

Kentucky Employees' Health Plan

Nineteenth 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

December 6, 2019



Department of
Employee Insurance



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Executive Summary



Program Highlights

Overview of 2018 cost and usage, plan performance comparison to prior years, and a preview of 2019 plan experience.

The Kentucky Employees' Health Plan (KEHP) covers nearly 300,000 people in Kentucky.
That's one in 15 Kentuckians!

Employees and retirees and their family members enrolled in KEHP would fill Rupp Arena 12½ times over!

A primary objective for offering health and retirement benefits is to attract and retain a qualified workforce to serve the Commonwealth of Kentucky.



<https://commons.wikimedia.org/w/index.php?curid=53908144>

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

KEHP by the Numbers

97%

of all KEHP members live in
Kentucky

8.1 million

KEHP medical and prescription
claims paid in 2018

\$1.6 billion

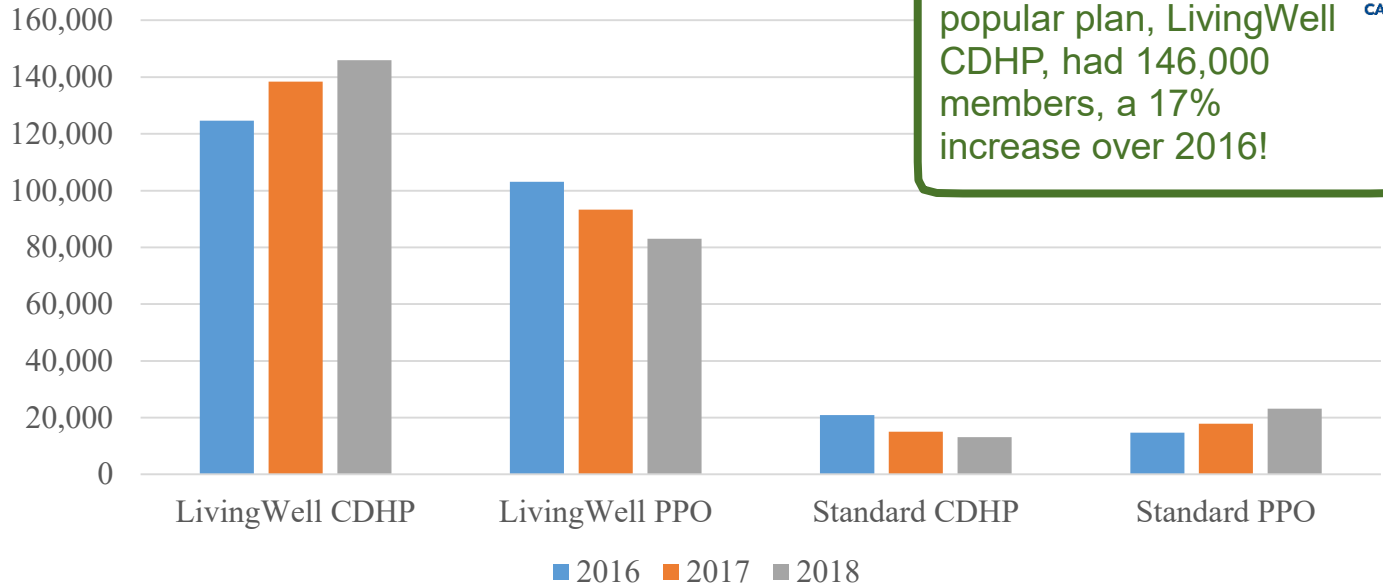
in KEHP payments to doctors,
hospitals, pharmacies, and other
healthcare providers across
Kentucky

\$4.3 million

spent daily on KEHP medical and
prescription drug costs

Source: KEHP enrollment in Kentucky Human Resource Information System (KHRIS) and KEHP claims data aggregated by IBM Watson

Members by Plan



In 2018, our most popular plan, LivingWell CDHP, had 146,000 members, a 17% increase over 2016!

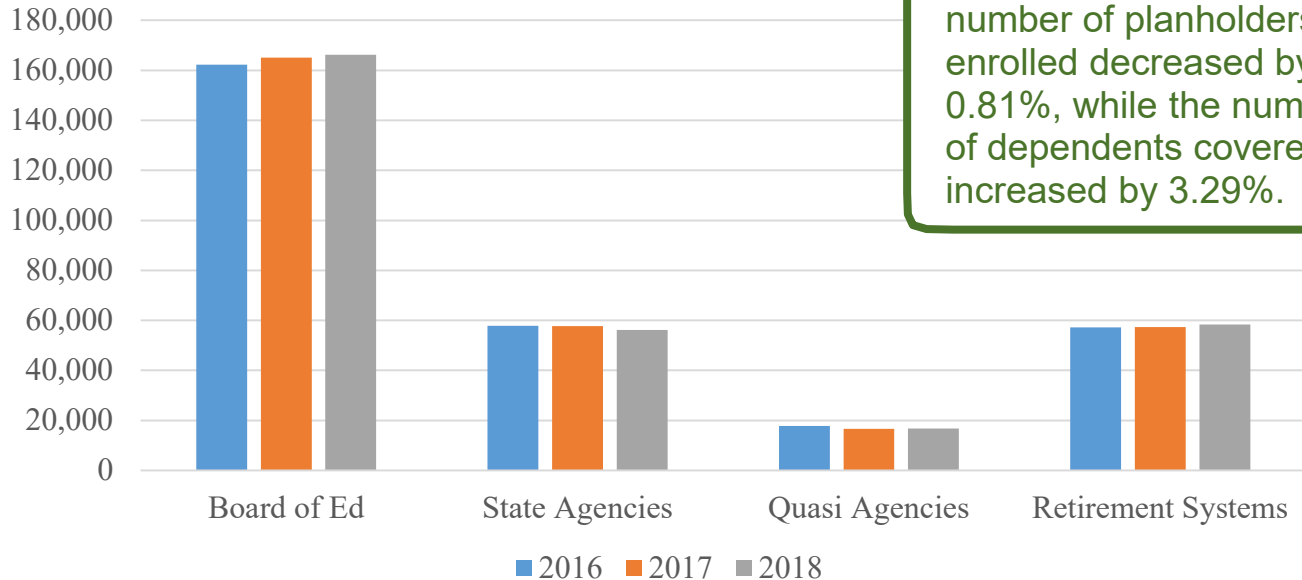


Source: KEHP enrollment in Kentucky Human Resource Information System (KHRIS)

Members by Group



From 2016 - 2018, the number of planholders enrolled decreased by 0.81%, while the number of dependents covered increased by 3.29%.



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

Plan Expenses

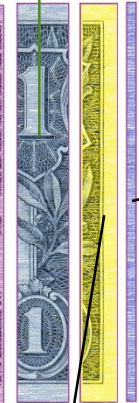


95% of KEHP expenses are claims payments!

Medical Claims
63%

Prescription
Claims
26%

HRA Claims
5%



Prescription
Administration
Expense
0.6%

Operating
Expense
0.5%

Medical Administration
Expense
4%

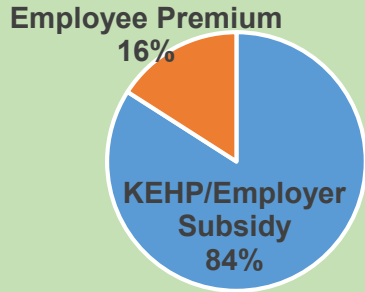


DEI salaries are less than one-third of a penny of every dollar spent!



Source: KEHP Trust Fund Cash Transactions from March 2019

2018 Premiums



- KEHP Employers pay above national benchmark of \$748 per month.
- Employee premium increases averaged 0.87% between 2015 and 2018.
- Nationwide, premium growth continues to exceed increases in earnings and inflation.

\$798

Average monthly premium paid
for employees by KEHP
Employers in 2018

\$263 million

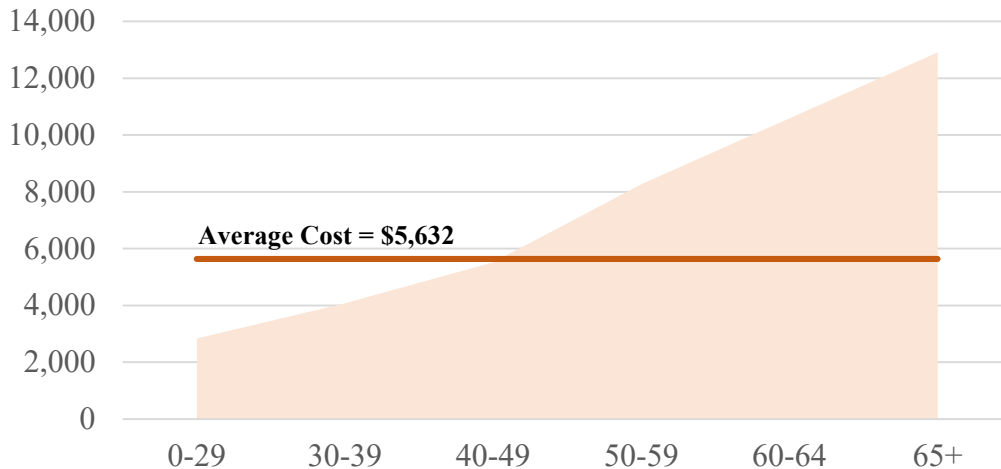
Employee pre-tax deductions for
Health Insurance in 2018

Source: KEHP claims data aggregated by IBM Watson and benchmarks from Kaiser Family Foundation Employer Health Benefits Survey

Pooling Risk

Because anyone – young or old – can have an unforeseen catastrophic health event, KEHP spreads health care costs across all 297,000 participants, keeping the plan affordable for everyone when they need it.

KEHP average annual claims cost by age group, all medical and pharmacy claims, 2018.

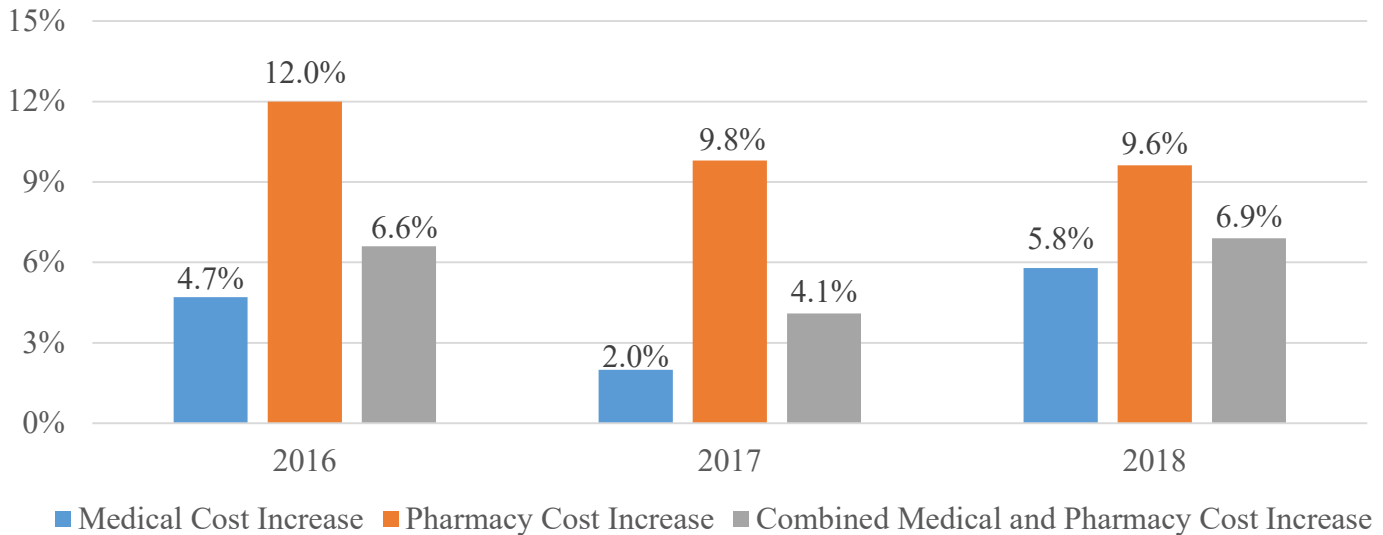


Averaging costs among the members keeps the plan affordable for all.



Source: KEHP claims data aggregated by IBM Watson

Medical and Pharmacy Trends



Source: KEHP claims data aggregated by IBM Watson

Price inflation drives costs

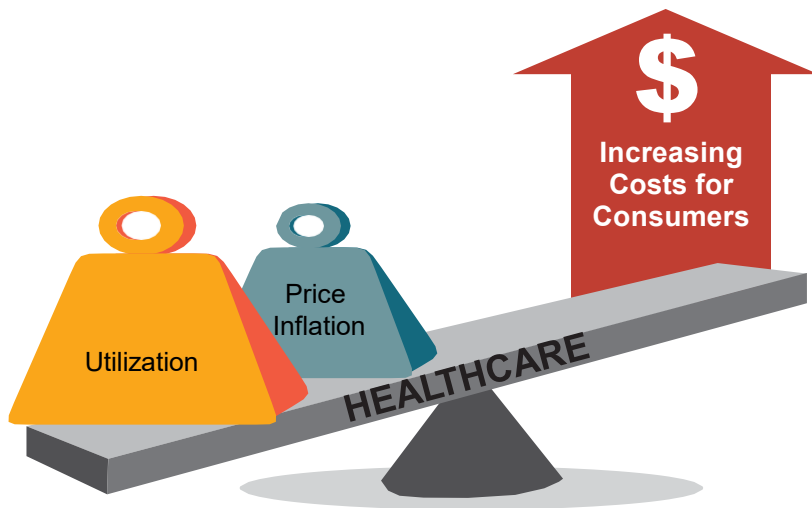
Price inflation is a significant driver of health insurance costs in America and for the KEHP.

This is seen when providers require higher rates to treat insured patients, or drug manufacturers increase the price of a popular drug.

KEHP continues to spend the largest portion of total claims for hospital outpatient care, but prescription drug costs have been growing at a higher pace over the past several years.

On a PMPM basis, KEHP's outpatient claims, the largest component of cost, increased at a rate of 8.02%. Inpatient claims increased by 1.46%, physician claims increased by 4.16%, and pharmacy costs increased 9.63%.

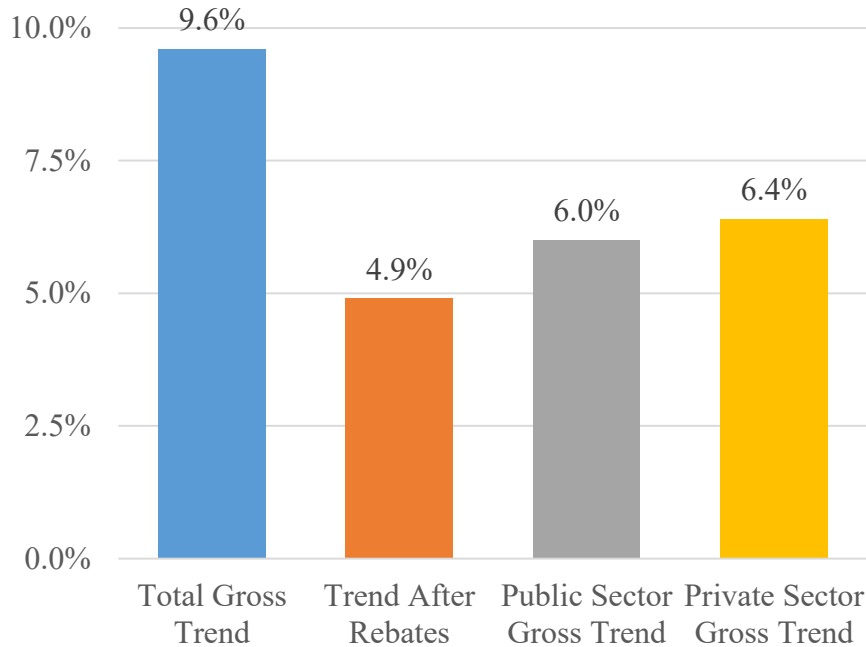
What is driving healthcare spending?



Cost Drivers

Source: KEHP claims data aggregated by IBM Watson

Pharmacy Trends



KEHP keeps 100% of drug rebates, reducing plan costs by more than \$100M annually.



Source: CVS Rx Insights

Benchmarking

IBM Watson compared KEHP 2018 plan performance against their national book of business for public and private employers.



Per Employee Per Year Cost

KEHP PEPY cost is 5.2% lower than the overall public sector and 9.7% lower than the private sector.

Member Age

The average KEHP member is nearly 1 year older than the average public sector member and nearly 3 years older than the average private sector member.

Gender

KEHP's population is more heavily female than either the public or private sector averages.

Risk Status

61% of KEHP members are either Healthy or Stable, however, KEHP has a higher percentage of members considered At Risk and In Crisis than both the public and private sectors.

Source: KEHP Public Sector/Private Sector Benchmark Comparison by IBM Watson

Board Recommendations for Plan Years 2020 through 2022

- Provide State of the Art Benefits While Maintaining Reasonable Premiums
- Offer Benefits that Meet the Needs of a Diverse Workforce
- Improve Employee Health and Well-Being
- 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 Eighteenth Annual Report of the Kentucky Group Health Insurance Board

What Benefits Do We Offer?



About our Program

Overview of 2018-19 plans, benefits, programs, and partners.

Health Plans - 2018

CDHP

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

PPO

KEHP offers two Preferred Provider Organization (PPO) plans that have higher premiums and no HRA, but offer co-payments for pharmacy benefits and certain services, rather than co-insurance.

HRA

KEHP offers two HRA plans to active employees of agencies that participate in KEHP's FSA/HRA program. Individuals who meet eligibility requirements and choose to waive health coverage can qualify for a \$2,100 HRA for qualified medical and/or dental and vision expenses.

Health Plans – 2019 Changes

Standard PPO

KEHP discontinued the Standard PPO plan at the end of 2018 in favor of offering plans with better rates and benefits than the Standard PPO offered.

LW High Deductible Plan

KEHP began offering the LW High Deductible Plan in 2019 for members who genuinely require only minimal coverage.

Standard CDHP

KEHP renamed the Standard CDHP as the LivingWell Basic CDHP to reflect that this plan now requires completion of the LivingWell Promise annually.

LivingWell Promise

KEHP extended the requirement to fulfill the LivingWell Promise to all health insurance plans to ensure that all employees are engaged with their health choices and receiving valuable information and feedback on their health.

2018 KEHP Health Insurance Choices

	LivingWell CDHP	LivingWell PPO	Standard CDHP	Standard PPO
HRA Amount	Single \$500 Family \$1,000	Not Applicable	Single \$250 Family \$500	Not Applicable
Deductible	Single \$1,250 Family \$2,500	Single \$750 Family \$1,500	Single \$1,750 Family \$3,500	Single \$750 Family \$1,500
Maximum Out of Pocket	Single \$2,750 Family \$5,500	Single \$2,750 Family \$5,500	Single \$3,750 Family \$7,500	Single \$3,750 Family \$7,500
Co-Insurance	Plan: 85% Member: 15%	Plan: 80% Member: 20%	Plan: 70% Member: 30%	Plan: 70% Member: 30%
Doctor's Office Visits	Deductible then 15%	Co-Pay: \$25 PCP; \$45 Specialist	Deductible then 30%	Deductible then 30%
Emergency Room	Deductible then 15%	Co-Pay: \$150 then 20%	Deductible then 30%	Co-Pay: \$150 then 30%

Source: 2018 KEHP Benefits Selection Guide

2018 Drug Benefits

	LivingWell CDHP	LivingWell PPO	Standard CDHP	Standard PPO
30-Day Supply Tier 1 – Generic Tier 2 – Formulary Tier 3 – Non-Formulary	Deductible, then 15%	\$10 \$35 \$55	Deductible, then 30%	30% Min \$10-Max \$25 Min \$20-Max \$50 Min \$60-Max \$100
90-Day Supply Tier 1 – Generic Tier 2 – Formulary Tier 3 – Non-Formulary	Deductible, then 15%	\$20 \$70 \$110	Deductible, then 30%	Deductible, then 50%

Source: 2018 KEHP Benefits Selection Guide

2019 KEHP Health Insurance Choices

	LivingWell CDHP	LivingWell PPO	LivingWell Basic CDHP	LW Ltd High Deductible Plan
HRA Amount	Single \$500 Family \$1,000	Not Applicable	Single \$250 Family \$500	Not Applicable
Deductible	Single \$1,250 Family \$2,500	Single \$750 Family \$1,500	Single \$1,750 Family \$3,500	Single \$4,000 Family \$8,000
Maximum Out of Pocket	Single \$2,750 Family \$5,500	Single \$2,750 Family \$5,500	Single \$3,750 Family \$7,500	Single \$5,000 Family \$10,000
Co-Insurance	Plan: 85% Member: 15%	Plan: 80% Member: 20%	Plan: 70% Member: 30%	Plan: 50% Member: 50%
Doctor's Office Visits	Deductible then 15%	Co-Pay: \$25 PCP; \$45 Specialist	Deductible then 30%	Deductible then 50%
Emergency Room	Deductible then 15%	Co-Pay: \$150 then 20%	Deductible then 30%	Deductible then 50%

Source: 2019 KEHP Benefits Selection Guide

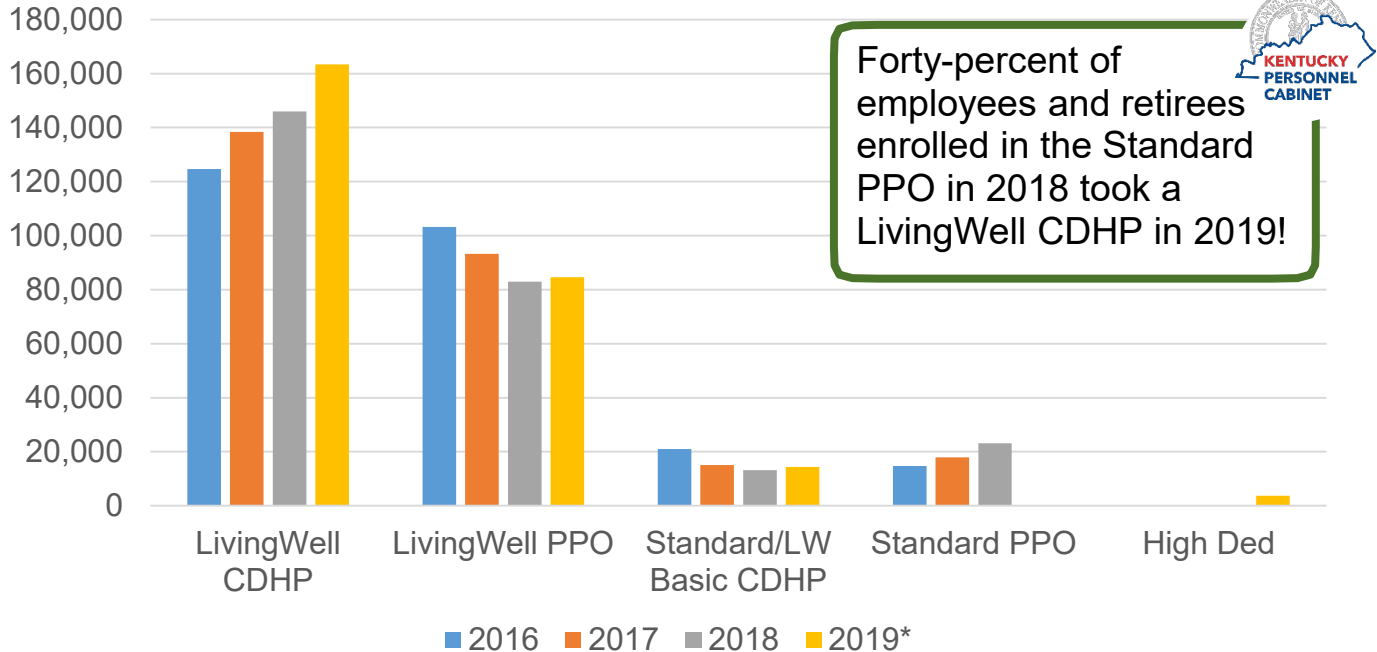
2019 Drug Benefits

	LivingWell CDHP	LivingWell PPO	LivingWell Basic CDHP	LW High Deductible Plan
30-Day Supply Tier 1 – Generic Tier 2 – Formulary Tier 3 – Non-Formulary	Deductible, then 15%	\$10 \$35 \$55	Deductible, then 30% No Tier 3	Deductible, then 50% No Tier 3
90-Day Supply Tier 1 – Generic Tier 2 – Formulary Tier 3 – Non-Formulary	Deductible, then 15%	\$20 \$70 \$110	Deductible, then 30% No Tier 3*	Deductible, then 50% No Tier 3*

* LivingWell Basic CDHP and the LW High Deductible Plans feature the Value Formulary.
This formulary includes mostly generics with few brand-named medications.

Source: 2018 KEHP Benefits Selection Guide

Enrollment by Plan



*2019 data reflects January-June 2019 only.

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

Who administers KEHP benefits?

KEHP Vendor Partners

The Kentucky Employees' Health Plan (KEHP) is a self-insured plan with benefits designed in partnership with our multiple 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: WageWorks** is a leader in administering Flexible Spending Accounts (FSA) and Health Reimbursement Arrangements (HRAs). WageWorks is solely dedicated to administering pre-tax 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 and lower out-of-pocket costs and earn rewards.
- **Wellness:** Go365 is a wellness and rewards solution that motivates action and inspires healthy changes. KEHP members earn rewards for healthy lifestyle activities, such as walking, staying current with preventive care, and more!

SmartShopper®



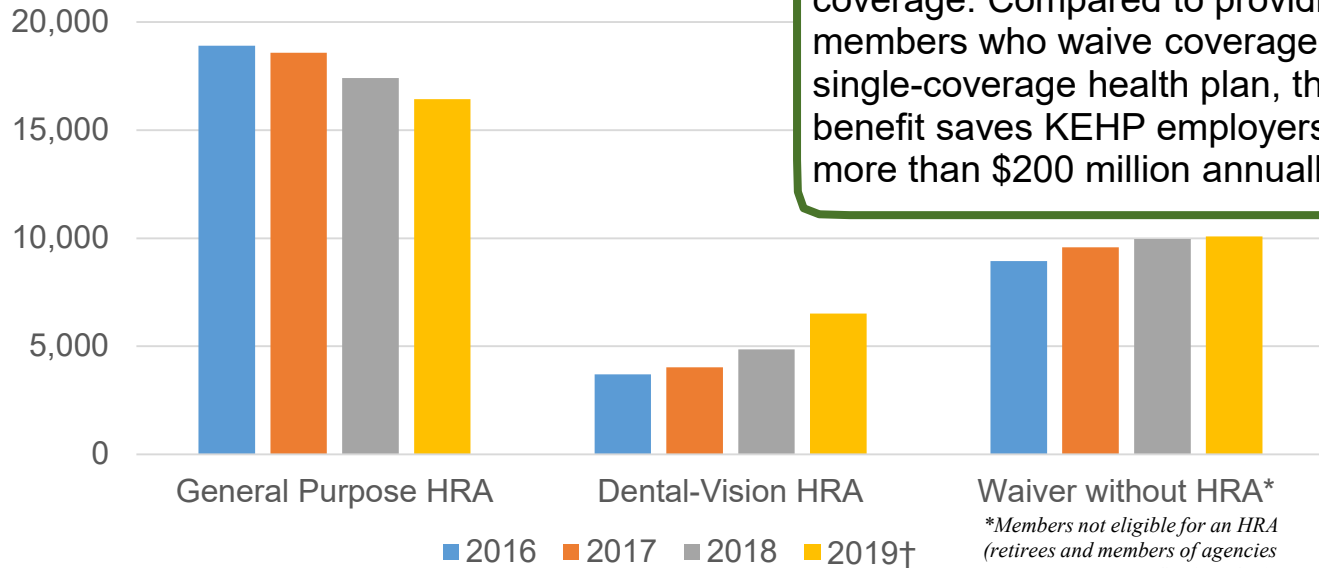
Additional Plan Benefits

KEHP also offers a variety of innovative benefits to support members

- LiveHealth Online Medical
- LiveHealth Online Psychology
- LiveHealth Online Psychiatry
- Diabetes Value Benefit
- COPD and Asthma Value Benefit
- Premise Health LivingWell Health Clinics
- 24/7 Nurse Line
- 24/7 Substance Use Disorder Telephone Support
- Rethink
- Incentivized Wellness Programs
- Diabetes Prevention Program
- DSMES Program
- Future Moms
- Health Risk Assessments
- Condition/Disease Management Programs
- Tobacco Cessation
- Why Weight Kentucky
- Pregnancy/Maternity Support
- Wellness Discounts

HRA Plans

In 2018, KEHP provided more than \$50 million in benefits (\$175 monthly) to members who waived health insurance coverage. Compared to providing members who waive coverage a single-coverage health plan, this benefit saves KEHP employers more than \$200 million annually!



■ 2016 ■ 2017 ■ 2018 ■ 2019†

†2019 data reflects January-June 2019 only.

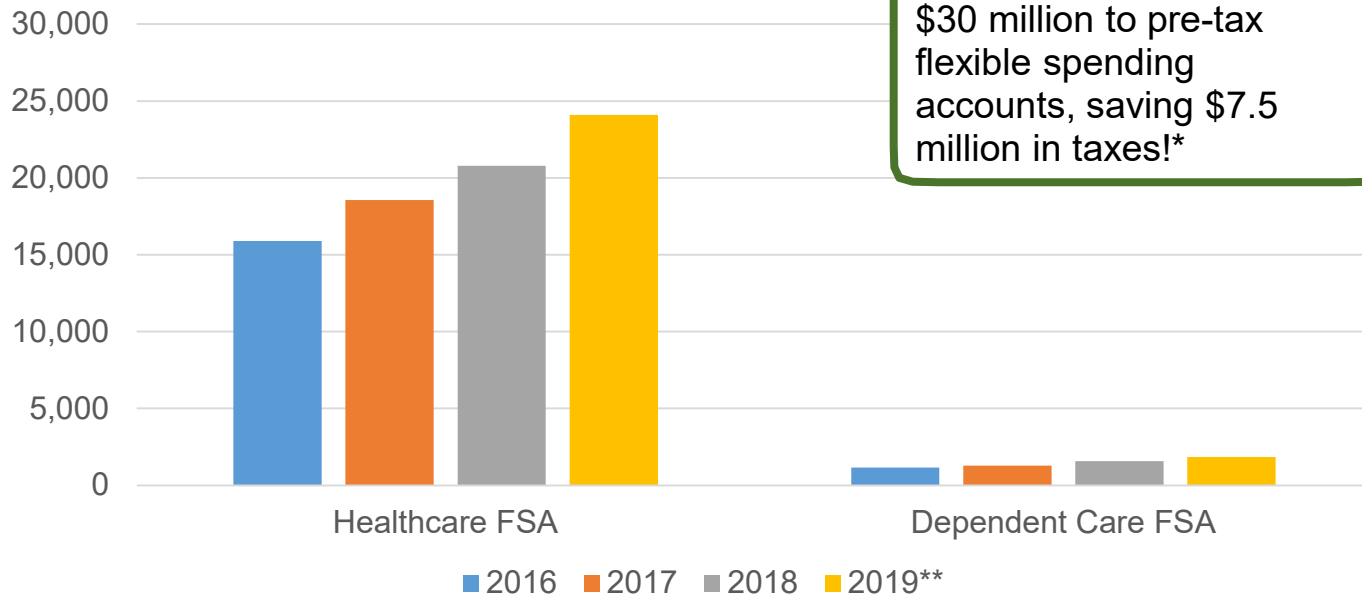
*Members not eligible for an HRA
(retirees and members of agencies
not participating in flex benefits.)

Source: KEHP enrollment in Kentucky Human Resource Information System (KHRIS) and WageWorks Contributions Report

FSA Plans



In 2018, employees contributed more than \$30 million to pre-tax flexible spending accounts, saving \$7.5 million in taxes!*



**2019 data reflects January-June 2019 only.

*Assumes a combined tax rate of 25% **Source:** KEHP enrollment in Kentucky Human Resource Information System (KHRIS) and WageWorks Contributions Report

Voluntary Benefits

- Life Insurance – participating employers provide \$20,000 of basic life insurance at no cost to the employee
- 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 dental insurance
- Vision Insurance – introduced in 2019, active employees may choose optional, employer-sponsored vision insurance

Optional Life Insurance

In 2018, DEI added two new Employee Life Ins. Options (5 & 6) and three new Dependent Life Ins. Options (F, G & H)!



Employee Life Insurance Options

	Option 1	Option 2	Option 3	Option 4	Option 5	Option 6
Coverage Amount	\$5,000	\$10,000	\$25,000	\$50,000	\$100,000	\$150,000

Dependent Life Insurance Options

Coverage Amounts	Plan A	Plan B	Plan C	Plan D	Plan E	Plan F	Plan G	Plan H
Spouse	\$10,000	\$5,000	\$5,000	\$10,000	-	\$20,000	\$20,000	
Child < 6 Months	\$2,500				\$2,500	\$2,500		\$2,500
Child 6 Months to Age 18	\$5,000				\$5,000	\$10,000		\$10,000

2019 Dental Insurance Plans

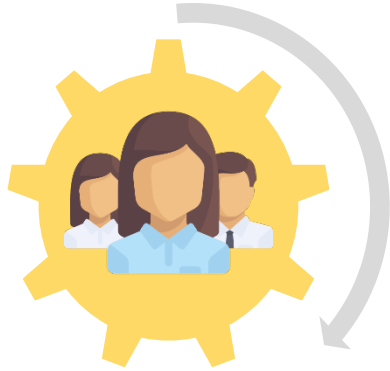
	Bronze	Silver	Gold
Annual Benefit Maximum	\$750	\$1,000	\$1,500
Annual Deductible	\$50	\$50	\$50
Orthodontia	Not Covered	Not Covered	\$1,500
Diagnostic and Preventive Service	100%	100%	100%
Basic Services	50%	80%	80%
Oral Surgery	50%	80%	80%
Major Services (Including Implants)	Not Covered	50%	50%
Annual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

2019 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 Once every 2 calendar years	\$150 allowance Once every 2 calendar years	\$150 allowance Once every calendar year
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	\$150 allowance Plus 15% off balance over \$150

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

Whom Do We Serve



About our Members

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

Eligibility

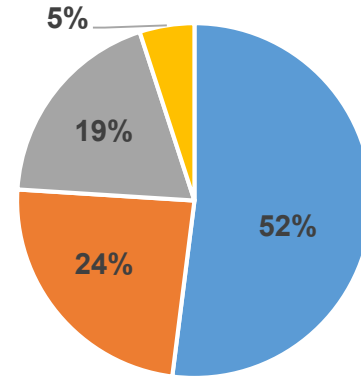
KEHP is a self-funded plan that offers health insurance coverage to 297,000 public employees, retirees and quasi governmental agencies. KEHP is run by public employees, for public employees, so members have a direct stake in the financial well-being of the Plan.

The Department of Employee Insurance also administers optional life insurance, dental insurance, vision insurance programs for eligible agencies.



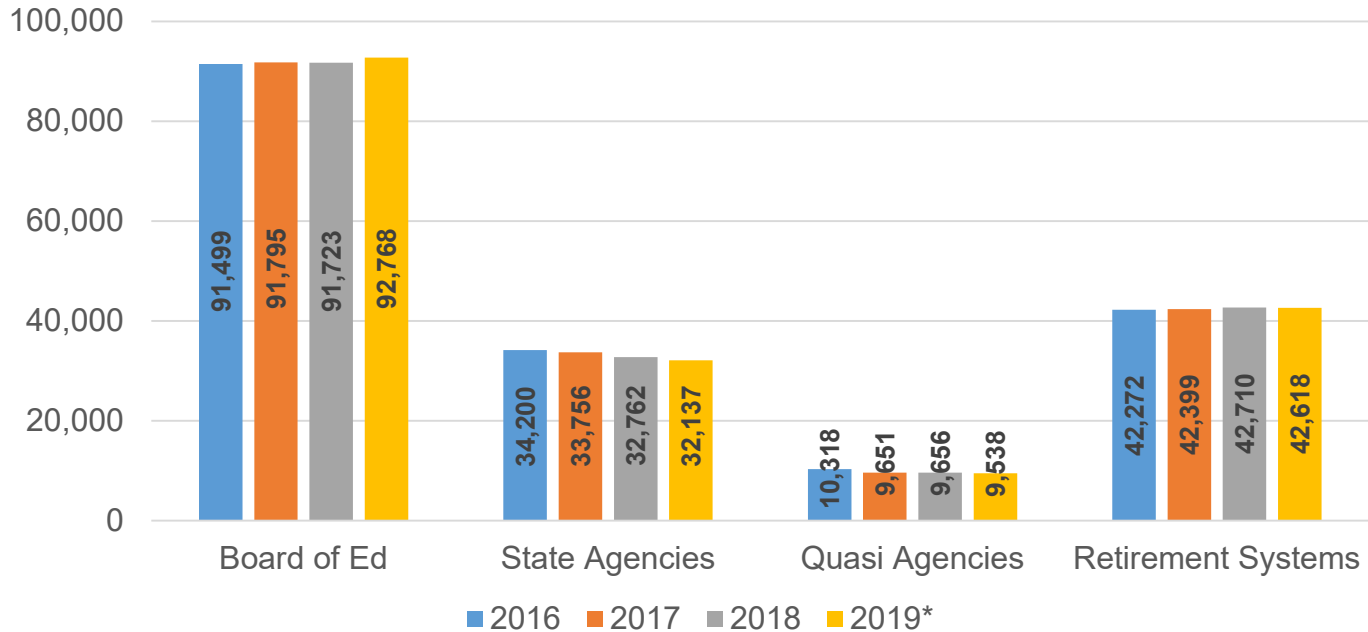
KEHP covers 6.6% of the entire state population!

Members



- School Boards
- Early Retirees
- State Agencies
- Quasi Agencies

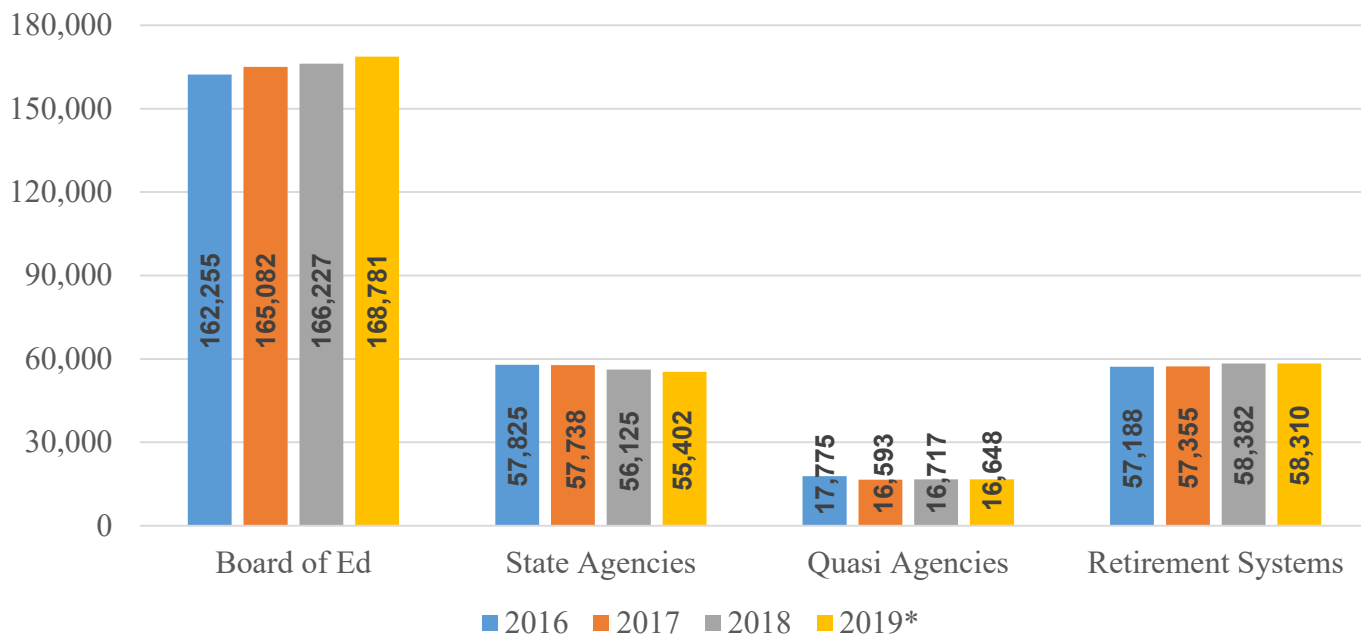
Employees by Group



*2019 data reflects January-June 2019 only.

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

Members by Group



*2019 data reflects January-June 2019 only.

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

Enrollment Demographics

	2016	2017	2018	2019*	2019 vs. 2018
Health Enrollment					
Employees	146,711	145,349	144,605	144,005	(0.4%)
Members	262,032	263,061	263,285	264,620	0.5%
Average Age					
Employees	48.4	48.4	48.4	48.8	0.0%
Members	37.0	36.8	36.8	36.7	(0.3%)
Demographic Splits					
Employee Percentage Male	33.9%	33.8%	33.9%	33.8%	(0.2%)
Member to Employee Ratio	1.79	1.81	1.82	1.84	0.9%
% of Covered Members who are:					
Adult Male	25.5%	25.5%	25.6%	25.5%	(0.3%)
Adult Female	43.1%	42.3%	42.1%	41.9%	(0.6%)
Children	31.4%	32.2%	32.3%	32.6%	0.9%

*2019 data reflects January-June 2019 only.

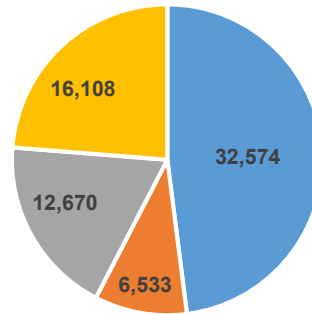
Source: KEHP enrollment and claims data aggregated by IBM Watson

LivingWell CDHP Employee Demographics



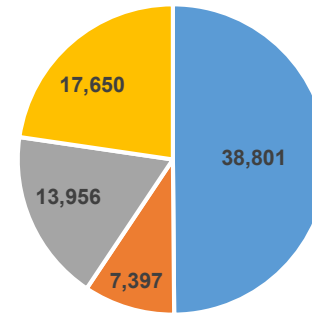
LivingWell CDHP has the highest percentage of female employee enrollment of any plan!

2018



■ Single ■ Couple ■ Parent Plus ■ Family

2019*



■ Single ■ Couple ■ Parent Plus ■ Family

Dimension	2018	2019*
Employee Age	46.6	46.7
Employee % Male	31.6%	32.3%

*2019 data reflects January-June 2019 only.

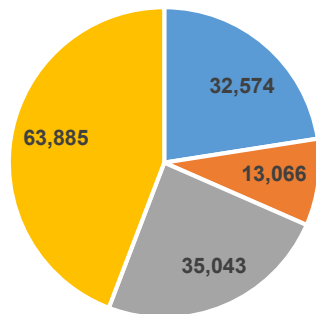
Source: KEHP enrollment and claims data aggregated by IBM Watson

LivingWell CDHP Member Demographics



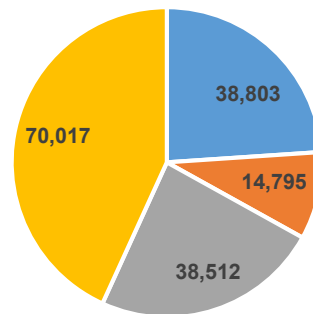
LivingWell CDHP has the highest ratio of Dependents to employees and also has the lowest average member age of any plan!

2018



■ Single ■ Couple ■ Parent Plus ■ Family

2019*



■ Single ■ Couple ■ Parent Plus ■ Family

Dimension	2018	2019*
Member Age	33.8	34.2
Member % Male	43.5%	43.5%
Member to EE Ratio	2.13	2.08

*2019 data reflects January-June 2019 only.

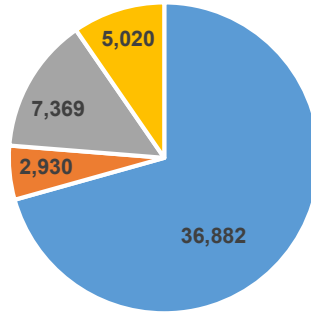
Source: KEHP enrollment and claims data aggregated by IBM Watson

LivingWell PPO Employee Demographics



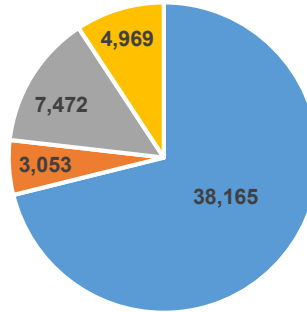
LivingWell PPO has the highest average employee age of any plan.

2018



■ Single ■ Couple ■ Parent Plus ■ Family

2019*



■ Single ■ Couple ■ Parent Plus ■ Family

Dimension	2018	2019*
Employee Age	51.8	51.9
Employee % Male	33.5%	34.4%

*2019 data reflects January-June 2019 only.

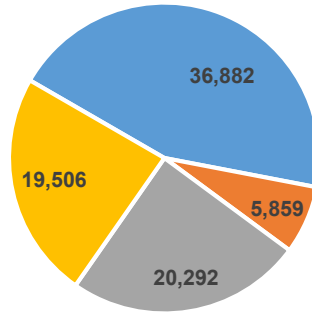
Source: KEHP enrollment and claims data aggregated by IBM Watson

LivingWell PPO Member Demographics



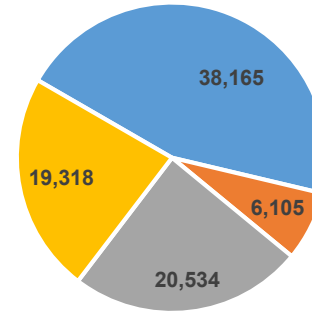
LivingWell PPO has the highest number of retirees of any plan.

2018



■ Single ■ Couple ■ Parent Plus ■ Family

2019*



■ Single ■ Couple ■ Parent Plus ■ Family

Dimension	2018	2019*
Member Age	41.3	41.6
Member % Male	39.1%	39.4%
Member to EE Ratio	1.58	1.57

*2019 data reflects January-June 2019 only.

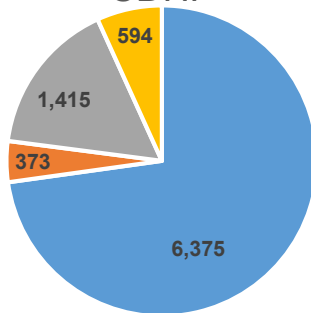
Source: KEHP enrollment and claims data aggregated by IBM Watson

Standard CDHP/LivingWell Basic CDHP Employee Demographics



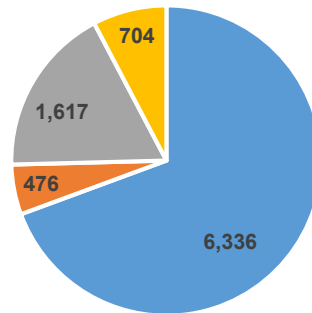
LivingWell Basic
CDHP has the
lowest average employee
age of any plan in 2019!

2018 Standard
CDHP



■ Single ■ Couple ■ Parent Plus ■ Family

2019* LivingWell
Basic CDHP



■ Single ■ Couple ■ Parent Plus ■ Family

Dimension	2018	2019*
Employee Age	43.5	42.9
Employee % Male	39.8%	39.6%

*2019 data reflects January-June 2019 only.

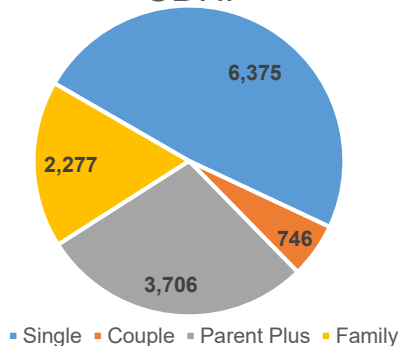
Source: KEHP enrollment and claims data aggregated by IBM Watson

Standard CDHP/LivingWell Basic CDHP Member Demographics

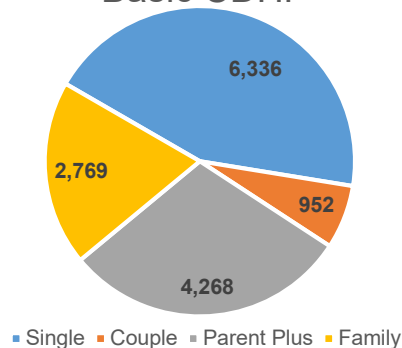


LivingWell Basic CDHP is the only Plan with an increased number of dependents covered per employee in 2019!

2018 Standard CDHP



2019* LivingWell Basic CDHP



Dimension	2018	2019*
Member Age	35.6	34.5
Member % Male	44.1%	44.1%
Member to EE Ratio	1.50	1.57

*2019 data reflects January-June 2019 only.

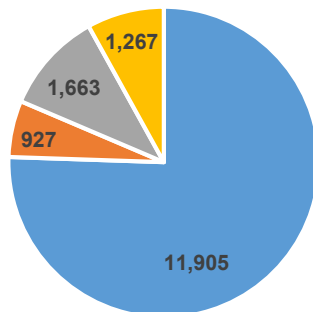
Source: KEHP enrollment and claims data aggregated by IBM Watson

Standard PPO/LivingWell High Deductible Employee Demographics



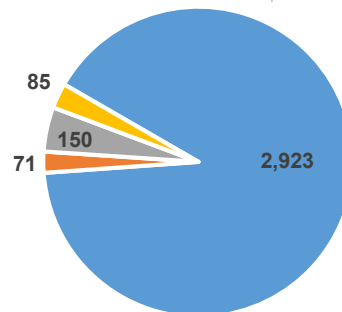
LW High Deductible has the highest percentage of male employee enrollment and the lowest overall enrollment of any plan!

2018 Standard PPO



■ Single ■ Couple ■ Parent Plus ■ Family

2019 LW High Deductible†



■ Single ■ Couple ■ Parent Plus ■ Family

†2019 Default plan for those who did not complete open enrollment.

Dimension	2018	2019*
Employee Age	47.6	46.8
Employee % Male	42.3%	49.3%

*2019 data reflects January-June 2019 only.

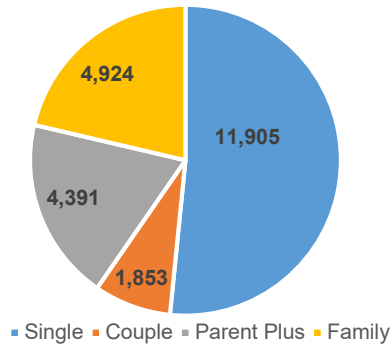
Source: KEHP enrollment and claims data aggregated by IBM Watson

Standard PPO/LivingWell High Deductible Member Demographics

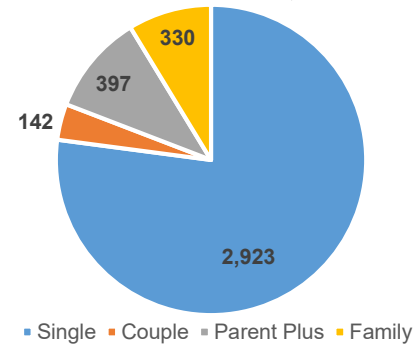


LW High Deductible plan has the lowest ratio of dependents to employees – for every 100 employees, only 18 dependents are covered by this plan!

2018 Standard PPO



2019* LW High Deductible†



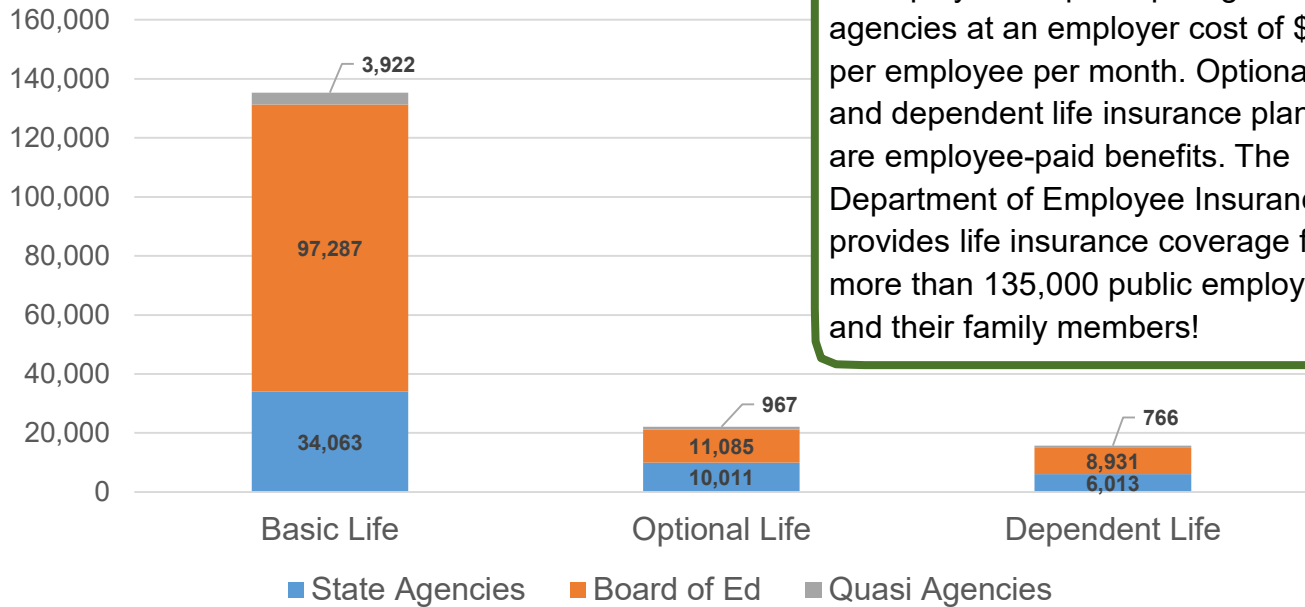
†2019 Default plan for those who did not complete open enrollment.

Dimension	2018	2019*
Member Age	40.0	43.2
Member % Male	45.3%	48.4%
Member to EE Ratio	1.46	1.18

*2019 data reflects January-June 2019 only.

Source: KEHP enrollment and claims data aggregated by IBM Watson

Life Insurance – 2019*

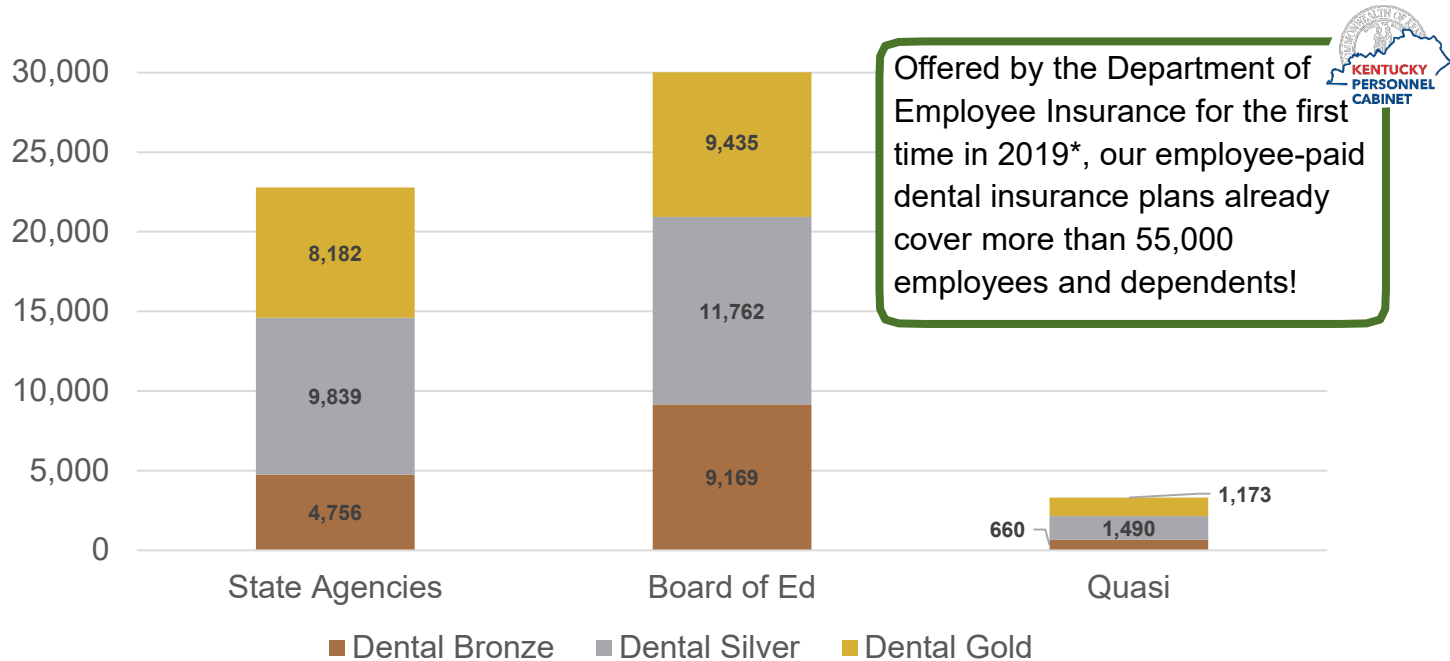


Basic Life Insurance is provided to employees of participating agencies at an employer cost of \$1 per employee per month. Optional and dependent life insurance plans are employee-paid benefits. The Department of Employee Insurance provides life insurance coverage for more than 135,000 public employees and their family members!

*2019 data reflects January-June 2019 only.

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

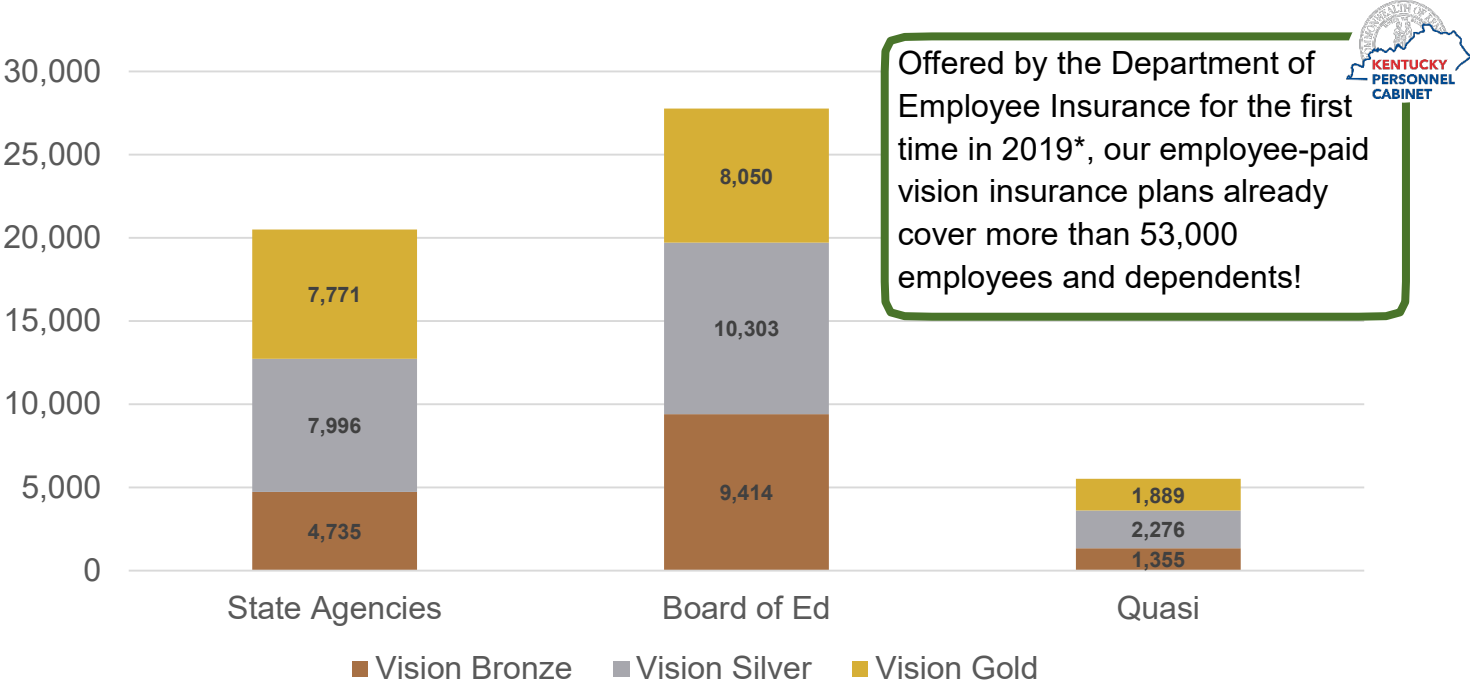
Dental Insurance Members



**2019 data reflects January-June 2019 only.*

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

Vision Insurance Members



*2019 data reflects January-June 2019 only.

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

Cost and Utilization Trends



About Our Program Experience

Overview of 2016-19 medical and pharmacy claims, plan trends, and program performance.

KEHP Medical and Pharmacy Trends



- KEHP has enjoyed substantially lower than industry-average allowed cost trends for several years
- Current KEHP allowed cost trends are near the industry average
- Employer contribution rate increases have lagged the rate of claims increases for a number of years

Claims Experience

	2016	2017	2018	2019*
Allowed Cost – Medical	\$1,160,263,710	\$1,196,786,848	\$1,264,149,250	\$639,514,688
Allowed Cost – RX	\$416,630,223	\$451,928,867	\$495,719,413	\$267,797,102
Total Allowed Cost	\$1,576,893,933	\$1,648,715,715	\$1,759,868,663	\$907,311,790
Plan Paid - Medical	\$956,550,829	\$980,457,415	\$1,042,000,817	\$501,932,752
Plan Paid – RX	\$362,291,199	\$399,580,616	\$438,301,429	\$232,367,067
Total Plan Paid	\$1,318,842,028	\$1,380,038,031	\$1,480,302,246	\$734,299,819

**2019 data reflects January-June 2019 only.*

Source: KEHP enrollment and claims data aggregated by IBM Watson

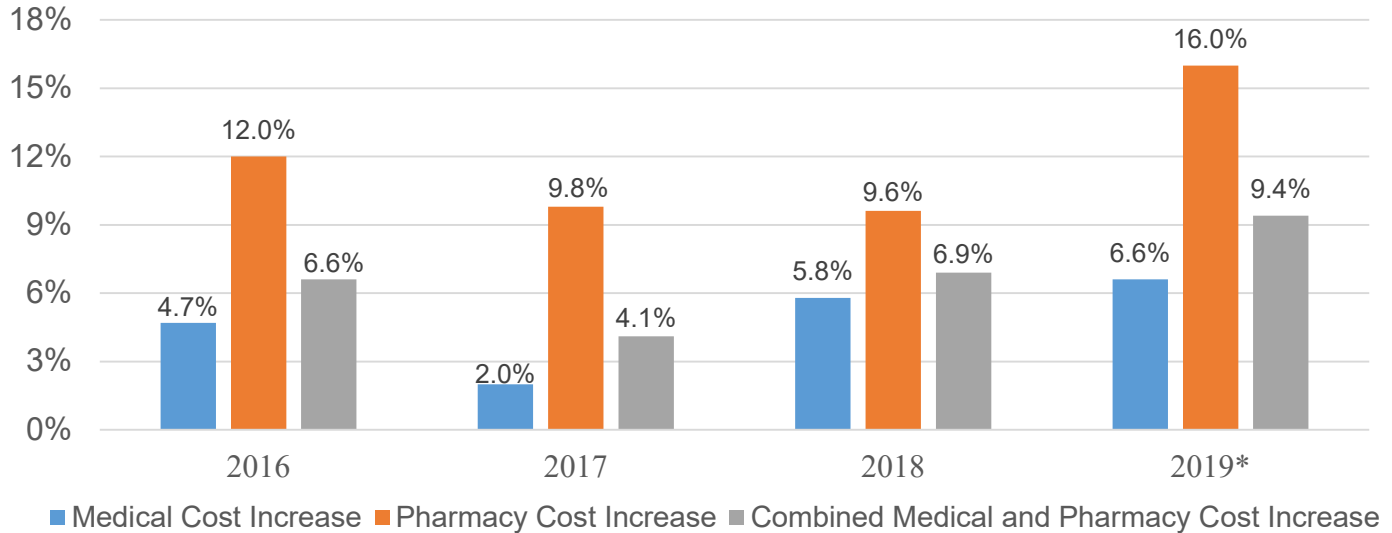
Claims Experience Per Member Per Month

	2016	2017	2018	2019
Allowed Cost – Medical	\$369.00	\$379.12	\$400.12	\$402.79
Allowed Cost – RX	\$132.50	\$143.16	\$156.90	\$168.67
Total Allowed Cost	\$501.49	\$522.29	\$557.02	\$571.46
Plan Paid - Medical	\$304.21	\$310.59	\$329.81	\$316.13
Plan Paid – RX	\$115.22	\$126.58	\$138.73	\$146.35
Total Plan Paid	\$419.43	\$437.17	\$468.54	\$462.49

**2019 data reflects January-June 2019 only.*

Source: KEHP enrollment and claims data aggregated by IBM Watson

Medical and Pharmacy Trends



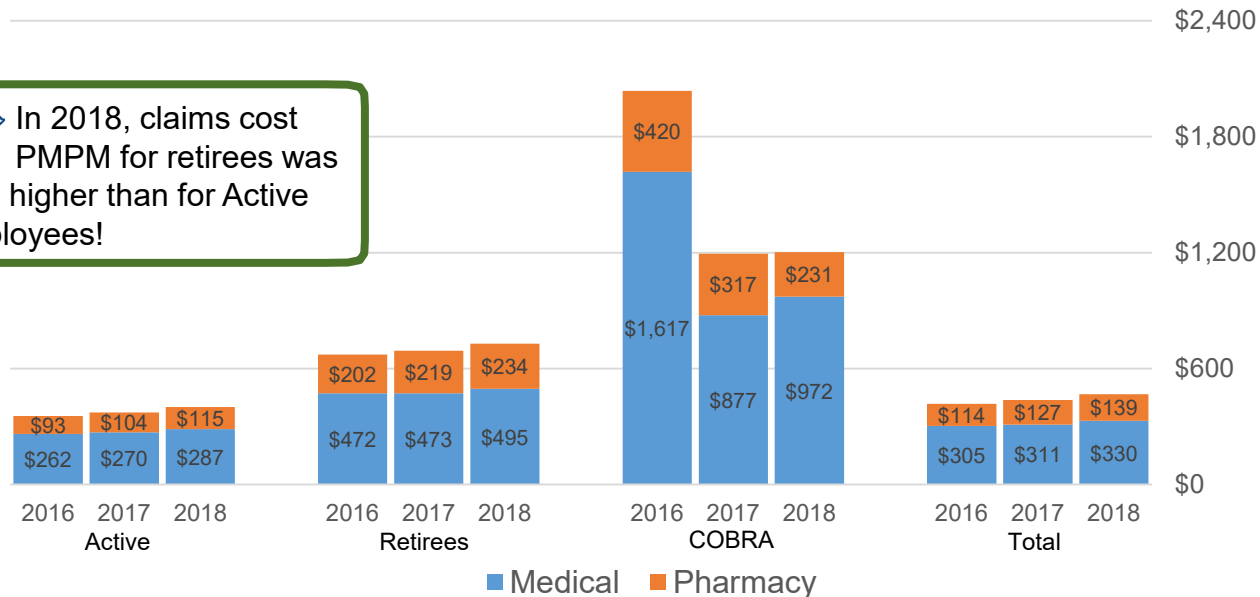
*2019 trend includes Jan-Jun 2019 compared to Jan-Jun 2018.

Source: KEHP enrollment and claims data aggregated by IBM Watson

Medical and Pharmacy Claims PMPM by Member Status

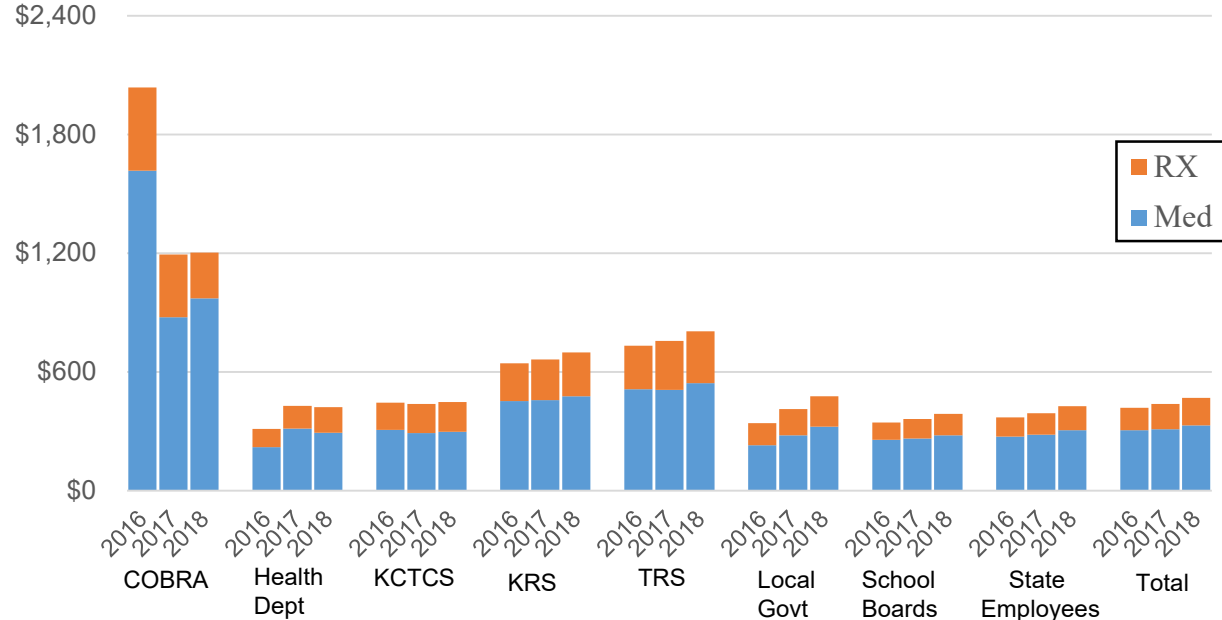


In 2018, claims cost PMPM for retirees was 81% higher than for Active Employees!



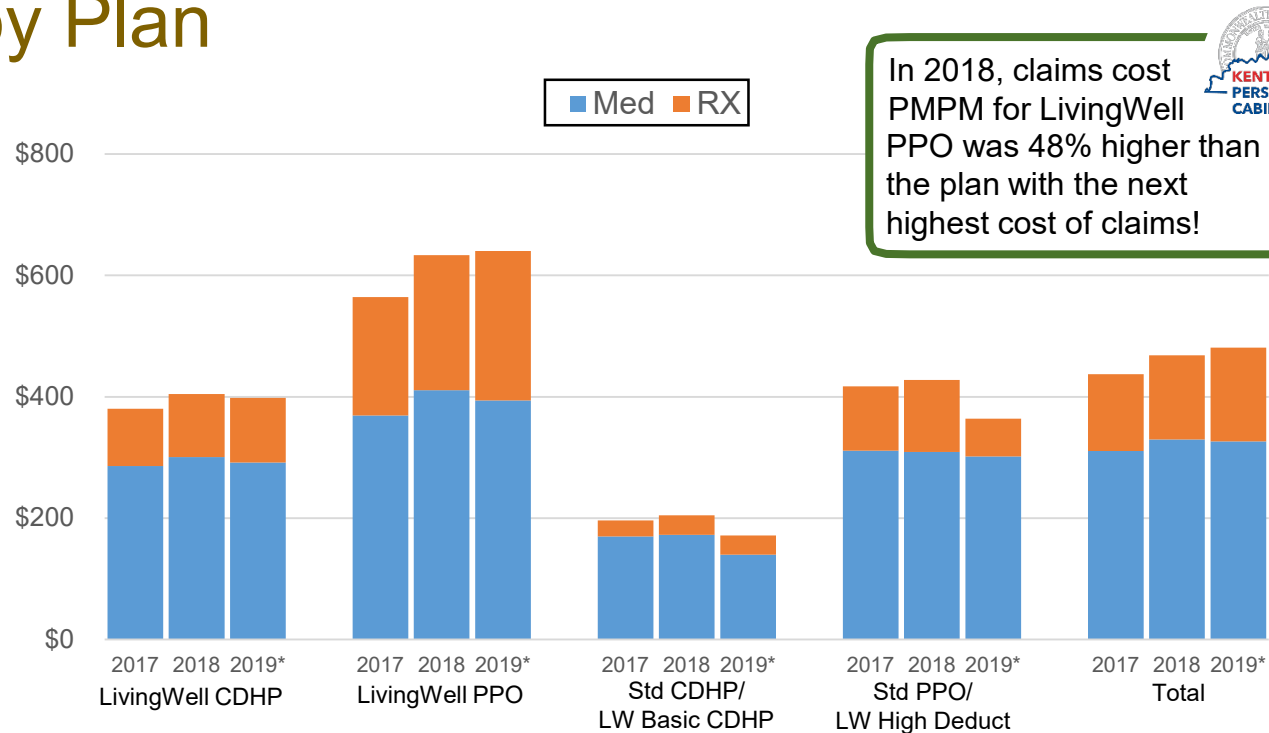
Source: KEHP enrollment and claims data aggregated by IBM Watson

Medical and Pharmacy Claims PMPM by Employee Group



Source: KEHP enrollment and claims data aggregated by IBM Watson

Medical and Pharmacy Claims PMPM by Plan



In 2018, claims cost PMPM for LivingWell PPO was 48% higher than the plan with the next highest cost of claims!



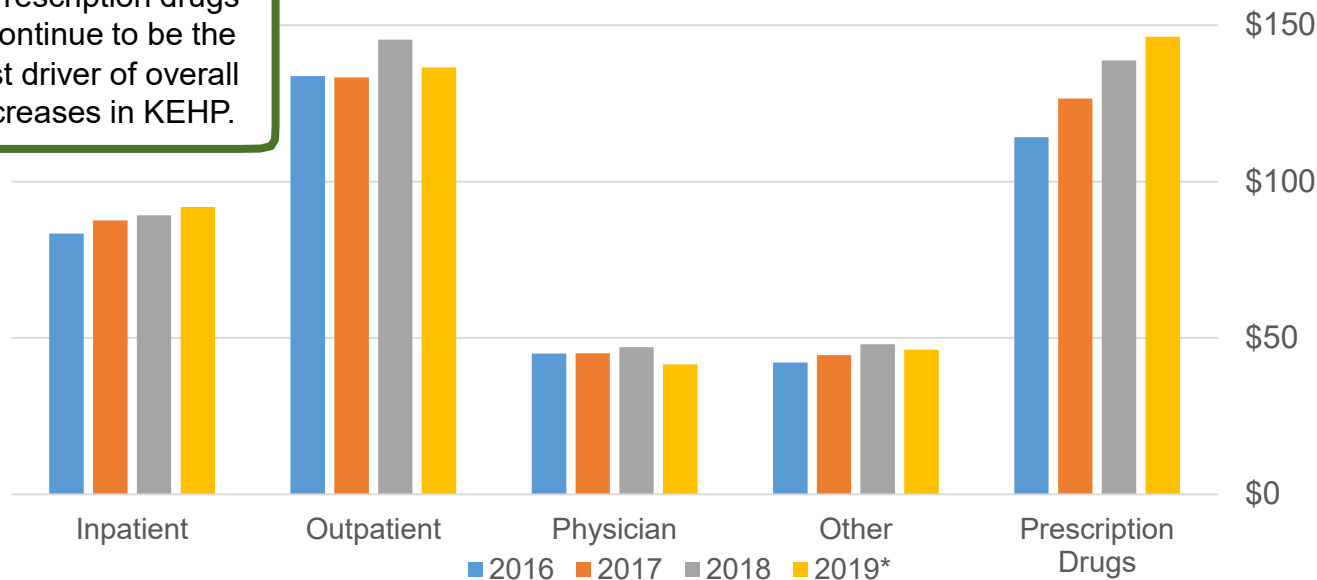
*2019 data reflects January-June 2019 only.

Source: KEHP enrollment and claims data aggregated by IBM Watson

Medical and Pharmacy Paid Costs by Service Type



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



*2019 data includes Jan-Jun 2019 only.

Source: KEHP enrollment and claims data aggregated by IBM Watson

Paid Claims by Service Cost as a Percentage of Total Costs

	2016	2017	2018	2019*
Inpatient	19.9%	20.0%	19.1%	17.6%
Outpatient	32.0%	30.5%	31.0%	28.7%
Physician	10.8%	10.3%	10.0%	10.0%
Other	10.1%	10.2%	10.3%	8.6%
Prescription Drugs	27.3%	29.0%	29.6%	35.1%

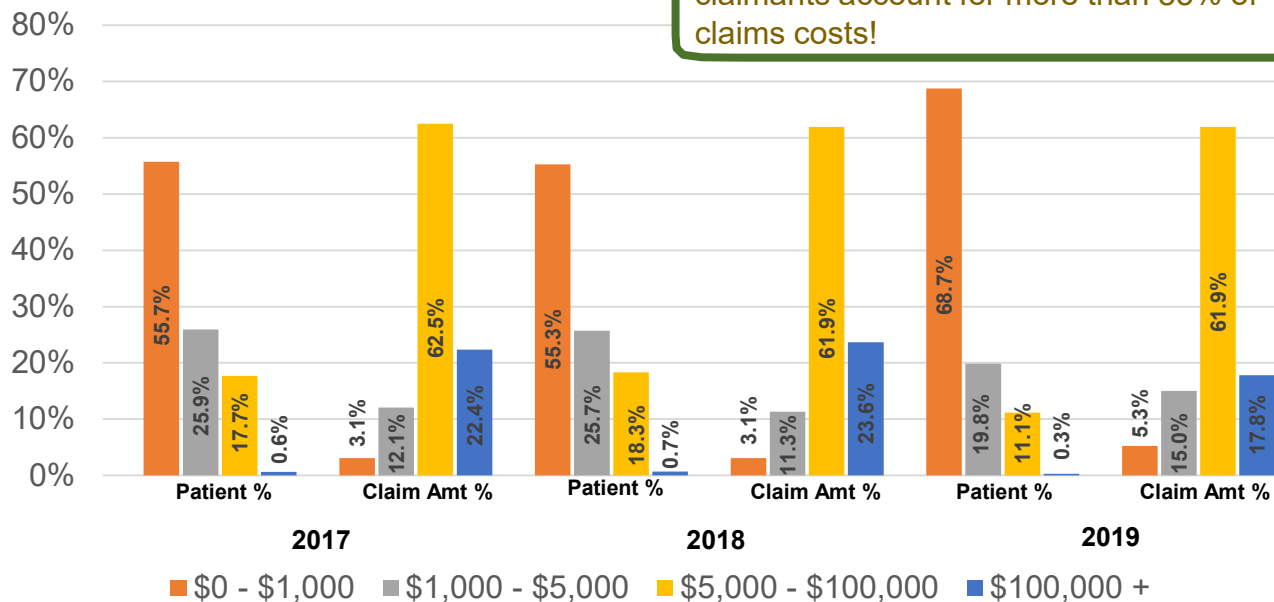
*2019 data reflects January-June 2019 only.

Source: KEHP enrollment and claims data aggregated by IBM Watson

Paid Claims Distribution by Amount



55.3% of members had net paid claims of less than \$1,000 in 2018, whereas 19% of claimants account for more than 85% of claims costs!



*2019 data reflects January-June 2019 only.

Source: KEHP enrollment and claims data aggregated by IBM Watson

KEHP Medical Benefits Detailed Experience

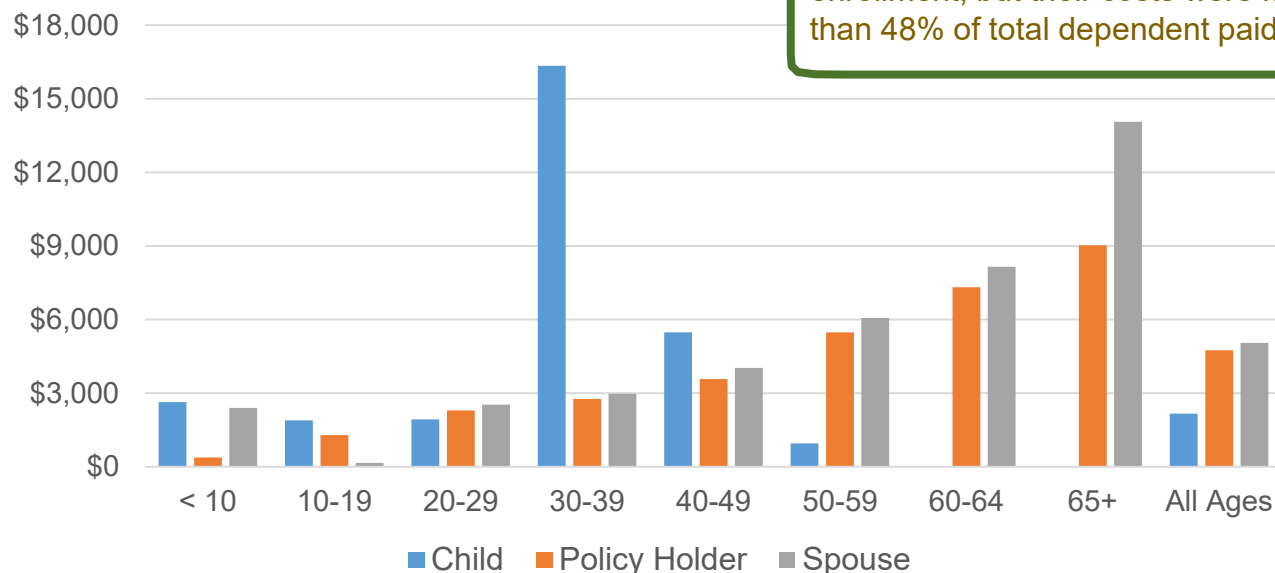


- Inpatient utilization has undergone a year-over-year decrease over the past several years but the relative cost of those claims continue to increase because of price inflation.
- Much of this utilization has shifted to lower cost sites of care (outpatient, office) but even these methods of delivery have become more expensive.
- Retirees and spouses continue to be the most expensive constituent groups for which to provide benefits.
- The top ten Major Diagnostic Categories account for more than 75% of claim costs.

2018 Employee and Dependent Claims PMPY by Age Band



Spouses were 28% of dependent enrollment, but their costs were more than 48% of total dependent paid claims!



Source: KEHP enrollment and claims data aggregated by IBM Watson

Inpatient Utilization



While inpatient admissions have decreased, cost inflation causes the cost of inpatient care to continue to rise.

Inpatient Hospital Claim Utilization Statistics	2016	2017	2018	2018 vs. 2017	Jan – Jun 2018	Jan – Jun 2019	2018 vs. 2019
Admits Per 1,000 Lives	61.4	64.0	62.1	-3.0%	62.0	59.2	-4.5%
Days Per 1,000 Lives	270.2	275.3	265.7	-3.5%	259.0	261.3	0.9%
Average Length of Stay (Days)	4.4	4.3	4.3	-0.5%	4.2	4.4	5.7%
Average Cost Per Admit	\$20,098	\$20,066	\$20,932	4.3%	\$20,004	\$22,504	12.5%
Average Cost Per Day	\$4,568	\$4,665	\$4,892	4.9%	\$4,789	\$5,098	6.5%
Allowed Charges PMPM	\$102.8	\$107.0	\$108.3	1.2%	\$103.4	\$111.0	7.4%

Source: KEHP enrollment and claims data aggregated by IBM Watson

Outpatient Utilization

KEHP has seen a continuing shift of utilization from the more expensive inpatient site of care to outpatient.



Outpatient Hospital Claim Utilization Statistics	2016	2017	2018	2018 vs. 2017	Jan – Jun 2018	Jan – Jun 2019	2018 vs. 2019
Visits Per 1,000 Lives	1,168.9	1,227.3	1,264.9	3.1%	1,213.7	1,305.0	7.5%
Services Per 1,000 Lives	7,852.0	7,728.4	7,802.2	1.0%	4,288.1	4,552.9	6.2%
Services Per Visit	6.7	6.3	6.2	-2.0%	3.5	3.5	-1.3%
Average Cost Per Visit	\$1,506.0	\$1,457.0	\$1,528.8	4.9%	\$1,503.3	\$1,467.2	-2.4%
Average Cost Per Service	\$225.0	\$247.2	\$256.0	3.6%	\$251.9	\$258.2	2.5%
Allowed Charges PMPM	\$147.1	\$149.0	\$161.2	8.1%	\$152.0	\$159.6	4.9%

Source: KEHP enrollment and claims data aggregated by IBM Watson

Professional Services Utilization

Outpatient Hospital Claim Utilization Statistics	2016	2017	2018	2018 vs. 2017	Jan – Jun 2018	Jan – Jun 2019	2018 vs. 2019
Visits Per 1,000 Lives	7,693.1	7,908.2	8,127.9	2.8%	7,893.56	8,198.9	3.9%
Services Per 1,000 Lives	15,673.7	16,194.1	16,787.3	3.7%	16,155.67	16,617.0	2.9%
Services Per Visit	2.0	2.0	2.1	0.9%	2.0	2.0	-1.0%
Average Cost Per Visit	\$117.0	\$119.5	\$123.5	3.3%	\$122.8	\$125.0	1.8%
Average Cost Per Service	\$58.0	\$58.4	\$59.8	2.4%	\$60.0	\$61.7	2.8%
Allowed Charges PMPM	\$75.3	\$78.8	\$83.6	6.2%	\$80.8	\$85.4	5.7%

Source: KEHP enrollment and claims data aggregated by IBM Watson

Utilization by Major Diagnostic Category

Major Diagnostic Category	Total Plan Costs			Patients		
	2017	2018	2019*	2017	2018	2019*
Musculoskeletal	\$175,510,490.23	\$182,347,185.77	\$64,410,568.22	94,530	95,924	60,447
Circulatory	\$114,657,848.50	\$119,674,984.05	\$52,069,797.28	66,986	67,409	40,458
Health Status	\$91,324,138.49	\$101,560,827.59	\$37,301,528.28	187,370	200,661	111,425
Digestive	\$91,042,699.27	\$93,529,850.66	\$35,248,484.82	52,433	53,425	28,577
Nervous	\$61,717,554.48	\$66,860,142.15	\$27,943,055.35	31,563	32,247	18,592
Myeloproliferative Diseases	\$47,468,939.38	\$54,213,264.23	\$24,948,965.12	6,314	6,422	3,646
Skin, Breast	\$44,987,323.53	\$48,241,069.59	\$17,373,931.33	85,520	85,224	44,287
Respiratory	\$42,578,496.65	\$44,657,031.57	\$19,112,390.68	58,258	57,228	36,043
Kidney	\$42,325,869.41	\$43,220,962.30	\$16,474,752.45	34,685	35,599	18,598
Metabolic	\$37,867,184.54	\$40,746,391.83	\$14,394,349.37	73,258	73,545	46,788

More than 76% of claim costs are for treatment of members whose diagnoses are contained in the top 10 MDCs!



*2019 data reflects January-June 2019 only.

Source: KEHP enrollment and claims data aggregated by IBM Watson

Plan Cost by Chronic Conditions

Chronic Condition	2017	2018	2018 Jan-Jun	2019 Jan-Jun
Cancer	\$65,081,492.50	\$72,828,723.89	\$33,181,877.58	\$36,116,483.80
Osteoarthritis	\$44,178,146.56	\$46,473,200.06	\$22,154,674.12	\$21,518,626.63
Chronic Back/Neck Pain	\$45,273,265.02	\$45,030,092.05	\$20,614,179.75	\$20,124,834.11
Coronary Artery Disease	\$33,660,974.30	\$34,485,926.61	\$15,999,898.80	\$16,949,339.47
Diabetes	\$14,227,159.46	\$15,942,263.02	\$7,851,092.54	\$7,176,357.93
Hypertension	\$10,031,236.17	\$11,806,209.51	\$6,254,147.00	\$5,259,169.32
Weight Management	\$10,611,595.69	\$11,785,855.00	\$4,929,738.17	\$4,675,673.41
Asthma	\$2,210,694.16	\$2,667,936.64	\$1,254,453.74	\$1,309,939.85
COPD	\$3,558,735.45	\$2,277,753.66	\$1,196,731.75	\$1,206,634.27
Heart Failure	\$1,745,463.03	\$2,263,838.06	\$775,682.24	\$1,192,336.04

In 2018, the total cost of chronic conditions represents 23.6% of total plan costs and increased by 6.5% over 2017.



Source: KEHP enrollment and claims data aggregated by IBM Watson

Paid Claims by Member Type

Spouses remain the most expensive group to cover, per member per month, more than 6% more expensive than employees/retirees!



Relationship	Medical Plan Cost					
	2017	2018	2018 vs. 2017	Jan-Jun 2018	Jan-Jun 2019	2019 vs. 2018
Employees	\$657,619,306.99	\$687,753,064.48	4.6%	\$310,624,372.86	\$330,085,234.52	6.3%
Spouse	\$156,579,239.63	\$170,630,970.20	9.0%	\$78,092,446.91	\$79,013,748.03	1.2%
Child	\$166,258,868.32	\$183,616,781.99	10.4%	\$84,589,922.82	\$92,833,769.65	9.7%

Relationship	Medical Plan Cost PMPM					
	2017	2018	2018 vs. 2017	Jan-Jun 2018	Jan-Jun 2019	2019 vs. 2018
Employees	\$377.03	\$396.34	5.1%	\$177.86	\$191.02	7.4%
Spouse	\$394.29	\$421.24	6.8%	\$190.07	\$191.07	0.5%
Child	\$163.73	\$180.17	10.0%	\$81.73	\$89.79	9.9%

Source: KEHP enrollment and claims data aggregated by IBM Watson

Paid Claims by Member Type

Status	Medical Plan Cost					
	2017	2018	2018 vs. 2017	Jan-Jun 2018	Jan-Jun 2019	2019 vs. 2018
Active Employees	\$686,117,470.34	\$728,659,057.68	6.2%	\$330,961,876.72	\$357,415,483.60	8.0%
Retirees	\$294,339,944.60	\$313,341,758.99	6.5%	\$142,344,865.87	\$144,517,268.60	1.5%

Relationship	Medical Plan Cost PMPM					
	2017	2018	2018 vs. 2017	Jan-Jun 2018	Jan-Jun 2019	2019 vs. 2018
Active Employees	\$270.76	\$288.47	6.5%	\$258.07	\$280.54	8.7%
Retirees	\$472.68	\$494.62	4.6%	\$453.80	\$460.68	1.5%

Even though Retiree Medical Claims PMPM grew at a rate slower than that of Active Employees in 2018 (4.6% versus 6.5%), medical claims cost PMPM for retirees remains nearly 72% higher than for Active Employees.



*2019 data reflects January-June 2019 only.

Source: KEHP enrollment and claims data aggregated by IBM Watson

KEHP Pharmacy Benefits Detailed Experience



- Total allowed pharmacy PMPM cost increased by 9.6% in 2018 and 16% in the first six months of 2019 – despite the number of scripts filled decreasing by 1.3% in 2018.
- The main drivers of the cost increase were significant price inflation of all drug categories, a decline in the number of expiring drug patents, and a robust pipeline of new, expensive specialty drugs.
- Maintaining a generic dispensing rate of more than 85% helps to slow price inflation.

Aggregate Pharmacy Benefits Costs

	Key Statistics and Trends						
	2016	2017	2018	2018 vs. 2017	Jan-Jun 2018	Jan-Jun 2019	2019 vs. 2018
Total Eligible Members	262,032	263,061	263,285	0.1%	266,023	264,620	-0.4%
Total Number of Scripts	4,553,836	4,787,026	4,725,145	-1.3%	2,321,814	2,296,481	-1.1%
Scripts Per Member	17.4	18.20	17.95	-1.4%	8.73	8.68	0.6%
Total Plan Paid	\$362,291,199	\$399,575,306	\$438,362,035	9.7%	\$201,457,864	\$232,367,067	18.2%
Total Member Paid	\$53,733,203	\$51,782,477	\$55,612,109	7.4%	\$32,248,030	\$34,587,760	12.2%
Total Allowed Cost	\$416,024,402	\$451,357,783	\$493,974,144	9.4%	\$233,705,895	\$266,954,826	17.2%
Plan Paid PMPM	\$115.22	\$126.58	\$138.75	9.6%	\$126.22	\$146.35	18.7%
Member Paid PMPM	\$17.09	\$16.40	\$17.60	7.3%	\$20.20	\$21.78	12.6%
Total Allowed Cost PMPM	\$132.50	\$142.98	\$156.35	9.3%	\$146.42	\$168.14	17.7%

Rate of increase of KEHP payments for pharmacy claims continues to grow at a higher rate than that for employees, resulting in employees sharing a lower percentage of pharmacy expenses over time.



Source: KEHP enrollment and claims data aggregated by IBM Watson

Aggregate Pharmacy Benefits Costs

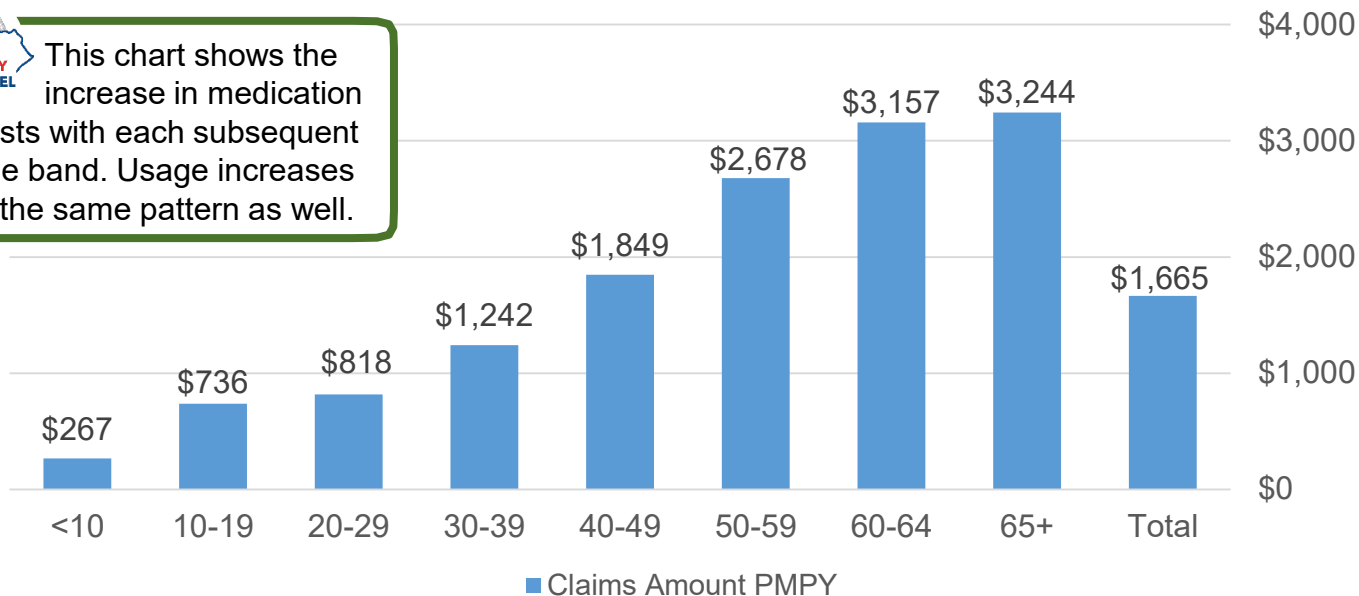
	Key Statistics and Trends						
	2016	2017	2018	2018 vs. 2017	Jan-Jun 2018	Jan-Jun 2019	2019 vs. 2018
Member Cost Per Claim	\$12.02	\$11.24	\$12.27	9.1%	\$14.29	\$15.96	11.7%
Retail Member Cost Per Claim	\$11.87	\$9.69	\$9.82	1.3%	\$11.31	\$11.87	5.0%
Mail Member Cost Per Claim	\$20.35	\$16.08	\$14.35	-10.8%	\$15.60	\$16.88	8.2%
Specialty Member Cost Per Claim		\$123.13	\$161.47	31.1%	\$207.50	\$224.13	8.0%
Total Member Cost Share	12.9%	11.5%	11.2%	-2.1%	13.7%	12.9%	-6.1%
Retail Member Cost Share	12.9%	16.5%	15.8%	-3.8%	19.6%	17.6%	-10.2%
Mail Member Cost Share	12.5%	11.8%	11.1%	-5.9%	13.5%	11.7%	-13.2%
Specialty Member Cost Share		4.0%	5.3%	32.5%	6.7%	7.5%	13.1%
Generic Utilization							
Generic Dispensing Rate	85.00%	85.46%	84.46%	-1.2%	86.02%	86.06%	0.0%
Generic Substitution Rate	95.90%	96.99%	96.84%	-0.2%	97.93%	98.41%	0.5%
Mail Order Utilization	1.8%	1.8%	2.3%	28.3%	2.4%	2.7%	12.9%

Source: KEHP enrollment and claims data aggregated by IBM Watson

2018 Cost of Prescriptions by Age Band

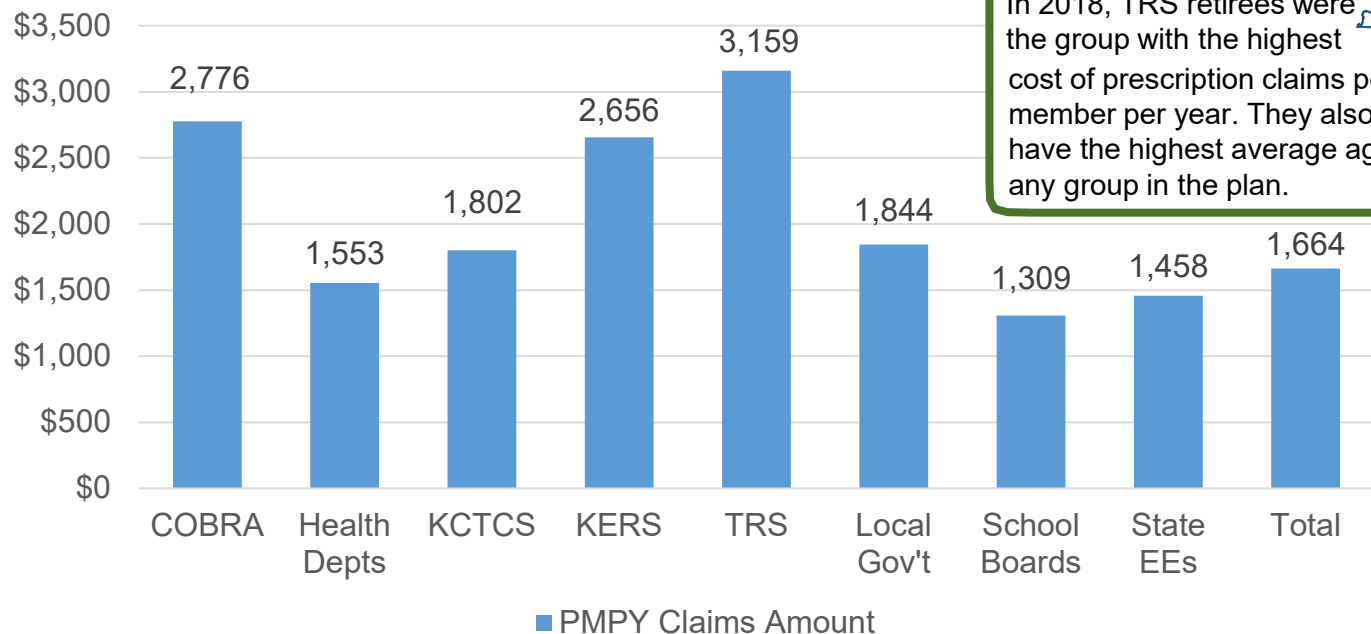


This chart shows the increase in medication costs with each subsequent age band. Usage increases in the same pattern as well.



Source: KEHP enrollment and claims data aggregated by IBM Watson

2018 Cost of Prescriptions by Group



In 2018, TRS retirees were the group with the highest cost of prescription claims per member per year. They also have the highest average age of any group in the plan.



Source: KEHP enrollment and claims data aggregated by IBM Watson

Top 10 Drugs for KEHP

Drug	2018 Rank	2017 Rank	Total Plan Cost				Number of Scripts			
			2016	2017	2018	Jan - Jun 2019	2016	2017	2018	Jan - Jun 2019
HUMIRA	1	1	\$22,188,371	\$28,837,226	\$33,475,379	\$17,083,594	3,431	3,983	4,518	2,300
ENBREL	2	2	\$13,962,392	\$13,739,847	\$13,348,587	\$5,727,838	2,333	1,971	1,804	816
STELARA	3	3	\$5,179,552	\$7,580,761	\$10,891,933	\$5,993,565	420	542	682	357
FARXIGA	4	10	\$3,374,721	\$5,366,565	\$9,240,235	\$4,868,669	8,109	11,254	16,095	7,360
TRULICITY	5	12	\$1,967,848	\$5,267,564	\$8,568,033	\$4,810,213	3,131	7,330	10,657	5,659
JANUVIA	6	5	\$6,072,060	\$6,945,567	\$7,951,603	\$4,704,918	14,179	15,014	14,647	7,910
VICTOZA	7	6	\$5,414,070	\$6,700,526	\$7,667,302	\$3,622,273	7,350	8,179	8,617	3,661
NOVOLOG FLEXPEN	8	4	\$6,254,116	\$7,167,014	\$7,411,396	\$3,416,583	7,740	8,341	8,206	3,634
TRESIBA	9	11	\$700,715	\$5,315,267	\$7,215,528	\$3,925,164	924	6,778	8,713	4,420
NOVOLOG	10	7	\$5,708,118	\$6,506,841	\$7,049,841	\$3,573,325	6,760	7,043	6,930	3,341

In 2018, the total cost of the top 10 drugs represents 22.8% of total plan drug and the cost of these top 10 drugs increased by 21% over 2017.



Source: KEHP enrollment and claims data aggregated by IBM Watson

Top 10 Therapeutic Classes



In 2019, the total cost of drugs in the top 10 therapeutic classes represents 65.8% of Total Gross Cost!

Therapeutic Class	2019 Rank	2018 Rank	Scripts	Patients	Gross Costs	Generic Fill Rate	Gross Cost PMPM
Antidiabetics	1	1	117,222	21,237	\$48,273,602	50.50%	\$30.28
Analgesics - Anti-Inflammatory	2	2	70,731	33,125	\$39,460,139	90.70%	\$24.75
Dermatologics	3	3	45,612	27,600	\$18,409,198	89.40%	\$11.55
Psychotherapeutic and Neurological Agents - Misc	4	4	5,675	2,252	\$14,329,640	39.30%	\$8.99
Antiasthmatic and Bronchodilator Agents	5	5	89,196	29,284	\$12,872,132	68.40%	\$8.07
Antineoplastics	6	7	8,605	2,737	\$10,545,530	91.80%	\$6.61
ADHD/Anti-Narcolepsy/Anti-Obesity/Anorexiants	7	6	39,725	9,769	\$9,734,256	67.50%	\$6.11
Antihyperlipidemics	8	13	122,031	39,418	\$8,681,801	98.40%	\$5.45
Antivirals	9	8	25,018	18,088	\$7,430,636	95.50%	\$4.66
Anticonvulants	10	9	62,324	16,145	\$6,695,575	88.90%	\$4.20

Source: CVS Rx Insights, 2018 Plan Review

Pharmacy Benchmarked Utilization Statistics



In 2018, KEHP's member cost share is nearly 2% higher than CVS/Caremark's benchmark. KEHP's generic fill rate and mail subscription rate were lower than the benchmark. KEHP's specialty percent of allowed cost and specialty allowed cost PMPM were significantly better than the benchmark

	KEHP				State Gov't
Key Statistic	2017	2018	Jan-Jun 2018	Jan-Jun 2019	Jan-Jun 2019
Member Cost %	11.6%	11.6%	11.5%	11.5%	9.7%
Generic Fill Rate	87.2%	86.3%	87.6%	87.5%	87.9%
Generic Substitution Rate	98.7%	99.0%	99.0%	98.9%	98.8%
Mail Subscription Rate	1.8%	1.8%	1.8%	1.8%	5.6%
Specialty Percent of Allowed Cost	34.0%	36.2%	37.7%	37.1%	40.7%
Specialty Plan Allowed Cost PMPM	\$48.58	\$56.60	\$55.24	\$62.33	\$64.28

Source: CVS Rx Insights, 2018 Plan Review

Drugs Losing Patent Protection – 2019

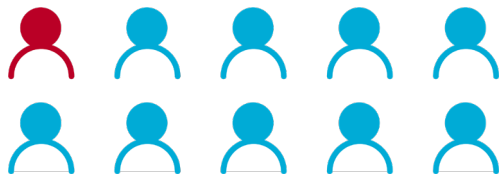
Drug	Utilizers	Total Scripts	Projected Savings			
			2019	2020	2021	Total
Lyrica	683	3,880	\$588,424	\$4,218,294	\$5,040,017	\$9,846,735
Advair Diskus	1,607	5,892	\$1,360,493	\$2,270,119	\$2,525,281	\$6,155,893
Ventolin	15,326	24,920	\$681,838	\$1,820,344	\$2,024,951	\$4,527,133
Latuda	148	800	\$610,587	\$1,075,427	\$1,262,766	\$2,948,780
Nuvaring	1,062	5,628	\$602,026	\$1,051,047	\$1,223,313	\$2,876,386
All Other	891	3,046	\$977,653	\$2,228,486	\$2,665,382	\$5,871,521

Projected savings for drugs coming off of patent protection in 2019 is expected to exceed \$32 million!



Source: CVS Rx Insights, 2018 Plan Review

Population Health Issues



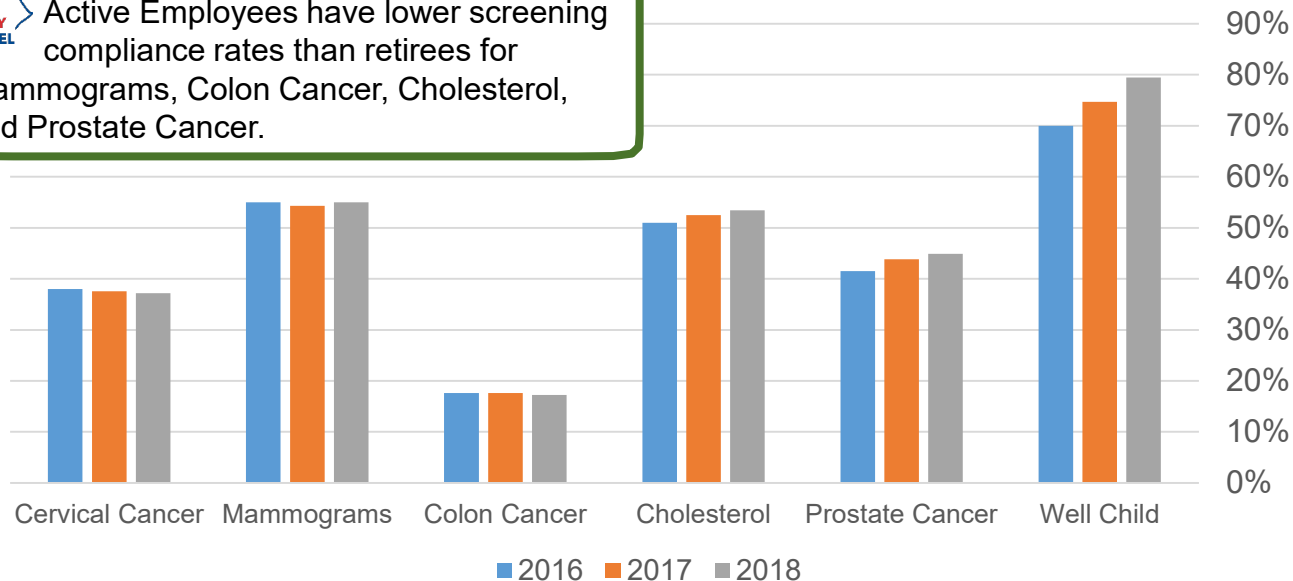
- KEHP makes a wide variety of health screenings available to members, but they are not being utilized as often as recommended.
- The Kaiser Family Foundation Survey, as has been the case in previous years, shows that Commonwealth of Kentucky residents tend to have less healthy behaviors and outcomes as compared both to the U.S. as a whole and other states in the South Region.

Source: KEHP enrollment and claims data aggregated by IBM Watson

Preventive Care Screening Utilization – Active Employees



Active Employees have lower screening compliance rates than retirees for Mammograms, Colon Cancer, Cholesterol, and Prostate Cancer.

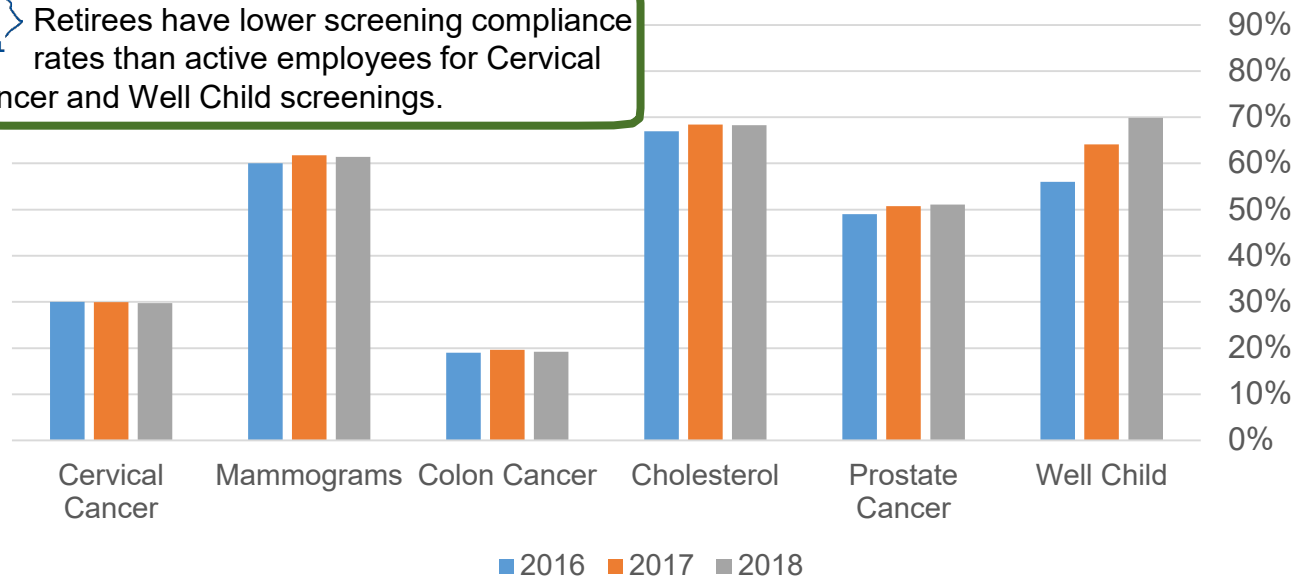


Source: KEHP enrollment and claims data aggregated by IBM Watson

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 IBM Watson

Engagement in Special Outreach Programs

Anthem	2017			2018			Jan 2019 – June 2019		
	Referral	Engaged	Rate	Referral	Engaged	Rate	Referral	Engaged	Rate
Diabetes Prevention Program	345	356	103%	314	253	81%	89	128	144%
Case Management	69,109	12,435	18%	74,501	12,776	17%	50,028	6,865	14%
Behavioral Health	1,165	374	32%	1,189	296	25%	616	189	31%
Future Moms	357	159	46%	262	138	53%	95	58	61%

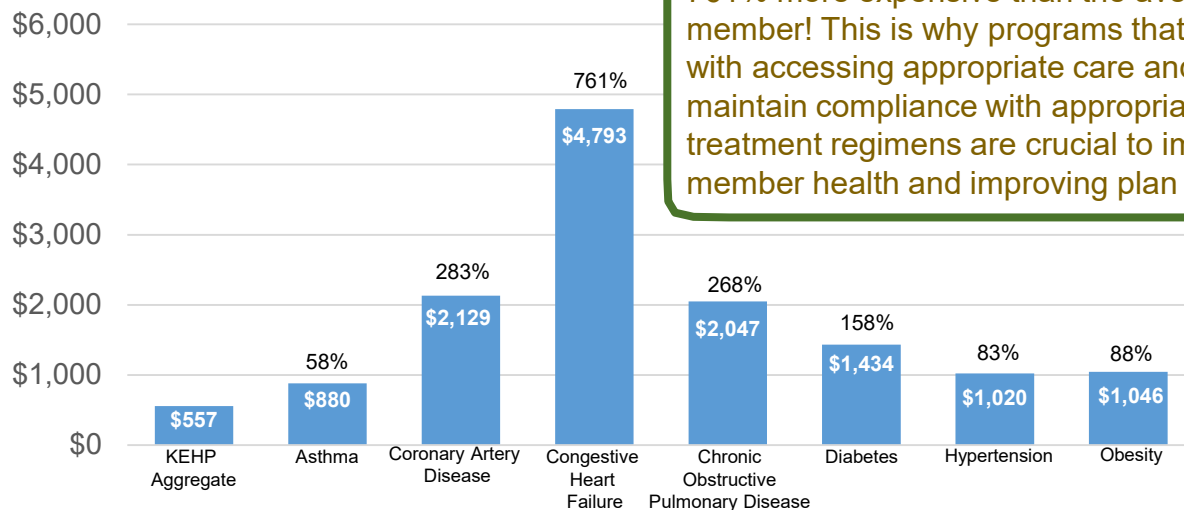
Clinical Indicators

Cluster	Clinical Indicator	Measured Population	2016	2017	2018	Jan -Jun 2019
Overall Wellness	Percent of Adults with No Gaps in Care	All KEHP Members	39%	44%	45%	51%
Vascular Conditions	Use of Beta Blockers after Heart Attack	224	84%	85%	85%	86%
	LDL-Cholesterol Screening after Heart Attack*	14,091	78%	69%	87%	
Diabetes	HbA1c Testing Rate	19,730	81%	81%	81%	80%
	Lipid Test Percent*	3,724	74%	86%	70%	
	Eye Exam Rate	9,242	33%	38%	38%	37%

* Measurements for these indicators are only available for a full year of experience.

Source: KEHP enrollment and claims data aggregated by IBM Watson

Chronic Disease States PMPM



Members with congestive heart failure are 761% more expensive than 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 IBM Watson

Comparison of Selected Population Health Statistics for the Commonwealth

	KY (Prior Survey)	KY (Current)*	South Region	US Total
Life Expectancy at Birth	76.0	75.9	78.1	78.7
Percent of Adults who are Overweight or Obese	68%	68%	67%	65%
Percent of Children (10-17) who are Overweight or Obese	34%	40%	33%	31%
Percent of Adults who Participate in any Physical Activities	66%	66%	70%	73%
Percent of Adults Who Smoke	25%	25%	18%	16%
Percent of Smokers Who Attempt to Quit Smoking	57%	57%	61%	59%
Percent of Adults who have Ever Been told by a Doctor that they have Diabetes	13%	13%	12%	11%
Adult Self-Reported Current Asthma Prevalence Percentage	11%	11%	9%	9%
Percent of Adults Reporting Poor Mental Health	38%	38%	34%	35%
Number of Cancer Deaths (per 100,000)	194	186	157	153
Number of Deaths Due to Diseases of the Heart (per 100,000)	203	196	174	165
Age-Adjusted Invasive Cancer Incidence Rate (per 100,000)	514	512	431	437

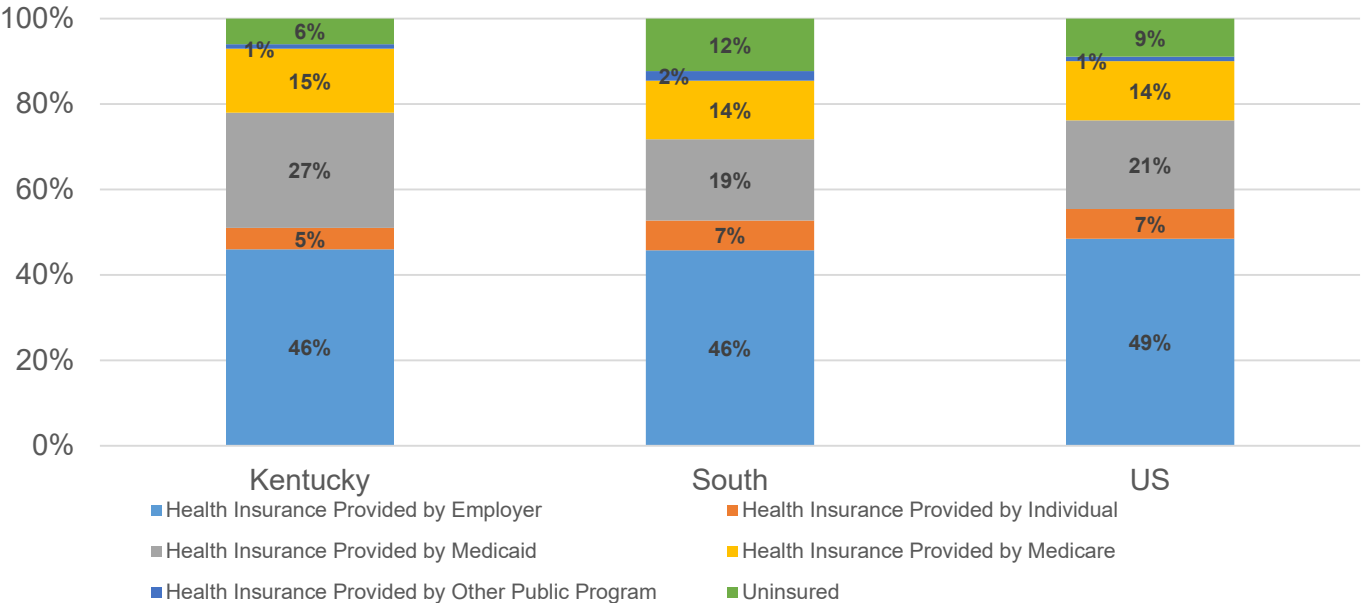
* Red shading: KY experience is poorer than both the US and the South region.

Source: Kaiser Family Foundation, www.statehealthfacts.org

Source of Insurance Coverage



A much lower percentage of Kentuckians are uninsured than either the South Region or US as a whole!



Source: Kaiser Family Foundation, www.statehealthfacts.org

KEHP Benchmarked Results



- KEHP is more heavily female and older than the public and private sectors.
- KEHP's cost PEPY compares favorably to the public and private sectors.
- KEHP has a higher prevalence of chronic illness, a higher rate of admissions, and higher risk scores than the benchmarks.
- Across all inpatient quality metrics, KEHP lags the public and private sectors.

Key Demographic Benchmarks

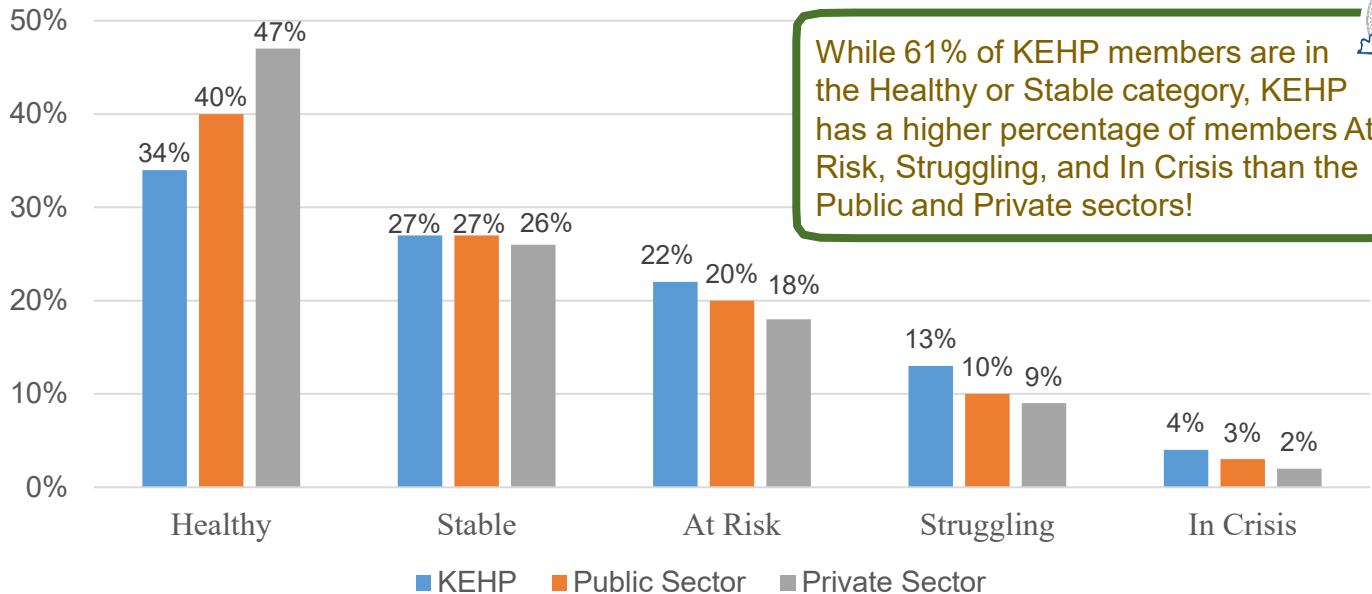


KEHP's population is older and the percentage of female employees is higher than either the Public or Private Sector norms. More concerning, the KEHP population has a much higher risk score than either group.

	KEHP	Public Sector	Private Sector
Average Member Age	36.8	36	33.6
Member to Employee Ratio	1.8	1.9	2.2
Employee % Male	42%	44%	49%
Risk Score	164	105	99

Source: IBM Watson Benchmark Report

Health Risk by Category

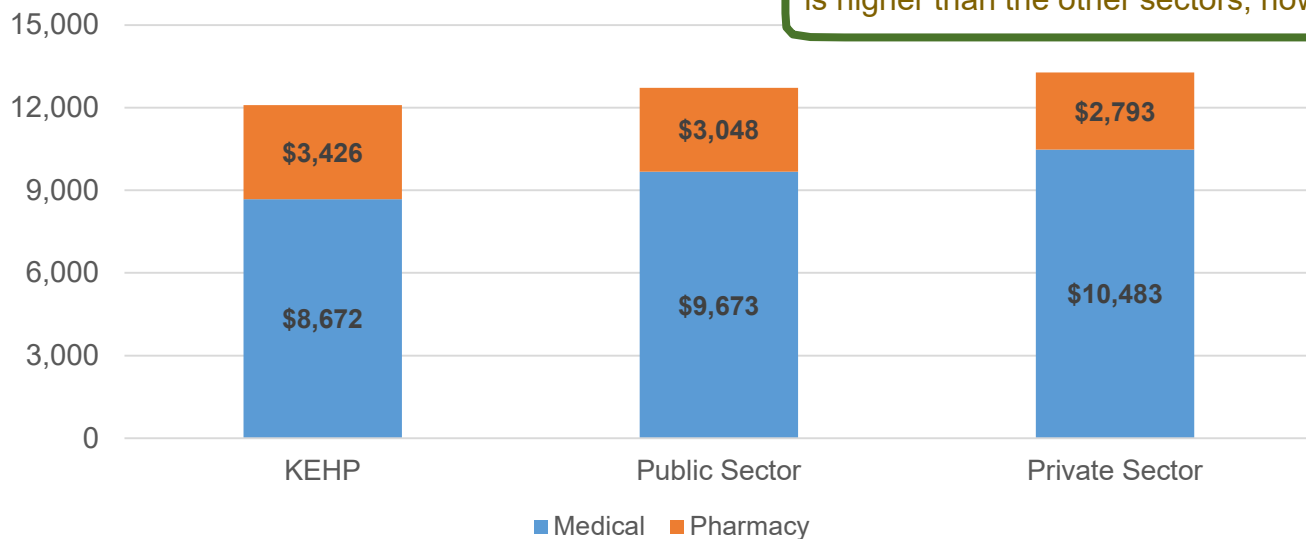


Source: IBM Watson Benchmark Report

KEHP Cost PEPY Compared to Public and Private Sectors



KEHP's total cost PEPY compares favorably to both the public and private sectors. KEHP's Rx allowed amount PEPY is higher than the other sectors, however.

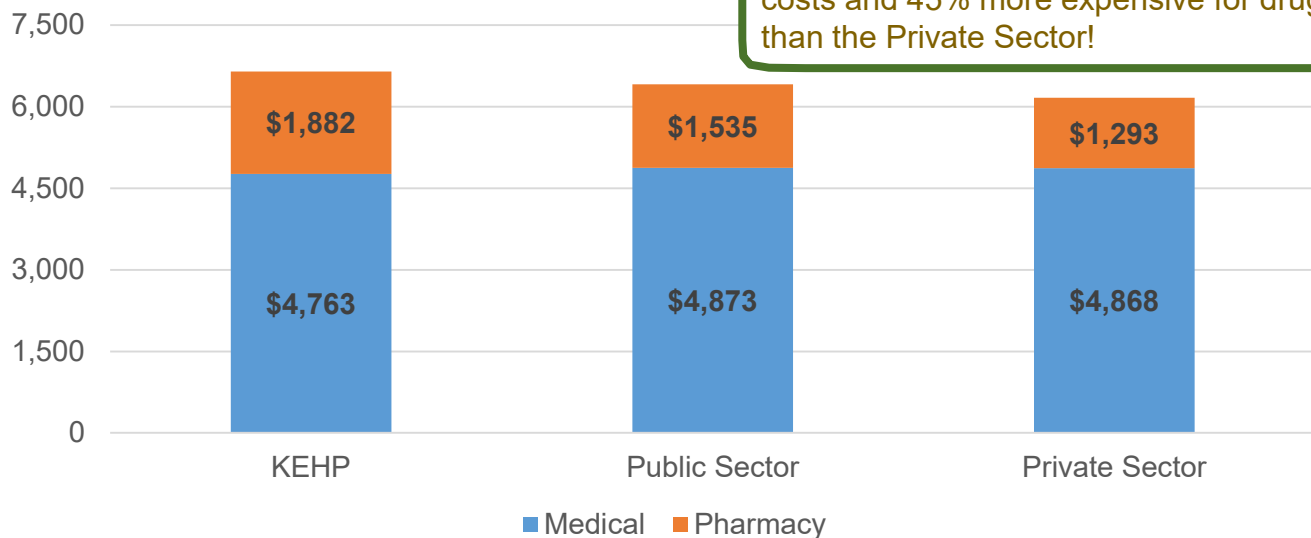


Source: IBM Watson Benchmark Report

KEHP Cost PMPY Compared to Public and Private Sectors



When dependents are added, KEHP is 4% more expensive than the Public Sector on a PMPY basis for combined medical and drug costs and 45% more expensive for drug costs than the Private Sector!



Source: IBM Watson Benchmark Report

2018 Disease Prevalence for Active Employees

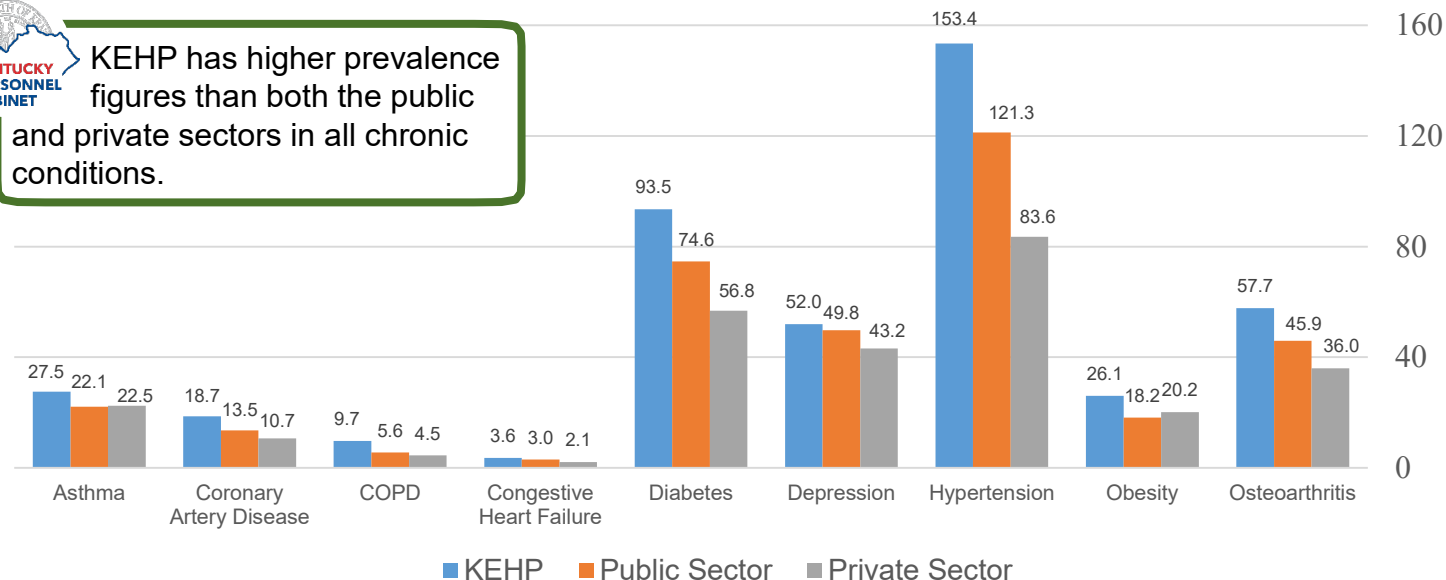
Disease Prevalence % of Patients	KEHP	Benchmark			
		State & Local Govt	Difference*	Private	Difference*
Asthma	2.49%	1.94%	0.6%	1.88%	0.6%
Coronary Artery Disease	2.20%	1.69%	0.5%	1.39%	0.8%
COPD	1.13%	0.69%	0.4%	0.57%	0.6%
Congestive Heart Failure	0.42%	0.38%	0.0%	0.27%	0.2%
Diabetes	11.42%	9.25%	2.2%	7.30%	4.1%
Depression	5.71%	5.43%	0.3%	4.75%	1.0%
Hypertension	18.96%	15.16%	3.8%	10.88%	8.1%
Low Back Disorder	12.69%	9.77%	2.9%	8.45%	4.2%
Obesity	2.64%	1.82%	0.8%	2.02%	0.6%
Osteoarthritis	7.08%	5.72%	1.4%	4.66%	2.4%

* Red shading: KY experience is poorer the State & Local Government and/or Private Sector employer groups.

Chronic Condition Prevalence per 1,000 Members

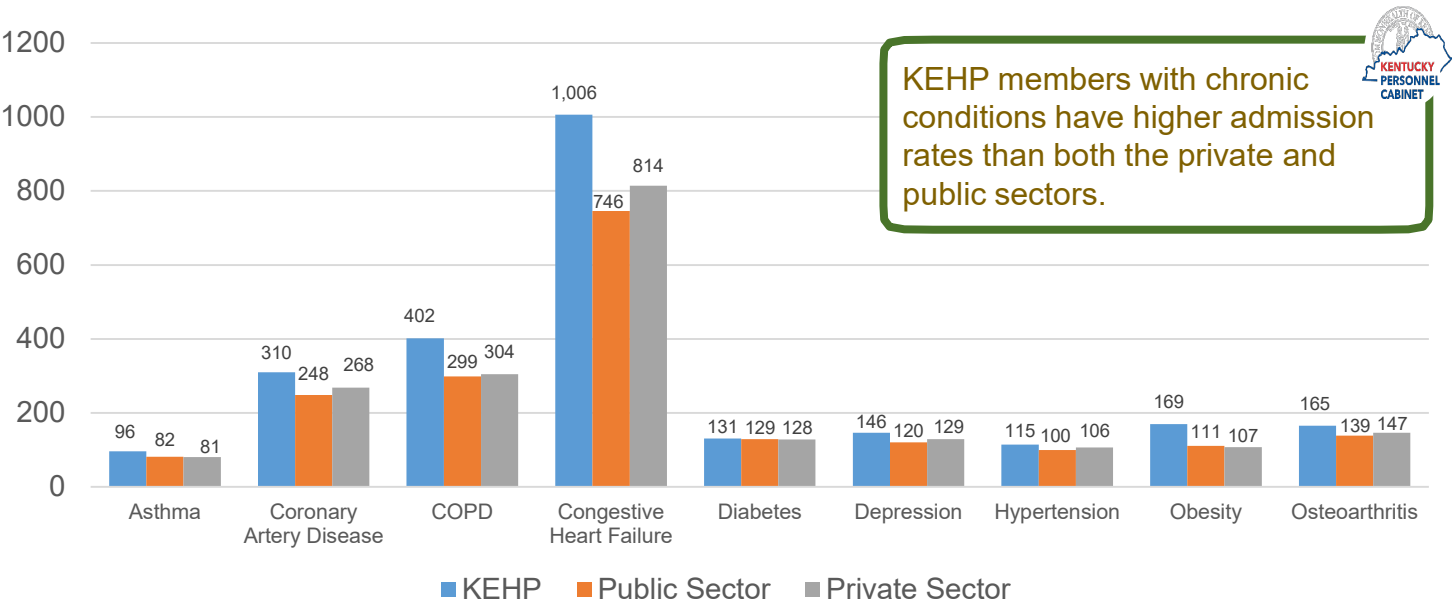


KEHP has higher prevalence figures than both the public and private sectors in all chronic conditions.



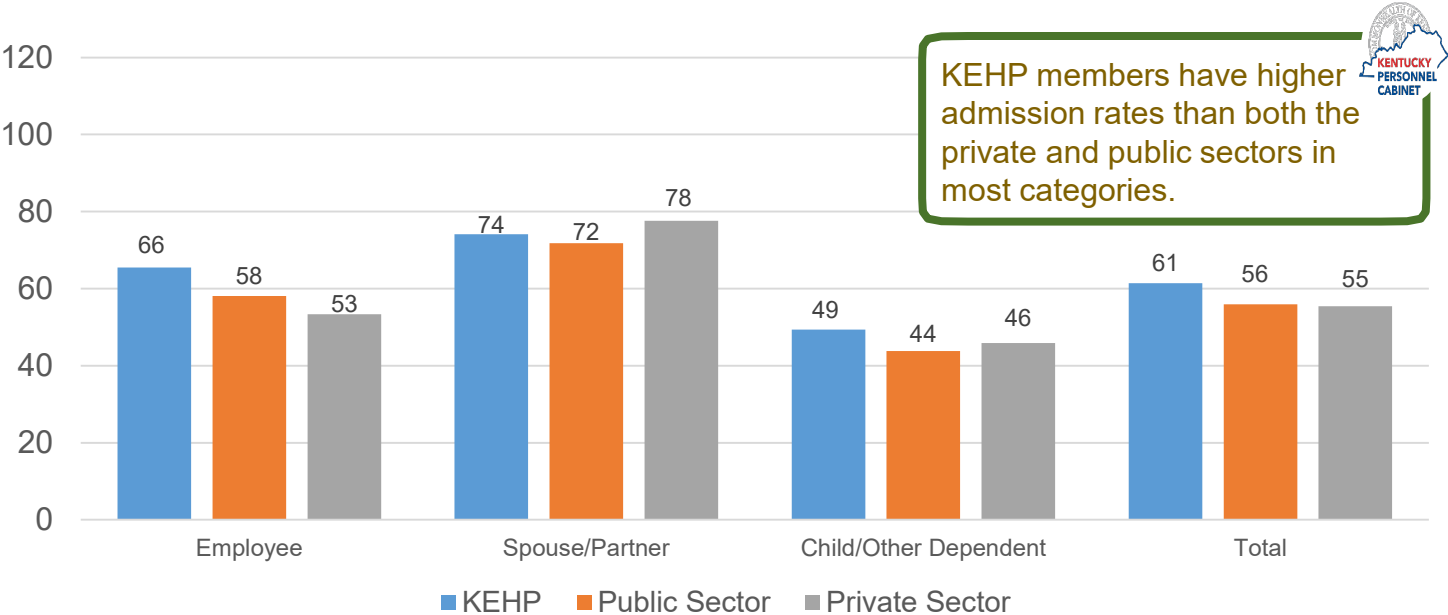
Source: IBM Watson Benchmark Report

Chronic Condition Prevalence per 1,000 Members



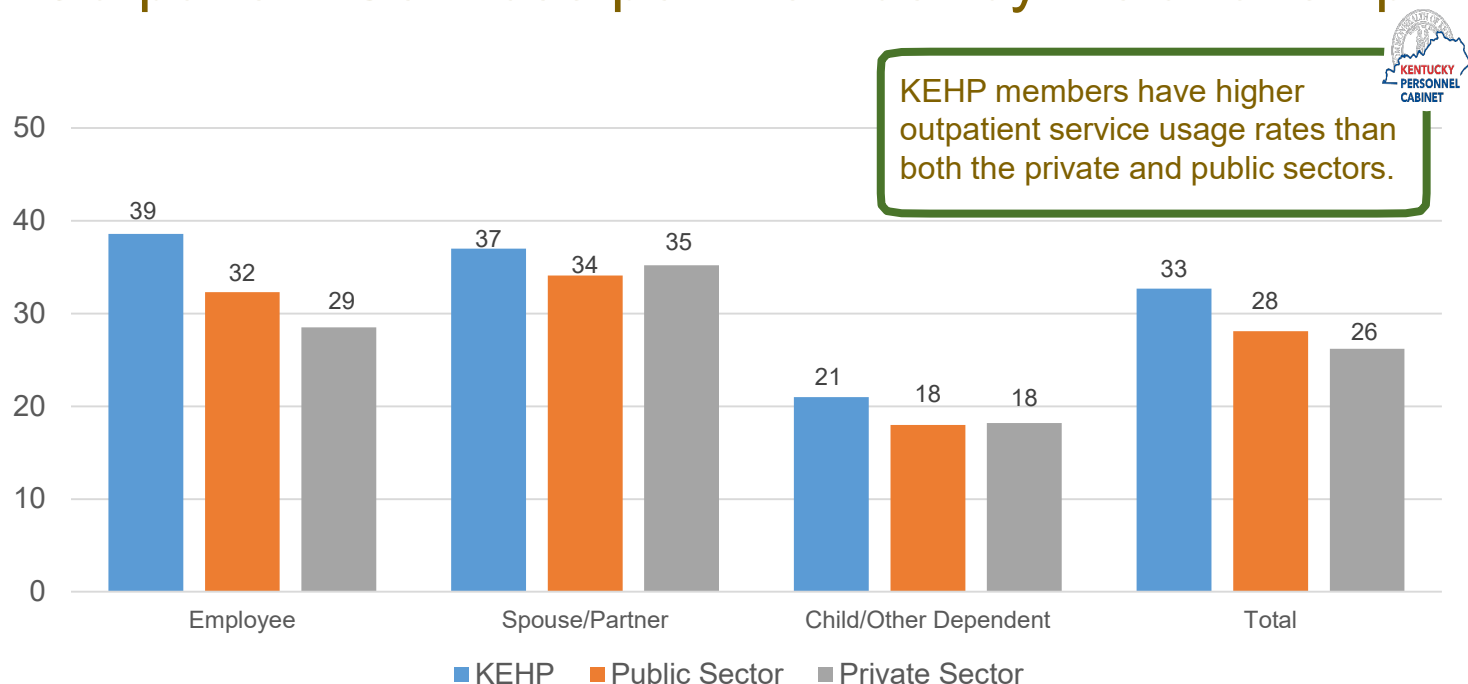
Source: IBM Watson Benchmark Report

Admissions per 1,000 Members by Relationship



Source: IBM Watson Benchmark Report

Outpatient Services per Member by Relationship

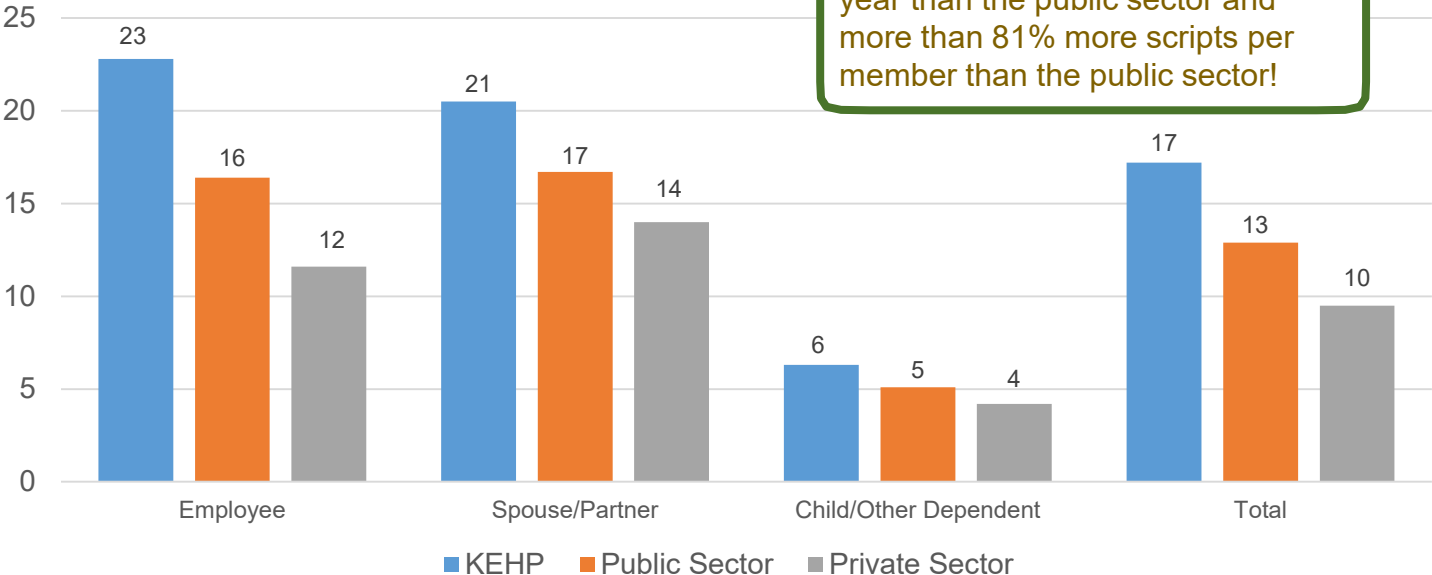


Source: IBM Watson Benchmark Report

Scripts per Member by Relationship



KEHP members on average have 33% more scripts per member per year than the public sector and more than 81% more scripts per member than the public sector!

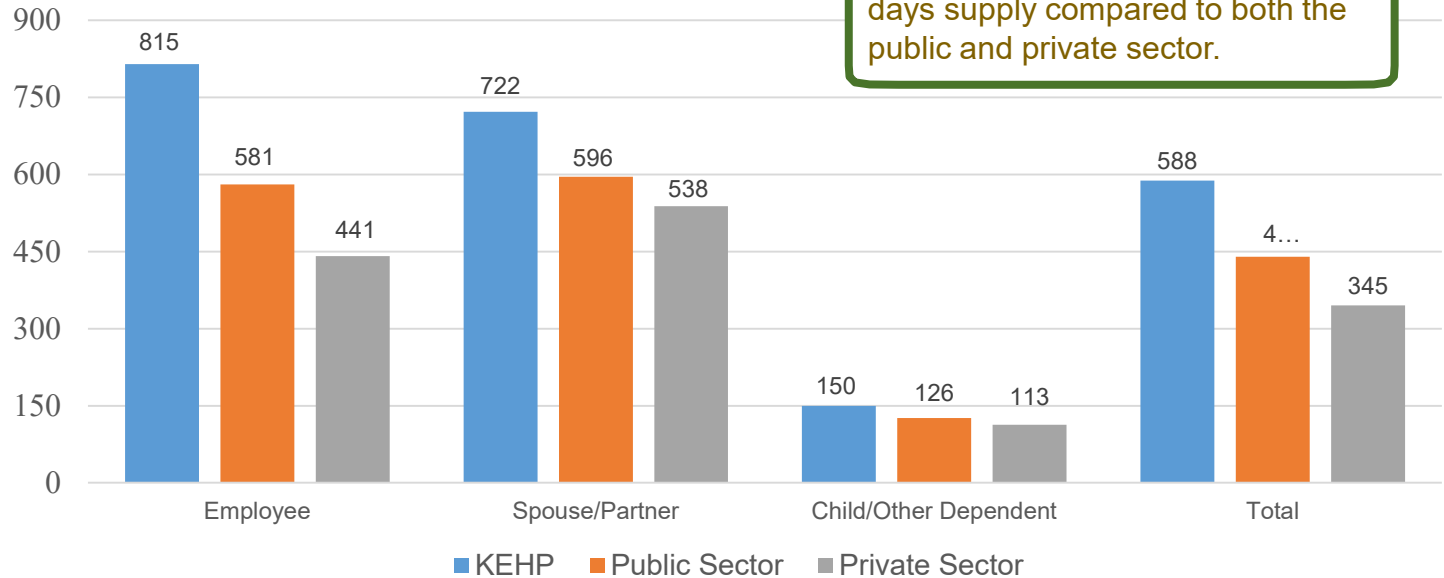


Source: IBM Watson Benchmark Report

Days Supply PMPY by Relationship

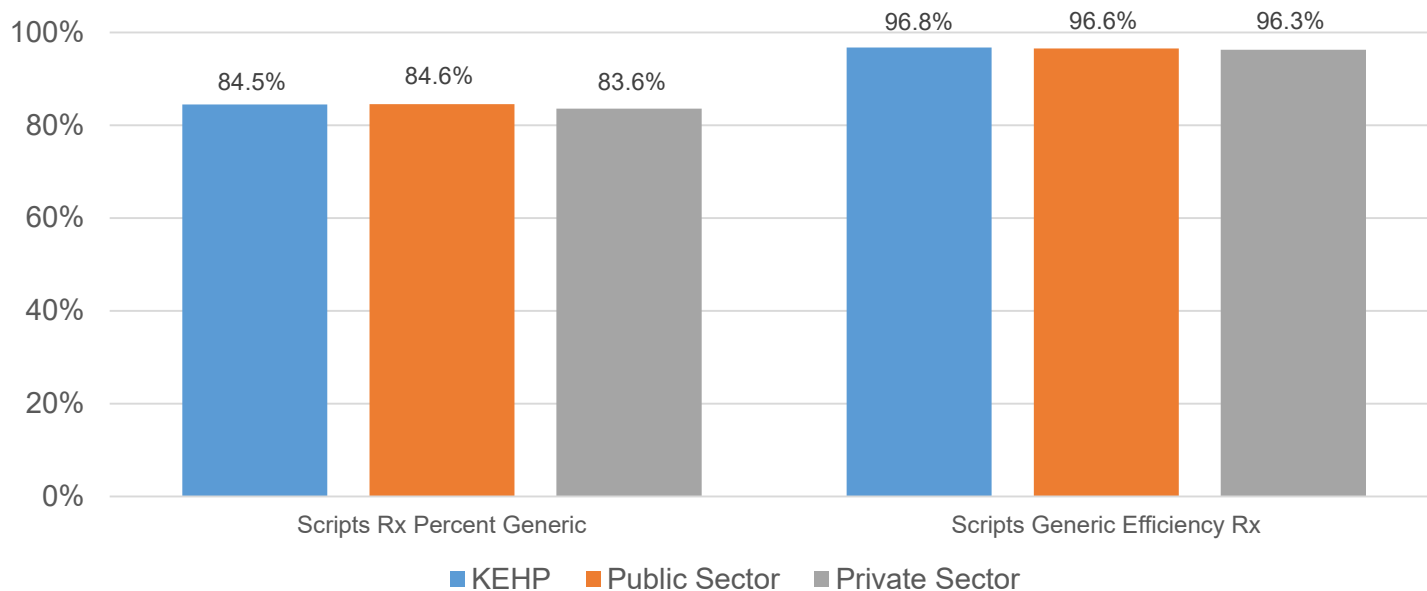


KEHP members have a higher days supply compared to both the public and private sector.



Source: IBM Watson Benchmark Report

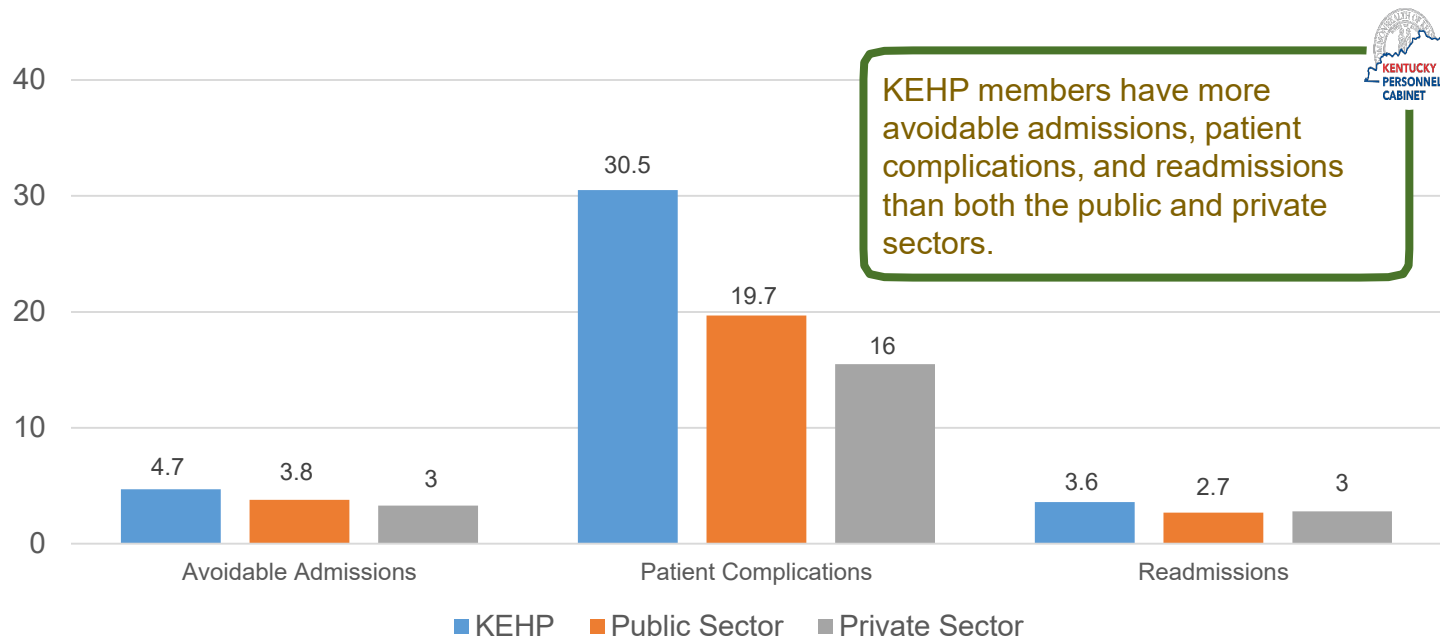
Generic Versus Brand Scripts



The public sector has a slightly higher drug prescription rate than KEHP and the private sector. KEHP has the highest drug efficiency rate, versus the public and private sectors.

Source: IBM Watson Benchmark Report

Inpatient Quality Metrics by Sector per 1,000 Patients



Source: IBM Watson Benchmark Report

Kentucky Group Health Insurance Board Recommendations



- The Kentucky Group Health Insurance Board (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 a state employee health insurance program.
- KEHP's success in meeting the KGHIB's Recommendations are highlighted in the section that follows.

Provide State of the Art Benefits While Maintaining Reasonable Premiums



- KEHP provides telehealth services to our members in order to provide:
 - More appropriate site of care
 - Convenience
 - Enhanced access to care
 - Reduced member and plan costs
- The program expanded its range of telehealth services to include behavioral health as well.

Provide State of the Art Benefits While Maintaining Reasonable Premiums



LiveHealth Online

MEDICAL

Doctor's care at the speed of life.

LiveHealth Online

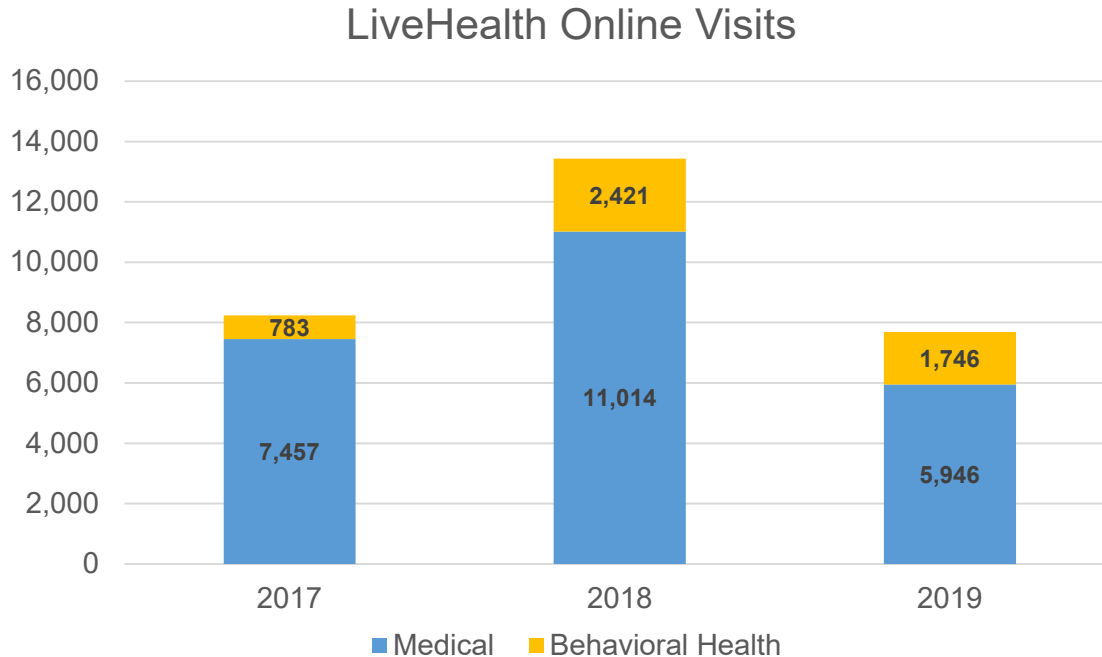
BEHAVIORAL HEALTH

Provide State of the Art Benefits While Maintaining Reasonable Premiums

LiveHealth Online Medical



Provide State of the Art Benefits While Maintaining Reasonable Premiums

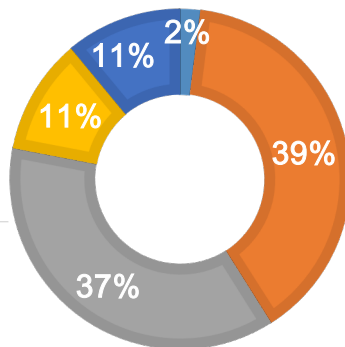
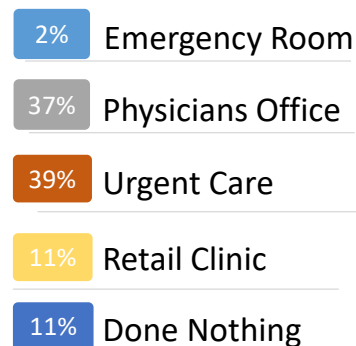


Source: Anthem 2018 Annual Report to KEHP

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, KEHP Members have visited LiveHealth Online 29,641 times, resulting in more than \$6.2 million in total cost of care savings!



Source: Anthem 2018 Annual Report to KEHP

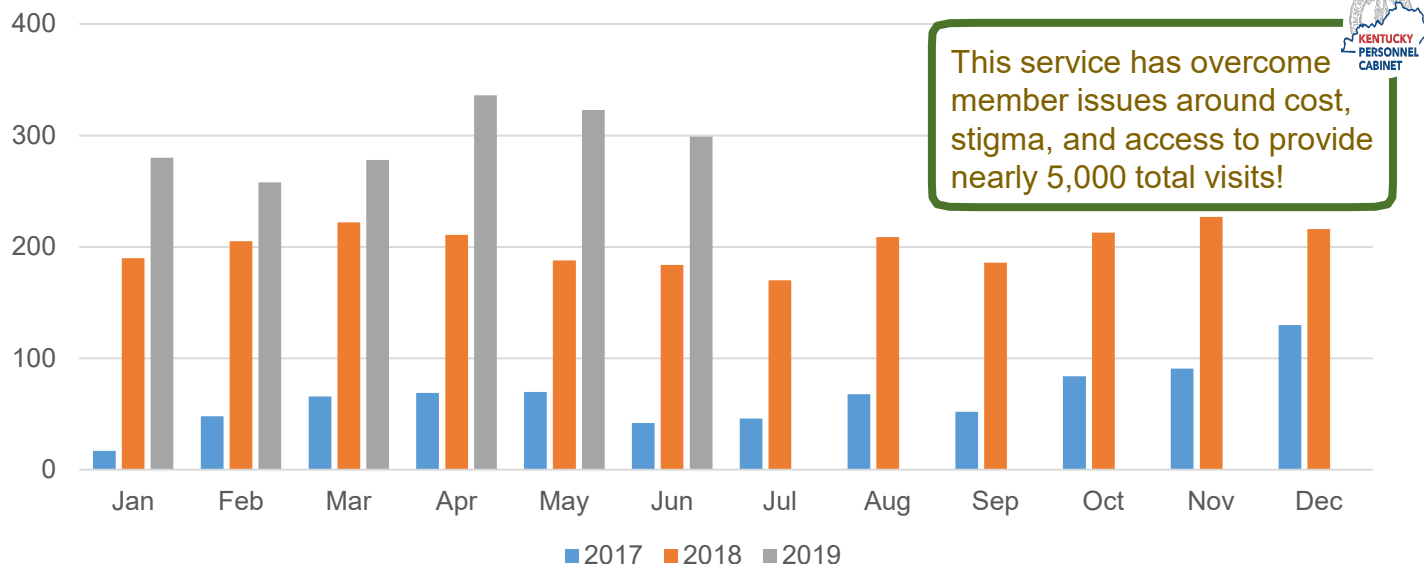
Provide State of the Art Benefits While Maintaining Reasonable Premiums

LiveHealth Online Behavioral Health



Provide State of the Art Benefits While Maintaining Reasonable Premiums

LiveHealth Online Behavioral Health Visits by Month



Provide State of the Art Benefits While Maintaining Reasonable Premiums

Rethink Behavioral Health

- Offered for the first time in 2019, Rethink's Clinical Tools provide instant on-demand access to the largest video library of best practices available, helping professionals engage with their clients.
- Offers free 24/7 phone or video chat with behavior expert.
- Helps parents collaborate with school and other caregivers.

"I was struggling to help my son adjust to a new school environment. I felt like I was failing him as a parent. Rethink empowered me with a new approach to my son's issues."

Provide State of the Art Benefits While Maintaining Reasonable Premiums

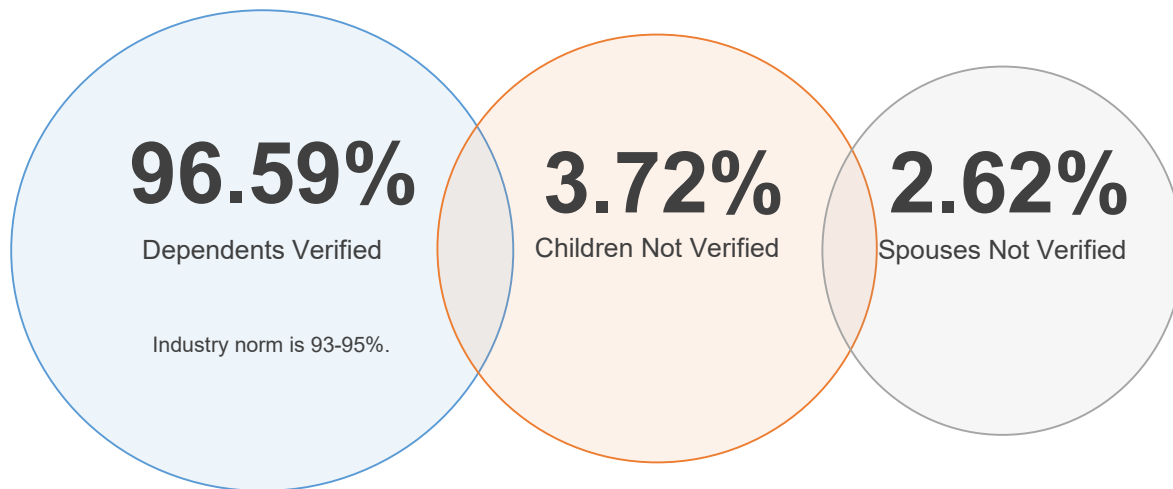
- KEHP engaged Alight in 2018 to perform a comprehensive eligibility audit of all dependents covered on our health plans to ensure that the plan is covering only eligible persons.
- More than 117,000 dependents were subject to the audit.
- Results were so significant that KEHP is having these verifications performed on an ongoing basis in 2019 and beyond.

The dependent audit has resulted in more than \$13.4 million in annual plan savings!



Provide State of the Art Benefits While Maintaining Reasonable Premiums

Dependent Verification Project Results



Provide State of the Art Benefits While Maintaining Reasonable Premiums

Plan savings

	Voluntary Removal	Involuntary Removal	Total Removed	Annual Savings
Spouses	305	555	860	\$5,756,000
Children	967	2,150	3,117	\$7,654,000
Total	1,272	2,705	3,977	\$13,410,000

Annual Savings



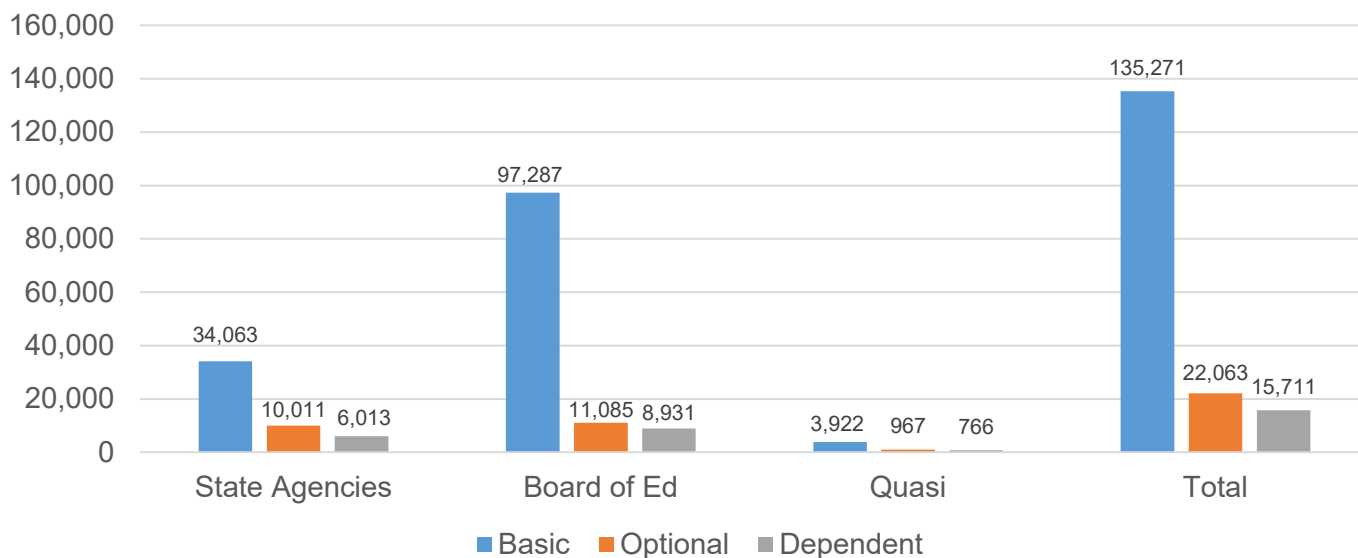
Offer Benefits that Meet the Needs of a Diverse Workforce

- Benefits offered to a modern workforce cannot be one-size-fits-all.
- KEHP and the Personnel Cabinet have tried to reach out to employees and retirees where they are in their life's journey.
- By offering programs such as Future Moms, Tobacco Cessation and a Substance Abuse Disorder Support Line, we work to provide valuable benefits to the Commonwealth's public employees and retirees.
- The Personnel Cabinet has also expanded the range of optional benefits offered by including Dental and Vision Insurance plans in 2019.



Offer Benefits that Meet the Needs of a Diverse Workforce

Life Insurance Plans by Group



Source: Kentucky Human Resource Information System (KHRIS)

Offer Benefits that Meet the Needs of a Diverse Workforce

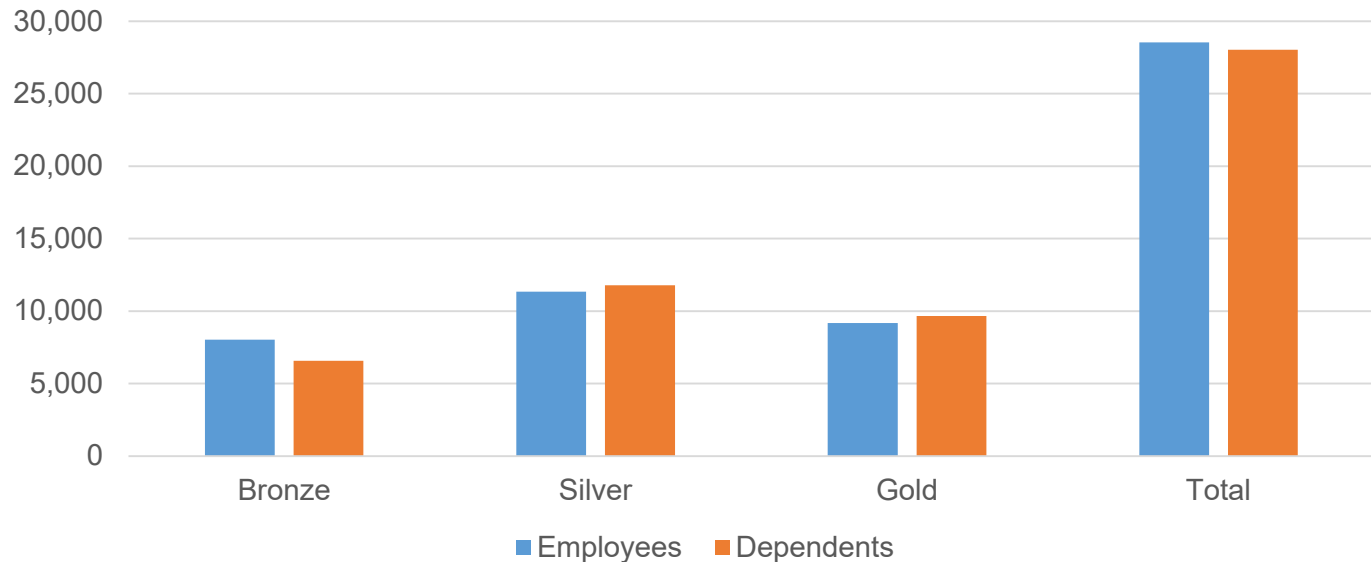
Life Insurance Paid Claims 2018

Life Plan	Covered Claims	Covered Amount	Paid Claims	Paid Amount
Basic	163	\$ 3,260,000.00	102	\$ 2,030,000.00
Basic AD&D	12	\$ 240,000.00	6	\$ 115,000.00
Optional Life	47	\$ 2,285,000.00	33	\$ 1,620,000.00
Optional AD&D	4	\$ 210,000.00	2	\$ 60,000.00
Dep Life - SP	72	\$ 1,060,000.00	52	\$ 780,000.00
Dep Life - CH	9	\$ 70,000.00	5	\$ 40,000.00
Total	307	\$ 7,125,000.00	200	\$ 4,645,000.00

Source: Kentucky Human Resource Information System (KHRIS)

Offer Benefits that Meet the Needs of a Diverse Workforce

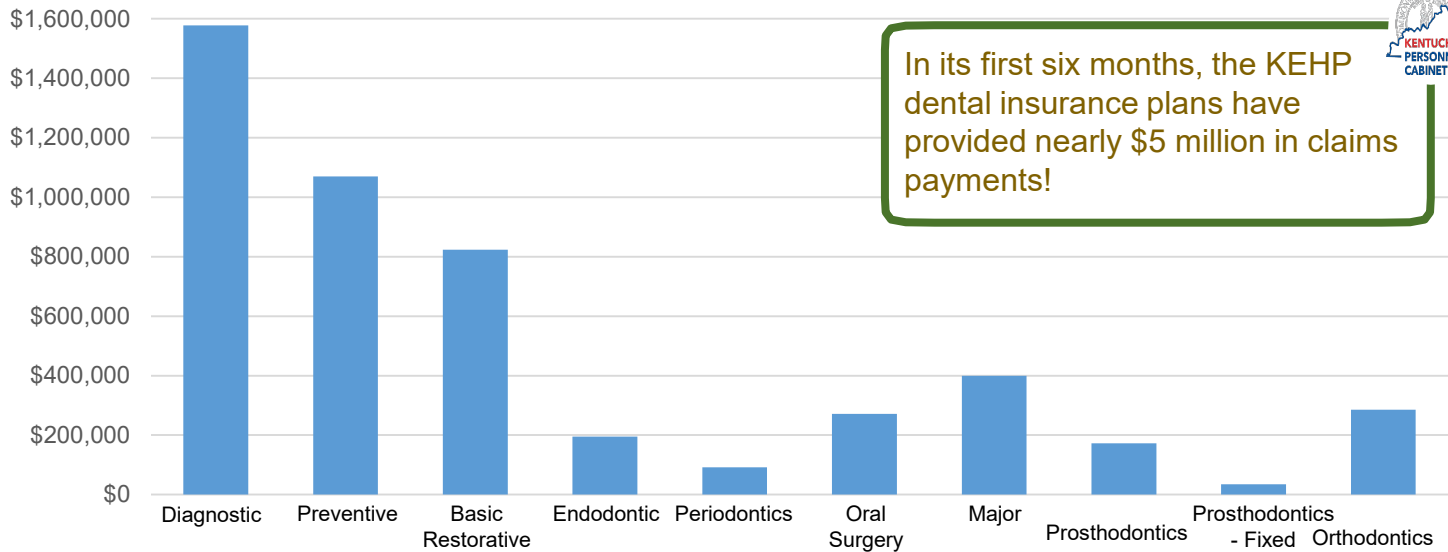
2019 Dental Insurance Enrollment by Plan



Source: Kentucky Human Resource Information System (KHRIS)

Offer Benefits that Meet the Needs of a Diverse Workforce

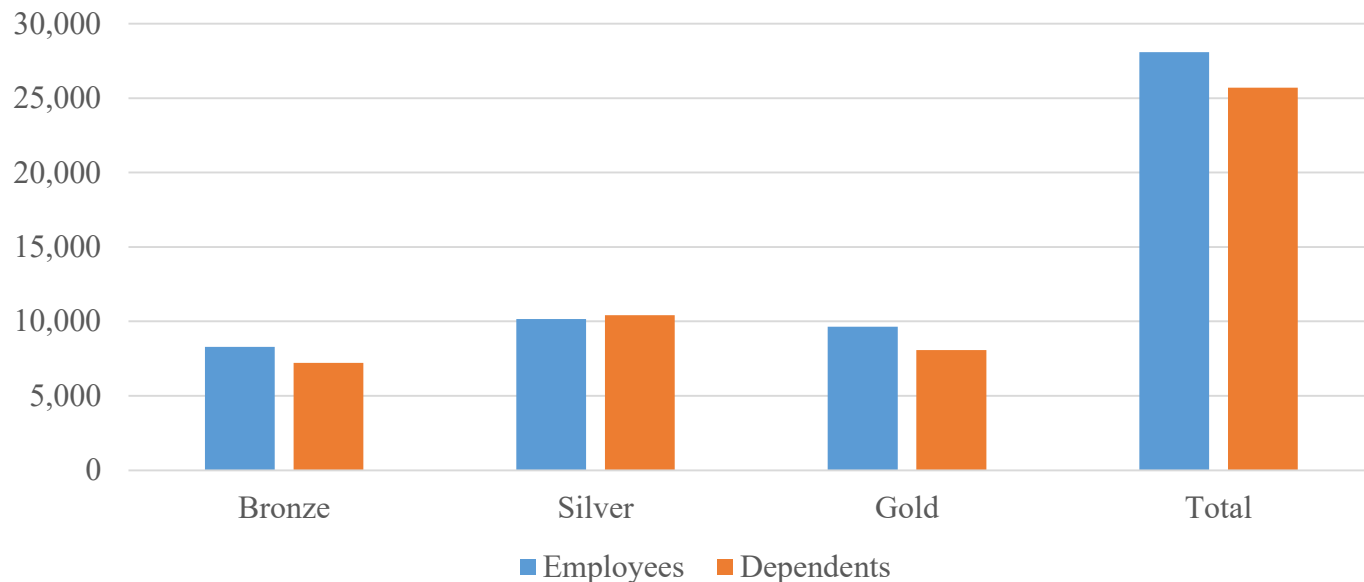
Dental Insurance Claims Paid, 2019



Source: KEHP-Anthem Partnership Meeting Report, August 2019

Offer Benefits that Meet the Needs of a Diverse Workforce

2019 Vision Insurance Enrollment by Plan



Source: Kentucky Human Resource Information System (KHRIS)

Offer Benefits that Meet the Needs of a Diverse Workforce

Vision Insurance Claims Paid, 2019

Reporting Period	Exams	Paid Amount Exams	Eyewear	Paid Amount Eyewear	Contact Lenses	Paid Amount Contacts	Total Paid Amt
Jan 2019	1,659	\$66,241	1,186	\$148,980	463	\$74,232	\$289,453
Feb 2019	2,801	\$112,804	1,971	\$236,690	706	\$105,298	\$454,792
Mar 2019	2,258	\$90,238	1,494	\$180,746	658	\$99,480	\$370,464
Apr 2019	2,480	\$98,206	1,544	\$185,778	687	\$105,484	\$389,468
May 2019	1,486	\$59,974	989	\$115,976	436	\$71,381	\$247,331
Jun 2019	1,931	\$76,725	1,120	\$131,858	543	\$80,954	\$289,537
Total	12,615	\$504,188	8,304	\$1,000,028	3,493	536,829	\$2,041,045

Source: KEHP-Anthem Partnership Meeting Report, August 2019

Offer Benefits that Meet the Needs of a Diverse Workforce

Additional Free Plan Benefits

- **24/7 NurseLine**
 - The NurseLine provides accurate health information anytime of the day or night. Members receive one-on-one counseling with experienced nurses via a convenient toll-free number.
- **Substance Abuse Disorder Telephone Support**
 - Members can talk with experts confidentially about treatment options, health or behavioral issues, finding doctors or treatment centers in your health plan, and online and mobile tools that can help during and after treatment.
- **Tobacco Cessation**
 - KEHP has many resources available, including nicotine replacement therapies.
- **Future Moms**
 - Offers a guided course of care and treatment, leading to overall healthier outcomes for mothers and their newborns. Future Moms helps all expectant mothers focus on early prenatal interventions, risk assessments, and education.

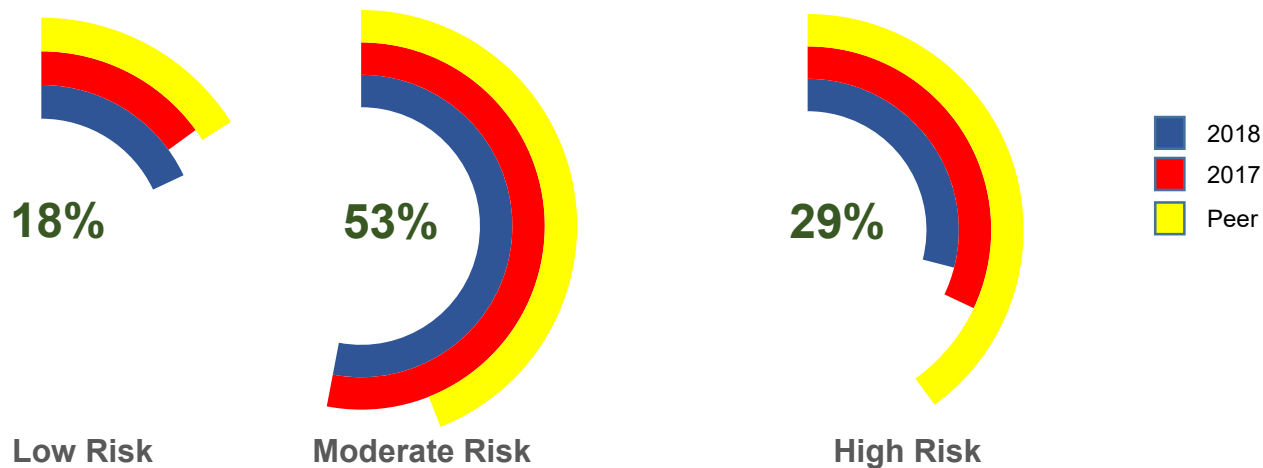
Improve Employee Health and Well-Being



- LivingWell Promise – KEHP encourages employees to take charge of their personal journey to wellness by partaking in an annual health assessment and/or biometric screening.
- Employees are provided invaluable information regarding their health status and health risks associated with their personal health situation and lifestyle.

Improve Employee Health and Well-Being

Overall Health Risk



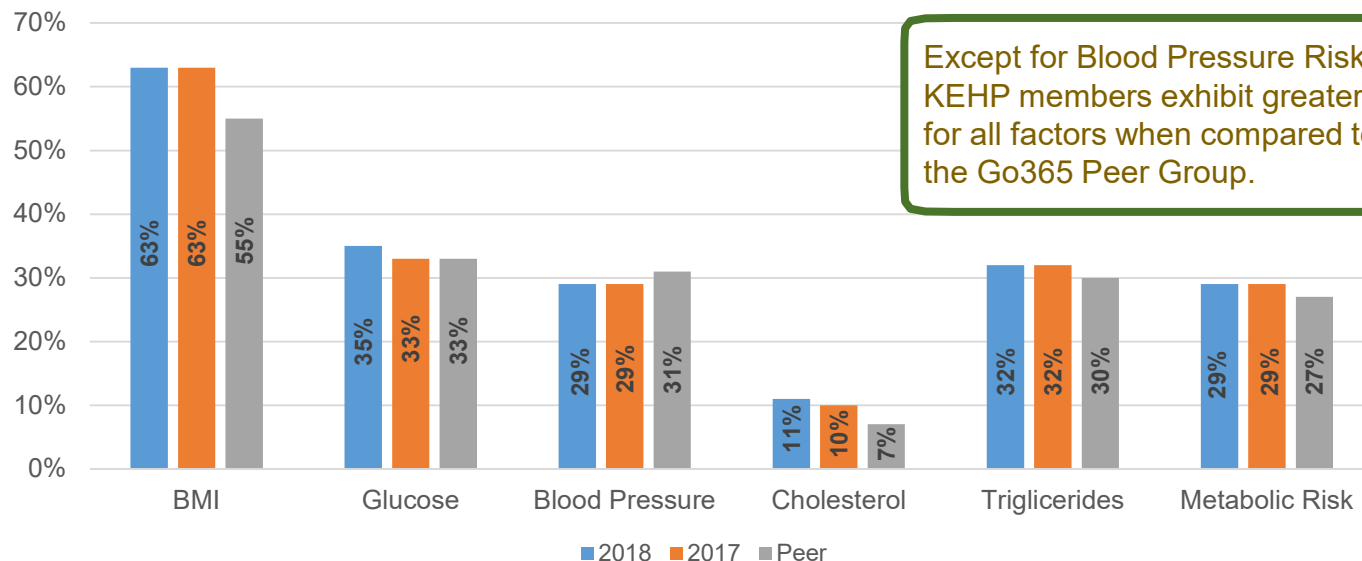
KEHP members have continued their journey to wellness. More than 12,000 members moved into a lower risk category versus 2017!



Source: KEHP-Go365 2018 Plan Year in Review

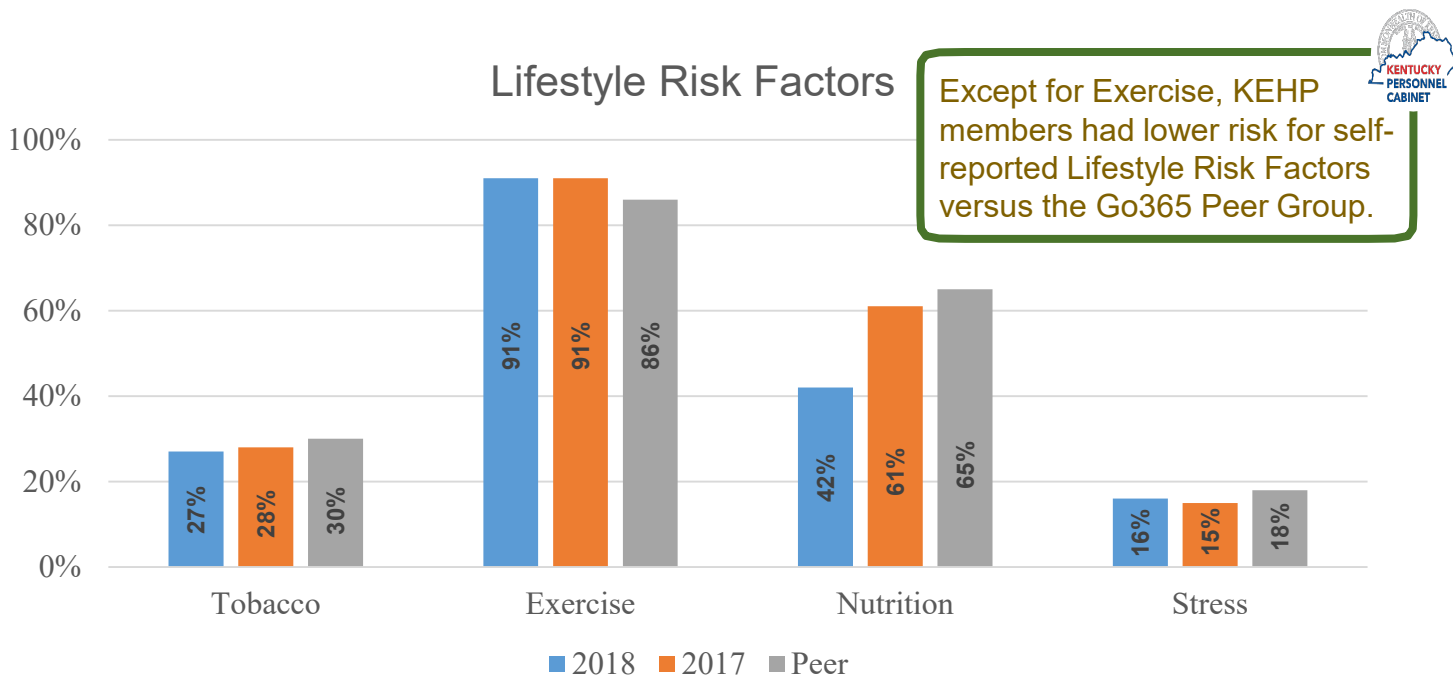
Improve Employee Health and Well-Being

Biometric Risk Factors



Source: KEHP-Go365 2018 Plan Year in Review

Improve Employee Health and Well-Being



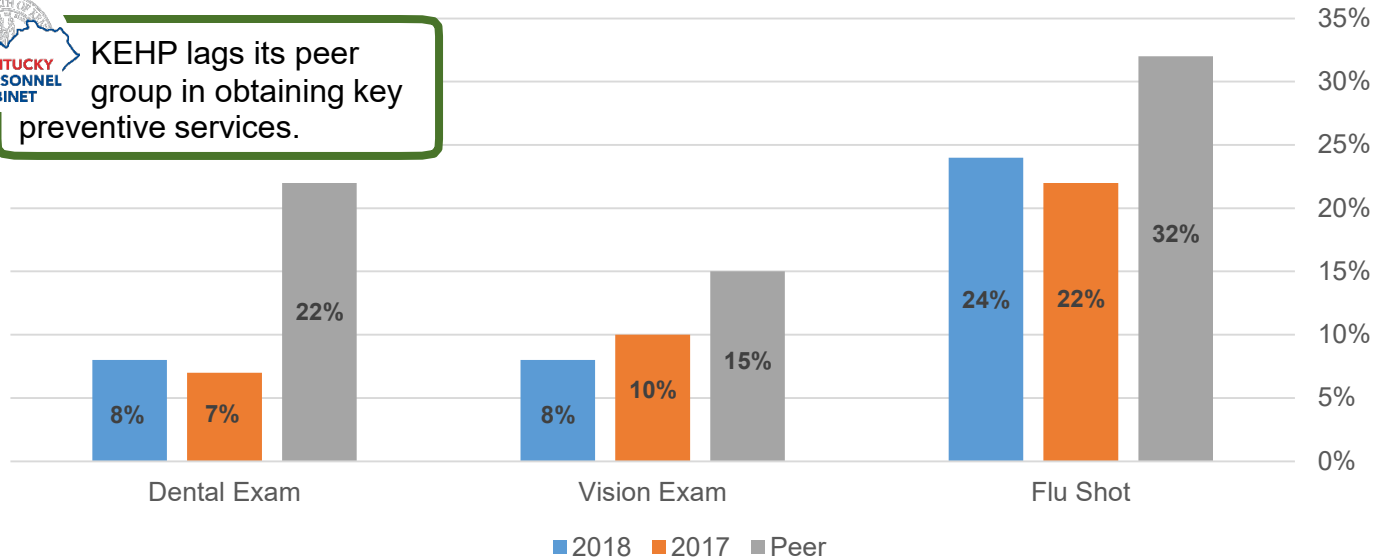
Source: KEHP-Go365 2018 Plan Year in Review

Improve Employee Health and Well-Being

Selected Preventive Services



KEHP lags its peer group in obtaining key preventive services.



Source: KEHP-Go365 2018 Plan Year in Review

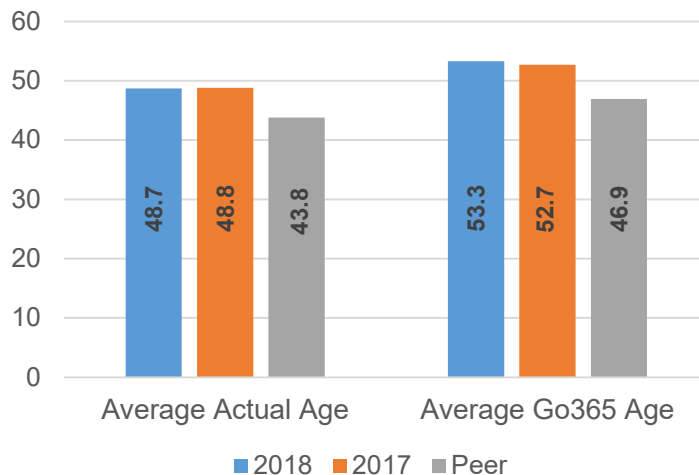
Improve Employee Health and Well-Being

One of the results that members receive when taking their Health Assessment is their Go365 age, a measure of whether a member is living older or younger than their actual age.



Even as overall health risk has declined slightly as measured by health assessments and biometric screenings, the average Go365 age of our population continues to creep higher.

Go365 Age



Source: KEHP-Go365 2018 Plan Year in Review

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.
- In 2016, KEHP implemented a Diabetes Value Benefit that provided diabetes drugs and supplies at a reduced copay and coinsurance with no deductibles. For 2019, KEHP introduced a similar program for COPD/Asthma.
- KEHP also offers weight management programs, a diabetes prevention program, and behavioral health programs

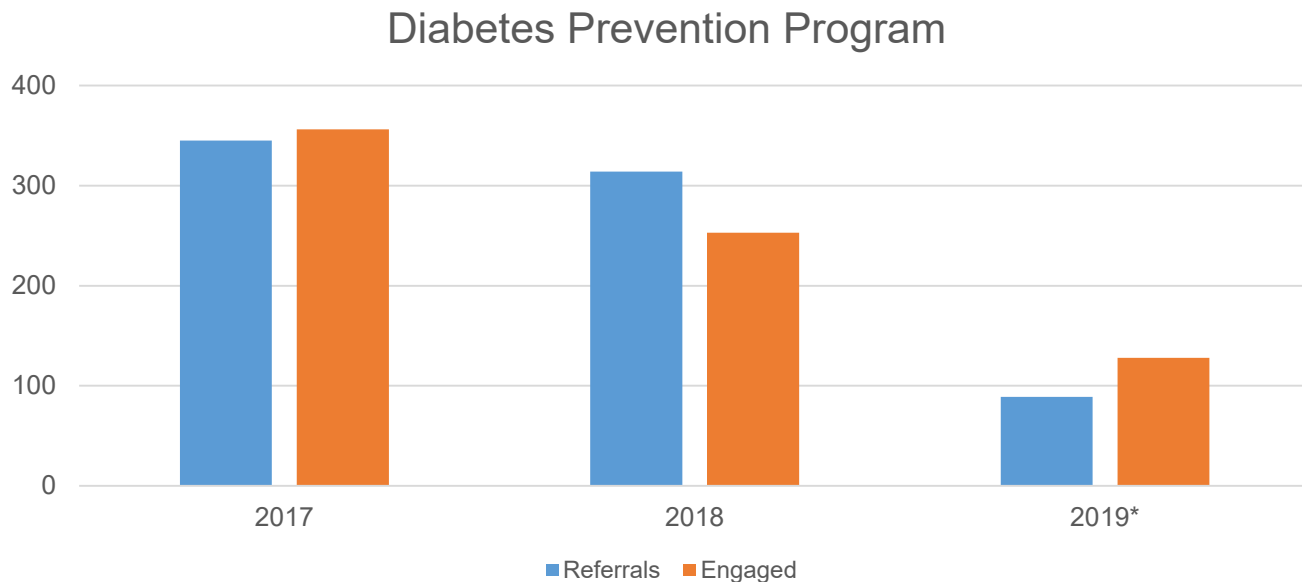


Provide the Tools to Manage Chronic Disease Conditions

Value Benefits for Diabetes, COPD, & Asthma

Prescriptions	Supplies
Bypasses deductibles	Test strips
\$0 Tier 1 Generic drugs	Infusion pumps
Reduced co-insurance and co-pays for Tier 2 and Tier 3 drugs	Blood pressure and cardiac monitoring devices
	Durable medical equipment

Provide the Tools to Manage Chronic Disease Conditions



Source: KEHP-Anthem Partnership Meeting Report, August 2019

Provide the Tools to Manage Chronic Disease Conditions

Diabetes Prevention Program

- New administrator
- Building on past successes
- Since September 1:
 - 5,400 people have taken the quiz for pre-diabetes and qualified as “at risk”;
 - 4,030 members have enrolled; and
 - 96% chose a digital provider



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 your 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 has enjoyed tremendous financial success.
- This has permitted the plan to maintain premium increases for employees and employers far below claims inflation rates. Claims trend has been creeping steadily higher, however.
- As of June 30, 2020, \$1 billion will have been transferred from the KEHP Trust Fund to the Commonwealth General Fund.
- Per statute, each plan year is must to stand on its own. This requires the 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.

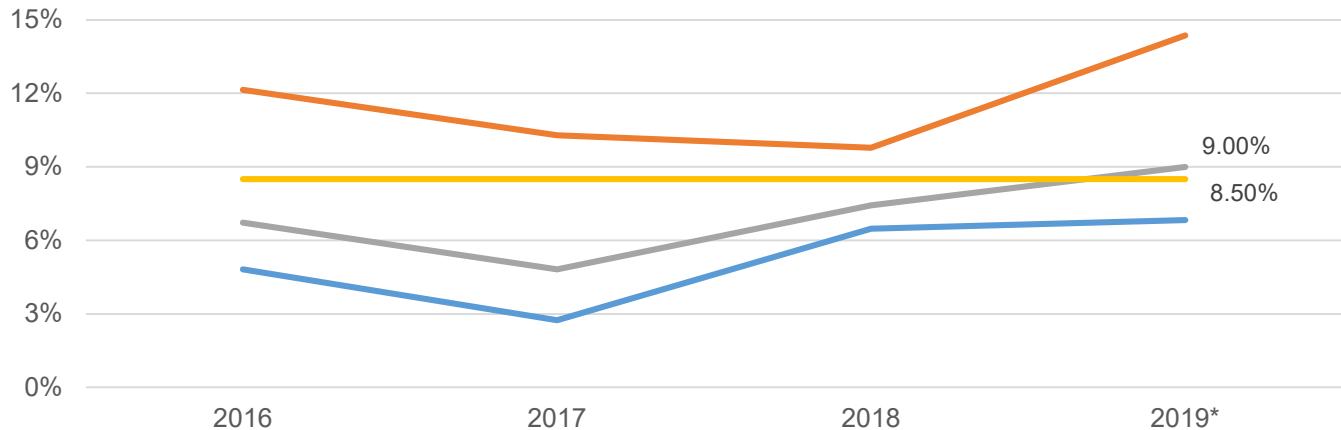
Implement Actuarial Recommendation to Establish Plan Reserves

Cost Savings Measures

Plan Year Implemented	Benefit Design Changes	Savings
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 EE premiums for LW CDHP Couple and Family levels	\$2M
2019	Implemented two-tier formulary: generic & brand for LW Basic and Limited HD Plan	\$0.6M
2019	Lowered cap for Waiver HRAs to \$6,000	\$2M

Implement Actuarial Recommendation to Establish Plan Reserves

Plan Claims Trend



ER Prem Increase	2%	0%	1%	0%
EE Prem Increase	0%	0%	3%	0%

— Medical Trend
 — Pharmacy Trend
 — Overall Trend
 — Actuary Projection

*2019 data reflects January-June 2019 only.

Source: Aon Q2 2019 Financial Projection, August 2019

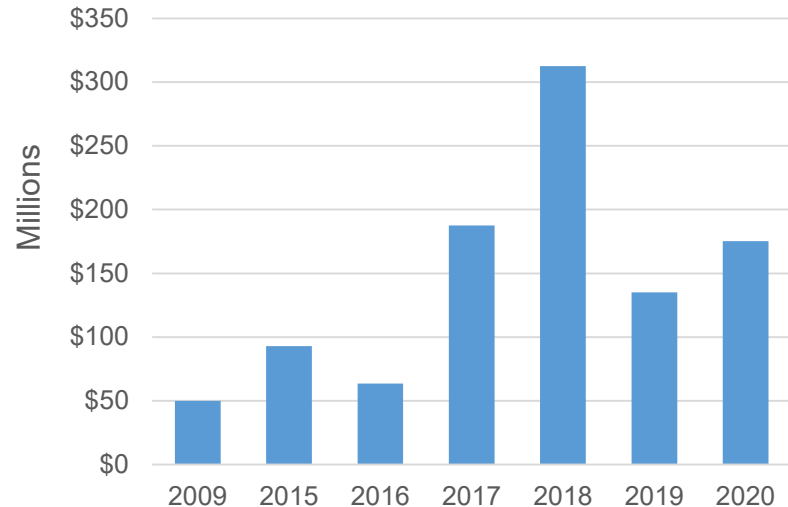
Implement Actuarial Recommendation to Establish Plan Reserves

- Each plan year for KEHP must, by statute, stand on its own financially.



Since 2009, the legislature has mandated the transfer of more than \$1 billion from the KEHP Trust Fund to the Commonwealth General Fund.

Transfers to General Fund



Source: Commonwealth Accounting System, eMars

Increase Member Engagement in Health and Wellness Programs



Go365 is a wellness and rewards program made available by Humana. Go365 is deeply rooted in behavioral economics and actuarial science to motivate and reward members for taking steps to improve and continue their healthy behaviors.

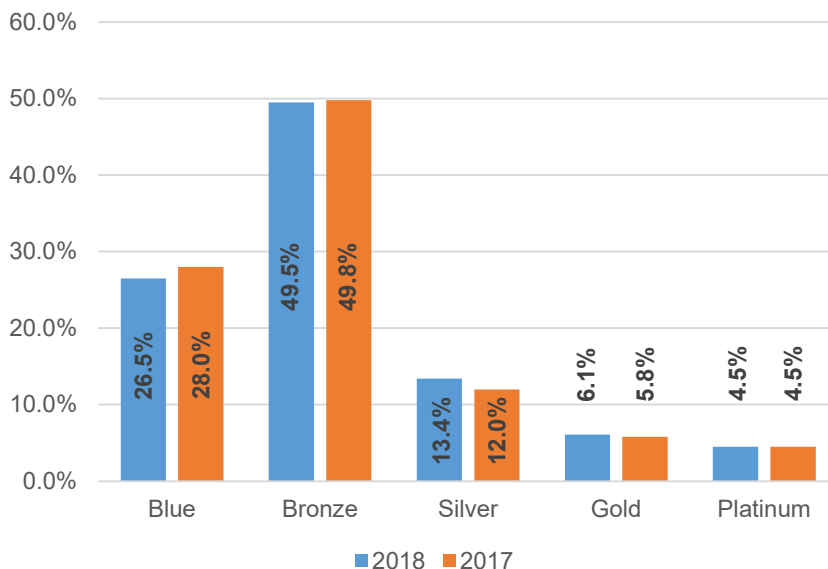
Increase Member Engagement in Health and Wellness Programs

Go365 believes that a Biometric screening, Dental Exam, Vision Exam, and flu shot are main drivers in keeping a member healthy. Higher subscriber activity can lead to higher Go365 engagement among all members.



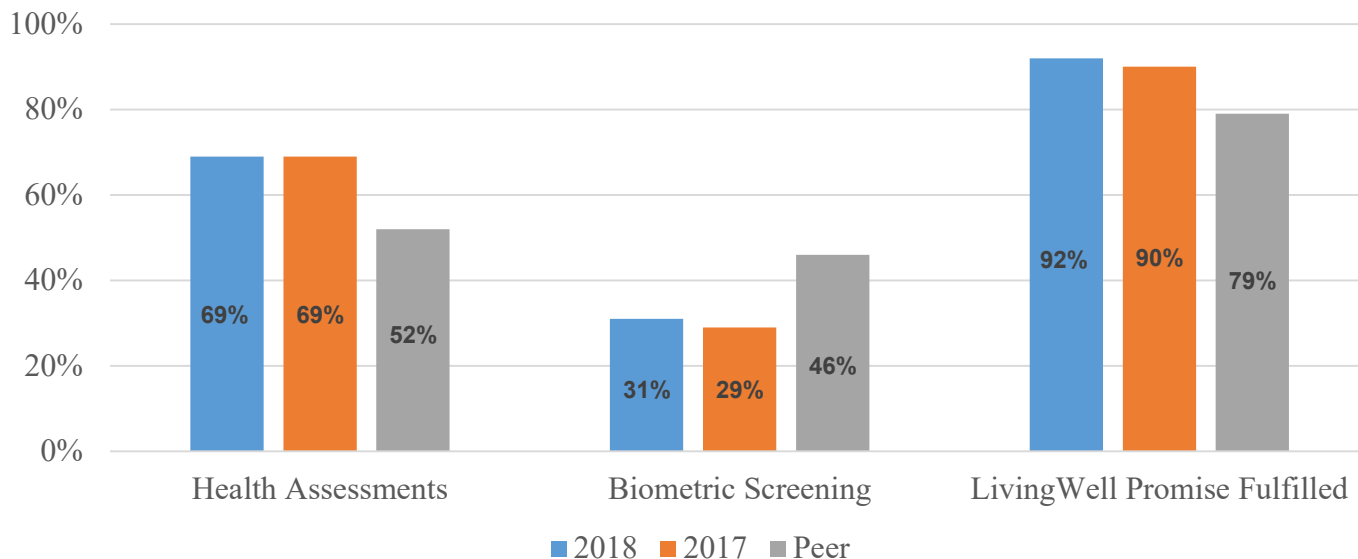
KEHP engagement of Silver status or above increased 8% from 2017!

Employee Engagement Status



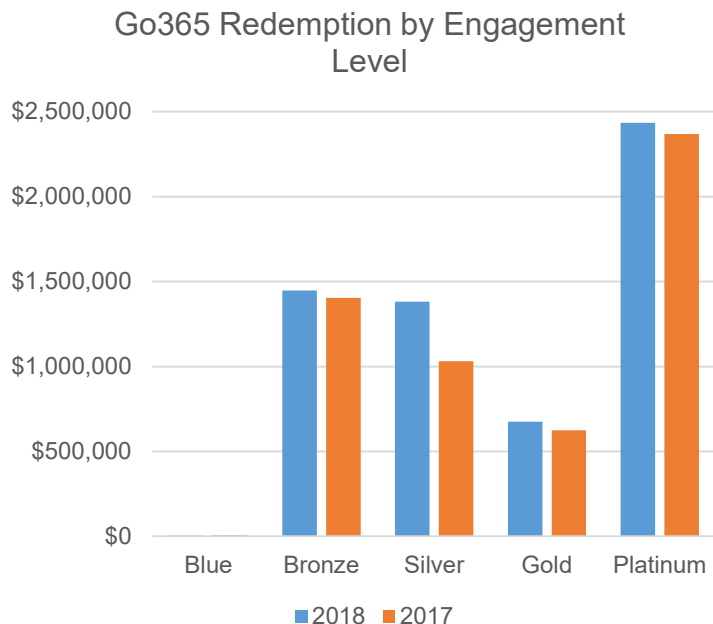
Increase Member Engagement in Health and Wellness Programs

Health Assessment and Biometric Screening



Source: KEHP-Go365 2018 Plan Year in Review

Increase Member Engagement in Health and Wellness Programs



By integrating rewards with health, Go365 provides the tools and support to help members live healthier lives and reduce healthcare costs.

In 2018, KEHP paid out more than \$6.5 million in wellness incentives to KEHP members!



Source: Go365 2018 Taxable Redemption Report

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.
- LiveHealth Online, highlighted in a previous section, and the SmartShopper transparency program point members to a more appropriate site and method of care.
- The Benefits Analyzer tool assists our members in finding the most cost appropriate insurance coverage based on their historic level of claims.



Educate and Drive Members to High Quality, Cost Effective Care

- Each year, KEHP members receive a personalized letter recommending the lowest cost plan based on their historical healthcare needs.
- More than 125,000 letters were sent to planholders in 2018.

Department of Employee Insurance
501 High Street
2nd Floor
Frankfort, KY 40601

0001

Fayek Faciszewski
415 E 151st St
East Chicago, IN 46312-3844

Presorted
First Class Mail
U.S. Postage Paid
Detroit, MI
Permit No. 2621



Department of
Employee Insurance

Enrollment Information Enclosed

September 20, 2019

Dear Fayek Faciszewski,

The Kentucky Employees Health Plan (KEHP) wants to make sure you have enough information to select the health plan that best meets your needs during Open Enrollment.

Open Enrollment for plan year 2020 is October 14-30. For 2020, you will have four plan options, one of which is for catastrophic coverage only. For the purposes of this letter, catastrophic coverage is not a recommended option. Instructions to enroll during Open Enrollment were sent to you by the Department of Employee Insurance (DEI) in a separate mailing.

KEHP has engaged IBM¹ to provide a summary of your past healthcare costs and service experiences. With this vital information:

- You may be able to save money on your health insurance premiums. Your healthcare summary allows you to review the healthcare services you used in 2018 and in the first half of 2019. The information also allows IBM to recommend the 2020 plan which may be most cost effective for you. The recommendation is provided only as a guide, but can help provide insight into the most appropriate plan for you.

Educate and Drive Members to High Quality, Cost Effective Care

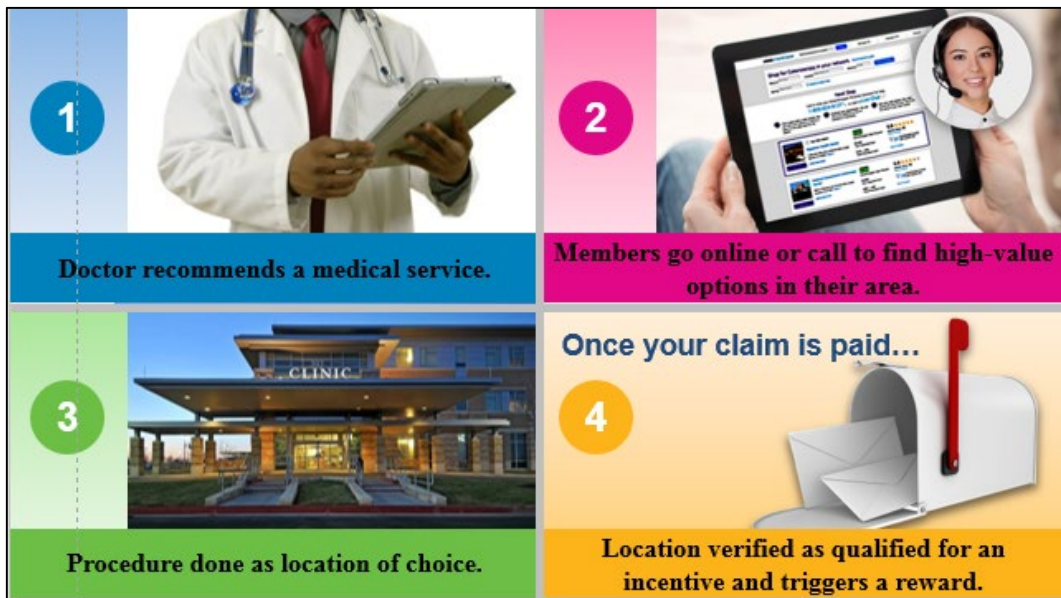
- SmartShopper is a program that helps KEHP members be savvy medical consumers by offering choices when it comes to health care services.
- SmartShopper tells our members how much that test or procedure costs at different in-network facilities in their area.
- When our members choose a cost-effective 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 health care 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

SmartShopper Savings*

\$11.3M

Total claims savings

12.80%

Activation Rate

\$2M

Incentives sent to members

43.15%

Activated Shopping Rate

\$547

Average claim savings per incentive

92.16%

Shop Conversion Rate

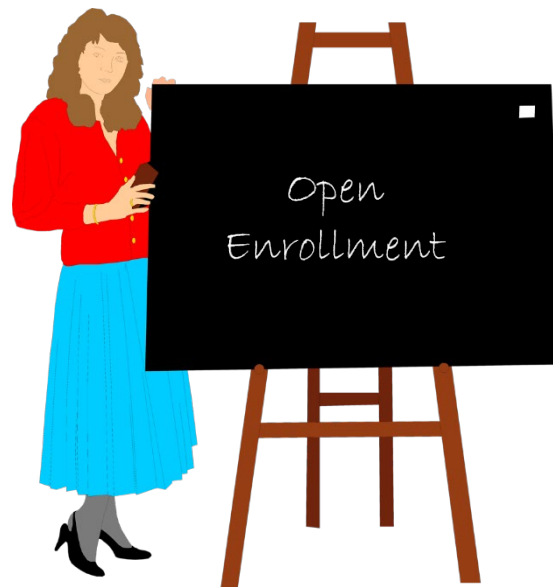


**Program inception through 6/19.*

Source: SmartShopper Performance Report, June 2019

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.



Help Employees Understand KEHP Programs and Tools Available

Event Type	Attendees	Number of Events	Number of Attendees
Onsite IC/HRG Training	Insurance Coordinators/HR Generalists	20	139
WageWorks Webinar	Members	20	139
Go365 Webinar	Members	8	142
Open Enrollment Webinar	Insurance Coordinators/HR Generalists	10	702
Open Enrollment Webinar	Members	8	1,471
KASBO Symposium	Insurance Coordinators/HR Generalists	2	100
IC/HRG Symposium	Insurance Coordinators/HR Generalists	1	150
Benefit Fairs	Members	17	6,058
Go365 Champions' Summit	Wellness Champions	9	203
Rethink Webinars	Members	4	66

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.



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.

KENTUCKY PERSONNEL
A site for state employee and benefit participant team members

Search

Benefits - Resources - Services - Find a Job - News - MyPURPOSE - KHRIS Login

Open Enrollment 2020

Yes, it's that time again! Don't forget to make your elections and enroll in KHRIS ESS.

[More info](#)

2020
Open Enrollment
Go to ESS

Visit KHRIS by 10/30 to enroll between October 14 - 30, 2019.

Red Tape Reduction
Gov. Bevin is asking employees to help identify for review regulations that are unnecessary, outdated, poorly written or too complex.

TIP LINE TipLine
This system was established by the Finance and Administration Cabinet to provide an avenue for state employees and others to report questionable activities within state government.

Transparency.ky.gov
This website is a multi-agency effort to provide access to state spending, contracts and more for a transparent, accountable state government.

Documents in Demand

Financial Tools

8 9 10 11 12
14 15 16 17 18 19
20 21 22 23 24 25

Glossary

- ***Accountable Care Organization (ACO):*** A provider organization that accepts responsibility for meeting the health needs of a specific population, including the cost and quality of care and effectiveness of services. ACO members share in the savings that result from their cooperation and coordination.
- ***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, co-payment, coinsurance, or deductible amounts.
- ***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.
- ***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.
- ***Brand Name Drug:*** A trademarked drug for which the manufacturer holds the patent or has purchased the rights to manufacture from the patent holder. Brand name drugs are generally more expensive than generics. A single-source brand name drug is a drug that is only produced by one manufacturer and for which a generic equivalent is not available. Multi-source brand name drugs are drugs produced by more than one manufacturer, as generic equivalents are available.
- ***Capitation:*** A set amount of money paid to a provider of service based on membership demographics rather than payment based on services provided.
- ***CDHP (Consumer-Directed Health Plans):*** Health insurance plans that typically come with a higher deductible and maximum out of pocket amount and feature an embedded HRA designed to offset some of these expenses.

Glossary

- **CHF:** Congestive Heart Failure
- **COBRA Beneficiaries:** Individuals who no longer meet the eligibility requirements for health care coverage through a group health plan, but by federal statute, are eligible to continue their health care coverage for a period of time under the employer's health care program by paying 102% of the total premium rate.
- **Coinsurance:** A percentage of the cost of covered health care 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 health care expenses directly, but a high-deductible health plan (HDHP) protects them from catastrophic medical expenses. High-deductible policies cost less, but the member pays medical claims using a prefunded spending account.
- **Copayment:** A stipulated dollar amount that a health plan member must pay out of pocket when health care 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 Commonwealth's PEHI program, 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

Glossary

- **Deductible:** The claim amount for which an employee is responsible before health insurance begins paying claims.
- **Dependent Subsidy:** When an employer specifically pays a portion, or all, of the dependent premium for an employee, this is an *explicit dependent* subsidy. When the differential between single and dependent health care premium rates is less than the differential between employee/retiree health care claims and dependents' health care claims, an *implicit dependent subsidy* exists.
- **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 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 or reimbursement account is funded by employee salary reductions, employer contributions, or both. Amounts placed in these accounts are used to provide reimbursement for eligible expenses incurred by the employee or eligible beneficiaries for specified benefits during a plan year.
- **Fully Insured (also referred to as Insured or Fully Funded):** When a health plan assumes the financial risk associated with medical expenses for an employer group in exchange for the premiums paid by the group.
- **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.
- **Generic Drug Prescription Rate:** The percentage of scripts that are filled as generic.
- **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, co-pays, co-insurance and maximum out of pocket expenses.

Glossary

- ***Health Risk Assessment (HA):*** A health questionnaire, used to provide individuals with an evaluation of their health risks and quality of life.
- ***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".
- ***Metabolic:*** Refers to metabolism, the set of life-sustaining chemical reactions in organisms.
- ***Myeloproliferative diseases:*** A group of diseases of the bone marrow in which excess cells are produced. They are related to, and may evolve into, myelodysplastic syndrome and acute myeloid leukemia
- ***Patients Complications:*** The 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-9 complication of surgical and medical care diagnosis codes.
- ***PEPY:*** A measure of costs expressed as total costs per year divided by total number of employees.
- ***PEPM:*** A measure of costs expressed as total costs per month 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 claims, contracts, and management.
- ***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).

Glossary

- **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 max out of pocket costs, but with co-pays for services. PPO plans do not feature embedded HRA accounts.
- **Pre-Existing Condition:** A medical condition developed prior to an individual obtaining insurance, which may result in the limitation in the contract on coverage or benefits.
- **Premium:** The monetary amount paid by an employee or the employer for health insurance benefits. It is routinely paid on a monthly basis. In an insured program, the amount paid to an insurance company in exchange for its payment of all health care costs covered under the terms of the health plan and for administrative services. For large groups, like the PEHI program, premiums are determined based on the health care services consumed by the plan's members in the past and the prices charged by health care providers. If the premiums charged by the insurer are less than the actual health care 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.
- **Premium Equivalent:** Analogous to "premiums," premium equivalents reflect the expected actuarial costs for a plan option and coverage tier under a self-insured arrangement.
- **Primary Care Physician (PCP):** For purposes of applying the Commonwealth's qualifying network requirements, a PCP includes: family practice physicians, general practice physicians, pediatricians, and internists.
- **Provider Network:** A list of contracted health care providers, unique to a health plan, from which an insured can obtain services that are covered at a preferred benefit level under a PPO.
- **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 drug claims
- **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:*** For purposes of applying the Commonwealth's qualifying network requirements, a specialist physician includes all physicians other than: family practice physicians, general practice physicians, 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 health care provider network.
- ***Waiver:*** An eligible employee or retiree who declines health care coverage through his/her employer for a plan year. Often the employee obtains health care coverage through another means, typically a spouse's employer or an individual.