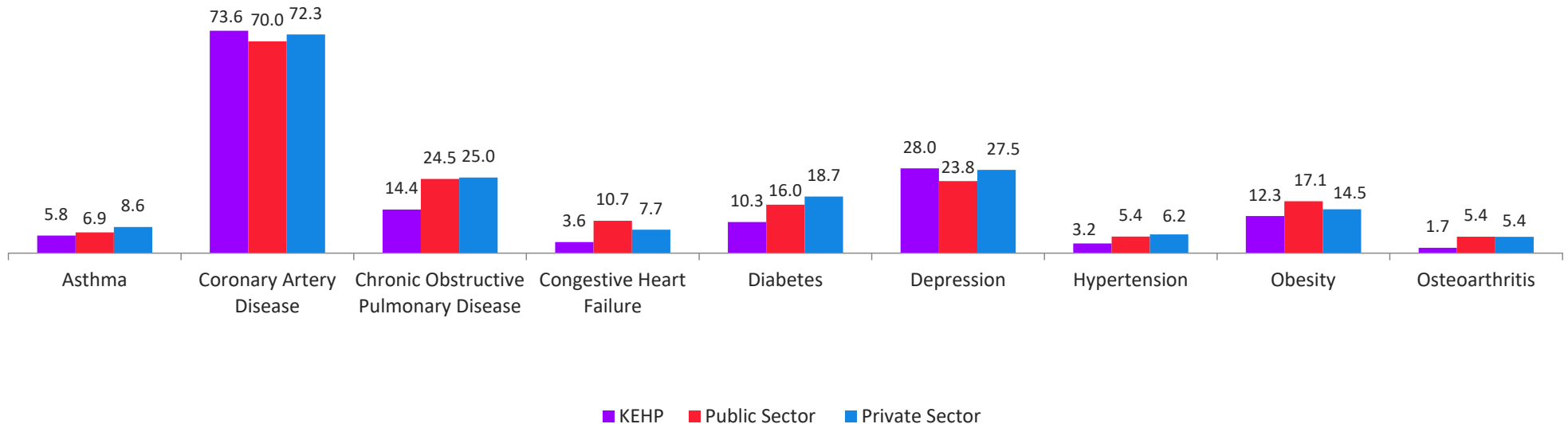
KEHP has a higher prevalence per 1,000 Members of chronic conditions than both the public and private sectors.



Source: Merative Benchmark Report

Admissions for Chronic Condition Patients Per 1,000 Members With Condition

Admissions for Chronic Condition Patients (Admits Per 1000 Members - Condition Specific Admission)

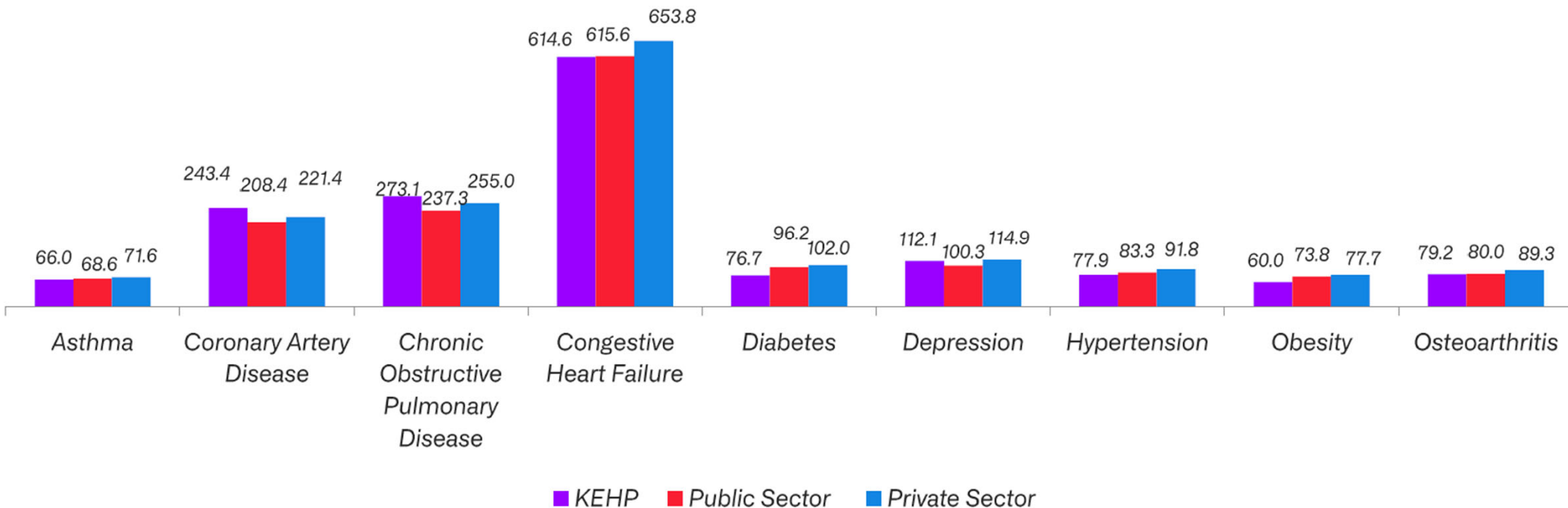


KEHP members with Coronary Artery Disease or Depression were more likely to be admitted than Public and Private Sector members
 Overall, KEHP was less likely to be admitted than the Private Sector

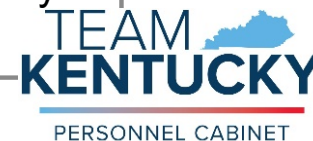


Source: Merative Benchmark Report

Admissions for Chronic Condition Per 1,000 Members

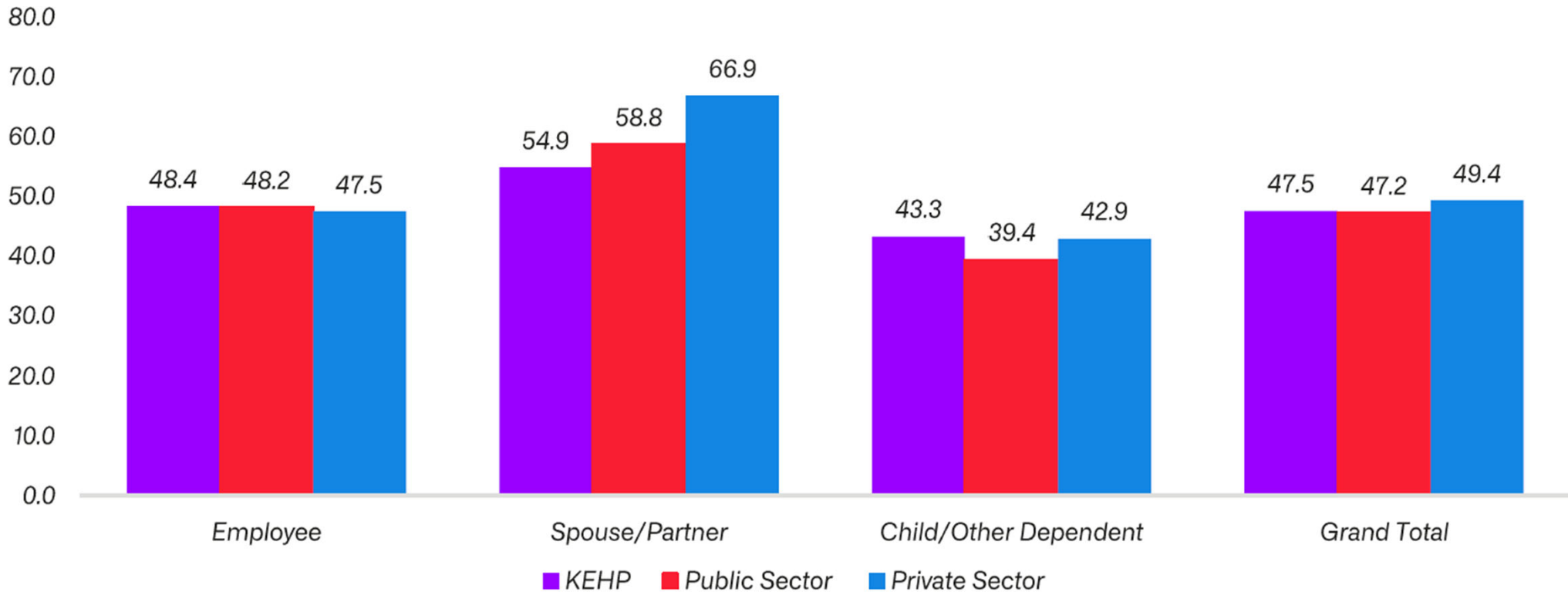


KEHP members with chronic conditions have higher admission rates than both the private and public sectors for only Coronary Artery Disease and COPD.



Source: Merative Benchmark Report

Admissions Per 1,000 Members by Relationship

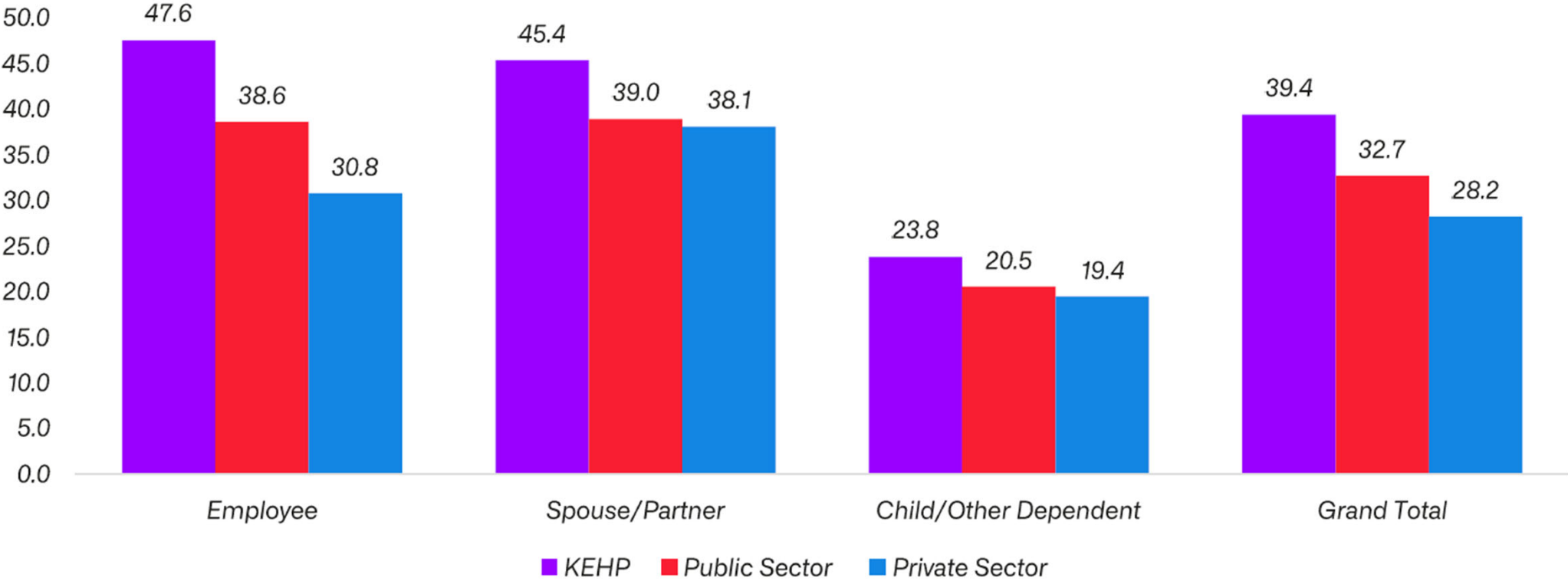


KEHP planholders had a higher admission rate than the public sector and the private sector. KEHP had the lowest admission rate for spouse when compared to the public and private sectors.



Source: Merative Benchmark Report

Outpatient Services Per Member by Relationship

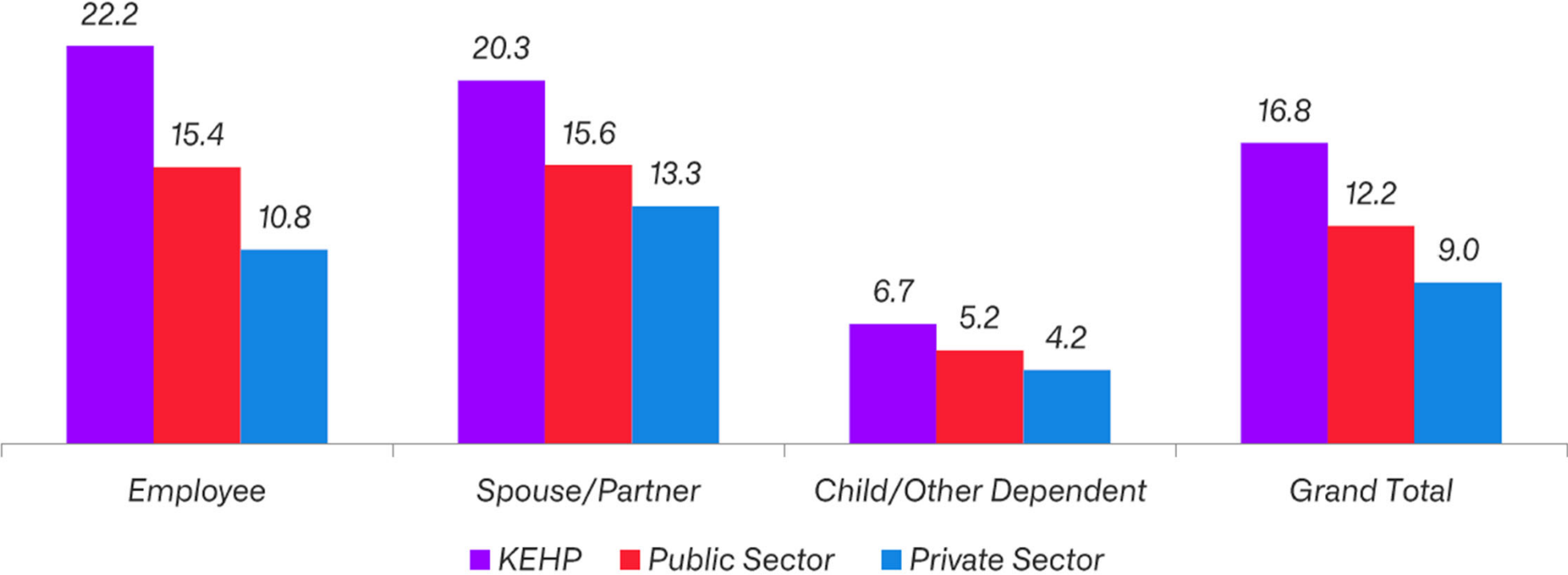


KEHP members have higher outpatient service usage rates than both the private and public sectors.



Source: Merative Benchmark Report

Scripts Per Member by Relationship

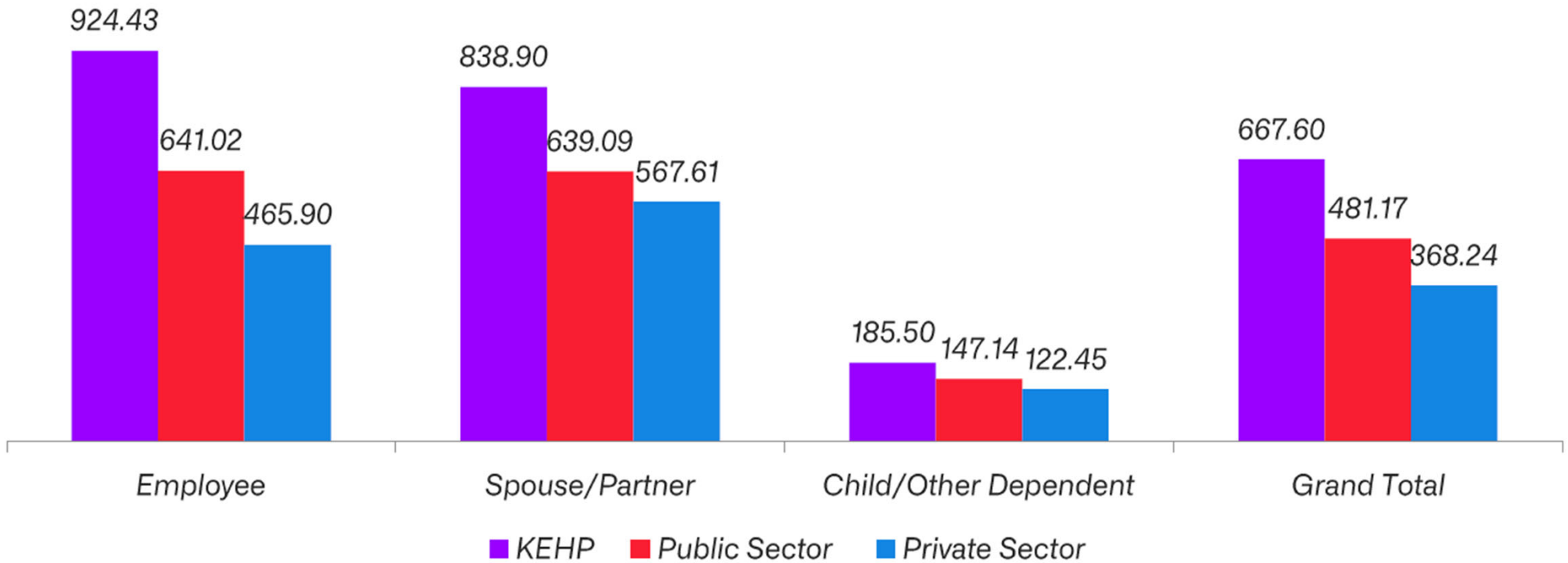


KEHP members have more prescriptions by relationships than both the public and private sectors.



Source: Merative Benchmark Report

Days Supply PMPY by Relationship



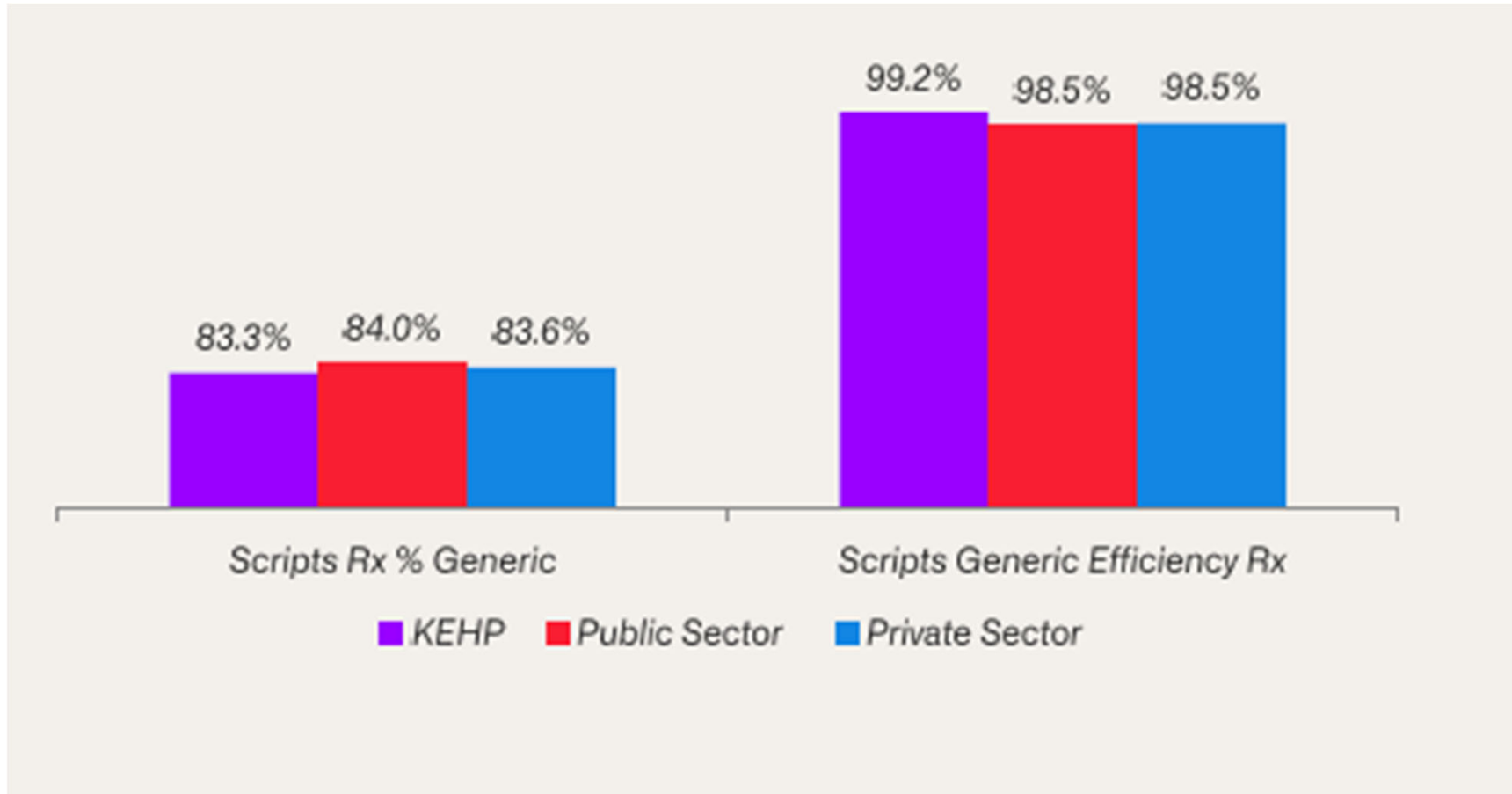
KEHP members have a higher days supply (total number of days for which a prescription is filled) compared to both the public and private sector.



Source: Merative Benchmark Report

Generic Versus Brand Scripts

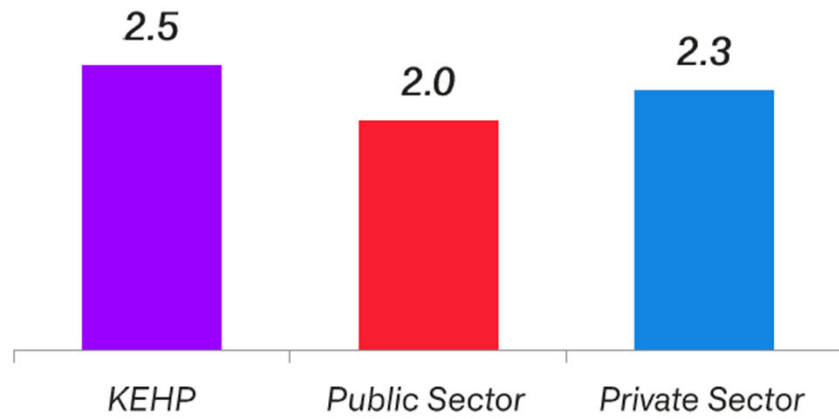
KEHP has similar generic dispensing rate and highest drug efficiency rate, versus both the public and private sectors.



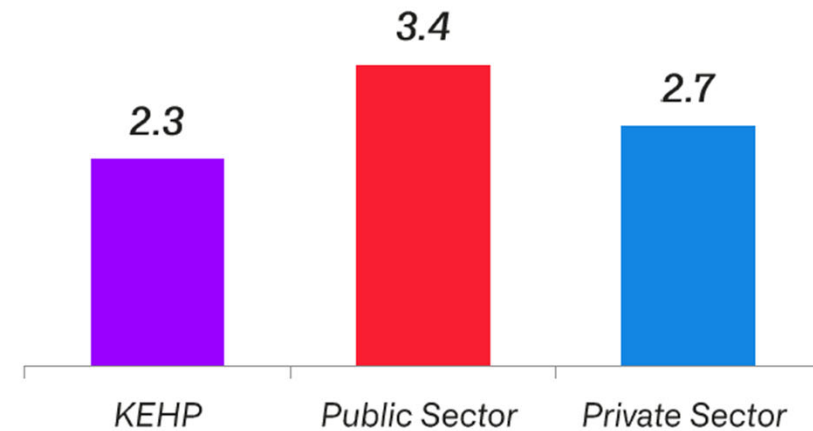
Source: Merative Benchmark Report

Inpatient Quality Metrics by Sector Per 1,000 Patients

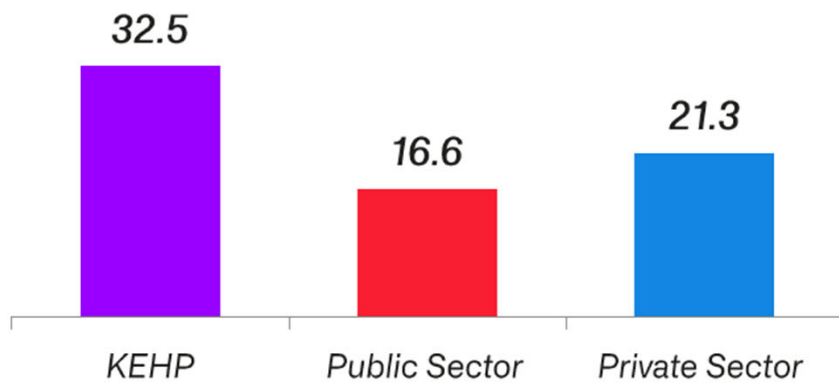
Avoidable Admissions Per 1000



Readmissions Per 1000



Patient Complications Per 1000



Avoidable Admits - The average number of acute admissions for conditions that generally would not result in an inpatient admission if appropriate prior treatment occurred. The conditions included are angina without procedure, asthma, bacterial pneumonia, CHF, COPD, dehydration, diabetes, hypertension, low birth weight, pediatric gastroenteritis, perforated appendix, and urinary tract infection. Source: AHRQ Prevention Quality Indicators, v2023, August 2023

Readmissions - The average number of acute admissions that occurred within 15 days of a previous acute care admission for the same patient, regardless of the diagnosis

Patient Complications - Unique count of members who received facility or professional services provided under medical coverage that were reported on a claim with a principal or secondary diagnosis denoting a complication of care resulting from a healthcare intervention. Complications of previous treatment are based on ICD-10 complication of surgical and medical care diagnosis codes

Source: Merative Benchmark Report

Board Recommendations



Kentucky Group Health Insurance Board (KGHIB) Recommendations



- The KGHIB was created in 2000 by SB 200 and its mission is described in KRS 18A.226.
- The Board's overall mandate is to provide quality, affordable health insurance coverage so that the Commonwealth can attract and retain able and dedicated public employees.
- The board seeks to facilitate comprehensive and efficient planning, implementation, and administration of the Commonwealth of Kentucky's public employee health insurance program.
- KEHP's success in meeting the KGHIB's recommendations are highlighted in the section that follows.

Board Recommendations for Plan Years 2023–2025

- Provide state-of-the-art benefits while maintaining reasonable premiums
- Offer benefits that meet the needs of a diverse workforce
- Improve member health and wellbeing
- Provide the tools to manage chronic disease conditions
- Implement actuarial recommendation to establish plan reserves
- Increase member engagement in health and wellness programs
- Educate and drive members to high-quality, cost-effective care
- Help members understand KEHP programs and tools available

Provide State-of-the-Art Benefits While Maintaining Reasonable Premiums

Telehealth



- KEHP provides telehealth services through LiveHealth Online, to our members in order to provide:
 - More appropriate site of care
 - Convenience
 - Enhanced access to care
 - Reduced member and plan costs
- KEHP will also reimburse providers for telehealth services. Member cost share will apply other than through LiveHealth Online.

Provide State-of-the-Art Benefits While Maintaining Reasonable Premiums



LiveHealth Online

Doctor's care at the speed of life.

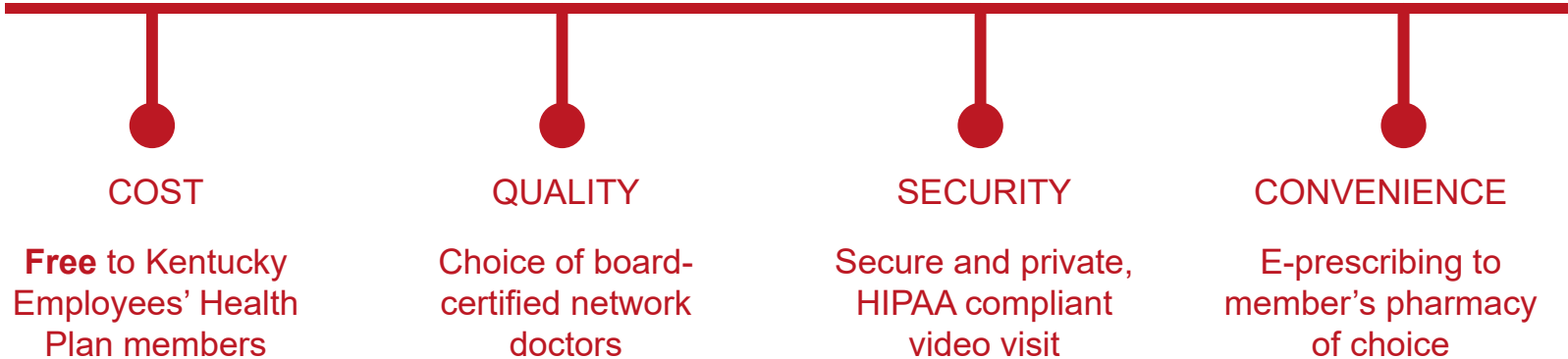
MEDICAL

LiveHealth Online

BEHAVIORAL HEALTH

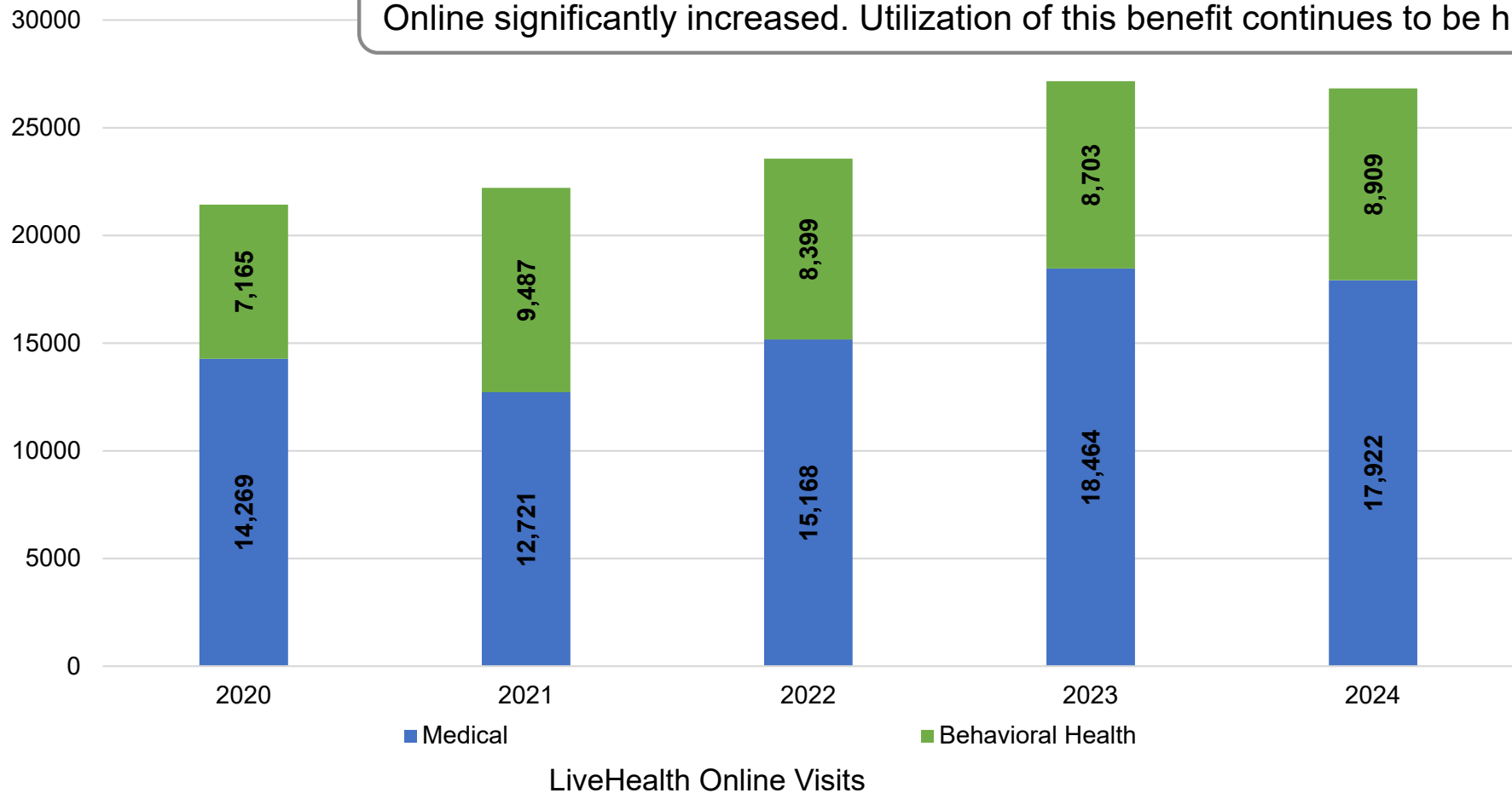
Provide State-of-the-Art Benefits While Maintaining Reasonable Premiums

LiveHealth Online Medical



Provide State-of-the-Art Benefits While Maintaining Reasonable Premiums

During the Covid-19 pandemic, utilization of LiveHealth Online significantly increased. Utilization of this benefit continues to be high.



Source: Anthem 2022 LHO Utilization Report to KEHP

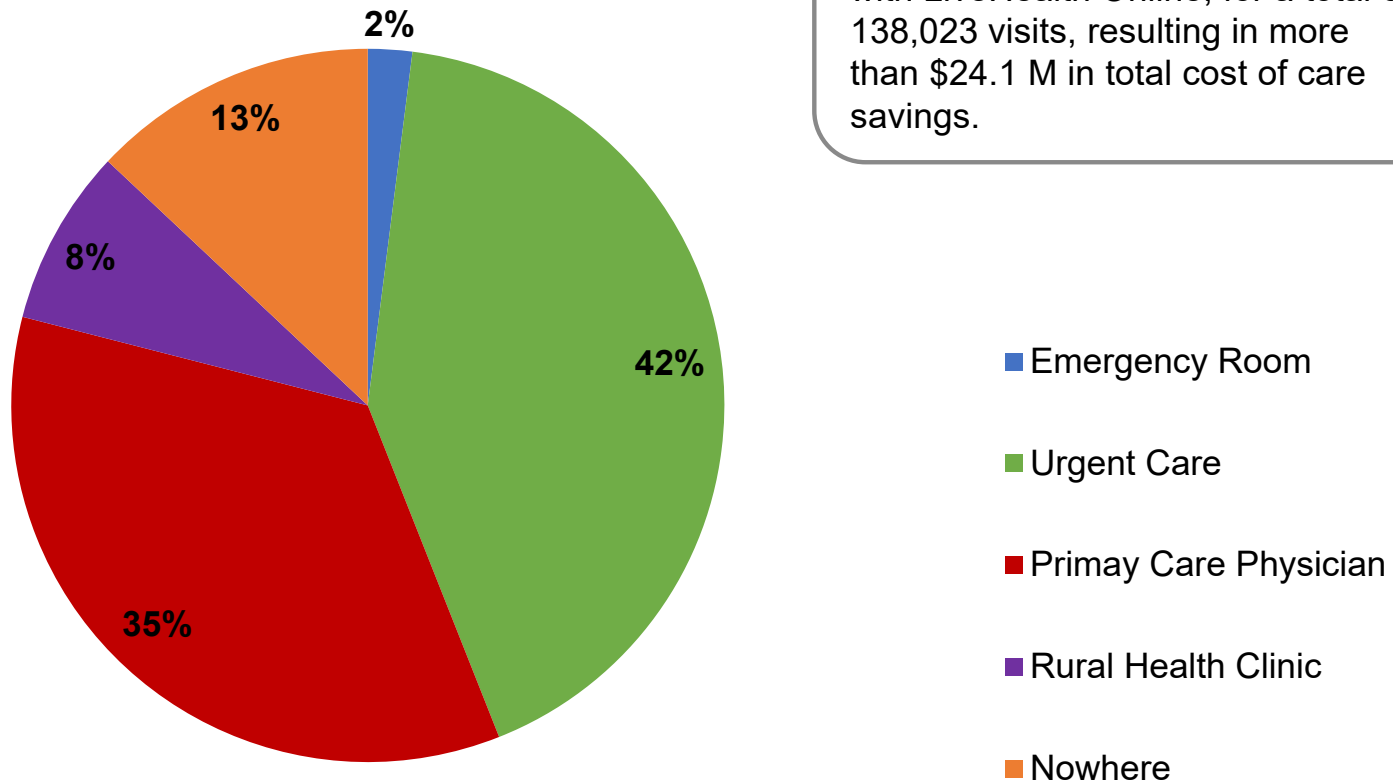
Provide State-of-the-Art Benefits While Maintaining Reasonable Premiums



Measurable Cost Savings

Patients reported they would have used the following, if not for LiveHealth Online:

Since its adoption in June of 2015, 54,525 KEHP Members registered with LiveHealth Online, for a total of 138,023 visits, resulting in more than \$24.1 M in total cost of care savings.



Source: Anthem LHO Utilization Report to KEHP

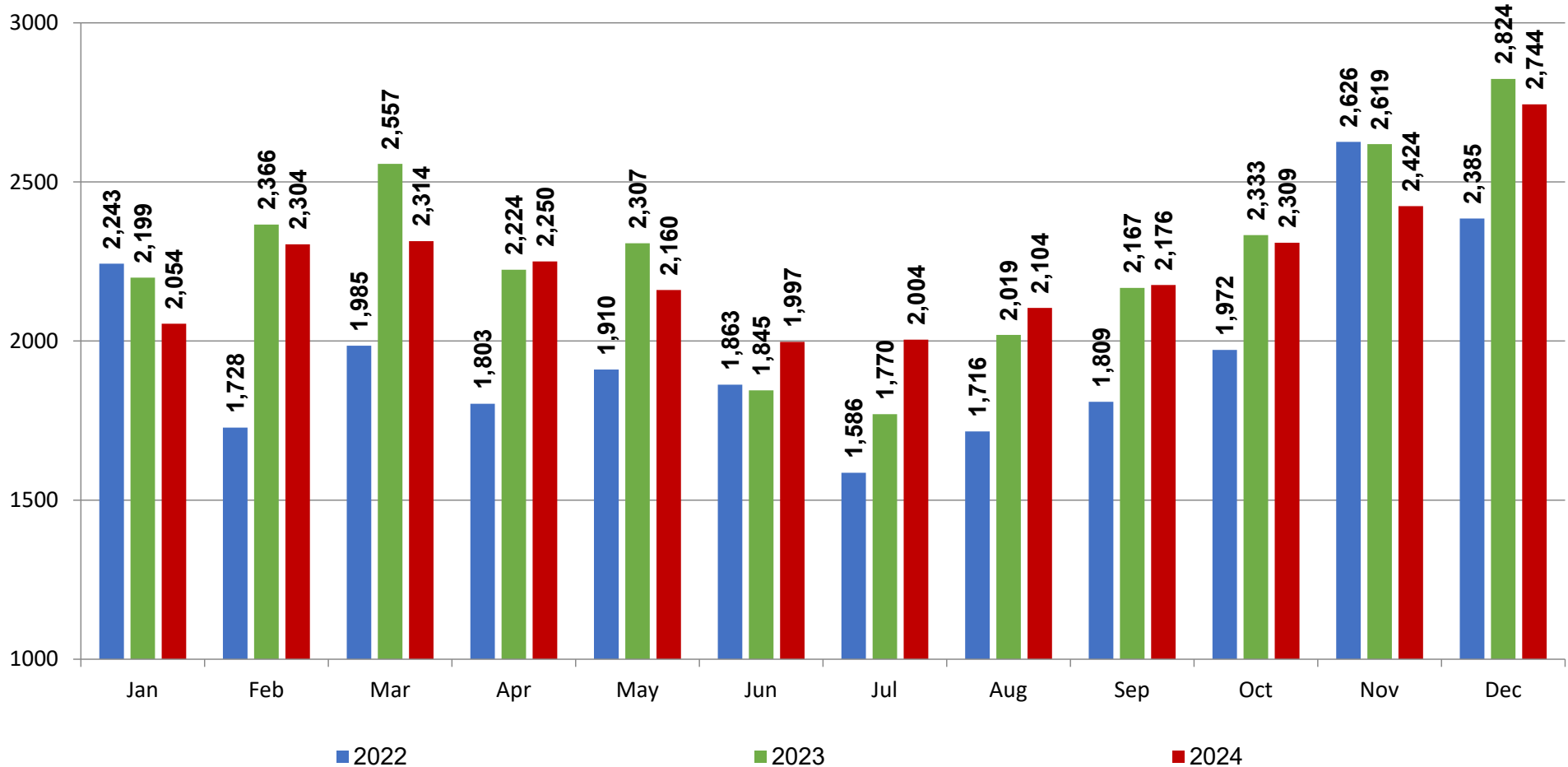
Provide State-of-the-Art Benefits While Maintaining Reasonable Premiums

LiveHealth Online Behavioral Health



Provide State-of-the-Art Benefits While Maintaining Reasonable Premiums

LiveHealth Online Visits



Source: Anthem 2022 LHO Utilization Report to KEHP

Provide State-of-the-Art Benefits While Maintaining Reasonable Premiums

RethinkCare

- RethinkCare is a **free** benefit to support those caring for children and teenagers with learning, social or behavioral challenges, or behavioral or developmental disabilities, including autism.
- RethinkCare offers an unlimited use of the website filled with step-by-step videos, resources, digital training, tips, articles, and exercises developed to help families raise more resilient children.
- Offers free 24/7 virtual consultations with a behavior expert.
- RethinkCare offers exclusive content developed to assist a child with socialization, social and emotional learning, academics, and more.
- Helps parents collaborate with school and other caregivers.

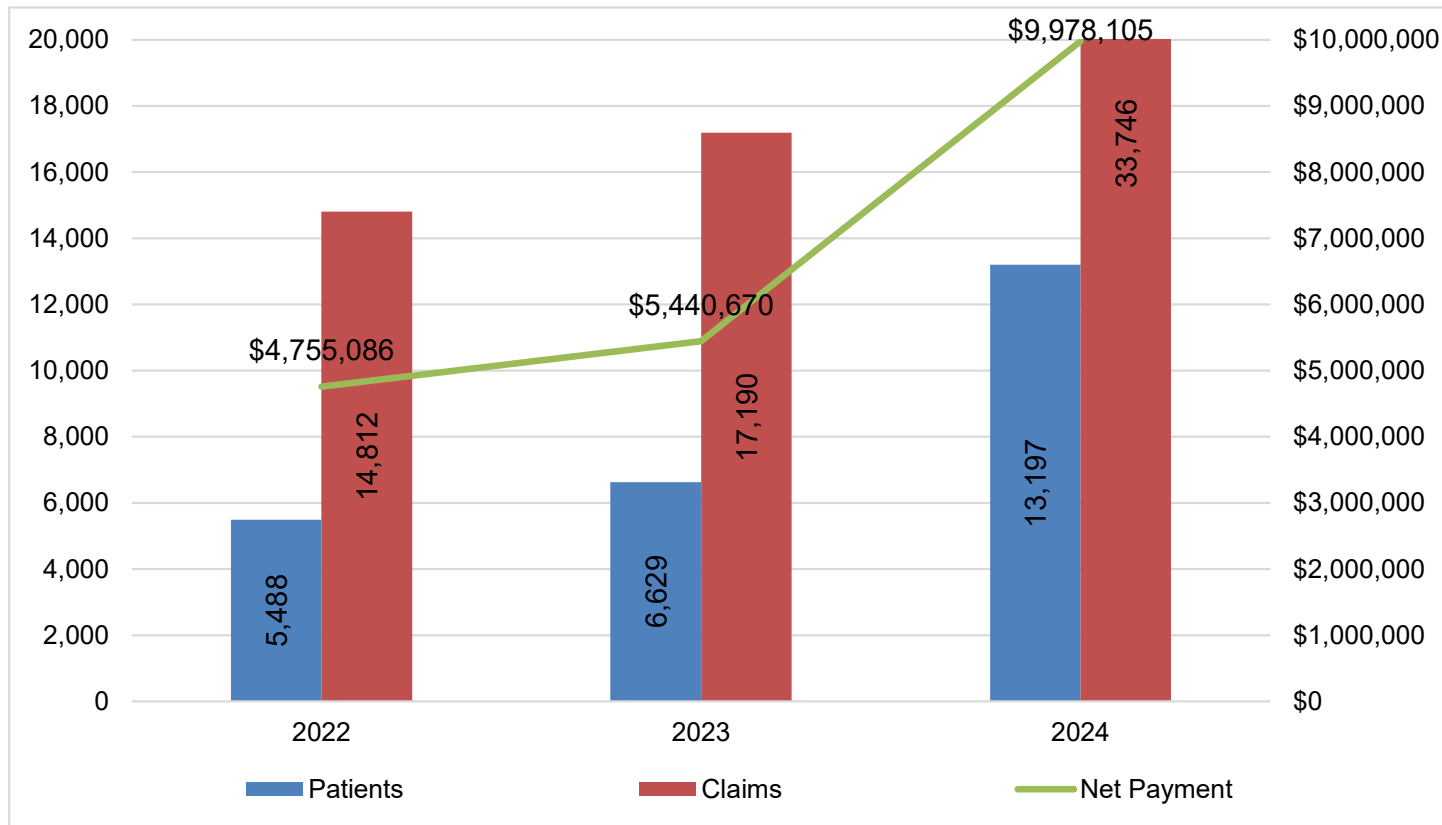
Offer Benefits That Meet the Needs of a Diverse Workforce

- Benefits offered to a modern workforce cannot be one size fits all.
- KEHP and the Personnel Cabinet have developed tools and programs to reach out to employees and retirees during their life's journey.
- By offering programs such as 24/7 NurseLine, Building Healthy Families, Tobacco Cessation, Substance Abuse Disorder Support Line, and Hinge Health. We work to provide valuable benefits to the Commonwealth's public employees and retirees.

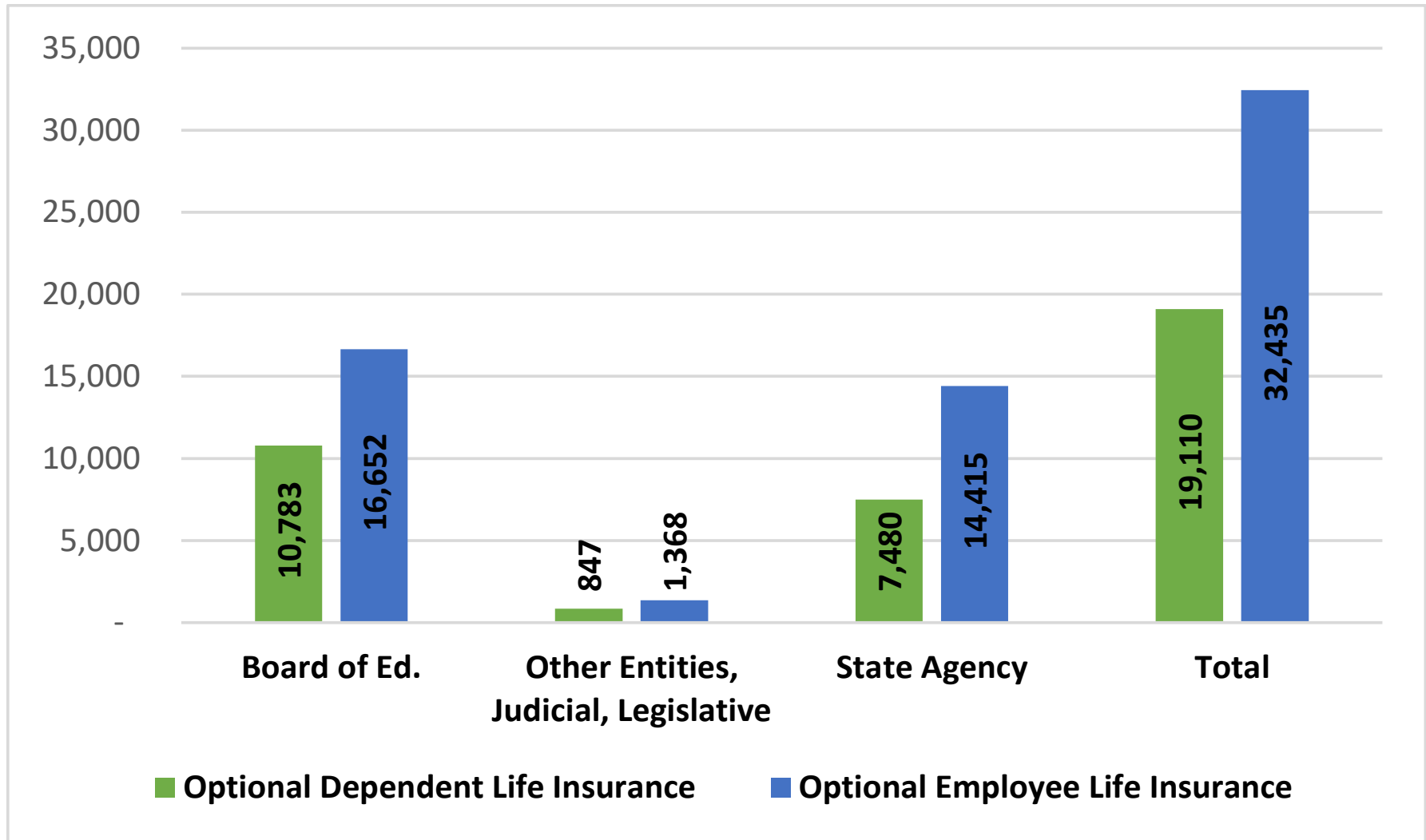


Offer Benefits That Meet the Needs of a Diverse Workforce

Hinge Health is a virtual exercise therapy program designed to address back, knee, hip, neck, or shoulder pain. It's convenient and fits members' schedules — it can be done anywhere, at any time at no charge to members. In the first three years of KEHP providing Hinge Health as a benefit, we have only received positive reviews of their service.



Offer Benefits That Meet the Needs of a Diverse Workforce



Source: KHRIS

Offer Benefits That Meet the Needs of a Diverse Workforce

Life Insurance Paid Claims 2024

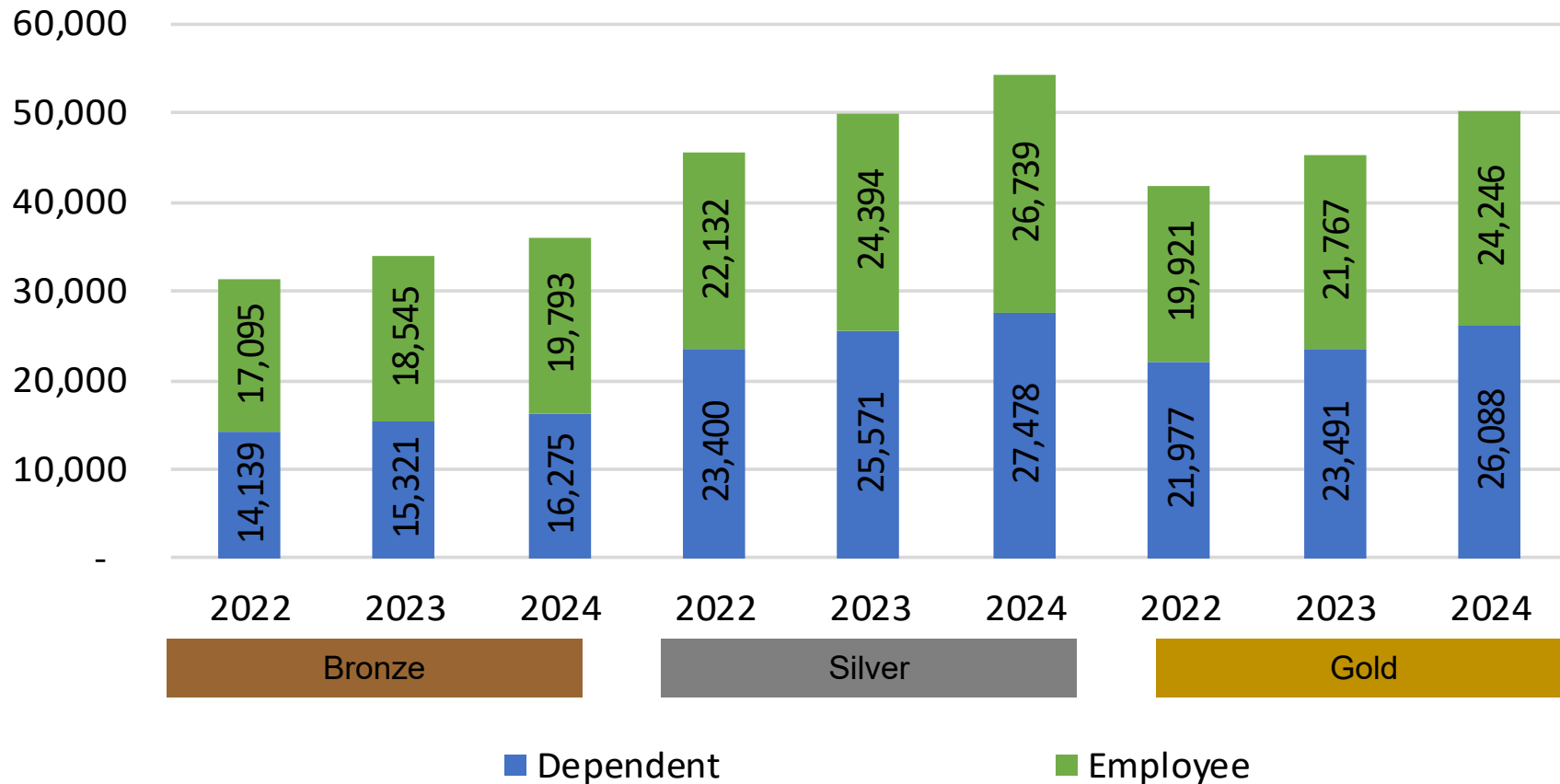
Life Plan	Covered Claims	Covered Amount	Paid Claims	Paid Amount
Basic	179	\$3,580,000	150	\$2,970,854
Basic AD&D	18	\$360,000	6	\$129,239
Optional Life	48	\$3,125,000	39	\$2,490,395
Optional AD&D	7	\$660,000	2	\$152,508
Dependent Life - SP	90	\$2,980,000	72	\$2,539,890
Dependent Life - CH	11	\$100,000	9	\$85,000
Total	353	\$10,805,000	278	\$8,367,886

Source: KHRIS

Offer Benefits That Meet the Needs of a Diverse Workforce

The number of members covered by optional dental insurance increased by 8.42% in 2023 and 8.89% in 2024.

Dental Insurance Enrollment by plan



Source: KHRIS

Offer Benefits That Meet the Needs of a Diverse Workforce

Dental Insurance Claims Paid

Months	Claims	Paid Claims	% of Paid Claims	Employee	Employee Spouse	Emp+Child	Family	Total Employees
Jan	14,597	\$1,771,754	8.18%	29,769	6,721	9,875	11,198	57,563
Feb	14,808	\$1,803,248	8.32%	29,697	6,695	9,862	11,217	57,471
Mar	16,735	\$1,985,009	9.16%	29,942	6,728	9,908	11,284	57,862
Apr	13,394	\$1,647,771	7.61%	30,029	6,739	9,925	11,288	57,981
May	12,839	\$1,570,992	7.25%	30,121	6,773	9,950	11,297	58,141
Jun	18,230	\$2,256,066	10.41%	30,154	6,760	9,932	11,305	58,151
Jul	16,137	\$2,020,708	9.33%	30,222	6,698	9,910	11,265	58,095
Aug	18,120	\$2,185,567	10.09%	29,910	6,649	9,812	11,166	57,537
Sep	11,650	\$1,363,604	6.29%	29,915	6,652	9,808	11,228	57,603
Oct	13,591	\$1,615,640	7.46%	31,080	6,805	10,057	11,470	59,412
Nov	15,738	\$1,892,467	8.73%	31,331	6,838	10,170	11,530	59,869
Dec	12,979	\$1,553,388	7.17%	31,624	6,868	10,224	11,576	60,292
Total	178,818	\$21,666,215						
Avg	14,902	\$1,805,518		\$30,316	6,744	\$9,953	\$11,319	\$58,331

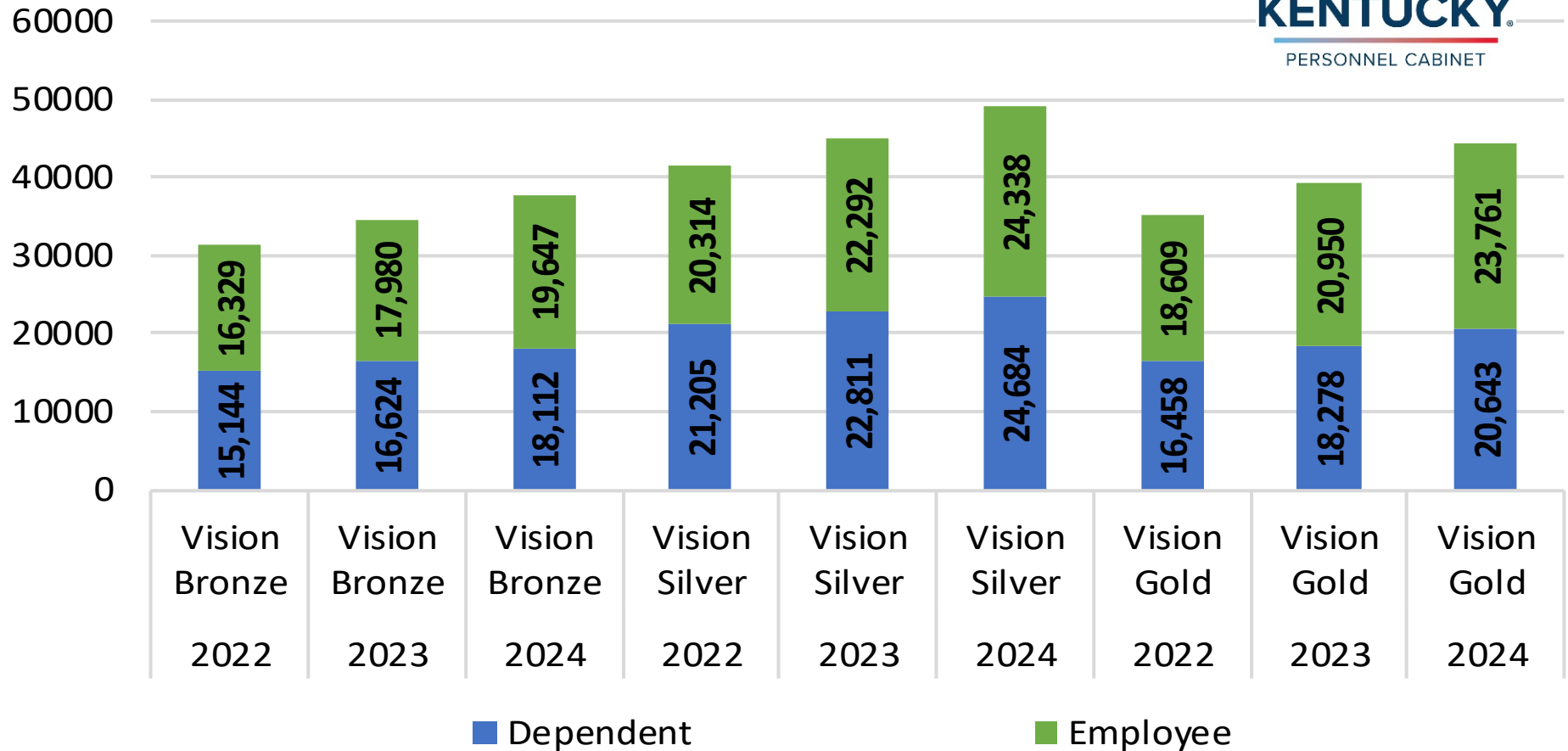
Source: KEHP-Anthem Partnership Meeting Report, December

Offer Benefits That Meet the Needs of a Diverse Workforce

The number of members covered by optional vision insurance increased by 10.1% in 2023 and 10.3% in 2024.



Vision Insurance Enrollment by Plan



Source: KHRIS

Offer Benefits That Meet the Needs of a Diverse Workforce

Vision Insurance Claims Paid

Reporting Period	Exams	Paid Amount Exams	Eyewear	Paid Amount Eyewear	Contact Lenses	Paid Amount Contacts	Total Paid Amt
Jan	4,764	\$186,956	3,002	\$370,547	1,594	\$249,813	\$807,316
Feb	2,717	\$108,955	1,736	\$203,111	913	\$144,751	\$456,817
Mar	4,031	\$161,923	2,404	\$296,344	1,353	\$219,514	\$677,781
Apr	3,476	\$136,904	2,076	\$245,804	1,031	\$161,624	\$544,332
May	3,471	\$138,985	2,013	\$243,872	1,119	\$184,560	\$567,417
Jun	3,592	\$142,149	1,889	\$221,143	1,157	\$189,109	\$552,401
Jul	5,109	\$204,325	2,609	\$310,644	1,365	\$225,265	\$740,234
Aug	4,273	\$171,290	2,232	\$265,407	1,045	\$172,292	\$608,989
Sep	2,748	\$110,681	1,427	\$164,629	766	\$128,354	\$403,664
Oct	3,714	\$148,392	2,026	\$241,247	1,056	\$185,287	\$574,925
Nov	2,292	\$90,805	1,299	\$153,193	577	\$91,901	\$335,899
Dec	3,664	\$146,273	2,014	\$241,164	992	\$163,490	\$550,926
Total	43,719	\$1,747,637	24,585	\$2,957,104	12,874	\$2,115,960	\$6,820,701

Source: KEHP-Anthem Partnership Meeting Report

Improve Member Health and Wellbeing

- Castlight is KEHP's wellness partner that administers the plan's LivingWell program.
 - Through Castlight, planholders and covered spouses can earn incentives in the form of premium discounts and gift cards.
 - Employees and their covered spouse can also access lifestyle coaching through Castlight.
- LivingWell Promise—KEHP encourages planholders to take charge of their personal journey to wellness by partaking in an annual health assessment.
- Planholders are provided invaluable information regarding their health status and health risks associated with their personal health situation and lifestyle.

KEHP employees love Castlight

Benefits convenience and ease of use were among the top feedback

It pulls everything together about my health and wellness benefits as well as **actionable steps** I can take, Into one place.

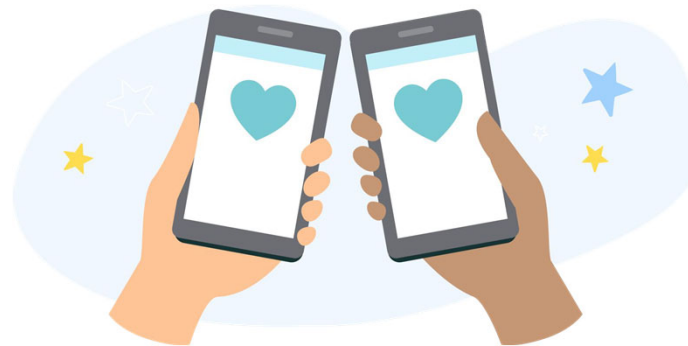
They will **talk to you over the phone** and walk you thru the steps to get the information you need

It **keeps me motivated** to exercise and my weight loss journey is going great!! Love Castlight!!

With life being so busy, I feel like I have a "little personal assistant" just reminding me to **take care of ME.**

+66

User NPS
66% BoB



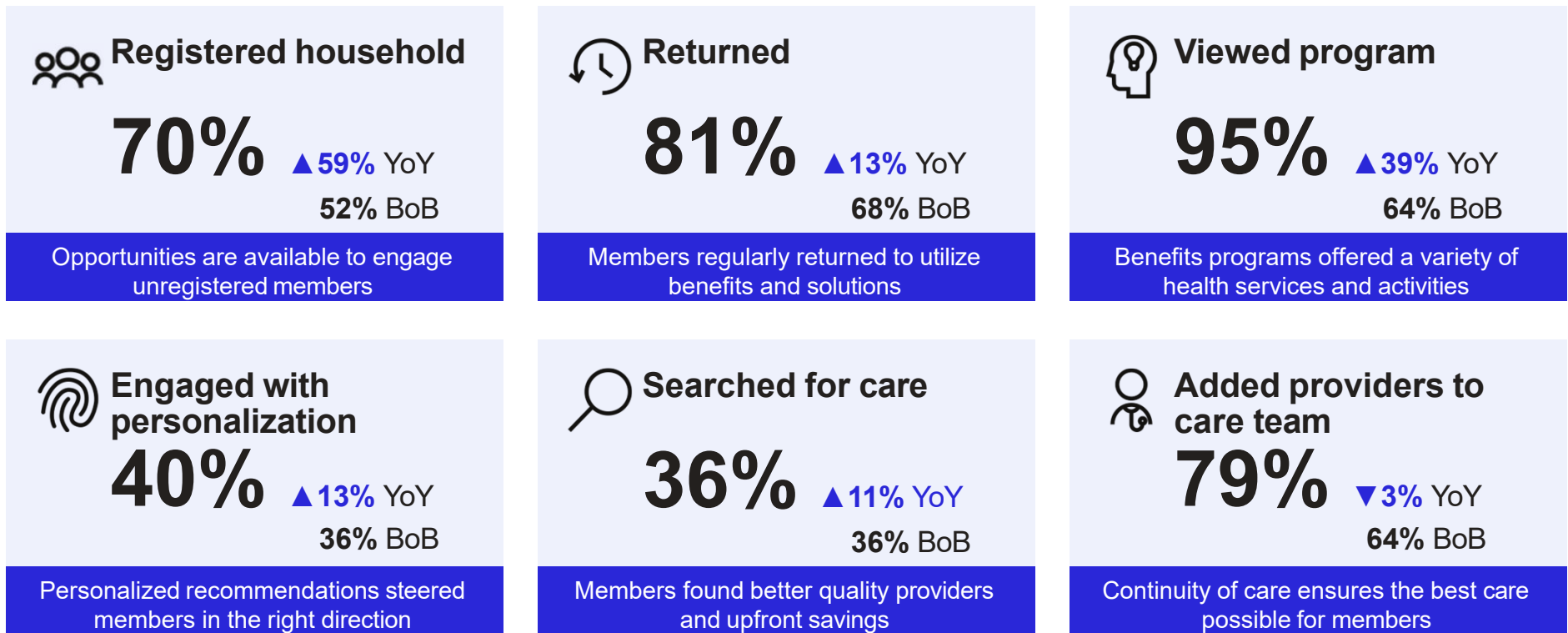
+83

Care Guide NPS
79% BoB

Source: Castlight Annual Data – Wellbeing Year 1

Key performance indicators continued to grow over 2024

Members utilized resources offered by a variety of solutions



Registered = # registered / # eligible
Return = # returned in 12 months / # registered
Viewed program = # registered who viewed any program / # registered & eligible to view any program
Engaged with personalization = # registered who clicked on a PFY card or Genius email / # registered who received a PFY card or Genius email
Searched for care & Added providers to care team = # registered who performed at least one search or added at least one provider to care team / # registered & eligible with Care Guidance

Source: Castlight Annual Data – Wellbeing Year 1

Engaged members are less likely to visit the ED

Opportunities are available to connect members to PCPs



Less Avoidable ED visits for KEHP Users

28%

Compared to Non-Users across all risk cohorts, per 1000 members



Estimated ED visits avoided

1,941

Potential avoidable ED visits if Users were Non-Users



Savings from avoided ED visits

\$2.2M

Estimated based on professional and facility fees

Avoidable ED visits include: nausea/vomiting, URI, vertigo, diarrhea, hypertension, pharyngitis, strep throat, low back pain, UTI, gastroenteritis

Care Guides users experienced a **55.67% reduction** in avoidable ED visits per month*

Establishing a regular PCP ensures continuity of care— a key factor in avoiding unnecessary and costly ED trips

A User is considered any registered member that has logged into Castlight at least once in the last 12 months.

A non-user is considered any unregistered member.

**across the apree health book of business based on a recent in-house study.*

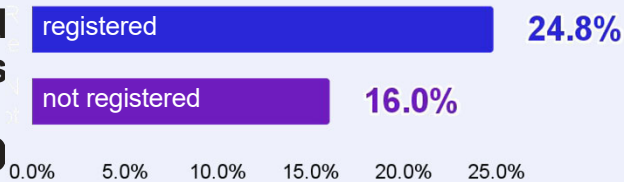
Source: Castlight Annual Data – Wellbeing Year 1

Cancer screenings save lives

Millions in savings and 390 avoided deaths estimated for registered KEHP members who received screenings in 2024

Screening gaps closed for **registered** members

▲ 55.0%



Total colorectal cancer, cervical cancer, and breast cancer screenings for **registered** members when compared to unregistered members.



Long term estimated total savings for **registered** members

\$13.4M

Estimated based on recommended number of screenings per lifetime and full compliance

Cancer screenings: **registered** members

colorectal

9,224 gaps closed

\$12,182,137 saved

cervical

11,219 gaps closed

\$998,715 saved

breast

6,061 gaps closed

\$222,863 saved

Source: Castlight Annual Data – Wellbeing Year 1

Care Guides drive cost savings

Members saw a \$33.83 decrease in monthly spending over six months following their first interaction with a Care Guide based on a study across the Castlight book of business over 2024



KEHP
Total cases

17,304

Top service type:
Program Engagement



Repeat users

22%

Members find value in
returning to Care Guides



Estimated household
savings

\$3.7M

Over a six-month period
based on Castlight studies



Care Guides users experienced a **55.67% reduction** in avoidable ED visits per month across the Castlight book of business based on a recent in-house study

Source: Castlight Annual Data – Wellbeing Year 1

Provide the Tools to Manage Chronic Disease Conditions

- KEHP has developed a number of programs and tools to assist members in managing a variety of chronic diseases and disorders.
- KEHP continues to offer a Diabetes Value Benefit that provided diabetes drugs and supplies at a reduced copay and coinsurance with no deductibles.
- KEHP has expanded the Value Benefit to include COPD, asthma and hypertension.
- KEHP offers a weight management program in partnership with CVS to assist members taking a GLP-1 medication.
- KEHP also provides members with a diabetes prevention program, behavioral health programs and substance abuse programs to combat addiction.



Provide the Tools to Manage Chronic Disease Conditions

Value Benefits for Diabetes, COPD, Asthma and Hypertension

Prescriptions	Supplies
Bypasses deductibles	Test strips
\$0 Tier 1 generic drugs	Infusion pumps
Reduced coinsurance and copays for Tier 2 and Tier 3 drugs	Blood pressure and cardiac monitoring devices
	Insulin limited to \$30 copay for a 30-day supply
	Durable medical equipment
	Inhalers

Provide the Tools to Manage Chronic Disease Conditions

Why Weight Kentucky

- Pairs members with an Anthem clinician to help members reach their weight-loss goals.
- Participants receive access to the tools and one-on-one support needed to lose weight safely and improve their health and quality of life.
- The program also provides coverage for several prescription weight-loss medicines.



Implement Actuarial Recommendation to Establish Plan Reserves

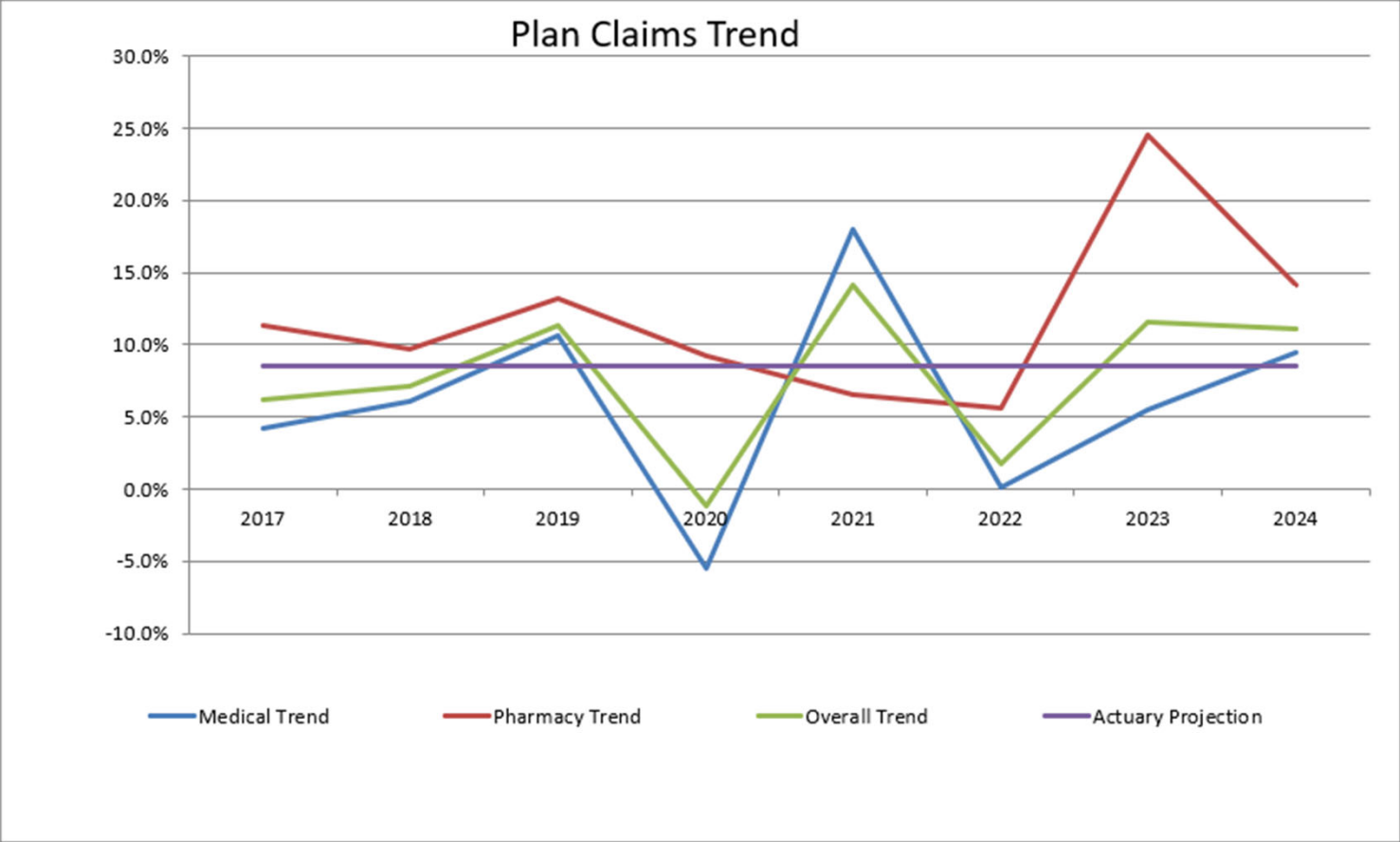
- Through judicious contracting, plan design, budgeting, and claims control practices, KEHP maintained financial discipline and budget management. This has permitted the plan to maintain premium increases for employees and employers far below claims inflation rates.
- Per statute, each plan year must stand on its own. This requires KEHP to engage in conservative budgeting practices rather than strategic healthcare benefit planning.
- Because of the combined effects of the above, the KGHIB Board Members seek to implement the actuary's recommendation of establishing a reserve fund within the KEHP Trust to equal 10% of anticipated claims.

Historical Benefit Design Changes

Cost Savings and Trust Funding Measures

Plan Year Implemented	Benefit Design Changes	Savings
2022	5%/10% (in/out of network) coinsurance increase to LW PPO and LW CDHP	\$9.0M
2022	\$5/\$10 Rx copay (30 day/90 day supply) generic tier Rx copay increase to LW PPO plan	\$3.5M
2022	Implemented Prudent Rx, Enhanced SGM and savings due to Rx Market check	\$31.8M
2021	New two-tier prescription Value Formulary for all plans	\$34M
2021	Prescription co-pay increase by \$5 for LivingWell PPO	\$6.1M
2021	Specialist visit co-pay increase by \$5 for LivingWell PPO	\$0.60
2021	Increased employer premium by 3%	\$43.5M
2021	Increased employee premiums by average of \$6.02	\$5.9M
2020	Increased deductibles and out-of-pocket maximums	\$30M
2020	Increased employee premiums	\$8M
2020	Cancelled Anthem's Enhanced Personal Healthcare Model	\$6M
2020	Lowered cap for Waiver HRAs to \$5,000	\$2M
2020	CVS market check	\$24M
2019	Increased employee premiums for LW CDHP couple and family levels	\$2M
2019	Implemented two-tier formulary: generic and brand for LW Basic and Limited HD Plan	\$0.6M
2019	Lowered cap for Waiver HRAs to \$6,000	\$2M

Historical KEHP Claims Trend and Contribution Increases



	2017	2018	2019	2020	2021	2022	2023	2024
EE Contribution Increase	0%	3%	0%	3%	3%	3%	0%	0%
ER Contribution Increase	0%	1%	0%	0%	3%	3%	10%	16.5%

Source: Aon Q2 2025 Financial Projection, August 2025

Educate and Drive Members to High-Quality, Cost-Effective Care

- KEHP has a variety of tools to help members select appropriate, cost-effective care, site of service, and health plans.
- Programs like LiveHealth Online, the SmartShopper transparency program, Hinge Health, and PrudentRx, point members to a more appropriate site, method of care and cost-effective care.



Educate and Drive Members to High-Quality, Cost-Effective Care

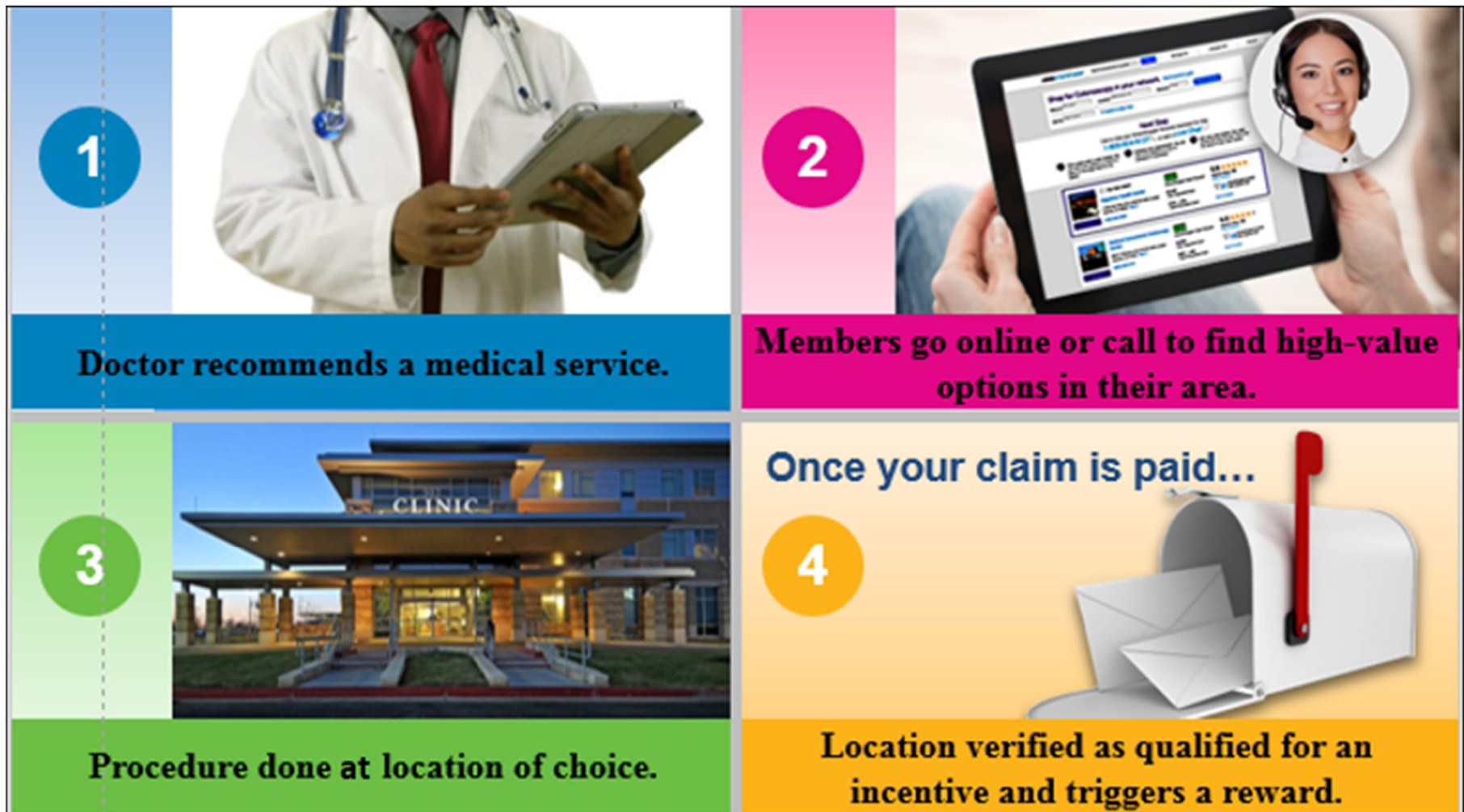
- SmartShopper is a program that helps KEHP members be savvy medical consumers by offering choices when it comes to healthcare services.
- SmartShopper tells our members how much a test or procedure costs at different in-network facilities in their area.
- When our members choose a cost-effective option, they can qualify for a cash reward and KEHP also reaps the benefit of providing lower-cost, high-quality services.
- SmartShopper does not offer medical advice and is not a substitute for medical care from a doctor, but helps our members optimize their healthcare by making them aware of their options.

SmartShopper®



Educate and Drive Members to High-Quality, Cost-Effective Care

How SmartShopper Works



Educate and Drive Members to High-Quality, Cost-Effective Care

2024 SmartShopper Savings

\$6.86M

Total claims savings

\$928,300

Incentives sent to members

\$ 914

Average claim savings per incentive



18%

Activation rate

78%

Activated shopping rate

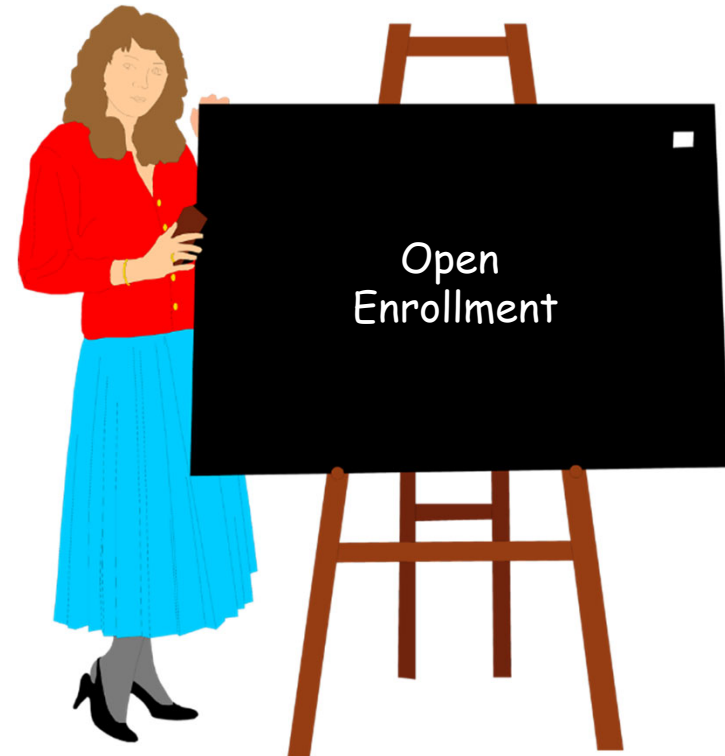
61%

Shop conversion rate

Source: SmartShopper Data, December 2024

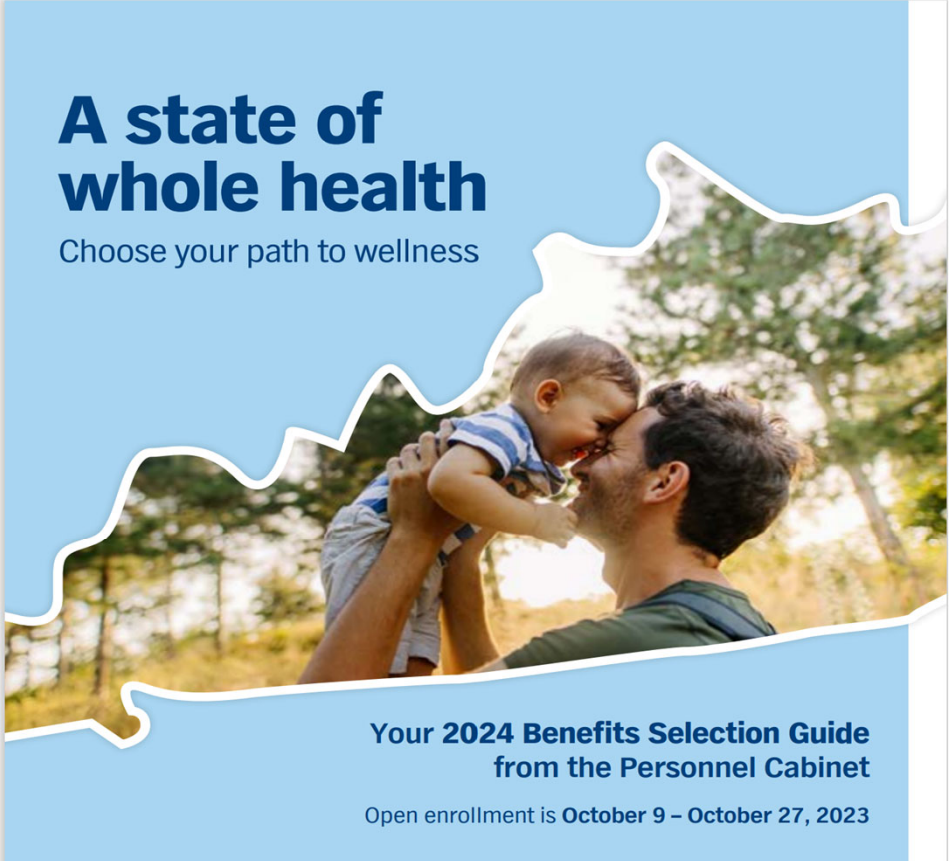
Help Employees Understand KEHP Programs and Tools Available

- KEHP uses multiple methods of delivery of training and content to help our members learn and understand the benefits and programs that they have available.
- KEHP conducts events and training around the state and uses its network of more than a thousand insurance coordinators and wellness champions to deliver the KEHP message to our members.
- KEHP provides Castlight as a navigational tool to help members learn about and connect with benefit programs.



Help Employees Understand KEHP Programs and Tools Available

- The Benefits Selection Guide (BSG) was created in partnership with Anthem and the Personnel Cabinet.
- The BSG contains plan, program, and benefits information for KEHP members and insurance coordinators.
- KEHP offers dedicated customer service at the Department of Employee Insurance and Anthem.



A state of whole health
Choose your path to wellness

Your 2024 Benefits Selection Guide
from the Personnel Cabinet

Open enrollment is **October 9 – October 27, 2023**

LivingWell Promise for 2024:
All planholders must take the Castlight health assessment.
This Benefits Selection Guide is published annually, before Open Enrollment, to help you make benefit choices.
This guide can be used throughout 2024 for new employees and when there is a qualifying event that permits a benefit change.

1042340K1MENPCI Rev. 05/24

TEAM KENTUCKY Personnel Cabinet | Kentucky Employees' Health Plan

Help Employees Understand KEHP Programs and Tools Available

- KEHP has a comprehensive web presence that provides information and educational content for KEHP members and insurance coordinators
- The KEHP website contains plan, program, and benefits information
- Members can obtain forms, Summary Plan Descriptions, and information on each of the insurance program's vendors
- KEHP provides plan, benefit and health information through webinars, presenting at conferences, mailers and podcasts

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Plan Options	Programs and Services	Resources	KEHP Information
<ul style="list-style-type: none"> LivingWell CDHP LivingWell PPO LivingWell Basic CDHP 	<ul style="list-style-type: none"> LivingWell Livingwell Health Clinics SmartShopper LiveHealth Online Castlight 	<ul style="list-style-type: none"> Enrolling or Changing Coverage Benefits Selection Guide Docs, Forms and Legal Notices Transparency in Coverage Files Diabetes Prevention Program 	<ul style="list-style-type: none"> KEHP Vendors Board & Committee Information Historical Information Retiree Resources

The Kentucky Employees' Health Plan (KEHP) is a self-funded plan that offers health insurance and flexible spending accounts to nearly 294,000 members. KEHP is run by public employees, for public employees, so members have a direct stake in the financial well-being of the Plan. If you are an employee of state government, a local school board, various quasi-governmental agencies, or a retiree, you may be eligible to participate in KEHP.

Glossary

Allowed Amount: The amount of submitted charges eligible for payment for all claims. It is the amount eligible after applying pricing guidelines, but before deducting third party, copayment, coinsurance, or deductible amounts.

Biometric Screening: A biometric screening provides a clinical assessment of key health measures. These results may be used to identify certain health conditions, such as diabetes and heart disease, or to indicate an increased risk for these conditions.

CHF: Congestive heart failure.

Claimants: KEHP members who incur claims applied to the plan trust, subject to claim adjudication.

COBRA Beneficiaries: Individuals who no longer meet the eligibility requirements for healthcare coverage through a group health plan, but by federal statute, are eligible to continue their healthcare coverage for a period of time under the employer's healthcare program by paying 102% of the total premium rate.

Coinsurance: A percentage of the cost of covered healthcare services, supplies, or prescription drugs that a health plan member must pay out of pocket.

Consumer Driven Health Plan (CDHP): Health insurance plans that allow members to use HSAs, HRAs, or similar medical payment products to pay routine healthcare expenses not covered by their health plan. A CDHP generally has a lower premium in exchange for a higher deductible and maximum out-of-pocket.

Copayment: A stipulated dollar amount that a health plan member must pay out of pocket when healthcare services, supplies, or prescription drugs are received.

COPD: Chronic obstructive pulmonary disease.

Coverage Tier (also referred to as Coverage Level): The choices available to employees with respect to the individuals they wish to cover under an employer's health insurance program. Under the Kentucky Employees' Health Plan (KEHP), the following tiers (or levels) apply:

Single: coverage for only the employee or retiree

Couple: coverage for the employee or retiree and his/her spouse

Parent Plus: coverage for the employee or retiree and all eligible children

Family: coverage for the employee or retiree, his/her spouse, and all eligible children

Cross-Reference: coverage for the employee or retiree, his/her employee or retiree spouse, and all eligible children

Glossary

Deductible: The claim amount for which an employee is responsible before health insurance begins paying claims.

Drug Efficiency Rate: The rate that drugs which are available as generic are filled as generic.

Employee: Represents an individual eligible to participate in KEHP as a retiree, or by being employed by one of the agencies that participate with KEHP (example: state employee, school board, quasi-governmental agency, etc.). Employee may also be referred to as “planholder” or “contracts.”

Formulary: A preferred list of medications developed by a health plan or PBM to guide physician prescribing and pharmacy dispensing. This list is periodically updated by the PBM to add or remove drugs.

Flexible Spending Account (FSA): An FSA is an account funded by employee pre-tax salary contributions. Amounts placed in the account are used to provide reimbursement for eligible expenses incurred by the employee or eligible beneficiaries for specified benefits during a plan year.

Formulary: A preferred list of medications developed by a health plan or PBM to guide physician prescribing and pharmacy dispensing. This list is periodically updated by the PBM to add or remove drugs.

Generic Drug: A drug whose therapeutic ingredients are the same as a brand name drug, but which is sold under a name that is not trademarked. Generic drugs are usually less expensive than their brand name counterpart.

Group: The classification of agencies by type. Groups include Boards of Education, State Agencies, Retirement Systems and Quasi-Governmental Agencies.

Healthcare Reimbursement Arrangement (HRA): Spending account used for offsetting healthcare expenses, including deductibles, copays, coinsurance, and maximum out-of-pocket expenses.

Health Risk Assessment (HA): A health questionnaire used to provide individuals with an evaluation of their health risks and quality of life.

Incurred Cost: The amount charged for a medical expense.

KEHP: Kentucky Employees' Health Plan.

Maximum Out-of-Pocket: The maximum amount that an employee is expected to pay; any amount above this amount is paid for entirely by insurance.

Member: Includes all employees plus any dependents that are covered through the KEHP. Members may also be referred to as “covered lives.”

Net Payment: net amount paid for all claims. it represents the amount after all pricing guidelines have been applied, and a third party, copayment, coinsurance, and deductible amount has been subtracted.

Glossary

PEPY: A measure of costs expressed as total costs per year divided by total number of employees.

Pharmacy Benefit Manager (PBM): An organization that functions as a third-party administrator for a health plan's pharmacy benefits.

Planholders: Employees and retirees who are subscribers to a KEHP plan. May also be referred to as employees.

PMPM: A measure of costs as expressed as total costs per month divided by total number of covered lives (employees, spouses, and dependent children).

PMPY: A measure of costs as expressed as total costs per year divided by total number of covered lives (employees, spouses, and dependent children).

PPO (Preferred Provider Organization) Plans: Plans that provide a wide array of service providers, typically with lower deductibles and maximum out-of-pocket costs, but with copays for services. PPO plans do not feature embedded HRA accounts.

Premium: The monetary amount paid by an employee or the employer for health insurance benefits. It is routinely paid on a monthly basis. For large groups, like the KEHP, premiums are determined based on the healthcare services consumed by the plan's members in the past and the prices charged by healthcare providers. If the premiums charged by the insurer are less than the actual healthcare costs incurred by the plan's members and the insurer's operating costs, the insurer loses money. The premium includes both the employer's subsidy and the employees' contributions for health insurance.

Primary Care Physician (PCP): PCPs include: family practice physicians, general practice physicians, gynecologists, pediatricians, and internists.

Provider Network: A list of contracted healthcare providers, unique to a health plan, from which an insured can obtain services that are covered at a preferred benefit level.

Quasi Agency: Includes local governments such as a city, county, urban-county, charter county, consolidated local government, special district, or a body authorized by the Kentucky Revised Statutes or a local ordinance.

Readmissions: The average number of acute admissions that occurred within 15 days of a previous acute care admission for the same patient, regardless of the diagnosis.

Rx: Refers to prescriptions.

Self-Insured (also referred to as Self-Funded): A health plan whose medical claims' financial risk is assumed by the employer and not by the health plan.

Glossary

Specialist Physician: A specialist physician includes all physicians other than: family practice physicians, general practice physicians, gynecologists, pediatricians, and internists.

Third-Party Administrator (TPA): An organization that performs health insurance administrative functions (e.g., claims processing) for a plan or an employer. The TPA may also provide the healthcare provider network.

Waiver: An eligible employee or retiree who declines healthcare coverage through his/her employer for a plan year. Often the employee obtains healthcare coverage through another means, typically a spouse's employer or an individual.