



# Kentucky Employees' Health Plan

Twentieth 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



Department of  
Employee Insurance

December 15, 2020

# Personnel Cabinet, Kentucky Employees' Health Plan

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Gerina Whethers

## **Deputy Secretary**

Lindy Casebier

## **Commissioner**

Reina Diaz-Dempsey

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- Gerina Whethers, Chairperson, Personnel Cabinet

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# Executive Summary



## Program Highlights

Overview of 2019 cost and usage, plan performance comparison to prior years, and a preview of 2020 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 Churchill Downs 2½ 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.



*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 2019

**\$1.6 billion**

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

**\$4.4 million**

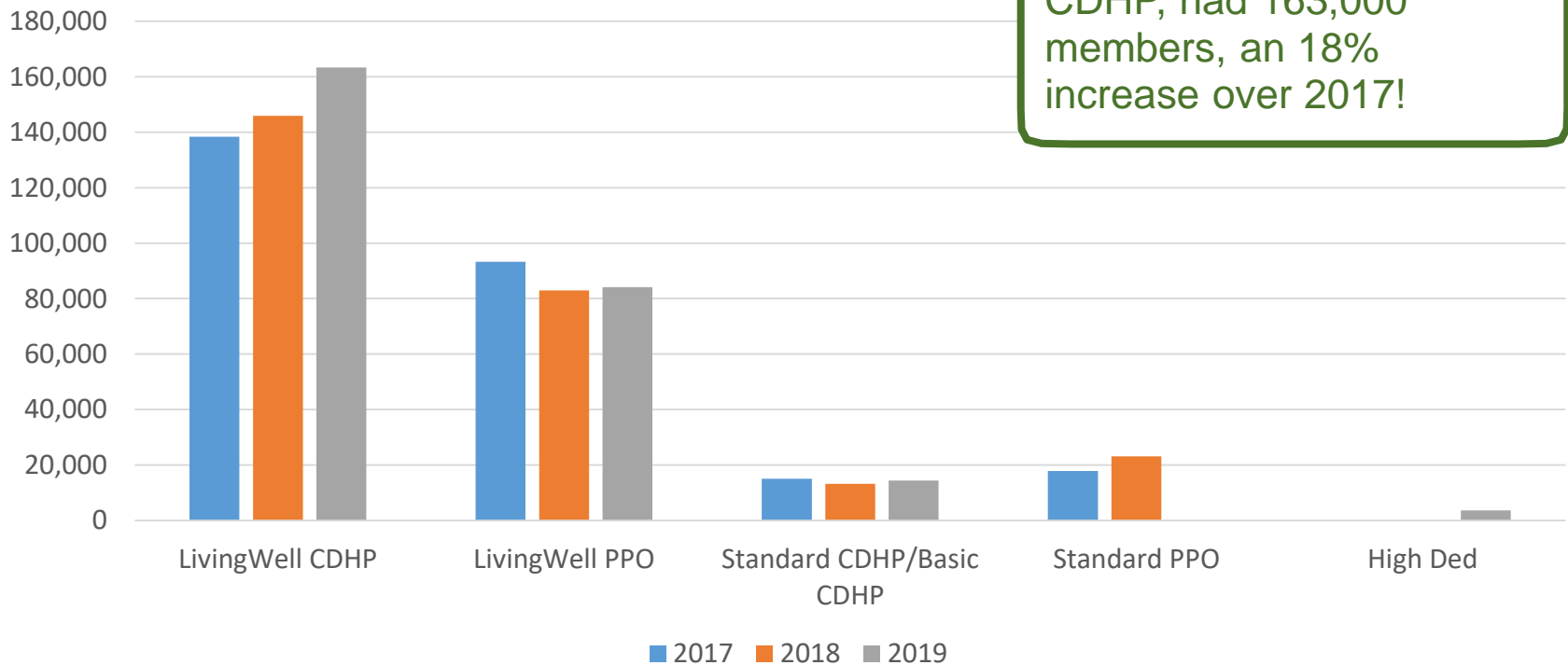
spent daily on KEHP medical and  
prescription drug costs

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

# Members by Plan



In 2019, our most popular plan, LivingWell CDHP, had 163,000 members, an 18% increase over 2017!

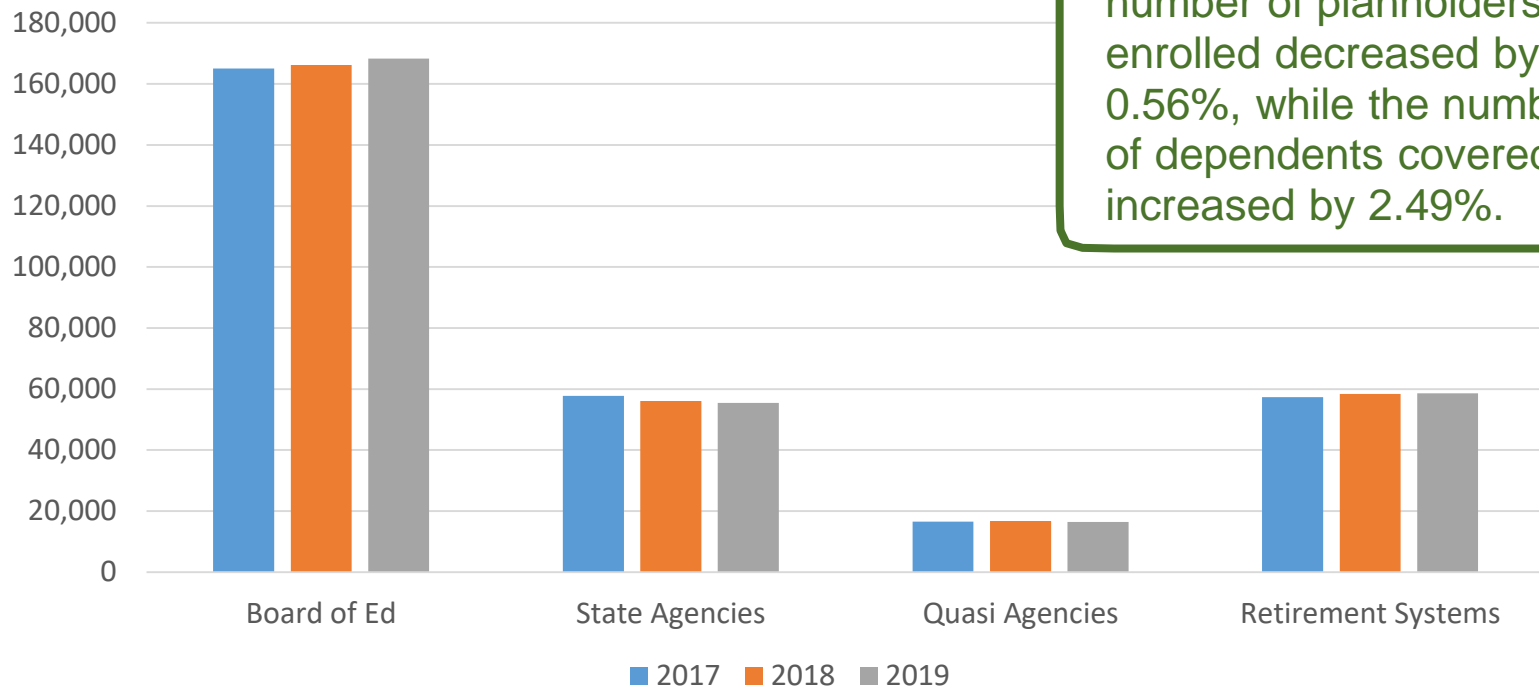


**Source:** KEHP enrollment in Kentucky Human Resource Information System (KHRIS)

# Members by Group



From 2017 - 2019, the number of planholders enrolled decreased by 0.56%, while the number of dependents covered increased by 2.49%.



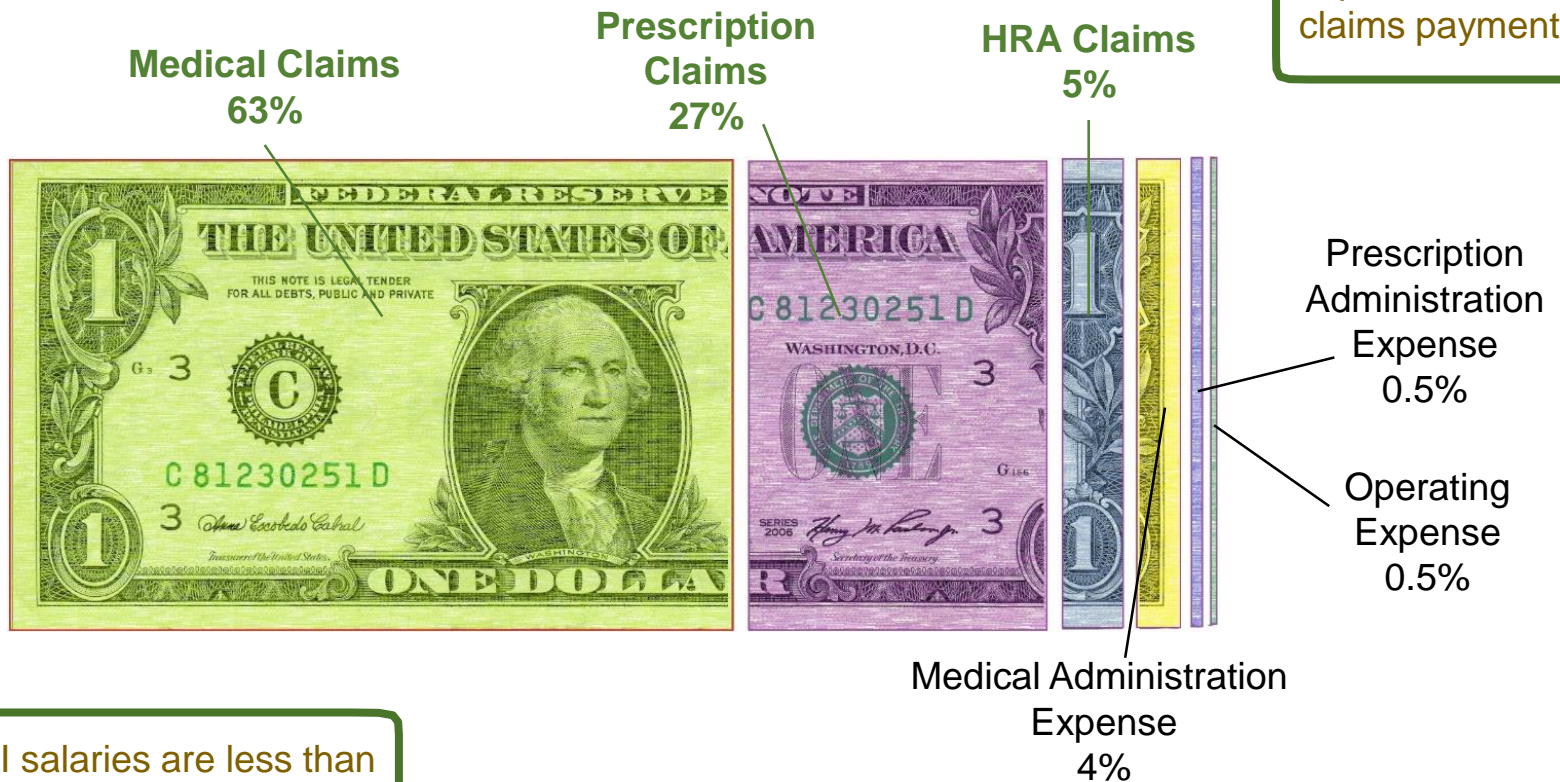
*Source: KEHP enrollment in Kentucky Human Resource Information System (KHRIS)*



# Plan Expenses



95% of KEHP expenses are claims payments!

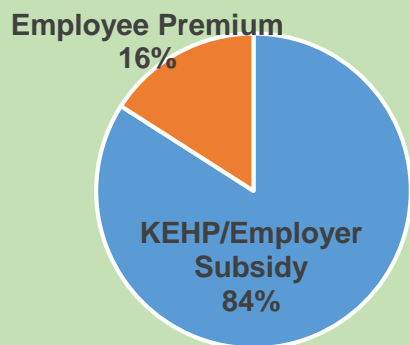


DEI salaries are less than one-quarter of a penny for every dollar spent!



Source: KEHP Trust Fund Cash Transactions from March 2020

# 2019 Premiums



- KEHP Employers pay above national benchmark of \$790 per month.
- Employee premium increases averaged 1.33% between 2016 and 2019.
- Nationwide, premium growth continues to exceed increases in earnings and inflation.

**\$799**

Average monthly premium paid  
for employees by KEHP  
Employers in 2019

**\$266 million**

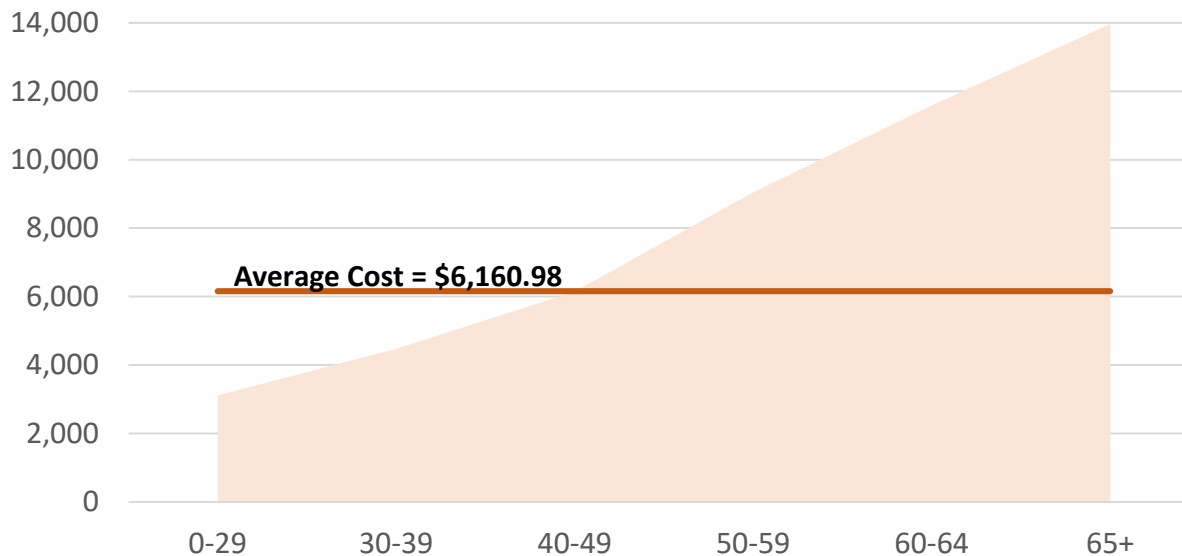
Employee pre-tax deductions for  
Health Insurance in 2019

*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 298,000 participants, keeping the plan affordable for everyone when they need it.

KEHP average annual claims cost by age group, all medical and pharmacy claims, 2019.

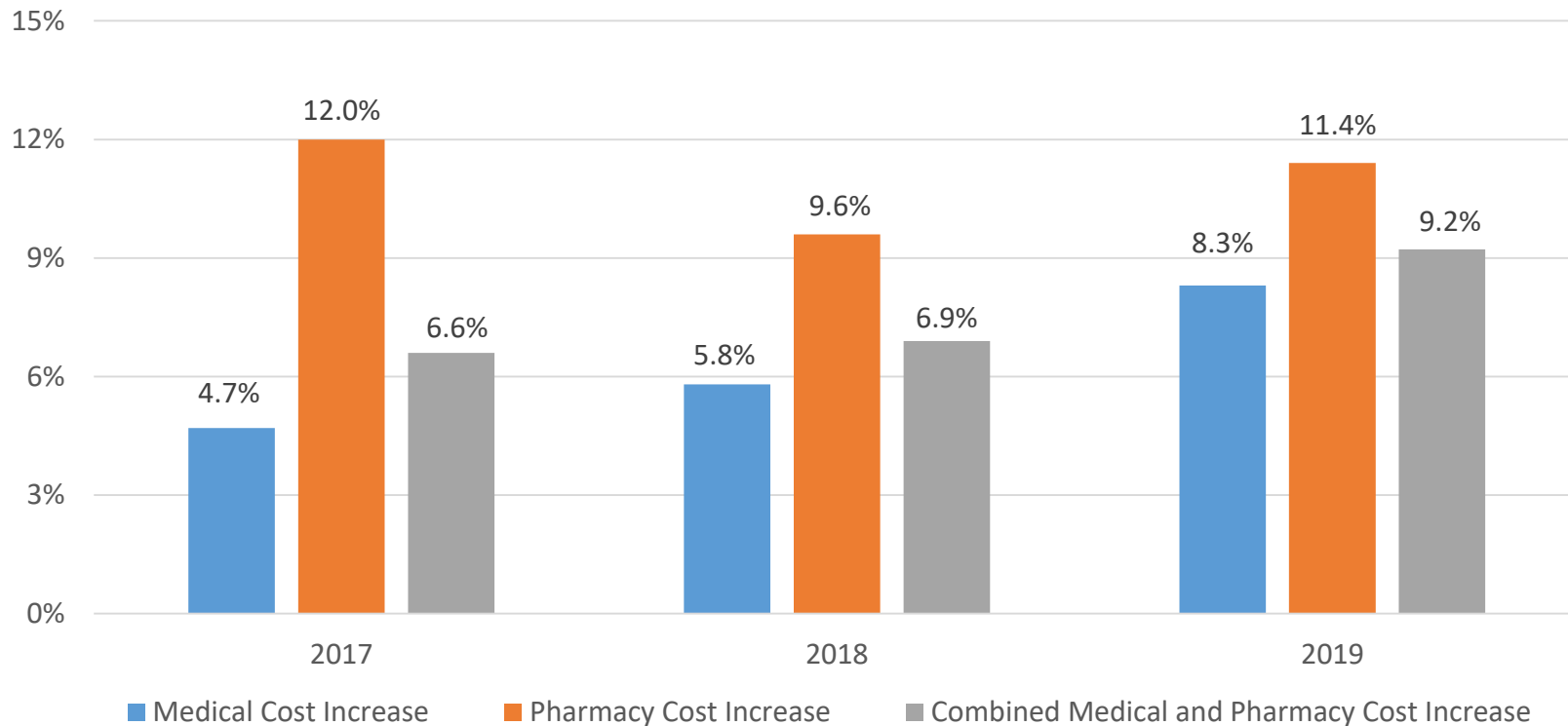


Averaging costs among the members keeps the plan affordable for all.



*Source: KEHP claims data aggregated by IBM Watson*

# Medical and Pharmacy Trends



**Source:** KEHP claims data aggregated by IBM Watson

## Price inflation drives costs

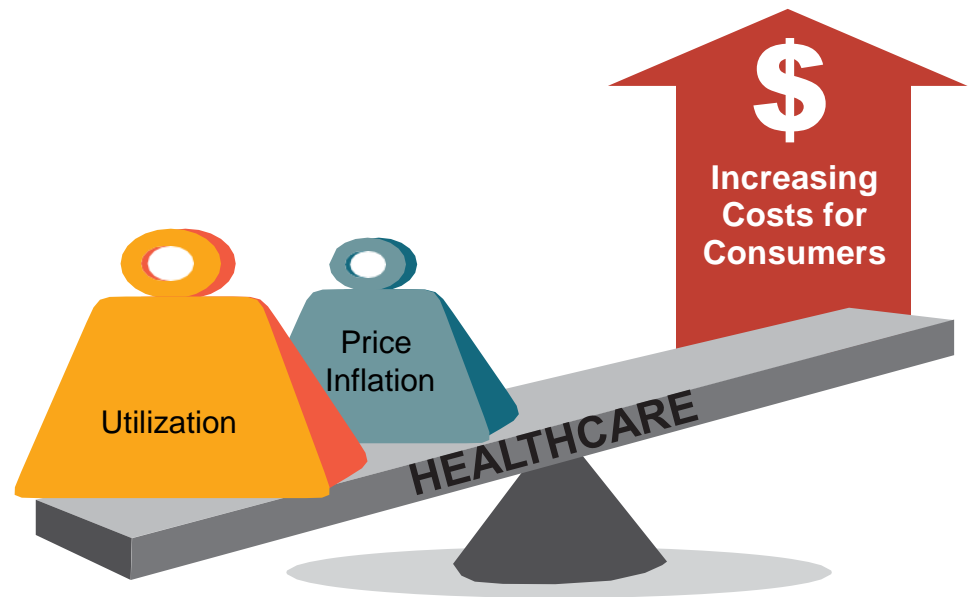
Price inflation is a significant driver of health insurance costs in America and for the KEHP.

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 7.26%. Inpatient claims increased by 9.27%, physician claims increased by 2.08%, and pharmacy costs increased 11.4%.

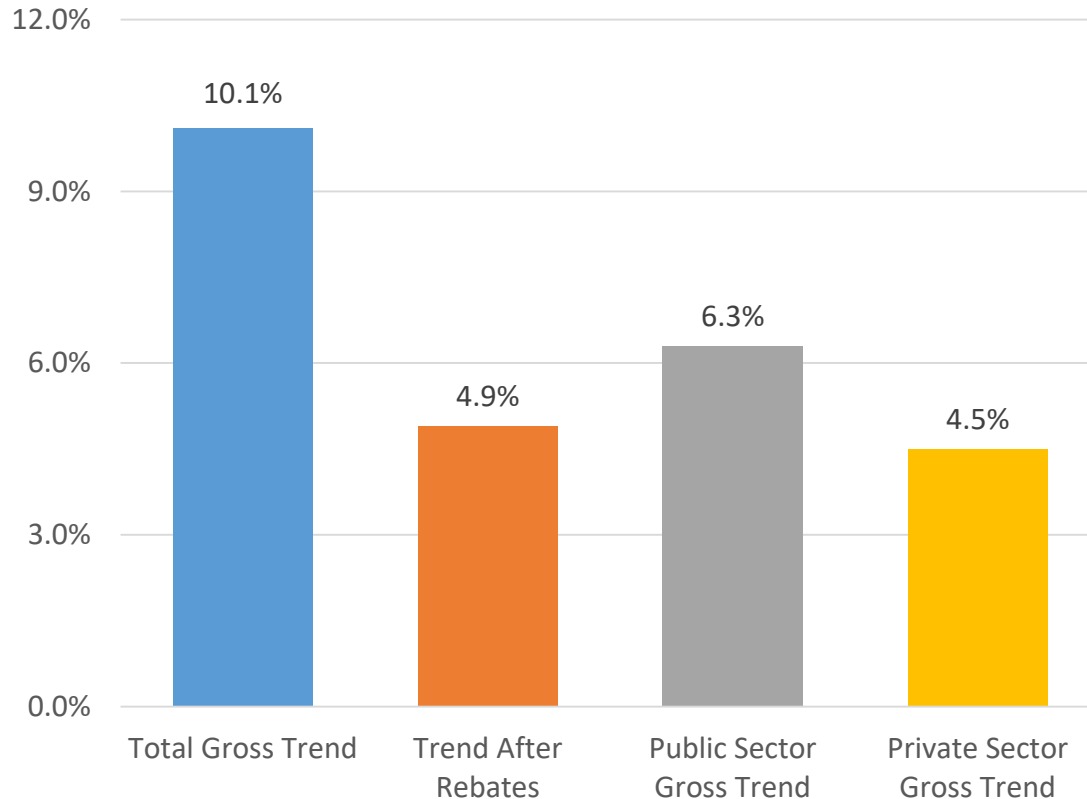
## What is driving healthcare spending?



## Cost Drivers

*Source: KEHP claims data aggregated by IBM Watson*

# Pharmacy Trends



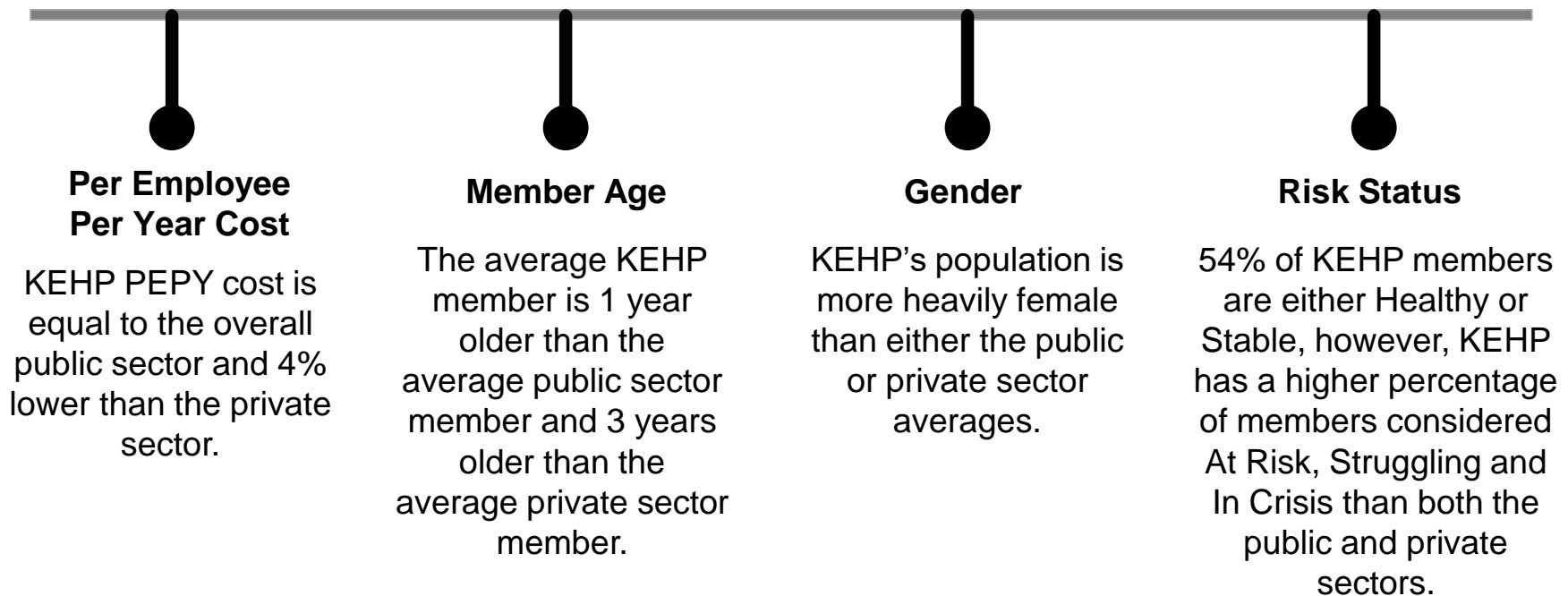
KEHP keeps 100% of drug rebates, reducing plan costs by more than \$150M annually.



Source: CVS Rx Insights

# Benchmarking

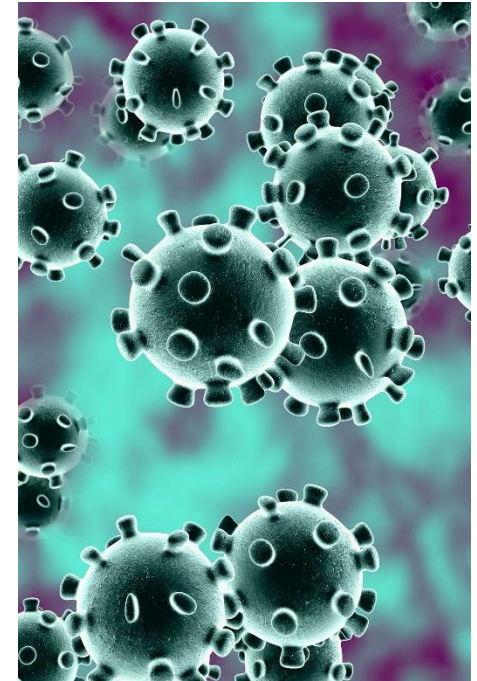
IBM Watson compared KEHP 2019 plan performance against their national book of business for public and private employers.



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

# KEHP response to COVID-19

- No member share for all COVID-19 screening and testing
- Free access to telehealth medical and behavioral health services through LiveHealth Online and other providers
- Automatic approvals for early refills on 30-day prescriptions for maintenance medications
- Extensions of pharmacy prior authorizations by 90 days for those set to expire before June 30
- Increased FSA carryovers to \$550; extended 2019 runout period to April 2020 for FSA and HRA expenditures
- Permitted mid-year election changes during 2020 plan year





# 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 Nineteenth Annual Report of the Kentucky Group Health Insurance Board*

# What Benefits Do We Offer?



## About our Program

Overview of 2019-20 plans, benefits, programs, and partners.

# Health Plans - 2019

## 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.

## 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.

## High Deductible

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

## 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.

# 2019 Plan 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.

# 2020 Plan Changes

## StayWell

StayWell, KEHP's new well-being program, provides members with a program proven to inspire healthier habits, minds and bodies. Participants can gain financial rewards for completion of a health assessment and fun, interactive challenges through the year.

## Pre-Tax Dental and Vision

KEHP now offers Anthem's Dental and Health Insurance plans on a pre-tax basis, allowing participating members even greater value.

## Healthcare FSA

KEHP increased the allowable employee pre-tax withholding amount for Healthcare FSA plans to \$2,700. The amount of unused funds that can be carried over between plan years was increased to \$550.

## Value Formulary

KEHP now offers CVS Caremark's Value Formulary for the LivingWell Basic and LW High Deductible plans. This formulary saves money for members and the health plan by focusing on mostly generic medications with fewer brand-named medications.

# 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 Ltd 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:** 2019 KEHP Benefits Selection Guide

# 2020 KEHP Health Insurance Choices

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Maximum Out of Pocket	Single \$3,000 Family \$5,750	Single \$3,000 Family \$5,750	Single \$4,000 Family \$7,750	Single \$5,250 Family \$10,250
Co-Insurance	Plan: 85% Member: 15%	Plan: 80% Member: 20%	Plan: 70% Member: 30%	Plan: 50% Member: 50%
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*Source: 2020 KEHP Benefits Selection Guide*



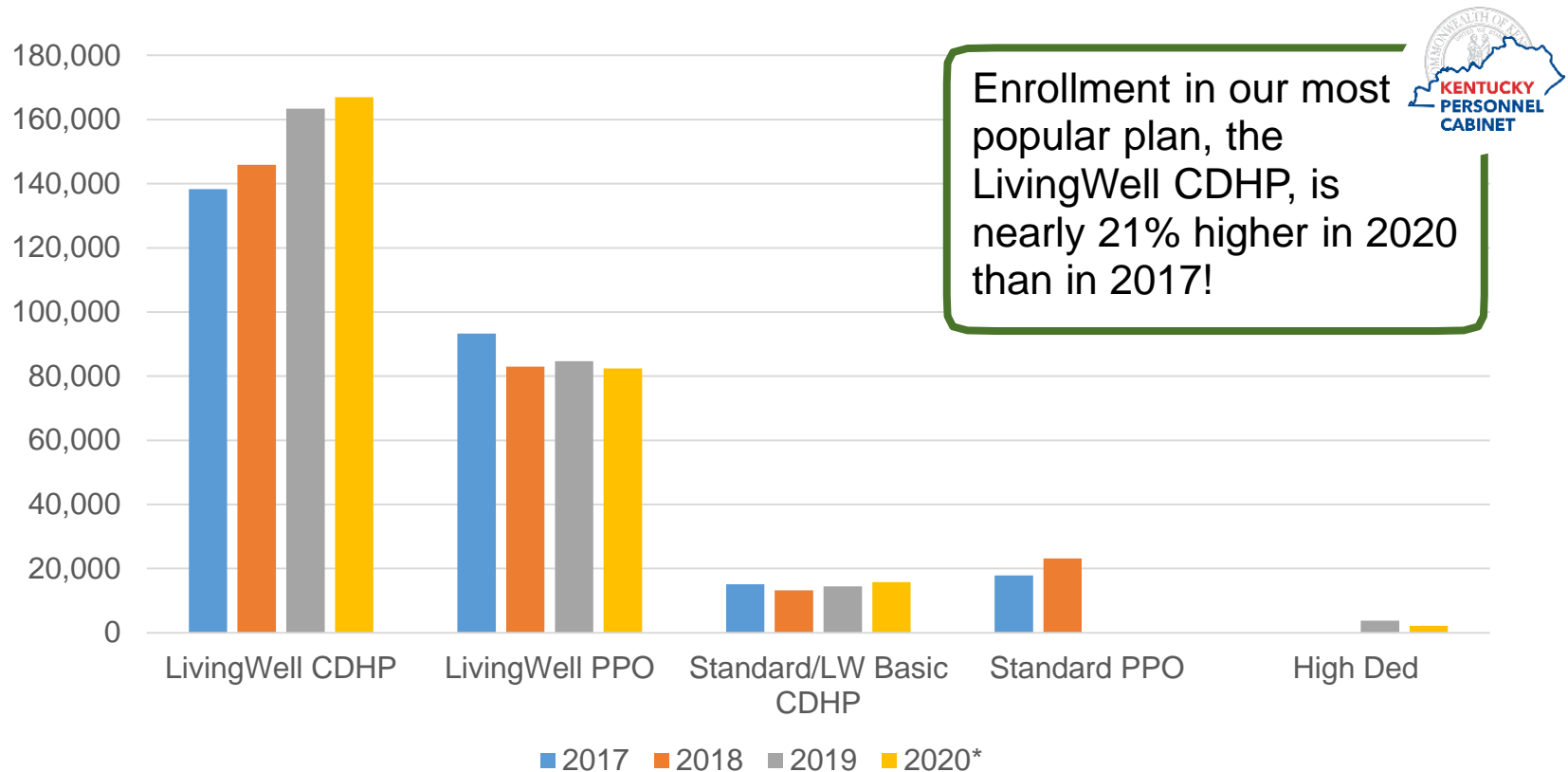
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\* LivingWell Basic CDHP and the LW High Deductible Plans feature the Value Formulary. This formulary includes mostly generics with few brand-named medications.

Source: 2020 KEHP Benefits Selection Guide

# Enrollment by Plan



\*2020 data reflects January-June 2020 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 was KEHP's wellness and rewards solution for 2019. Go365 motivates action and inspires healthy changes. KEHP members earn rewards for healthy lifestyle activities, such as walking, staying current with preventive care, and more!
- **Well-being:** StayWell is KEHP's new well-being & rewards program for 2020. StayWell provides our members with an online platform and mobile app experience. StayWell's program is proven to inspire healthier habits, minds, and bodies.

SmartShopper®



!!i! STAYWELL®

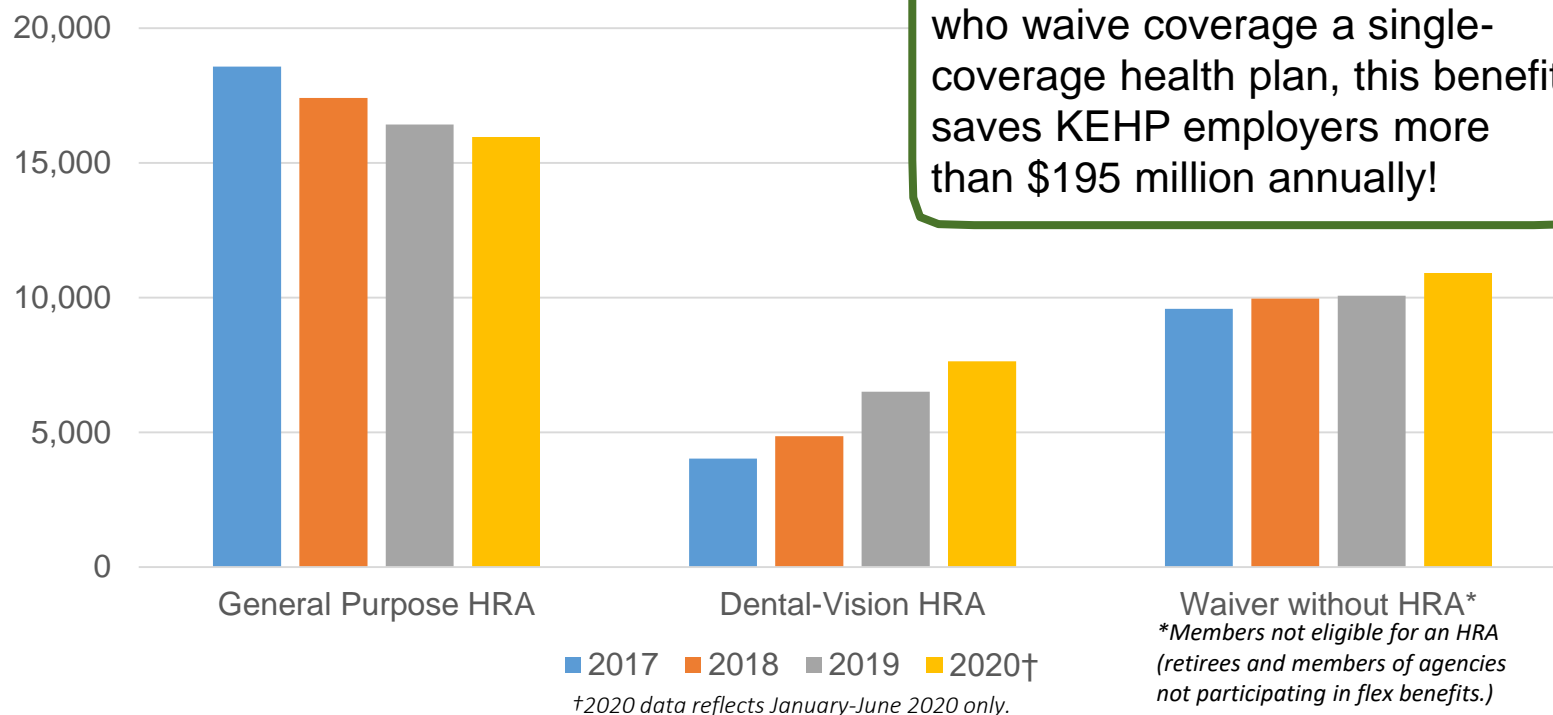
# Additional Plan Benefits

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 2019, KEHP provided more than \$48 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 \$195 million annually!

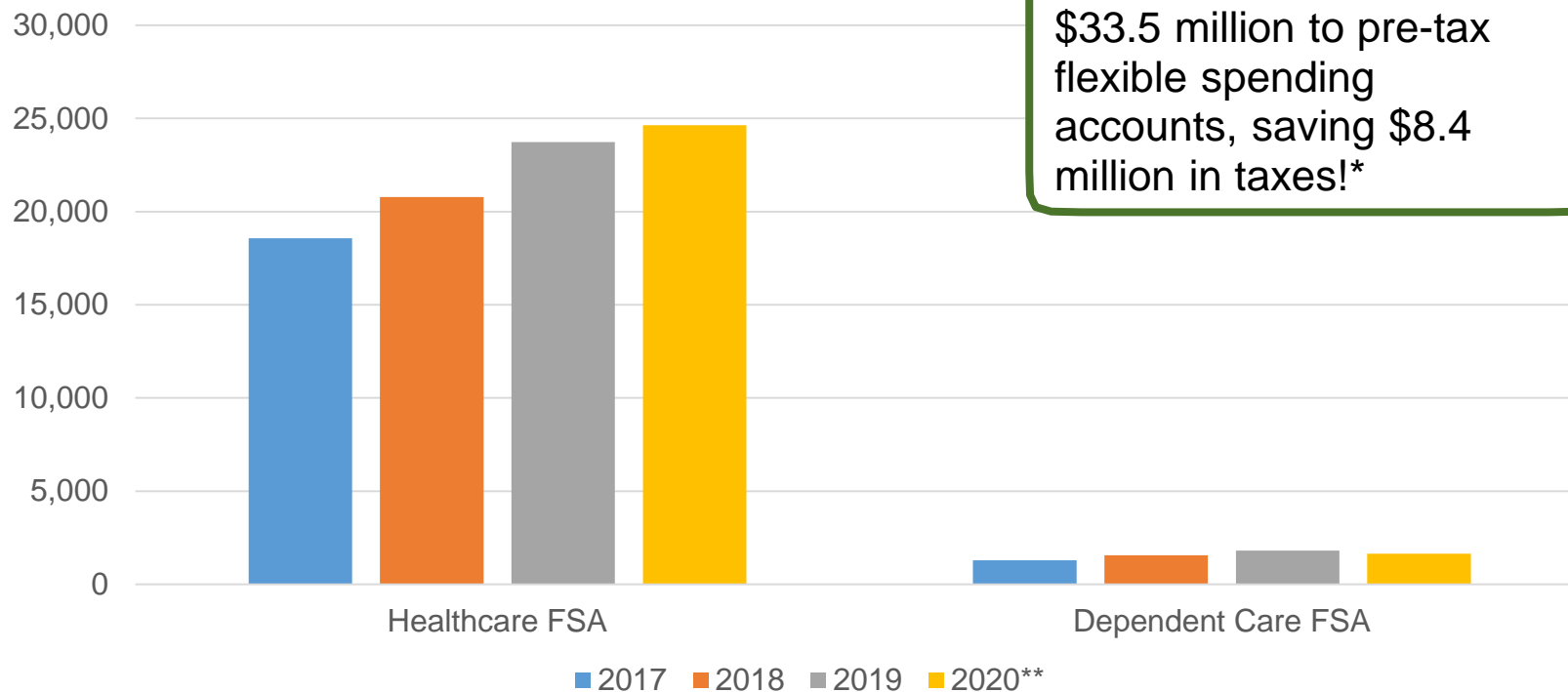


**Source:** KEHP enrollment in Kentucky Human Resource Information System (KHRIS) and WageWorks Contributions Report

# FSA Plans



In 2019, employees contributed more than \$33.5 million to pre-tax flexible spending accounts, saving \$8.4 million in taxes!\*



\*\*2020 data reflects January-June 2020 only.

\*Assumes a combined tax rate of 25%

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



# Voluntary Benefits

- **Basic 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



DEI offers six Employee Life Insurance Optional Plans and eight Dependent Life Insurance Options!

## 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	\$1,500			\$2,500	\$2,500		\$2,500
Child 6 Months to Age 18	\$5,000	\$3,000			\$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

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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>

# Whom Do We Serve



## About our Members

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

# Eligibility

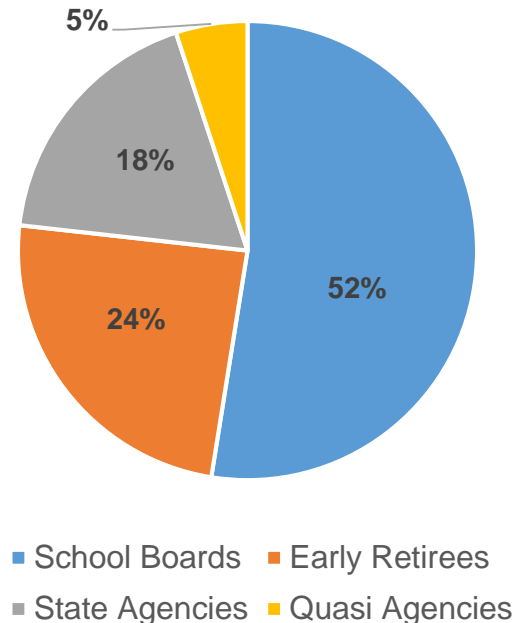
KEHP is a self-funded plan that offers health insurance coverage to 299,000 public employees, retirees and quasi governmental agencies and dependents. KEHP is run by public employees, for public employees, so members have a direct stake in the financial well-being of the Plan.

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



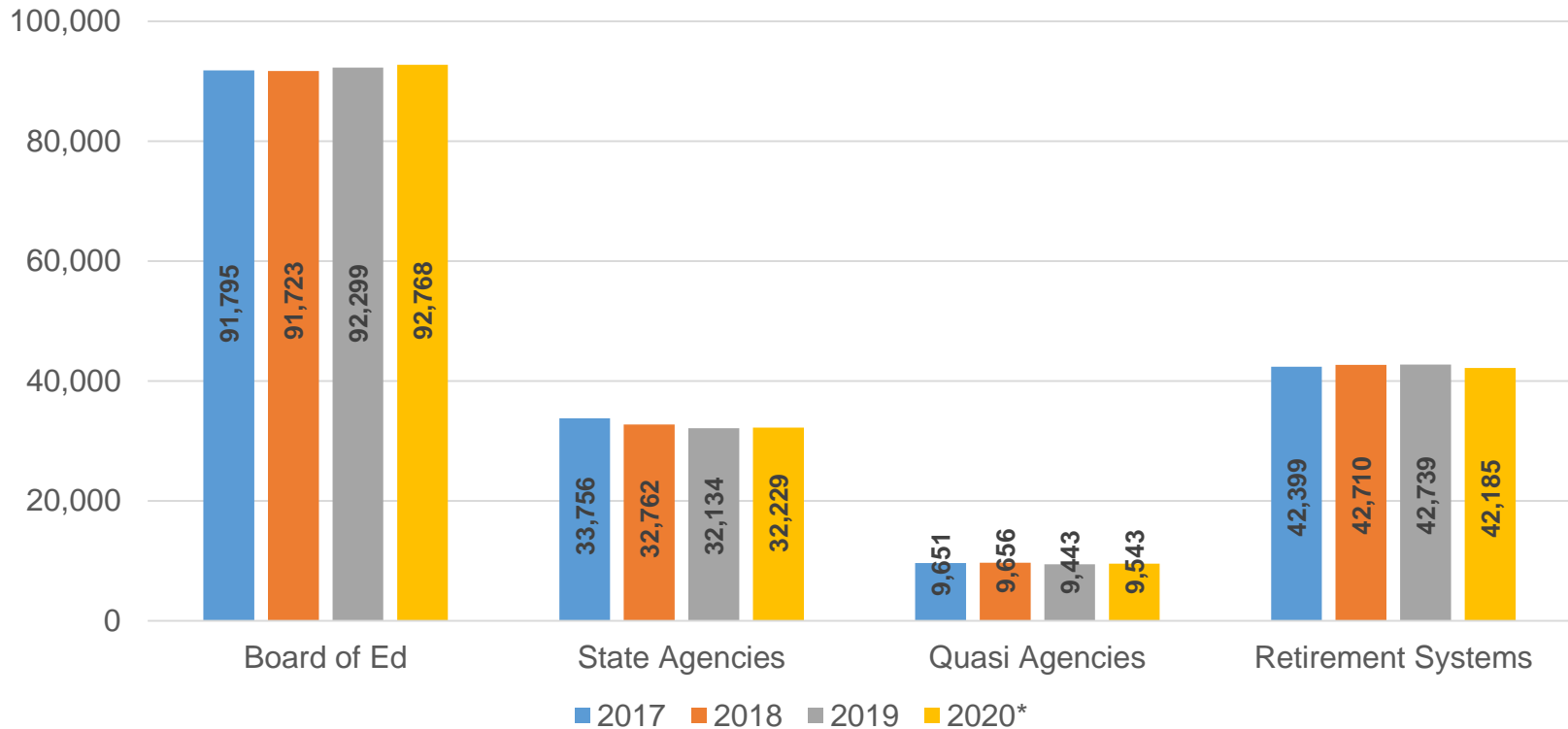
KEHP covers 6.7% of the entire state population!

Employees





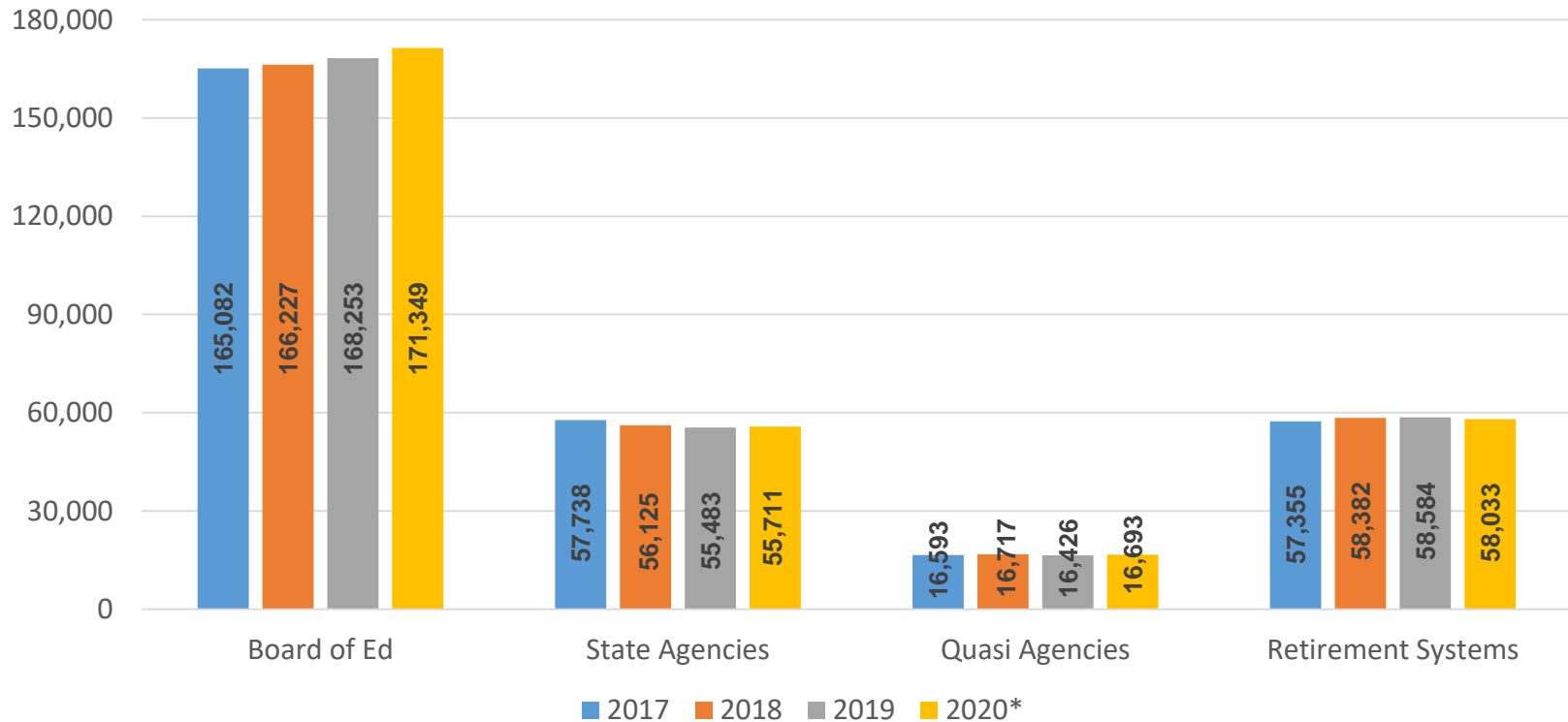
# Employees by Group



\*2020 data reflects January-June 2020 only.

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

# Members by Group



\*2020 data reflects January-June 2020 only.

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

# Enrollment Demographics

	2017	2018	2019	2020*	2020 vs. 2019
Health Enrollment					
Employees	145,349	144,605	143,257	143,111	(0.1%)
Members	263,061	263,285	263,744	265,660	0.7%
Average Age					
Employees	48.4	48.4	48.4	48.3	(0.1%)
Members	36.8	36.8	36.7	36.6	(0.4%)
Demographic Splits					
Employee Percentage Male	33.8%	33.9%	33.9%	34.0%	0.1%
Member to Employee Ratio	1.81	1.82	1.84	1.86	0.8%
% of Covered Members who are:					
Adult Male	25.5%	25.6%	25.5%	25.5%	(0.0%)
Adult Female	42.3%	42.1%	41.8%	41.6%	(0.2%)
Children	32.2%	32.3%	32.7%	33.0%	0.3%

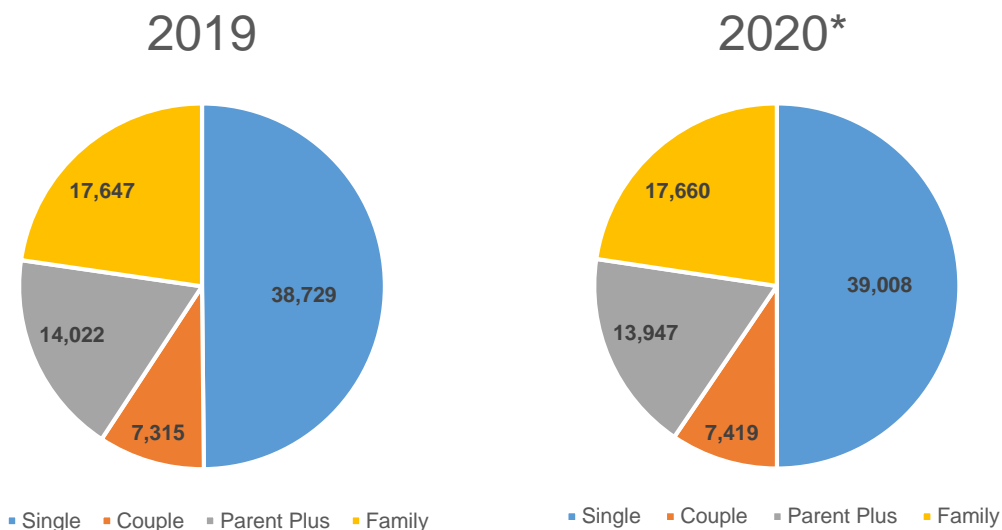
\*2020 data reflects January-June 2020 only.

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!



Dimension	2019	2020*
Employee Age	46.7	46.9
Employee % Male	32.5%	32.5%

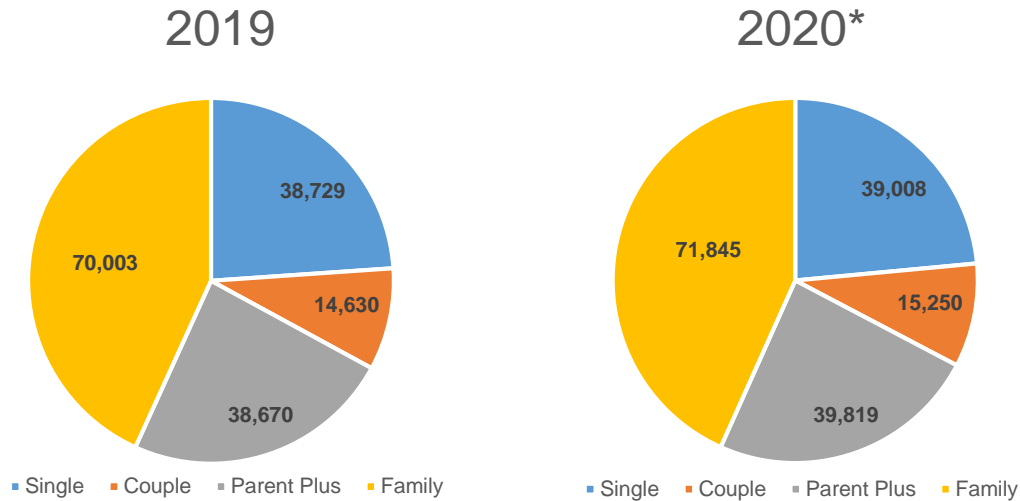
\*2020 data reflects January-June 2020 only.

Source: KEHP enrollment and claims data aggregated by IBM Watson

# LivingWell CDHP Member Demographics



LivingWell CDHP has the highest ratio of Dependents to employees of any plan!



Dimension	2019	2020*
Member Age	34.3	34.3
Member % Male	43.6%	43.6%
Member to EE Ratio	2.09	2.10

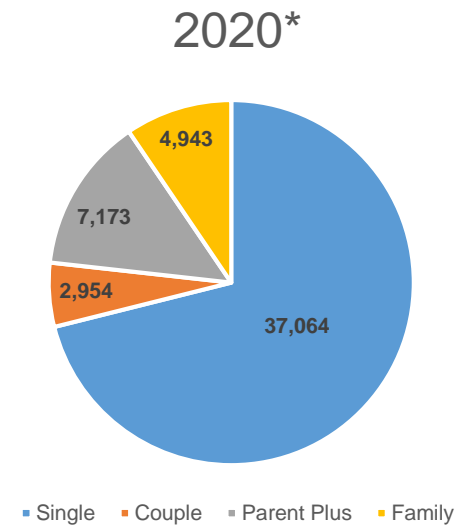
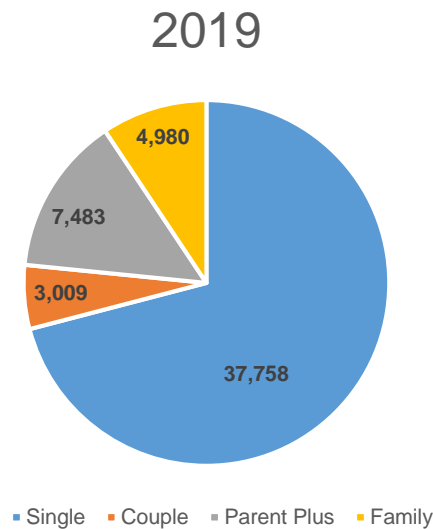
\*2020 data reflects January-June 2020 only.

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.



Dimension	2019	2020*
Employee Age	51.8	51.8
Employee % Male	34.5%	34.9%

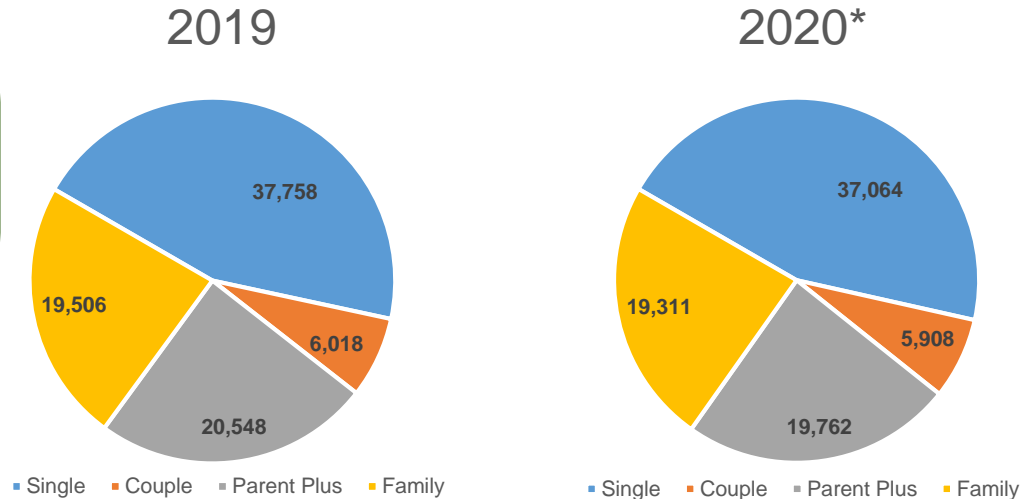
\*2020 data reflects January-June 2020 only.

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.



Dimension	2019	2020*
Member Age	41.3	41.5
Member % Male	39.1%	39.6%
Member to EE Ratio	1.58	1.57

\*2020 data reflects January-June 2020 only.

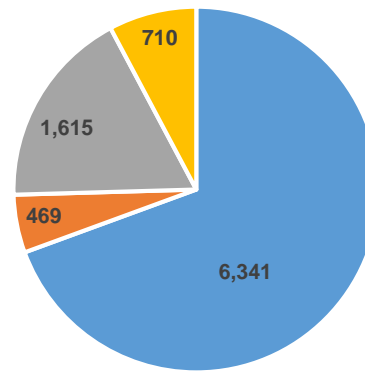
Source: KEHP enrollment and claims data aggregated by IBM Watson

# LivingWell Basic CDHP Employee Demographics



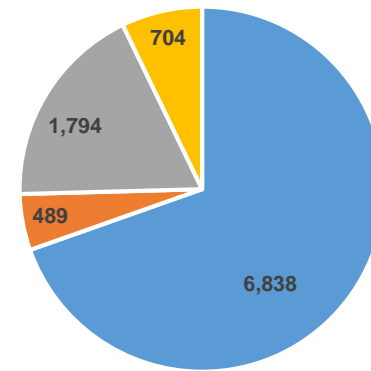
LivingWell Basic CDHP has the lowest average employee age of any plan in 2019!

2019



■ Single ■ Couple ■ Parent Plus ■ Family

2020\*



■ Single ■ Couple ■ Parent Plus ■ Family

Dimension	2019	2020
Employee Age	42.9	42.3
Employee % Male	39.6%	39.3%

\*2020 data reflects January-June 2020 only.

Source: KEHP enrollment and claims data aggregated by IBM Watson

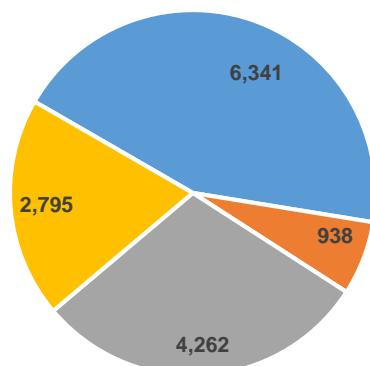


# LivingWell Basic CDHP Member Demographics



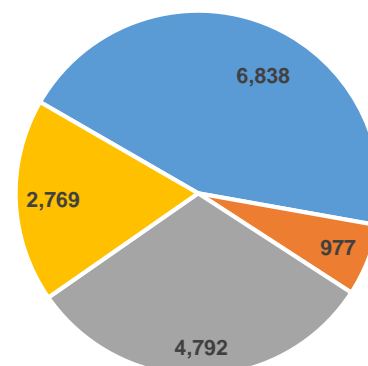
LivingWell Basic CDHP has the lowest average member age and the second highest member to employee ratio!

2019



■ Single ■ Couple ■ Parent Plus ■ Family

2020\*



■ Single ■ Couple ■ Parent Plus ■ Family

Dimension	2018	2019*
Member Age	34.5	33.8
Member % Male	44.0%	44.1%
Member to EE Ratio	1.57	1.58

\*2020 data reflects January-June 2020 only.

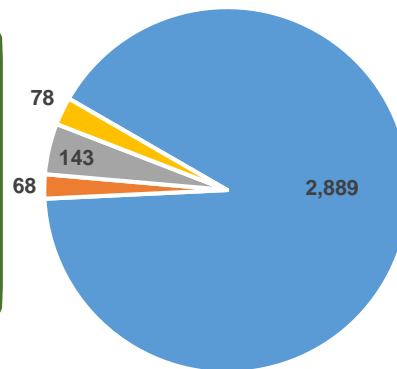
Source: KEHP enrollment and claims data aggregated by IBM Watson

# LivingWell High Deductible Employee Demographics

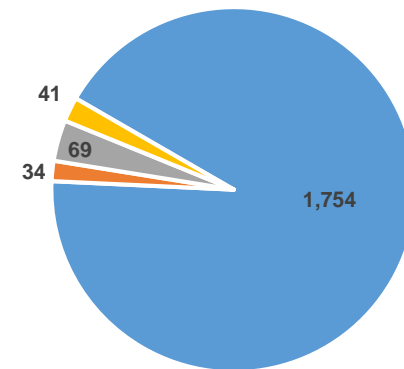


LW High Deductible has the highest percentage of male employee enrollment and the lowest overall enrollment of any plan!

2019<sup>†</sup>



2020\*



■ Single ■ Couple ■ Parent Plus ■ Family

■ Single ■ Couple ■ Parent Plus ■ Family

<sup>†</sup>2019 Default plan for those who did not complete open enrollment.

Dimension	2018	2020*
Employee Age	46.5	47.5
Employee % Male	47.7%	51.2%

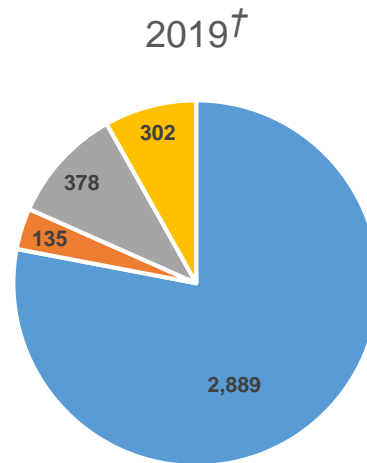
\*2020 data reflects January-June 2020 only.

Source: KEHP enrollment and claims data aggregated by IBM Watson

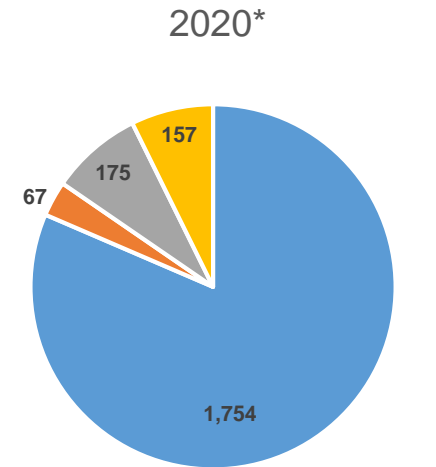
# LivingWell High Deductible Member Demographics



LW High Deductible plan has the lowest ratio of dependents to employees – for every 100 employees, only 13 dependents are covered by this plan!



■ Single ■ Couple ■ Parent Plus ■ Family



■ Single ■ Couple ■ Parent Plus ■ Family

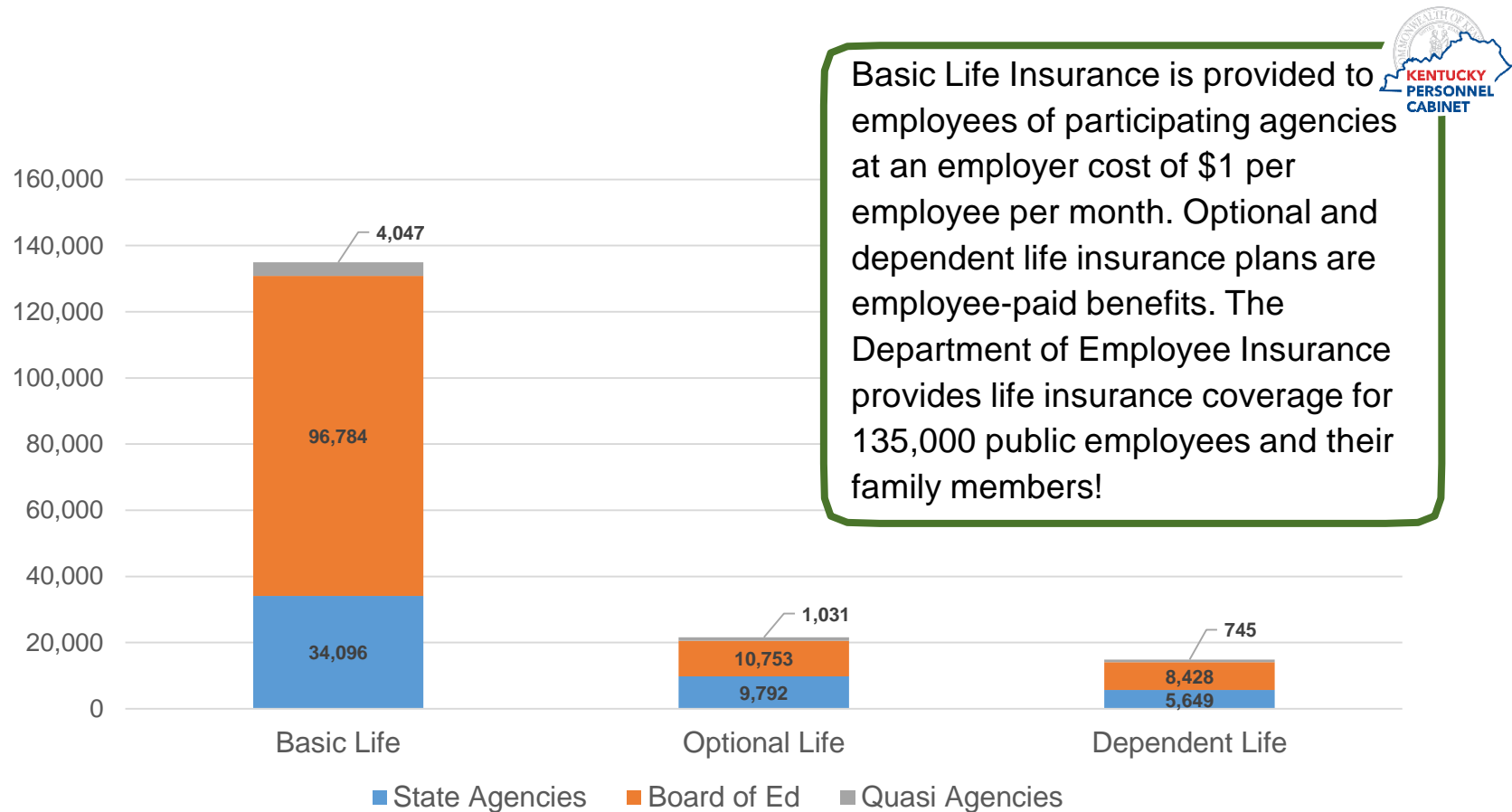
<sup>†</sup>2019 Default plan for those who did no complete open enrollment.

Dimension	2019	2020*
Member Age	43.1	44.6
Member % Male	47.1%	50.8%
Member to EE Ratio	1.17	1.13

\*2020 data reflects January-June 2020 only.

Source: KEHP enrollment and claims data aggregated by IBM Watson

# 2020\* Life Insurance Enrollment



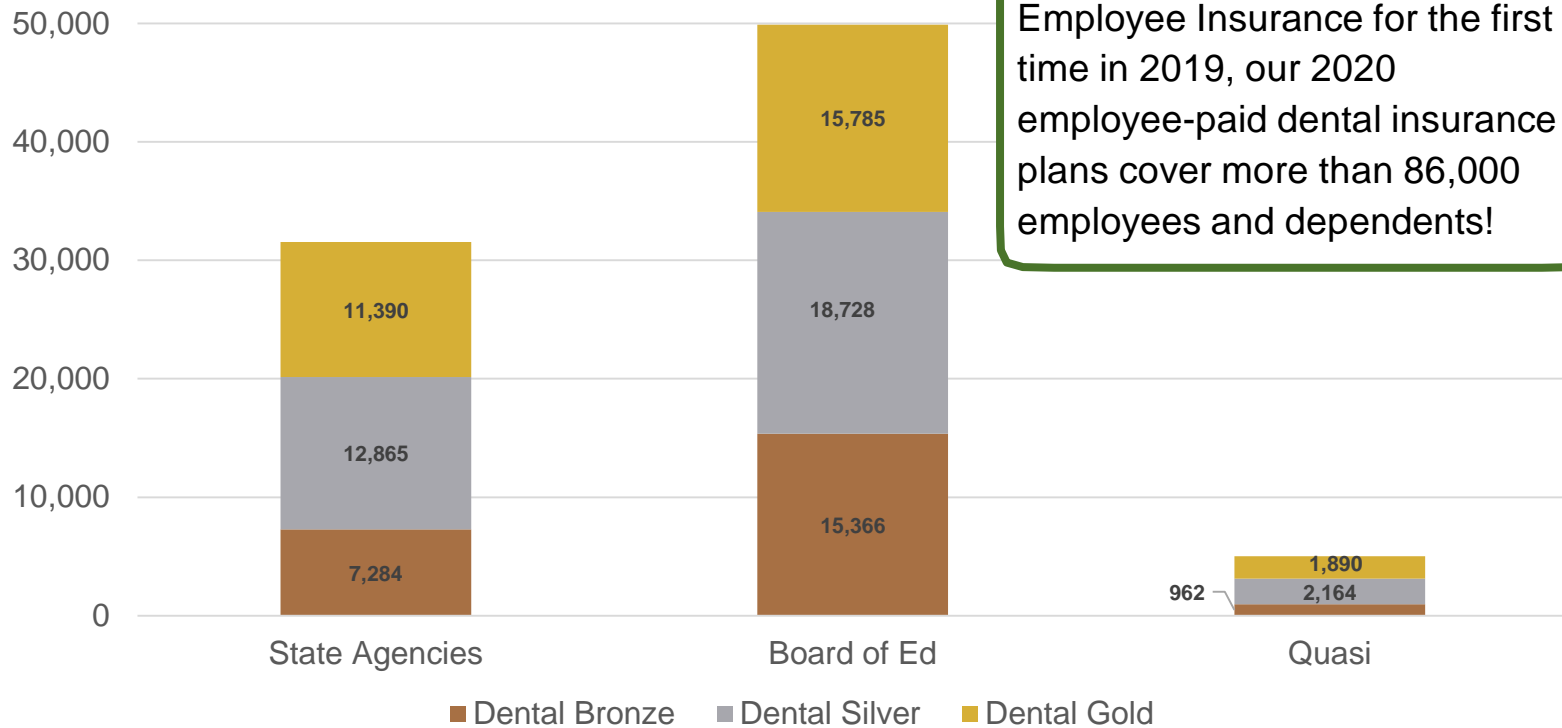
\*2020 data reflects January-June 2020 only.

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

# 2020 Dental Insurance Members



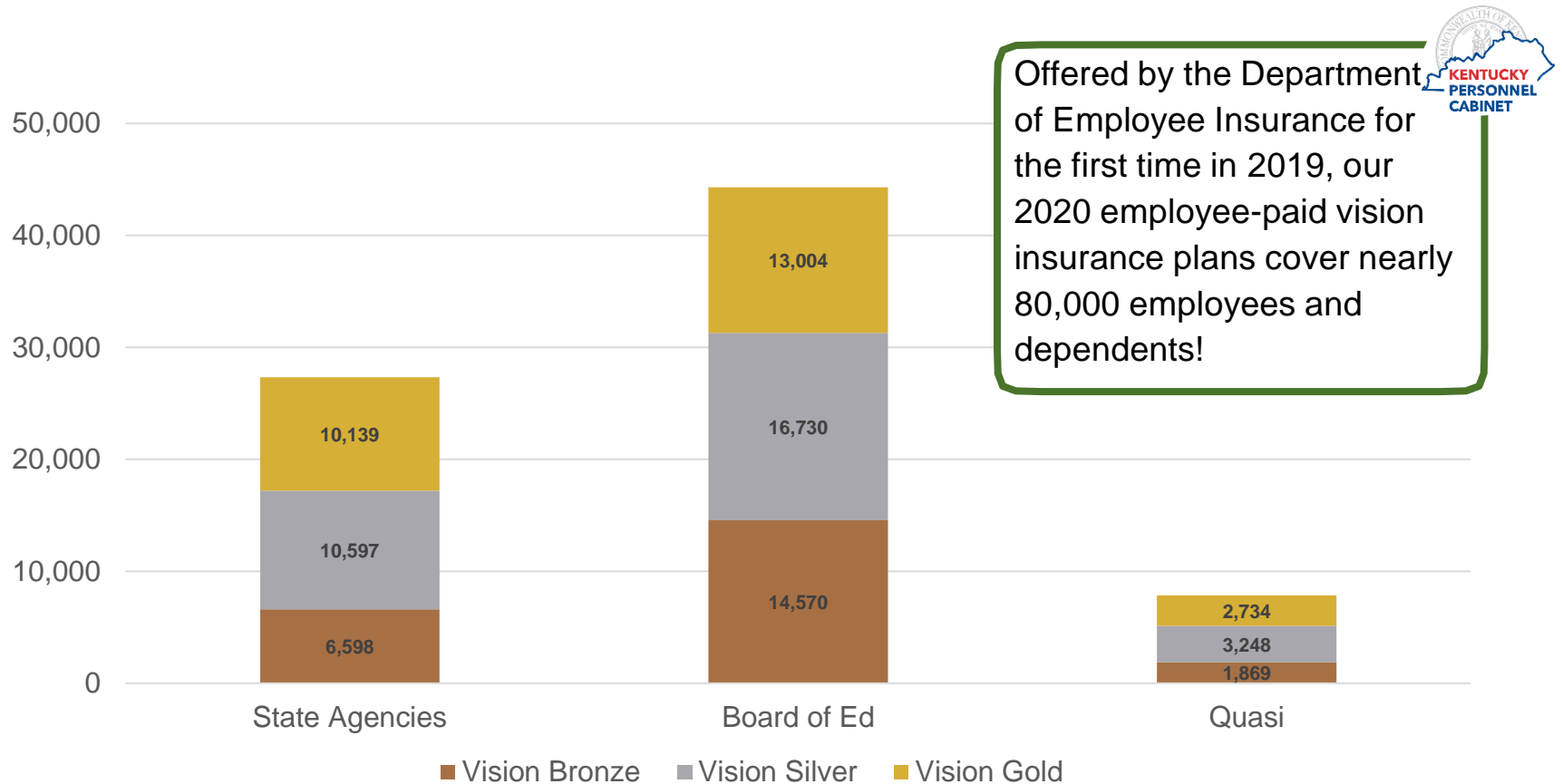
Offered by the Department of Employee Insurance for the first time in 2019, our 2020 employee-paid dental insurance plans cover more than 86,000 employees and dependents!



\*2020 data reflects January-June 2020 only.

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

# 2020 Vision Insurance Members



*\*2020 data reflects January-June 2020 only.*

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

# Cost and Utilization Trends



## About Our Program Experience

Overview of 2017-20 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

	2017	2018	2019	2020*
Allowed Cost – Medical	\$1,196,786,848	\$1,270,296,552	\$1,364,333,944	\$566,299,823
Allowed Cost – RX	\$451,928,867	\$495,296,623	\$547,406,260	\$291,367,869
Total Allowed Cost	\$1,648,715,715	\$1,766,152,175	\$1,911,740,204	\$857,667,692
Plan Paid - Medical	\$980,457,415	\$1,046,736,440	\$1,137,955,266	\$443,143,547
Plan Paid – RX	\$399,580,616	\$438,416,789	\$489,242,400	\$253,667,463
Total Plan Paid	\$1,380,038,031	\$1,485,153,229	\$1,627,197,666	\$696,811,010

\*2020 data reflects January-June 2020 only.

Source: KEHP enrollment and claims data aggregated by IBM Watson

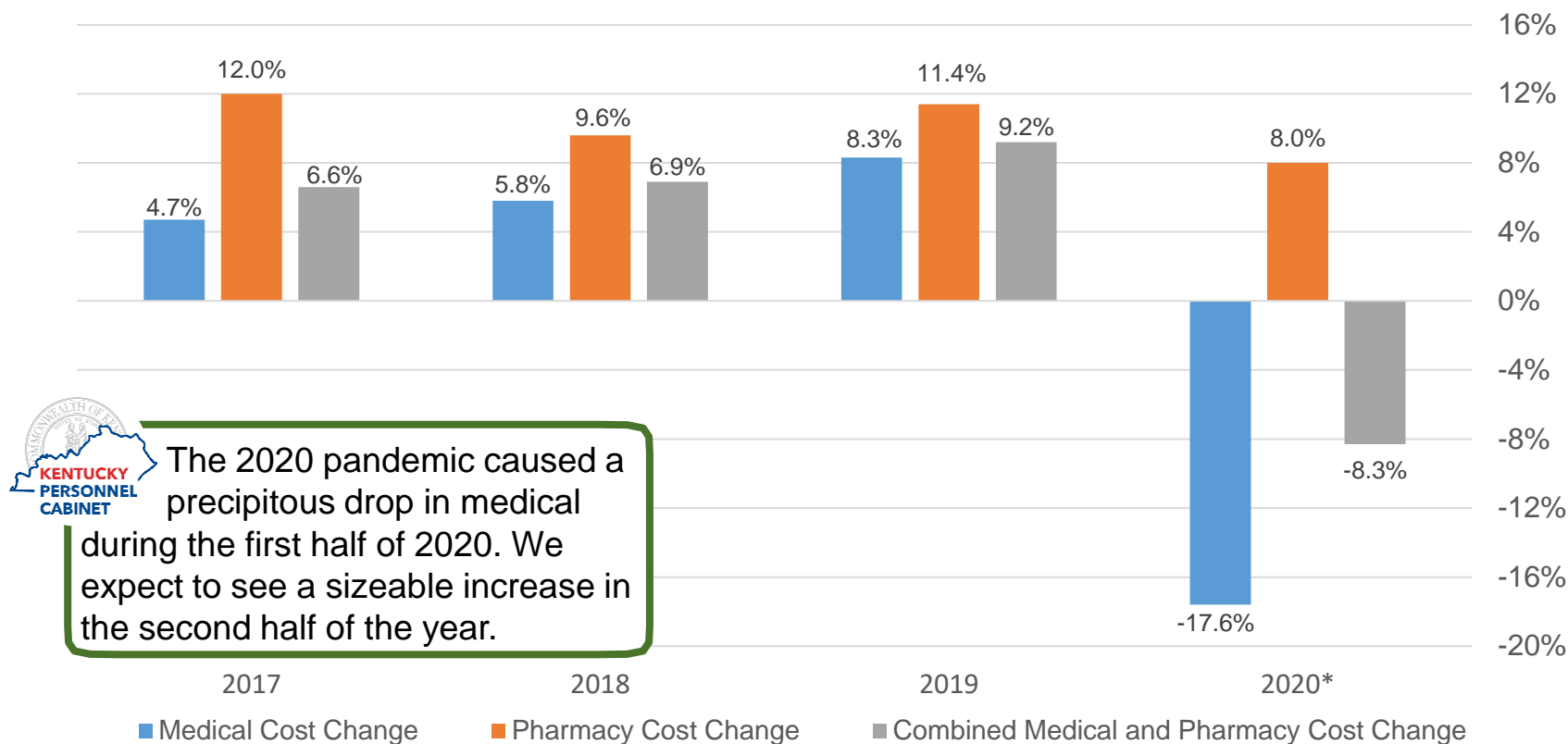
# Claims Experience Per Member Per Month

	2017	2018	2019	2020*
Allowed Cost – Medical	\$379.12	\$402.07	\$431.03	\$177.56
Allowed Cost – RX	\$143.16	\$156.95	\$172.94	\$91.36
Total Allowed Cost	\$522.29	\$559.01	\$603.97	\$268.92
Plan Paid - Medical	\$310.59	\$331.31	\$359.51	\$138.95
Plan Paid – RX	\$126.58	\$138.77	\$154.56	\$79.54
Total Plan Paid	\$437.17	\$470.07	\$514.08	\$218.48

\*2020 data reflects January-June 2020 only.

Source: KEHP enrollment and claims data aggregated by IBM Watson

# Medical and Pharmacy Trends



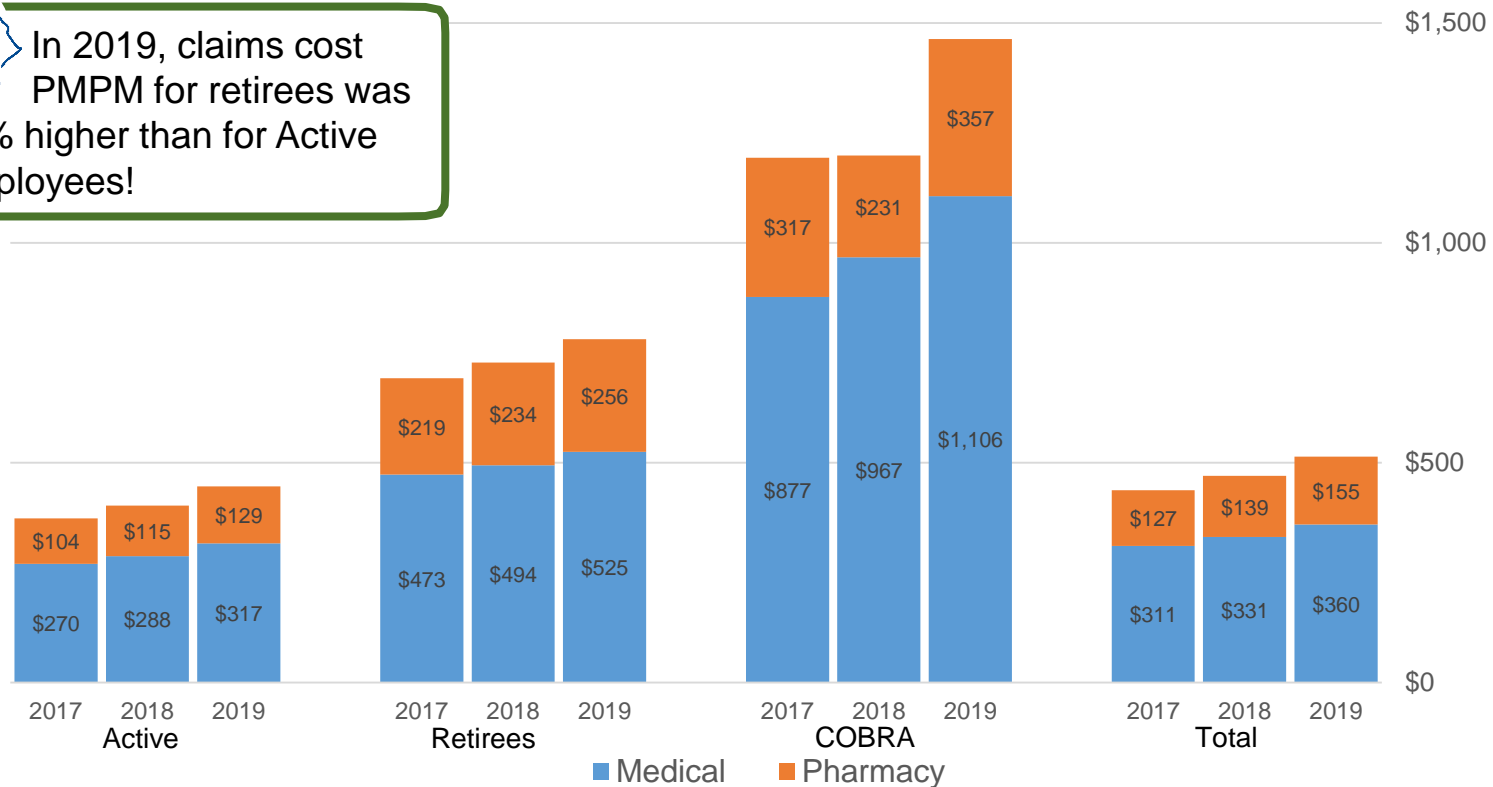
\*2020 trend includes Jan-Jun 2020 compared to Jan-Jun 2019.

Source: KEHP enrollment and claims data aggregated by IBM Watson

# Medical and Pharmacy Claims PMPM by Member Status

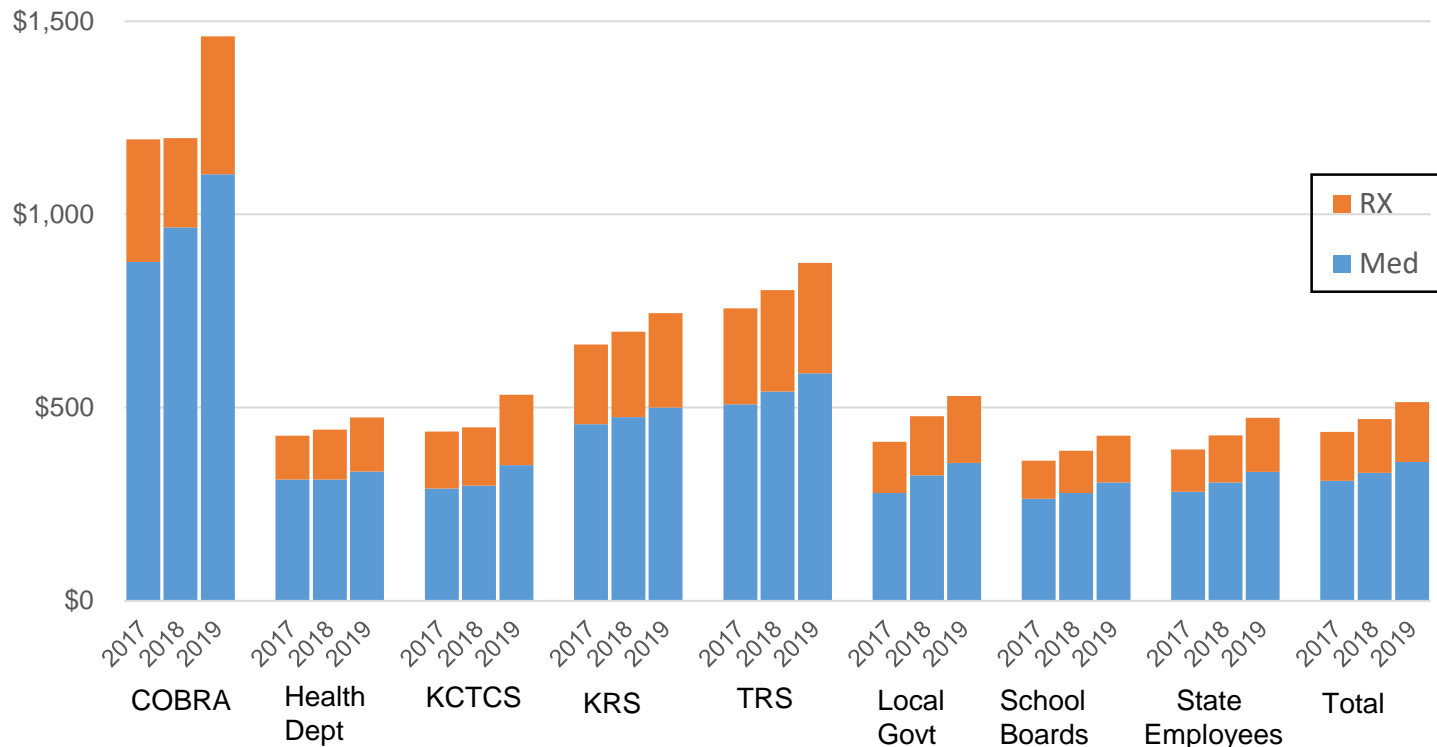


In 2019, claims cost PMPM for retirees was 75% higher than for Active Employees!



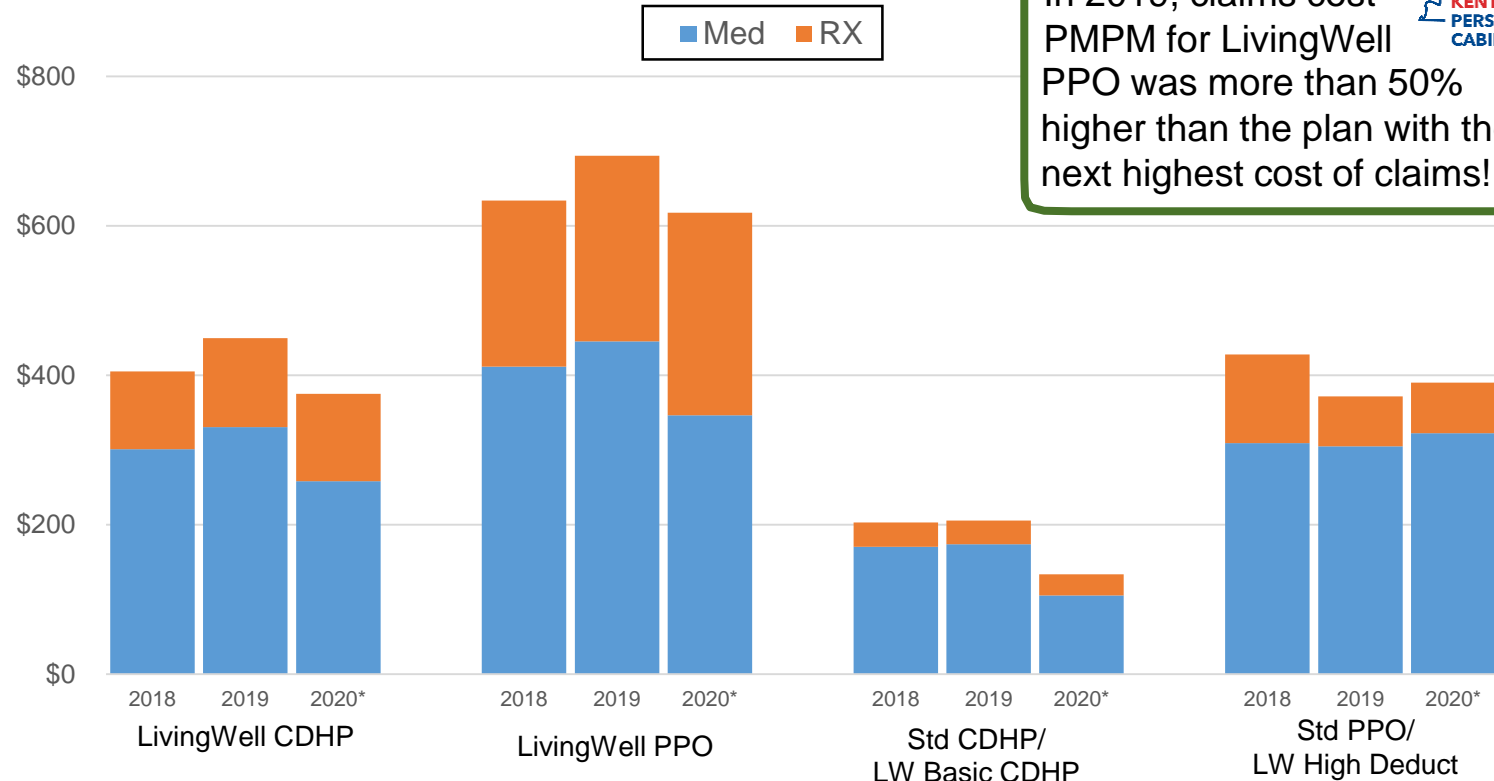
Source: KEHP enrollment and claims data aggregated by IBM Watson

# 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 2019, claims cost PMPM for LivingWell PPO was more than 50% higher than the plan with the next highest cost of claims!



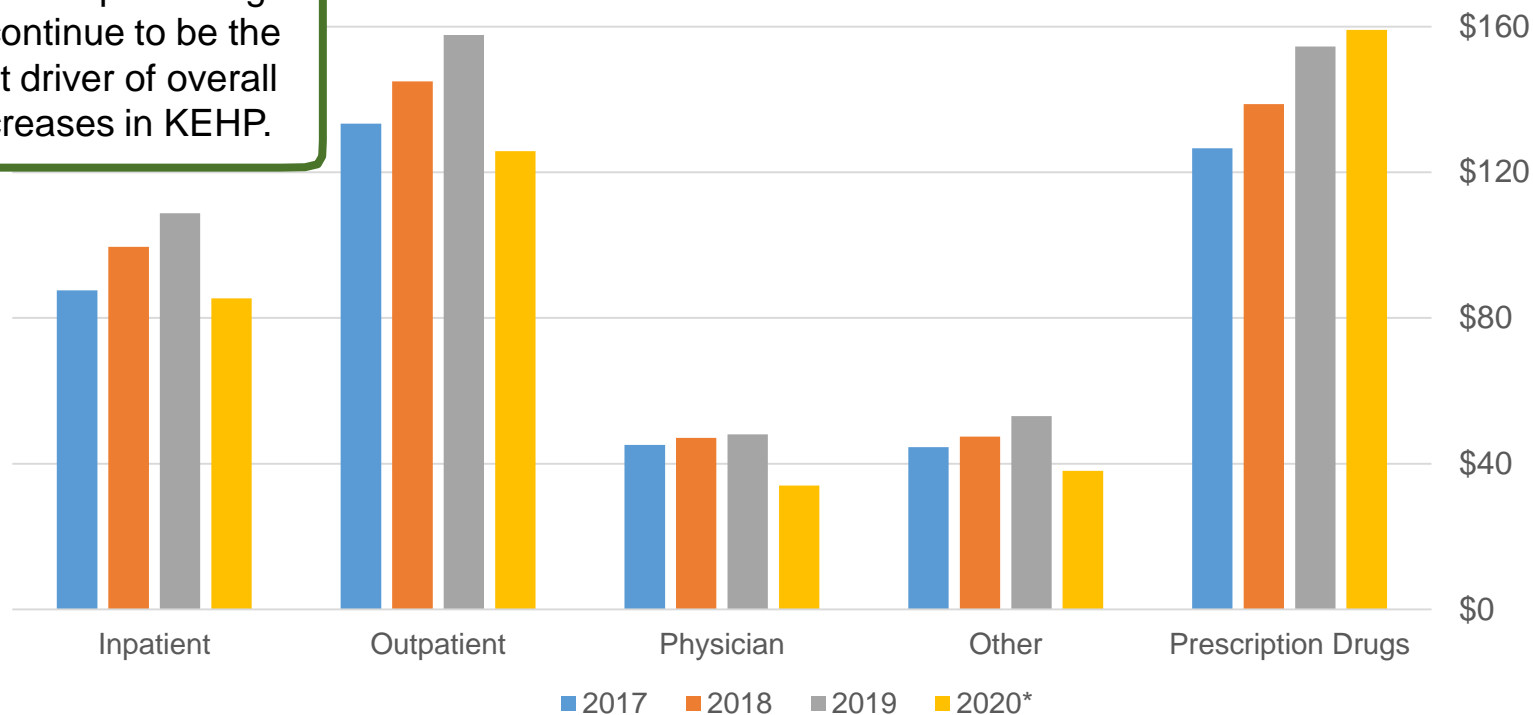
\*2020 data reflects January-June 2020 only.

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.



\*2020 data includes Jan-Jun 2020 only.

Source: KEHP enrollment and claims data aggregated by IBM Watson

# Paid Claims by Service Cost as a Percentage of Total Costs

	2017	2018	2019	2020*
Inpatient	20.0%	20.8%	20.8%	17.9%
Outpatient	30.5%	30.3%	30.2%	26.3%
Physician	10.3%	9.9%	9.2%	7.1%
Other	10.2%	9.9%	10.2%	8.0%
Prescription Drugs	29.0%	29.0%	29.6%	33.3%

\*2020 data reflects January-June 2020 only.

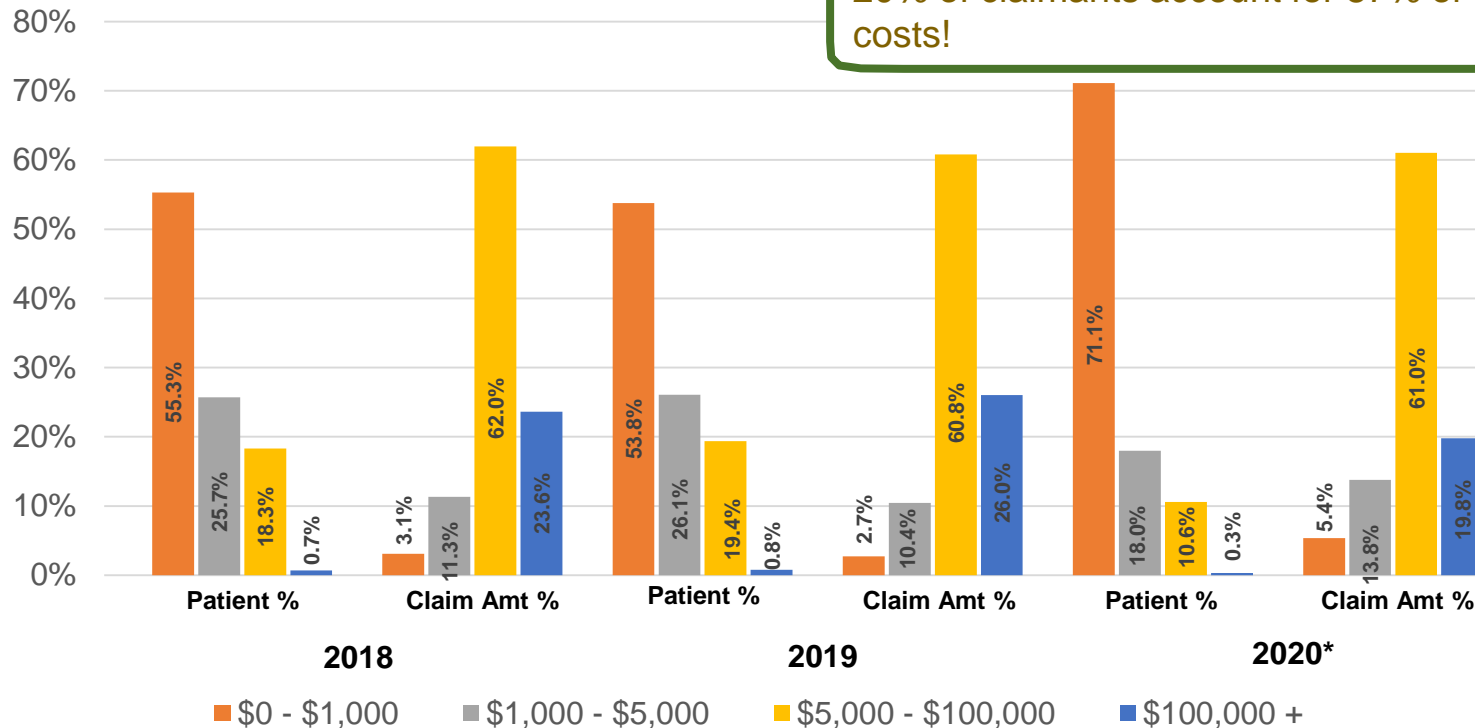
Source: KEHP enrollment and claims data aggregated by IBM Watson



# Paid Claims Distribution by Amount



About 54% of members had net paid claims of less than \$1,000 in 2019, whereas 20% of claimants account for 87% of claims costs!



\*2020 data reflects January-June 2020 only.

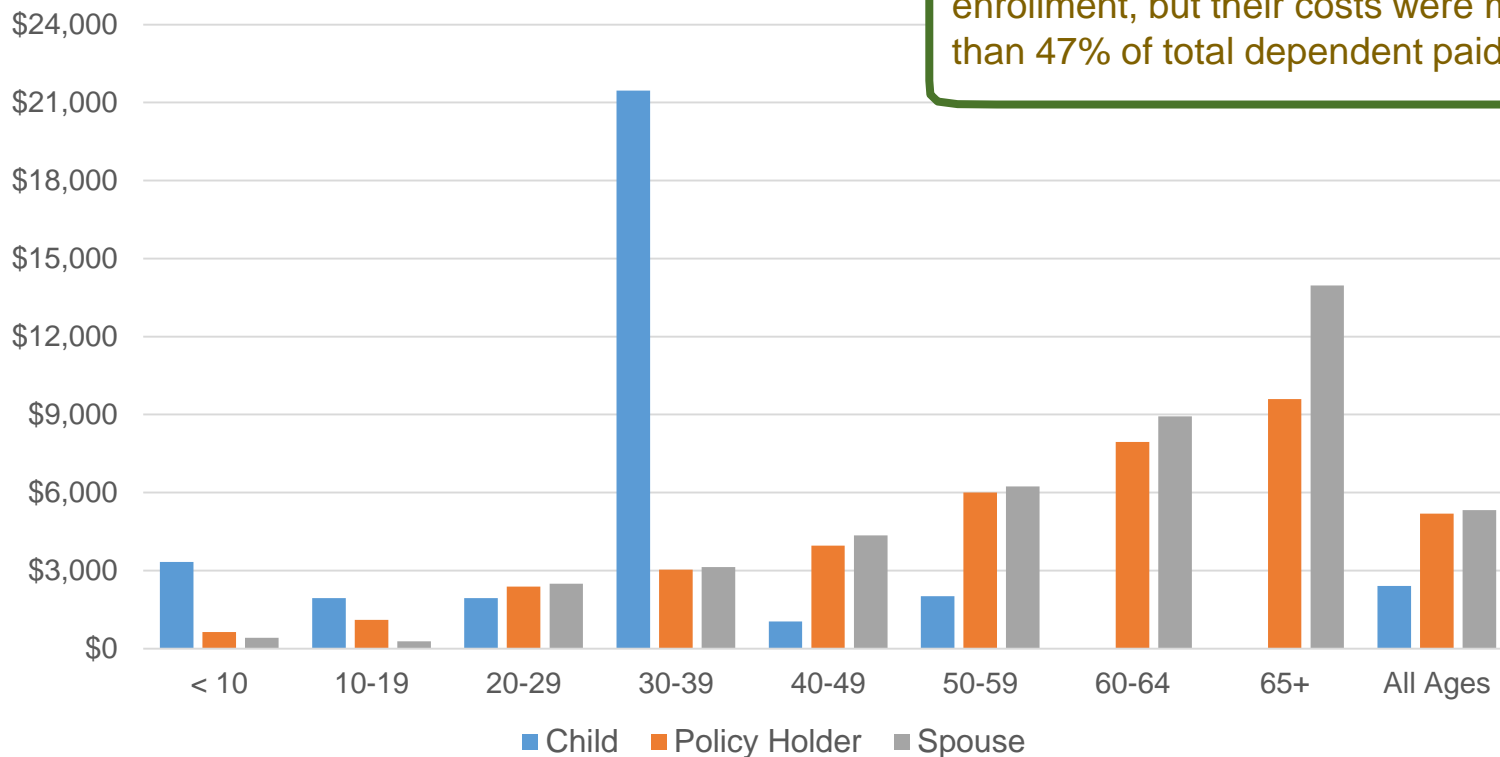
Source: KEHP enrollment and claims data aggregated by IBM Watson

# 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.
- Because of the COVID-19 pandemic, medical utilization decreased significantly in the first half of 2020 versus similar previous periods.

# 2019 Employee and Dependent Claims PMPY by Age Band



Source: KEHP enrollment and claims data aggregated by IBM Watson

# Inpatient Utilization

While inpatient admissions decreased from 2018 to 2019, cost inflation caused the cost of inpatient care to rise.



Inpatient Hospital Claim Utilization Statistics	2017	2018	2019	2019 vs. 2018	Jan – Jun 2019	Jan – Jun 2020	2020 vs. 2019
Admits Per 1,000 Lives	64.0	62.2	60.2	-3.3%	60.4	49.4	-18.2%
Days Per 1,000 Lives	275.3	267.1	273.8	2.5%	277.0	214.3	-22.7%
Average Length of Stay (Days)	4.3	4.3	4.5	-6.0%	4.2	4.4	-5.4%
Average Cost Per Admit	\$20,066	\$19,711	\$22,370	13.5%	\$22,293	\$21,149	-5.1%
Average Cost Per Day	\$4,665	\$4,592	\$4,916	7.1%	\$4,862	\$4,877	0.3%
Allowed Charges PMPM	\$107.0	\$109.6	\$118.5	8.1%	\$118.6	\$94.5	-20.3%

*Source: KEHP enrollment and claims data aggregated by IBM Watson*

# Outpatient Utilization



Utilization has continued to shift from the more expensive inpatient site of care to outpatient. There was a major decrease in OP utilization in 2020.

Outpatient Hospital Claim Utilization Statistics	2017	2018	2019	2019 vs. 2018	Jan – Jun 2019	Jan – Jun 2020	2020 vs. 2019
Visits Per 1,000 Lives	1,227.3	1,267.1	1,376.4	8.6%	1,316.7	1,064.9	-19.1%
Services Per 1,000 Lives	7,728.4	7,987.6	8,550.0	7.0%	4,110.2	3,411.2	-17.0%
Services Per Visit	6.3	6.3	6.2	-1.5%	3.1	3.2	2.6%
Average Cost Per Visit	\$1,457.0	\$1,525.5	\$1,513.8	0.8%	\$1,475.3	\$1,670.1	13.2%
Average Cost Per Service	\$247.2	\$239.8	\$239.9	0.0%	\$219.9	\$241.8	10.0%
Allowed Charges PMPM	\$149.0	\$161.1	\$173.6	7.8%	\$161.9	\$148.2	-8.5%

Source: KEHP enrollment and claims data aggregated by IBM Watson

# Professional Services Utilization

Outpatient Hospital Claim Utilization Statistics	2017	2018	2019	2019 vs. 2018	Jan – Jun 2019	Jan – Jun 2020	2020 vs. 2019
Visits Per 1,000 Lives	7,908.2	8,133.0	8,458.5	4.0%	8,231.6	7,024.9	-14.7%
Services Per 1,000 Lives	16,194.1	16,799.7	17,141.3	2.0%	16,647.0	13,586.6	-18.4%
Services Per Visit	2.0	2.1	2.0	-1.9%	2.0	1.9	-4.4%
Average Cost Per Visit	\$119.5	\$123.5	\$124.6	0.9%	\$124.8	\$122.3	-2.0%
Average Cost Per Service	\$58.4	\$60.0	\$62.7	4.6%	\$55.5	\$55.4	2.8%
Allowed Charges PMPM	\$78.8	\$83.7	\$87.8	4.9%	\$85.6	\$71.6	-0.2%

*Source: KEHP enrollment and claims data aggregated by IBM Watson*

# Utilization by Major Diagnostic Category

	Total Plan Costs			Patients		
Major Diagnostic Category	2018	2019	2020*	2018	2019	2020*
Musculoskeletal	\$182,164,377.67	\$196,536,343.71	\$70,314,414.84	95,991	98,324	59,618
Circulatory	\$119,764,471.99	\$132,645,103.49	\$47,608,325.57	67,455	67,914	40,892
Health Status	\$101,669,970.00	\$105,810,371.53	\$37,954,543.70	200,797	200,547	111,300
Digestive	\$93,422,323.18	\$98,472,622.60	\$36,524,551.65	53,499	54,928	26,940
Nervous	\$66,784,833.96	\$73,963,509.47	\$10,398,337.06	32,289	33,110	18,606
Myeloproliferative Diseases	\$55,580,594.36	\$72,236,394.15	\$41,446,967.59	6,426	6,622	3,762
Skin, Breast	\$48,202,071.94	\$50,825,816.32	\$20,478,288.27	85,290	87,464	45,826
Respiratory	\$44,378,544.83	\$47,383,721.84	\$19,913,945.39	57,300	61,412	34,629
Kidney	\$43,071,351.05	\$47,031,476.63	\$18,185,250.57	35,633	36,543	18,893
Metabolic	\$40,884,867.13	\$40,862,237.64	\$16,269,946.37	73,579	75,488	46,992

More than 53% of claim costs are for treatment of the top 10 MDCs!



\*2020 data reflects January-June 2020 only.

Source: KEHP enrollment and claims data aggregated by IBM Watson

# Plan Cost by Chronic Conditions

Chronic Condition	2018	2019	2019 Jan-Jun	2020 Jan-Jun
Cancer	\$72,956,355.28	\$76,527,009.97	\$34,593,308.81	\$32,806,812.23
Osteoarthritis	\$46,447,845.34	\$50,481,036.48	\$22,648,225.63	\$17,772,485.55
Chronic Back/Neck Pain	\$44,880,462.83	\$49,118,955.58	\$21,087,756.41	\$16,536,149.53
Coronary Artery Disease	\$34,663,170.51	\$33,138,069.10	\$16,087,872.40	\$13,225,219.51
Diabetes	\$15,936,799.55	\$17,739,014.22	\$7,914,499.81	\$7,765,114.60
Hypertension	\$11,815,155.21	\$13,605,184.03	\$7,500,082.24	\$4,506,250.70
Weight Management	\$11,712,592.43	\$11,367,638.39	\$4,917,403.31	\$4,117,427.66
Asthma	\$2,738,796.84	\$2,863,649.96	\$1,254,625.87	\$1,378,576.07
COPD	\$2,269,156.93	\$2,593,699.88	\$1,183,444.56	\$916,324.02
Heart Failure	\$2,237,651.90	\$2,243,849.03	\$818,121.86	\$429,049.22

In 2019, the total cost of chronic conditions represents 23% of total plan costs and increased by 5.7% over 2018.



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, about 3% more expensive than employees/retirees!



Relationship	Medical Plan Cost					
	2018	2019	2019 vs. 2018	Jan-Jun 2019	Jan-Jun 2020	2020 vs. 2019
Employees	\$687,510,409	\$742,846,915	8.0%	\$337,441,154	\$293,588,965	-13.0%
Spouse	\$170,731,878	\$182,687,021	7.0%	\$80,594,150	\$74,232,874	-7.9%
Child	\$184,094,707	\$207,950,755	13.0%	\$98,444,818	\$73,650,253	-25.2%

Relationship	Medical Plan Cost PMPM					
	2018	2019	2019 vs. 2018	Jan-Jun 2019	Jan-Jun 2020	2020 vs. 2019
Employees	\$396.20	\$432.12	9.1%	\$195.27	\$171.05	-12.4%
Spouse	\$421.54	\$444.14	5.4%	\$194.90	\$177.10	-9.1%
Child	\$180.64	\$200.94	11.2%	\$95.22	\$69.90	-26.6%

Source: KEHP enrollment and claims data aggregated by IBM Watson

# Paid Claims by Member Type

Status	Medical Plan Cost					
	2018	2019	2019 vs. 2018	Jan-Jun 2019	Jan-Jun 2020	2020 vs. 2019
Active Employees	\$725,840,513	\$799,475,287	10.1%	\$366,058,656	\$309,070,230	-15.6%
Retirees	\$313,011,287	\$330,276,119	5.5%	\$148,447,706	\$130,882,769	-11.8%

Relationship	Medical Plan Cost PMPM					
	2018	2019	2019 vs. 2018	Jan-Jun 2019	Jan-Jun 2020	2020 vs. 2019
Active Employees	\$287.77	\$315.68	9.7%	\$145.13	\$122.04	-15.9%
Retirees	\$494.10	\$524.77	6.2%	\$234.33	\$207.96	-11.3%

Even though Retiree Medical Claims PMPM grew at a rate slower than that of Active Employees in 2019 (6.2% versus 9.7%), medical claims cost PMPM for retirees remains 66% higher than for Active Employees.



Source: KEHP enrollment and claims data aggregated by IBM Watson

# KEHP Pharmacy Benefits Detailed Experience



- Total allowed pharmacy PMPM cost increased by 11.4% in 2019 and 8.0% in the first six months of 2020 – despite the decrease by 3.6% in number of scripts filled in 2019.
- 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						
	2017	2018	2019	2019 vs. 2018	Jan-Jun 2019	Jan-Jun 2020	2020 vs. 2019
Total Eligible Members	263,061	263,285	263,774	0.2%	264,620	265,776	0.4%
Total Number of Scripts	4,787,026	5,279,439	4,710,239	-10.8%	2,353,793	2,197,451	-6.6%
Scripts Per Member	18.20	20.05	17.86	-10.9%	8.90	8.27	-7.0%
Total Plan Paid	\$399,575,306	\$438,358,470	\$488,975,049	11.5%	\$232,283,897	\$253,630,118	9.2%
Total Member Paid	\$51,782,477	\$55,709,626	\$56,456,501	1.3%	\$34,718,901	\$36,916,315	6.3%
<b>Total Allowed Cost</b>	<b>\$451,357,783</b>	<b>\$494,068,096</b>	<b>\$545,431,550</b>	<b>10.4%</b>	<b>\$267,002,798</b>	<b>\$290,546,433</b>	<b>8.8%</b>
Plan Paid PMPM	\$126.58	\$138.75	\$154.48	11.3%	\$146.30	\$159.05	8.7%
Member Paid PMPM	\$16.40	\$17.63	\$17.84	1.2%	\$21.87	\$23.15	5.9%
Total Allowed Cost PMPM	\$142.98	\$156.38	\$172.32	10.2%	\$168.17	\$182.20	8.3%

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

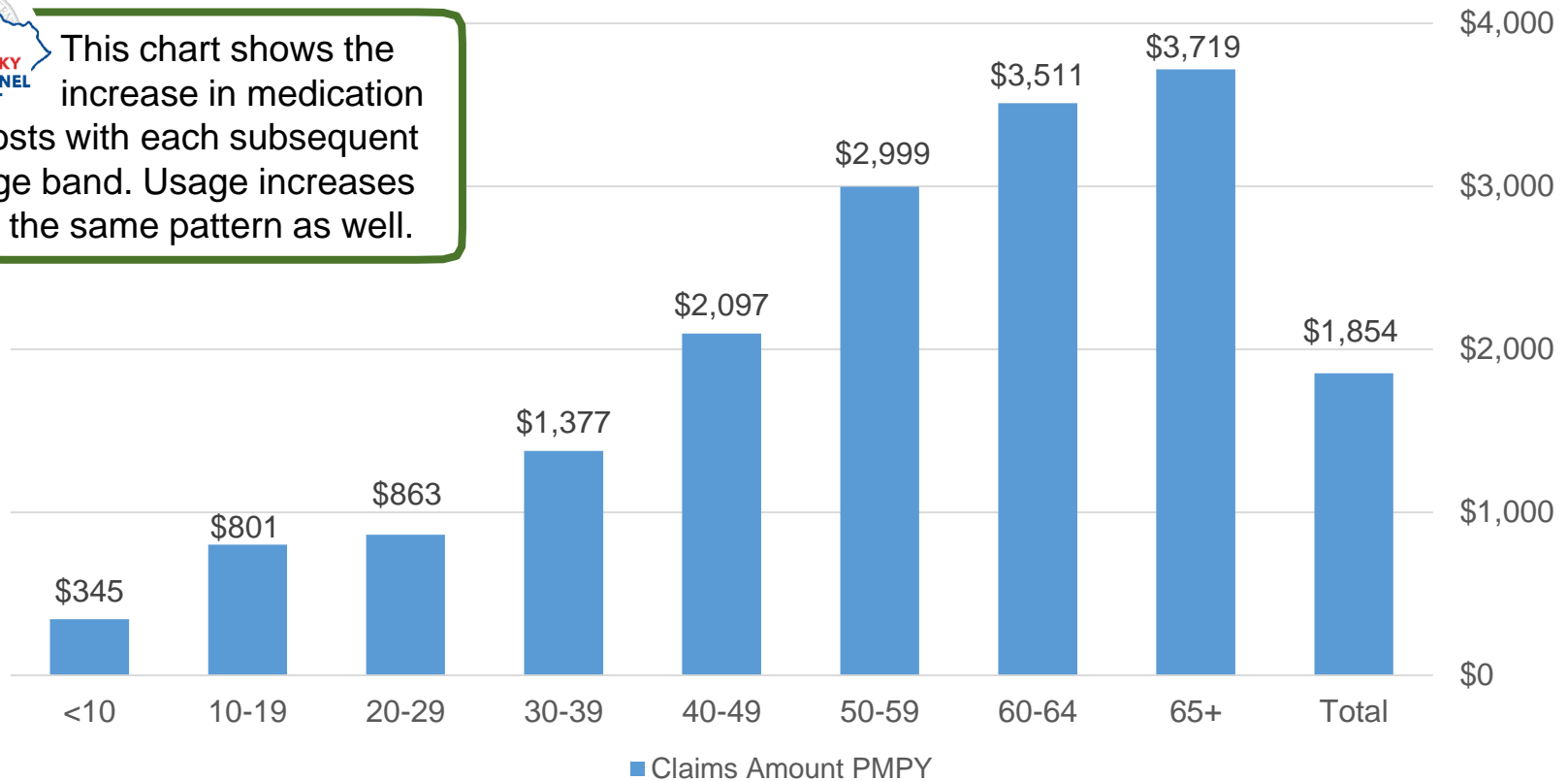
	Key Statistics and Trends						
	2017	2018	2019	2019 vs. 2018	Jan-Jun 2019	Jan-Jun 2020	2020 vs. 2019
<b>Member Cost Per Claim</b>	<b>\$11.24</b>	\$12.29	\$12.91	5.1%	\$16.02	\$17.86	11.5%
Retail Member Cost Per Claim	\$9.69	\$9.86	\$9.66	-2.0%	\$11.94	\$11.75	-1.6%
Mail Member Cost Per Claim	\$16.08	\$14.46	\$13.57	-6.2%	\$16.90	\$16.49	-2.4%
Specialty Member Cost Per Claim	\$123.13	\$169.65	\$178.32	5.1%	\$235.13	\$269.09	14.4%
<b>Total Member Cost Share</b>	<b>11.5%</b>	11.2%	10.3%	-8.2%	13.0%	12.7%	-2.2%
Retail Member Cost Share	16.5%	15.9%	14.3%	-10.0%	17.6%	16.7%	-5.6%
Mail Member Cost Share	11.8%	11.1%	9.7%	-12.8%	11.7%	10.8%	-7.8%
Specialty Member Cost Share	4.0%	5.3%	5.8%	10.3%	7.5%	8.9%	18.6%
<b>Generic Utilization</b>							
Generic Dispensing Rate	85.46%	84.46%	85.32%	1.0%	86.06%	86.20%	0.2%
Generic Substitution Rate	96.99%	96.84%	98.49%	1.7%	98.41%	98.10%	-0.3%
<b>Mail Order Utilization</b>	<b>1.8%</b>	<b>2.6%</b>	<b>2.3%</b>	<b>-13.6%</b>	<b>2.4%</b>	<b>2.3%</b>	<b>-1.9%</b>

Source: KEHP enrollment and claims data aggregated by IBM Watson

# 2019 Cost of Prescriptions by Age Band

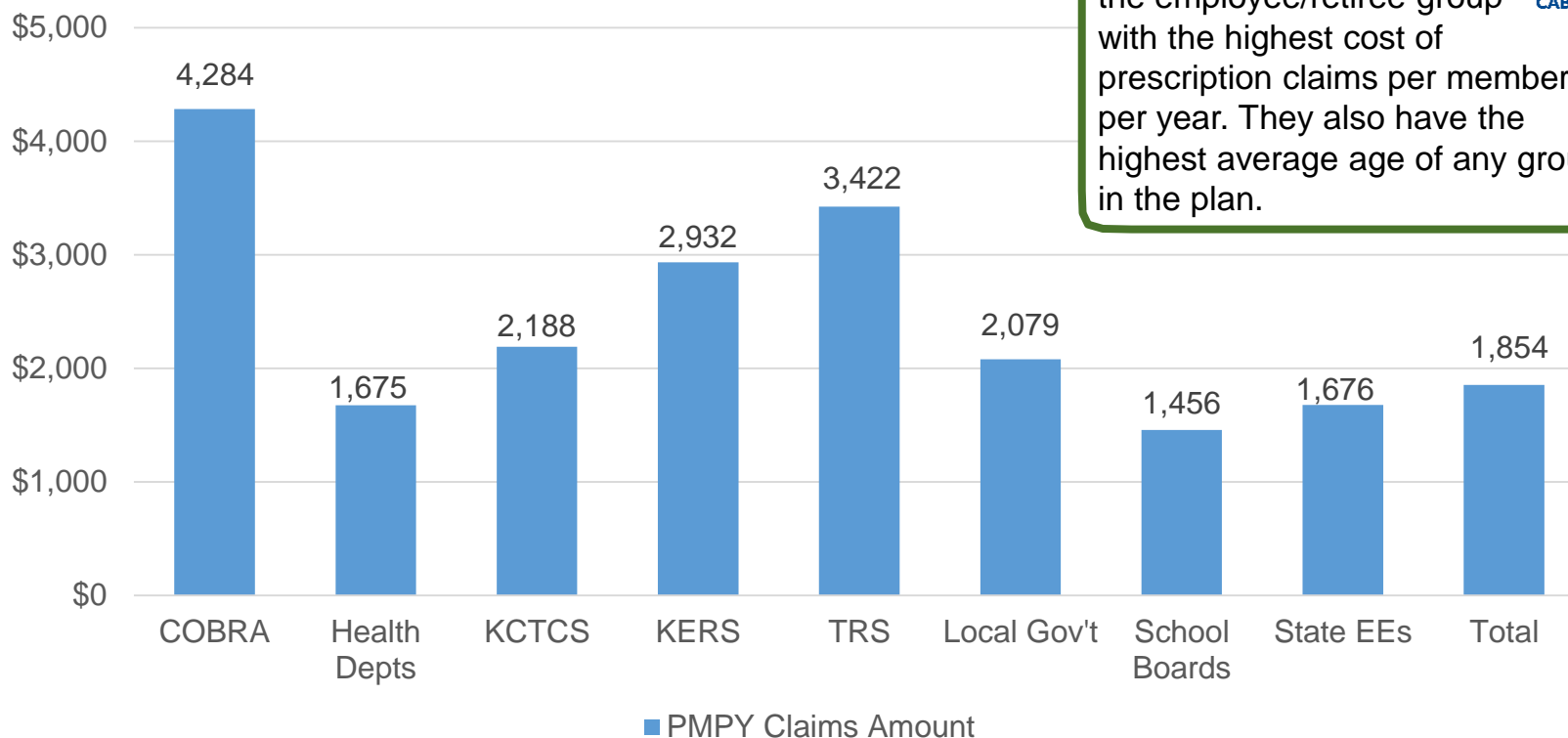


This chart shows the increase in medication costs with each subsequent age band. Usage increases in the same pattern as well.



Source: KEHP enrollment and claims data aggregated by IBM Watson

# 2019 Cost of Prescriptions by Group



In 2019, TRS retirees were the employee/retiree 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 - 2019

Drug	2019 Rank	2018 Rank	Total Plan Cost				Number of Scripts			
			2017	2018	2019	Jan - Jun 2020	2017	2018	2019	Jan - Jun 2020
HUMIRA	1	1	\$28,837,226	\$33,470,655.03	\$35,612,117.77	\$19,466,269.64	3,983	4,518	4,518	2,300
STELARA	2	3	\$7,580,761	\$13,348,586.65	\$13,613,899.99	\$8,173,767.34	542	682	682	357
ENBREL	3	2	\$13,739,847	\$10,891,933.07	\$11,408,169.63	\$5,728,496.10	1,971	1,804	1,804	816
TRULICITY	4	5	\$5,267,564	\$9,240,234.93	\$10,117,323.26	\$5,455,199.31	7,330	10,657	10,657	5,659
JANUVIA	5	6	\$6,945,567	\$8,568,032.91	\$9,572,690.17	\$4,929,952.15	15,014	14,647	14,647	7,910
FARXIGA	6	10	\$5,366,565	\$7,951,951.43	\$9,518,509.13	\$4,799,742.03	11,254	16,095	16,095	7,360
TRESIBA	7	9	\$5,315,267	\$7,667,302.44	\$8,403,149.28	\$4,712,876.19	6,778	8,713	8,713	4,420
SAXENDA	8	13	\$3,423,632	\$7,411,395.64	\$8,222,072.01	\$4,470,392.83	3,064	5,214	7,018	3,971
NOVOLOG	9	10	\$6,506,841	\$7,215,527.84	\$7,309,115.17	\$3,858,136.90	7,043	6,930	6,930	3,341
VICTOZA	10	7	\$6,700,526	\$7,049,840.88	\$7,050,204.06	\$3,615,238.43	8,179	8,617	8,617	3,661

In 2019, the total cost of the top 10 drugs represents 22.1% of total plan drug and the cost of these top 10 drugs increased by 7% over 2018.



Source: KEHP enrollment and claims data aggregated by IBM Watson



# Top 10 Therapeutic Classes

In 2020, the total cost of drugs in the top 10 therapeutic classes represents 68.3% of Total Gross Cost!



Therapeutic Class	2020 Rank	2019 Rank	2020 Scripts	2020 Patients	2020 Gross Costs	2020 Generic Fill Rate	2020 Gross Cost PMPM
Antidiabetics	1	1	119,319	21,473	\$53,831,065	48.30%	\$33.62
Analgesics - Anti-Inflammatory	2	2	68,858	30,730	\$43,597,026	90.00%	\$27.23
Dermatologicals	3	3	46,285	26,651	\$25,788,540	88.70%	\$16.10
Psychotherapeutic and Neurological Agents – Misc.	4	4	4,917	1,856	\$14,600,943	39.60%	\$9.12
Antiasthmatic and Bronchodilator Agents	5	5	95,695	29,171	\$13,697,369	75.20%	\$8.55
Antineoplastics	6	6	8,902	2,733	\$13,183,481	90.30%	\$8.23
ADHD/Anti-Narcolepsy/Anti-Obesity/Anorexiant	7	7	40,483	10,001	\$12,114,854	45.10%	\$7.57
Antihyperlipidemics	8	8	120,043	39,334	\$7,894,268	97.80%	\$4.93
Antidepressants	9	12	210,664	55,404	\$7,332,865	96.80%	\$4.58
Antivirals	10	9	23,117	16,001	\$6,903,705	95.00%	\$4.31

\*2020 data reflects January-June 2020 only.

Source: CVS Rx Insights, 2020 Plan Review

# Pharmacy Benchmarked Utilization Statistics



In 2020, KEHP's member cost share is nearly 3% 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	2018	2019	Jan-Jun 2019	Jan-Jun 2020	Jan-Jun 2020
Member Cost %	11.6%	10.6%	13.3%	12.9%	9.1%
Generic Fill Rate	86.3%	86.8%	87.5%	87.8%	87.9%
Generic Substitution Rate	99.0%	99.0%	98.9%	98.4%	98.4%
Mail Subscription Rate	1.8%	1.8%	1.8%	1.8%	6.2%
Specialty Percent of Allowed Cost	36.2%	37.5%	37.1%	40.4%	40.7%
Specialty Plan Allowed Cost PMPM	\$56.60	\$64.50	\$62.33	\$73.56	\$75.36

Source: CVS Rx Insights, 2019 Plan Review, CVS 2020 Mid-Year Review

# Drugs Losing Patent Protection – 2020

Drug	Utilizers	Total Scripts	Projected Savings			
			2020	2021	2022	Total
TRUVADA	34	143	\$91,587	\$925,030	\$1,143,560	\$2,160,177
CHANTIX	330	536	\$59,043	\$868,265	\$1,172,604	\$2,099,912
ACZONE	341	415	\$131,350	\$204,985	\$215,357	\$551,693
TRAVATAN Z	212	744	\$97,938	\$148,287	\$149,681	\$395,907
ZORTRESS	8	26	\$39,624	\$98,930	\$102,917	\$241,471
All Other	33	67	\$40,369	\$149,256	\$174,326	\$363,952

Projected savings for drugs coming off of patent protection in 2020 is expected to exceed \$5.8 million!



Source: CVS Rx Insights, 2019 Plan Review

# Population Health Issues



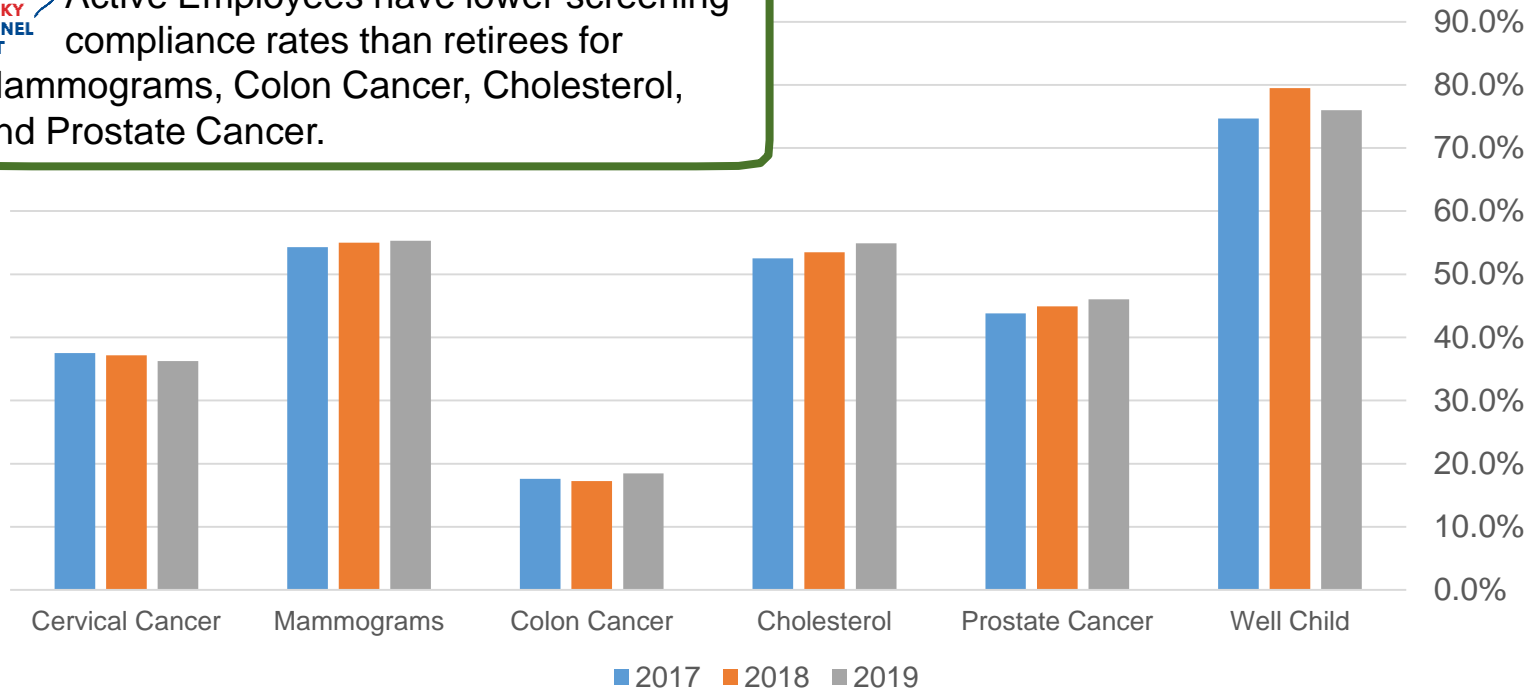
- KEHP makes a wide variety of health screenings available to members, but they are not being utilized as often as recommended.
- The Kaiser Family Foundation Survey, as has been the case in previous years, shows that Commonwealth of Kentucky residents tend to have less healthy behaviors and outcomes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

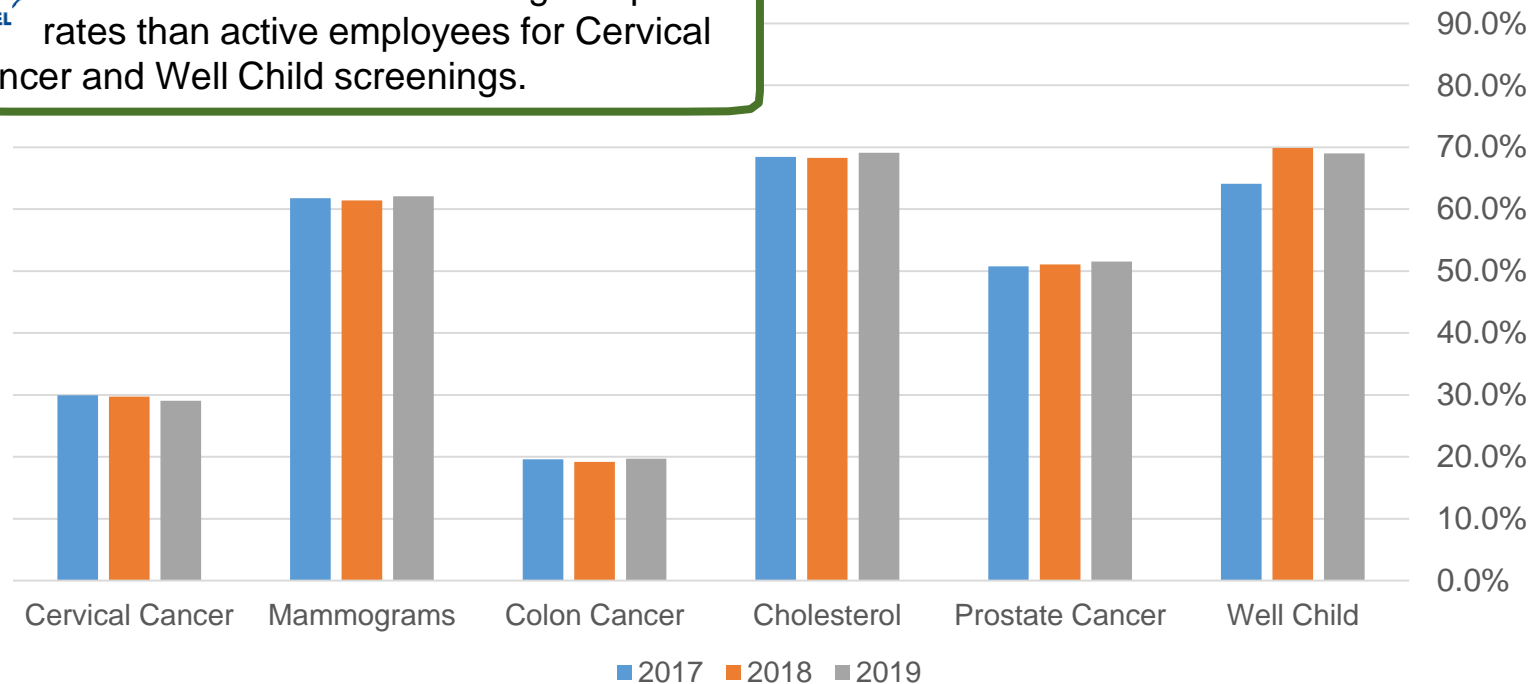


Source: KEHP enrollment and claims data aggregated by IBM Watson

# 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	2018			2019			Jan 2020 – June 2020		
	Referral	Engaged	Rate	Referral	Engaged	Rate	Referral	Engaged	Rate
Diabetes Prevention Program	314	253	81%	7,652	5,907	81%	2,936	2,329	79%
Case Management	74,501	12,776	17%	84,015	12,558	12%	50,028	6,865	14%
Behavioral Health	1,189	296	25%	1,259	306	24%	593	246	41%
Future Moms	262	138	53%	147	89	60%	77	44	57%

# Clinical Indicators

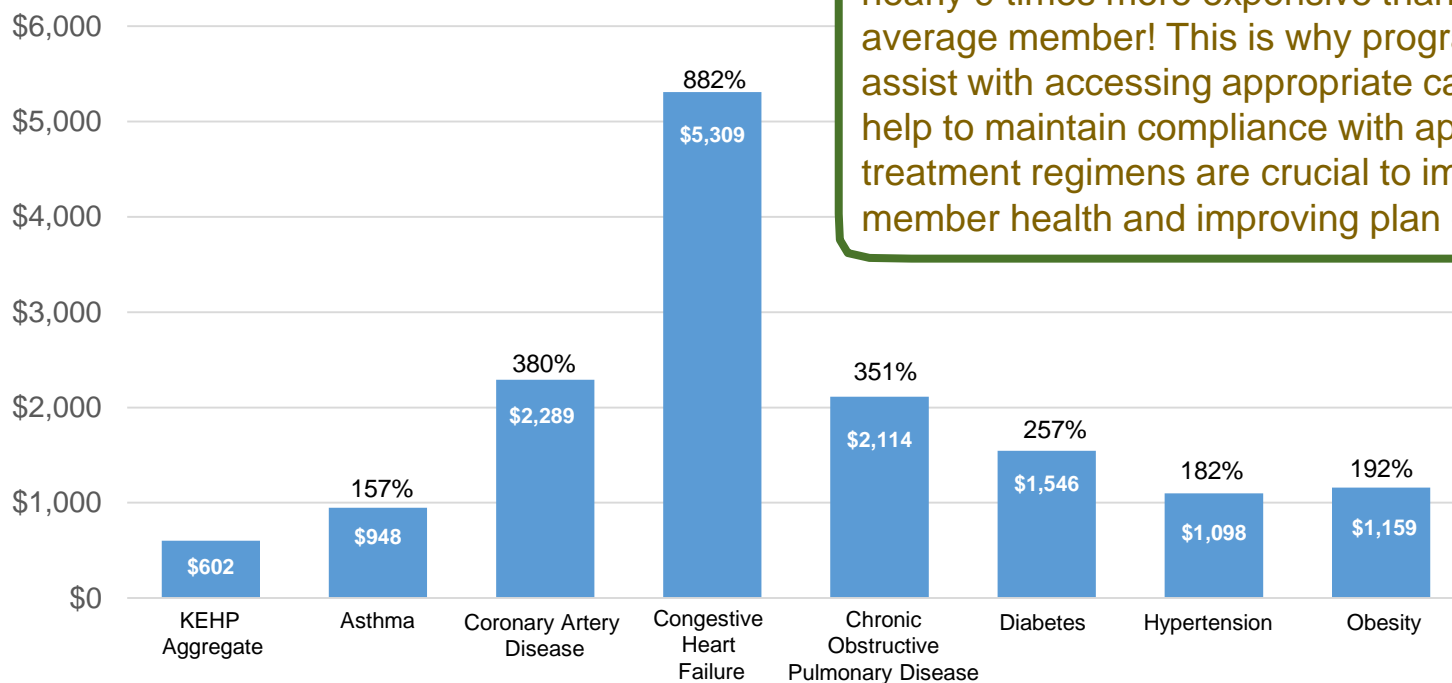
Cluster	Clinical Indicator	Measured Population	2017	2018	2019
Overall Wellness	Percent of Adults with No Gaps in Care	All KEHP Members	44%	40%	31%
Vascular Conditions	Use of Beta Blockers after Heart Attack	187	85%	82%	85%
Diabetes	HbA1c Testing Rate	20,467	81%	81%	77%
	Lipid Test Percent*	3,284	86%	70%	70%
	Eye Exam Rate	9,187	38%	38%	35%

\* 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 nearly 9 times 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	75.9	75.9	78.1	78.7
Percent of Adults who are Overweight or Obese	68%	69%	68%	66%
Percent of Children (10-17) who are Overweight or Obese	40%	40%	33%	31%
Percent of Adults who Participate in any Physical Activities	66%	68%	73%	76%
Percent of Adults Who Smoke	25%	23%	17%	16%
Percent of Smokers Who Attempt to Quit Smoking	57%	55%	57%	57%
Percent of Adults who have Ever Been told by a Doctor that they have Diabetes	13%	14%	13%	11%
Adult Self-Reported Current Asthma Prevalence Percentage	11%	12%	9%	9%
Percent of Adults Reporting Poor Mental Health	38%	39%	35%	36%
Number of Cancer Deaths (per 100,000)	186	182	153	149
Number of Deaths Due to Diseases of the Heart (per 100,000)	196	198	173	164
Age-Adjusted Invasive Cancer Incidence Rate (per 100,000)	512	510	434	435

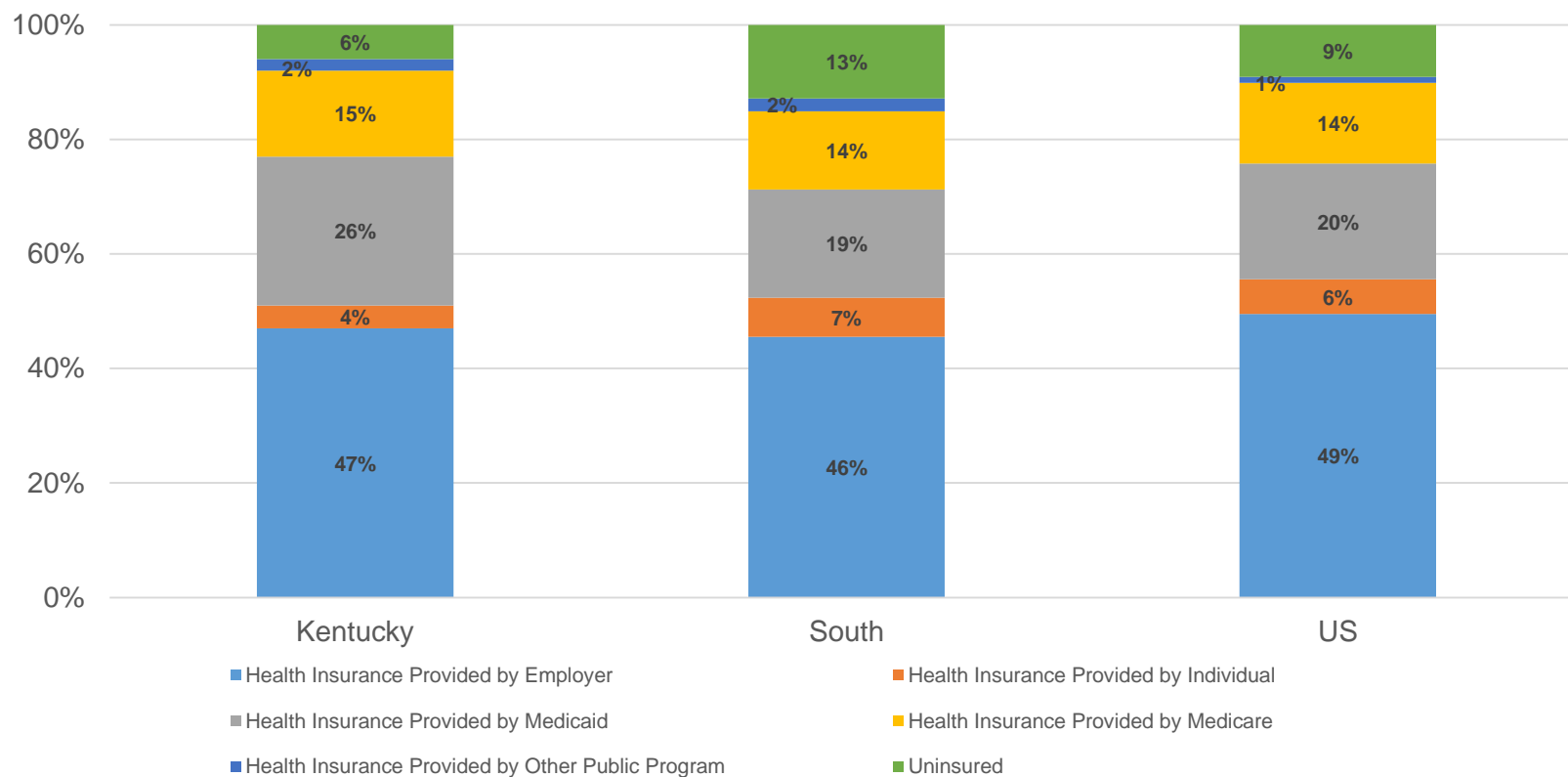
\* Red shading: KY experience is poorer than both the US and the South region.

Source: Kaiser Family Foundation, [www.statehealthfacts.org](http://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](http://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

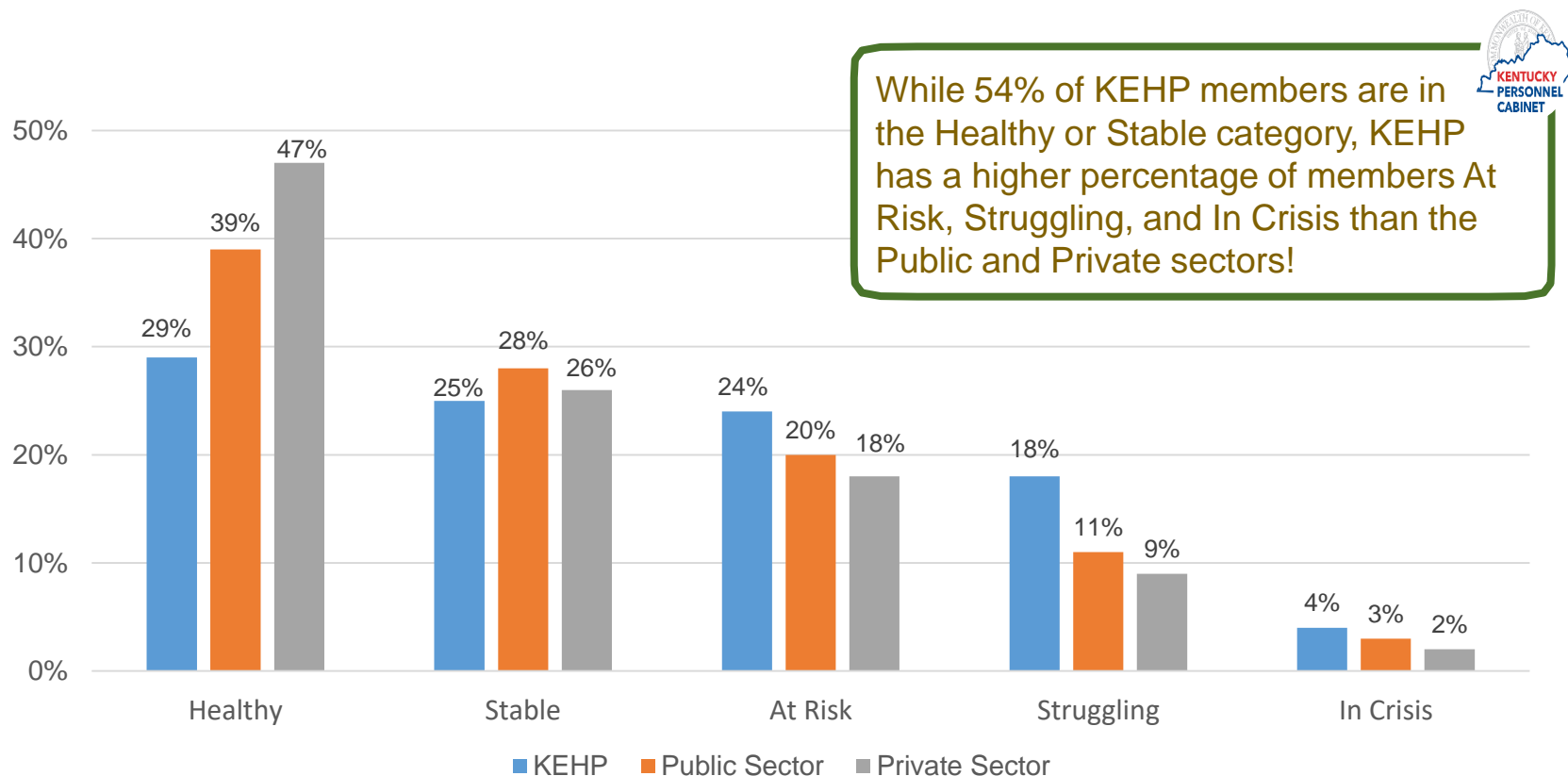


KEHP's population is older and the percentage of female employees is higher than either the Public or Private Sector norms. Of concern, the KEHP population has a much higher risk score than either group.

	KEHP	Public Sector	Private Sector
Average Member Age	36.7	35.7	33.7
Member to Employee Ratio	1.8	1.9	2.2
Employee % Male	42%	43%	49%
Risk Score	171	107	91

*Source: IBM Watson Benchmark Report*

# Health Risk by Category

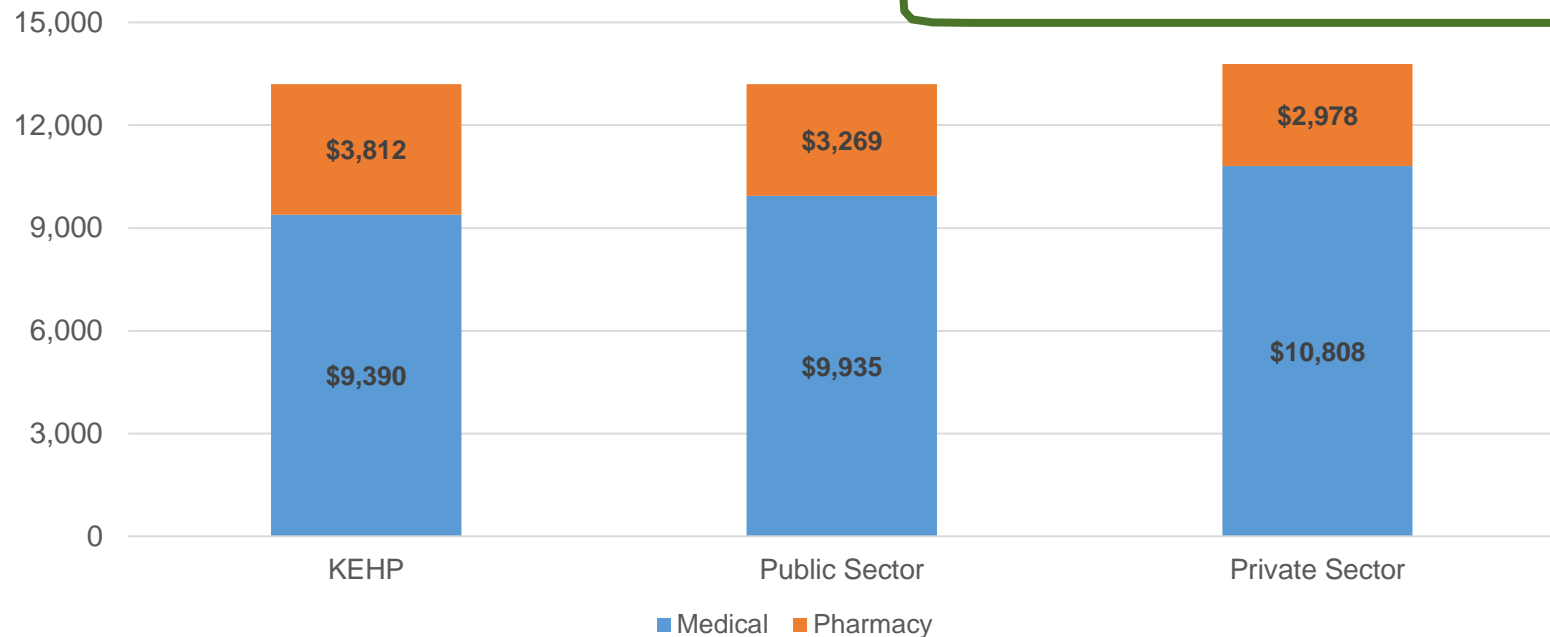


Source: IBM Watson Benchmark Report

# 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.

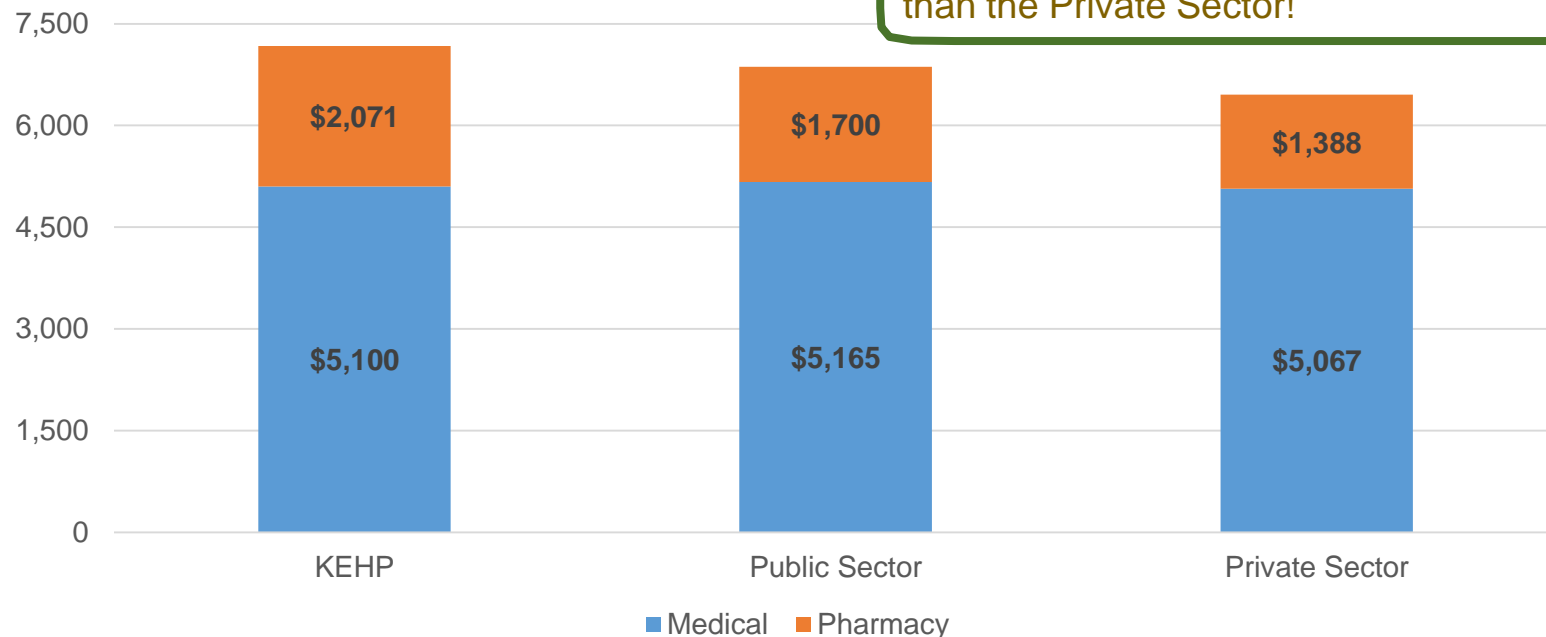


Source: IBM Watson Benchmark Report

# 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 49% more expensive for drug costs than the Private Sector!



Source: IBM Watson Benchmark Report



# 2019 Disease Prevalence for Active Employees

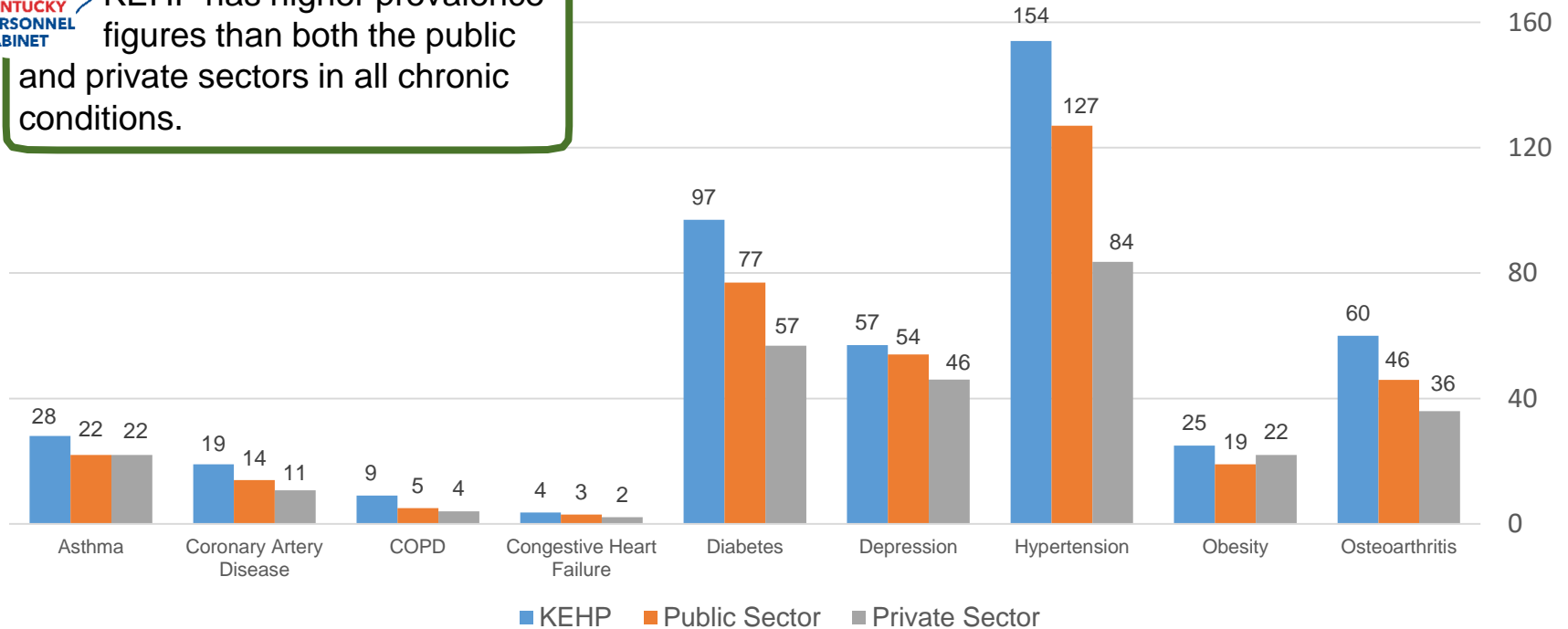
Disease Prevalence % of Patients	KEHP	Benchmark			
		State & Local Govt	Difference*	Private	Difference*
Asthma	2.55%	1.86%	0.7%	1.96%	0.6%
Coronary Artery Disease	2.19%	1.40%	0.8%	1.72%	0.5%
COPD	1.10%	0.54%	0.6%	0.67%	0.4%
Congestive Heart Failure	0.42%	0.28%	0.1%	0.38%	0.0%
Diabetes	11.87%	7.27%	4.6%	9.63%	2.2%
Depression	6.22%	5.02%	1.2%	5.78%	0.4%
Hypertension	19.07%	10.95%	8.1%	15.87%	3.2%
Low Back Disorder	12.98%	8.40%	4.6%	10.07%	2.9%
Obesity	2.53%	2.16%	0.4%	1.85%	0.7%
Osteoarthritis	7.35%	4.66%	2.7%	5.81%	1.6%

\* 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.

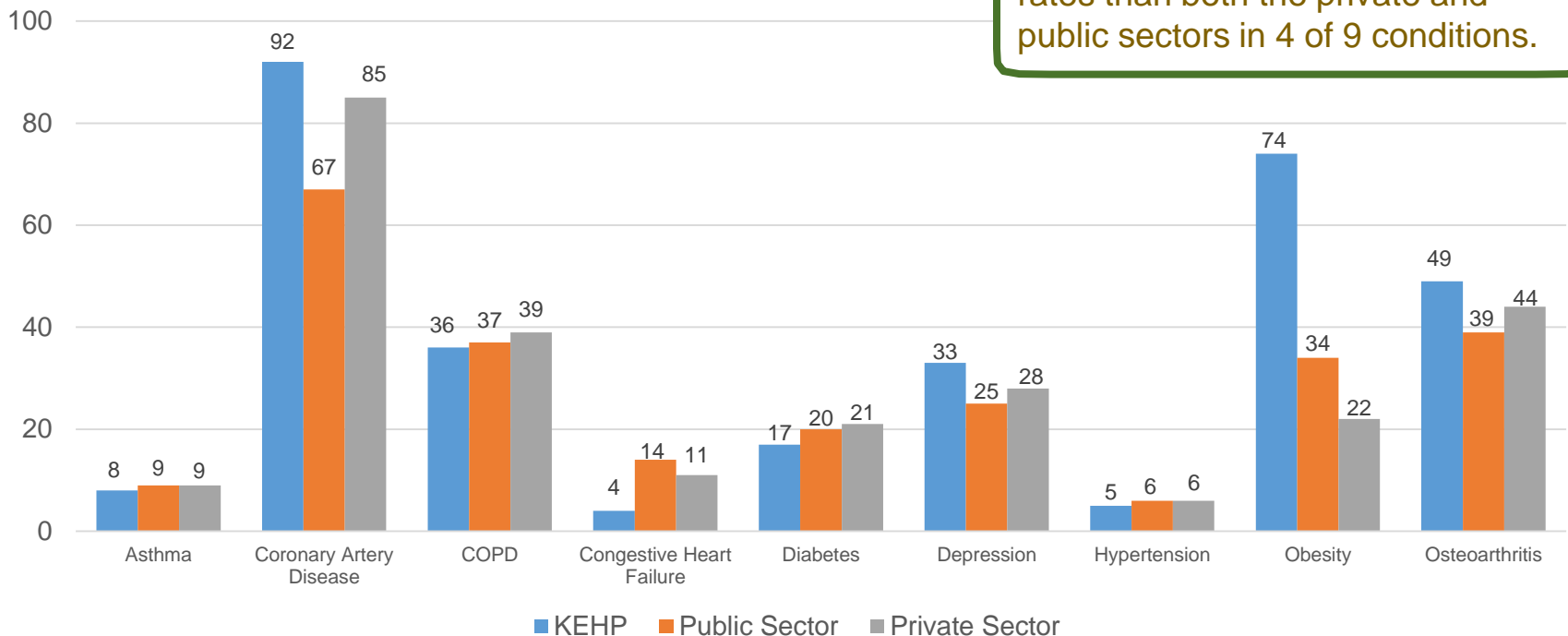


Source: IBM Watson Benchmark Report

# Admissions for Chronic Condition per 1,000 Members

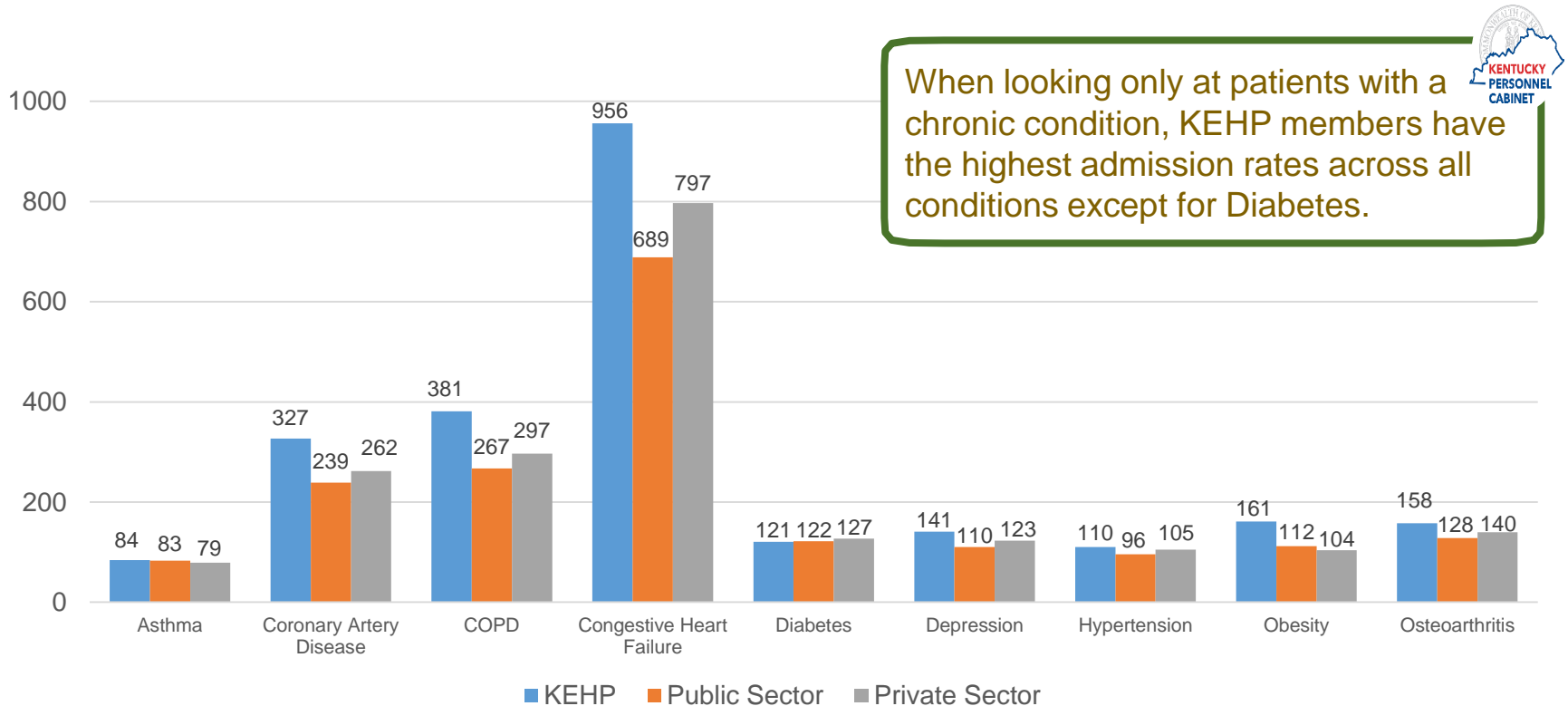


KEHP members with chronic conditions have higher admission rates than both the private and public sectors in 4 of 9 conditions.



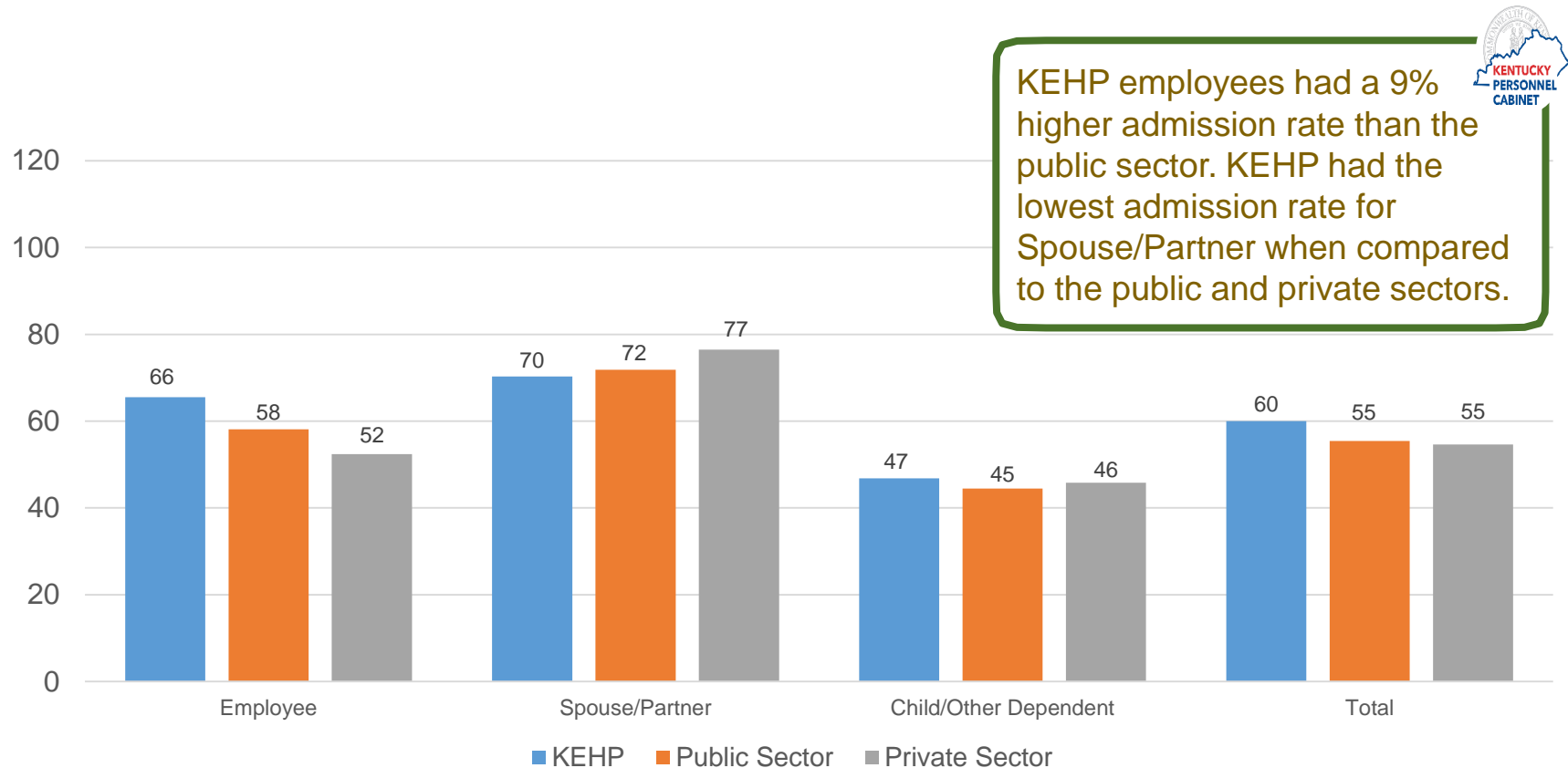
Source: IBM Watson Benchmark Report

# Admissions for Chronic Condition Patients per 1,000 Members with Condition



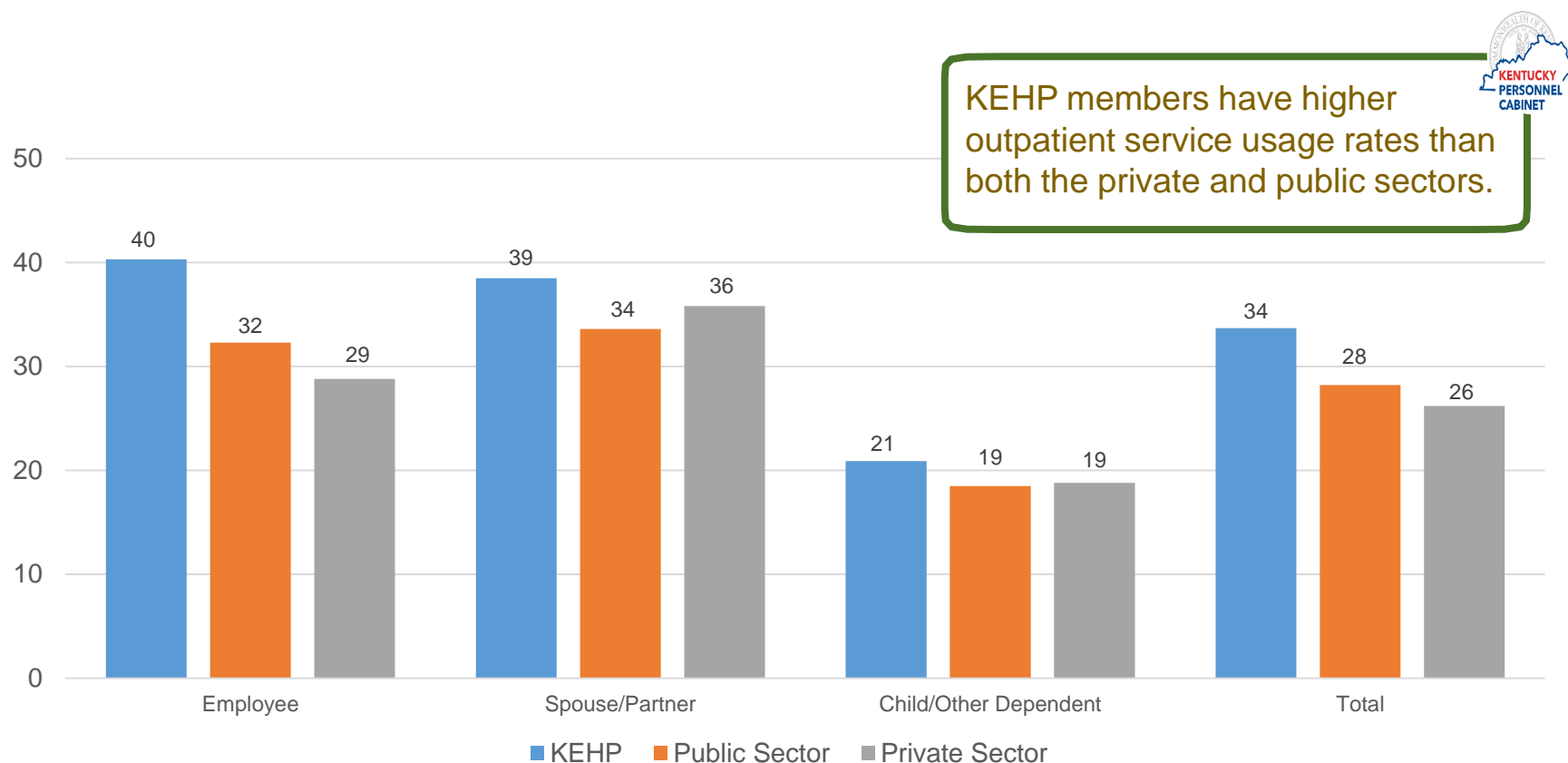
Source: IBM Watson Benchmark Report

# Admissions per 1,000 Members by Relationship



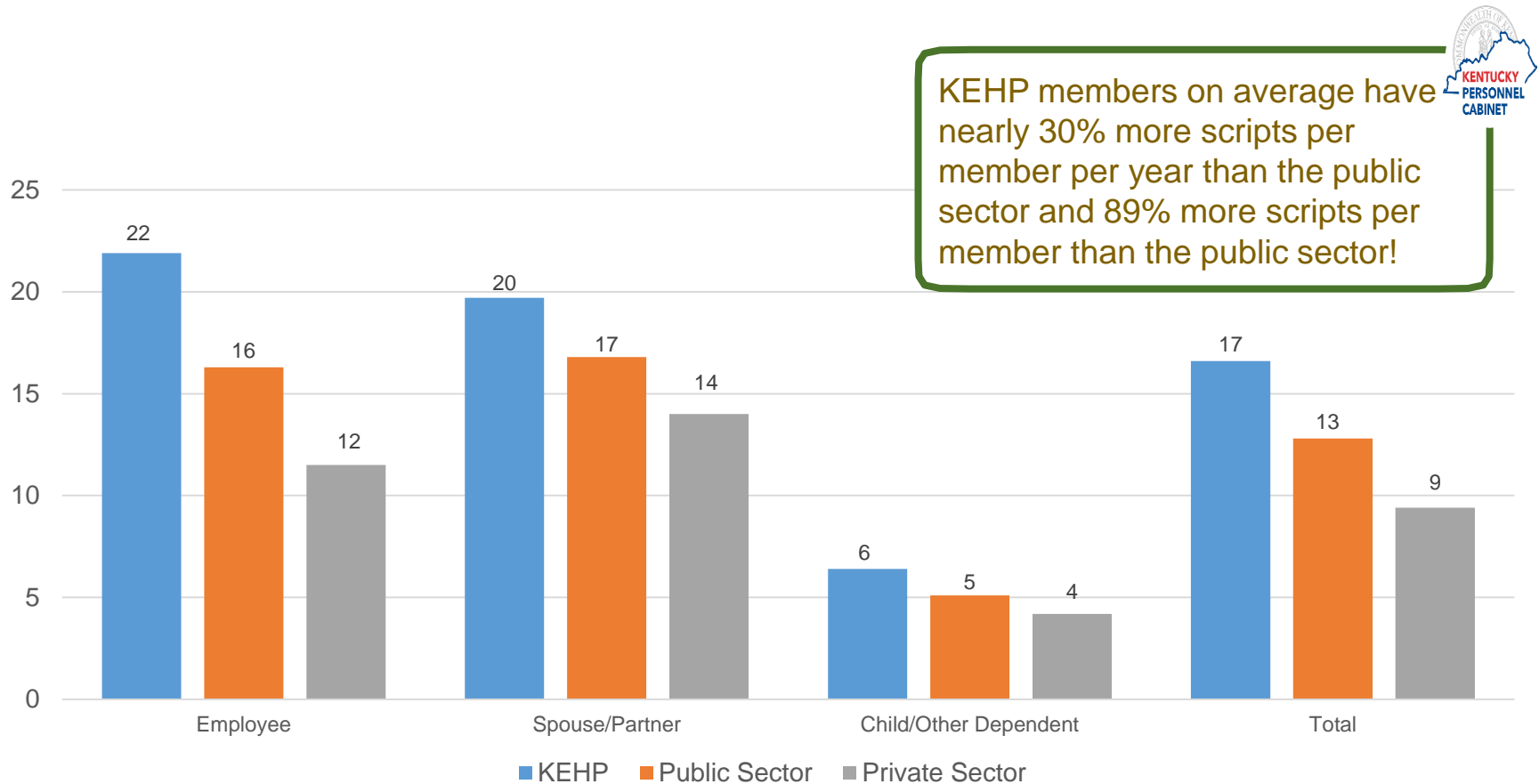
Source: IBM Watson Benchmark Report

# Outpatient Services per Member by Relationship



Source: IBM Watson Benchmark Report

# Scripts per Member by Relationship

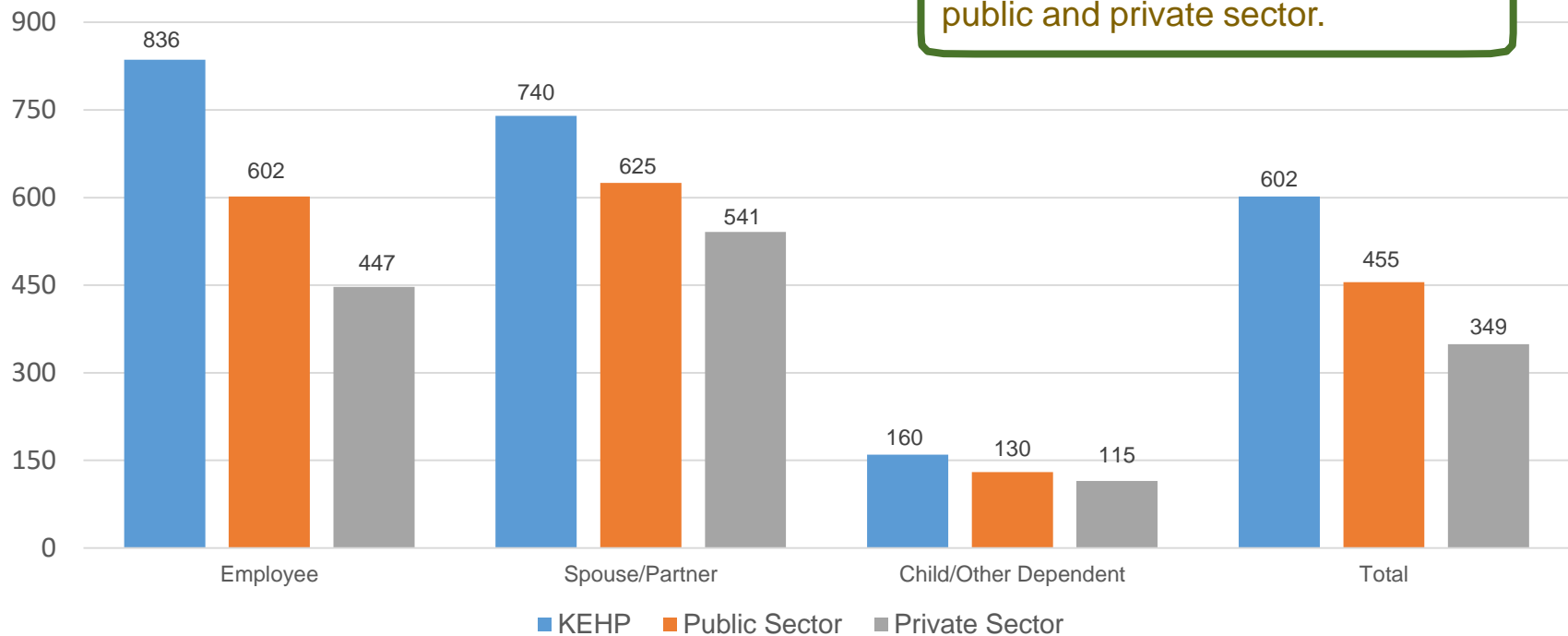


Source: IBM Watson Benchmark Report

# Days Supply PMPY by Relationship



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



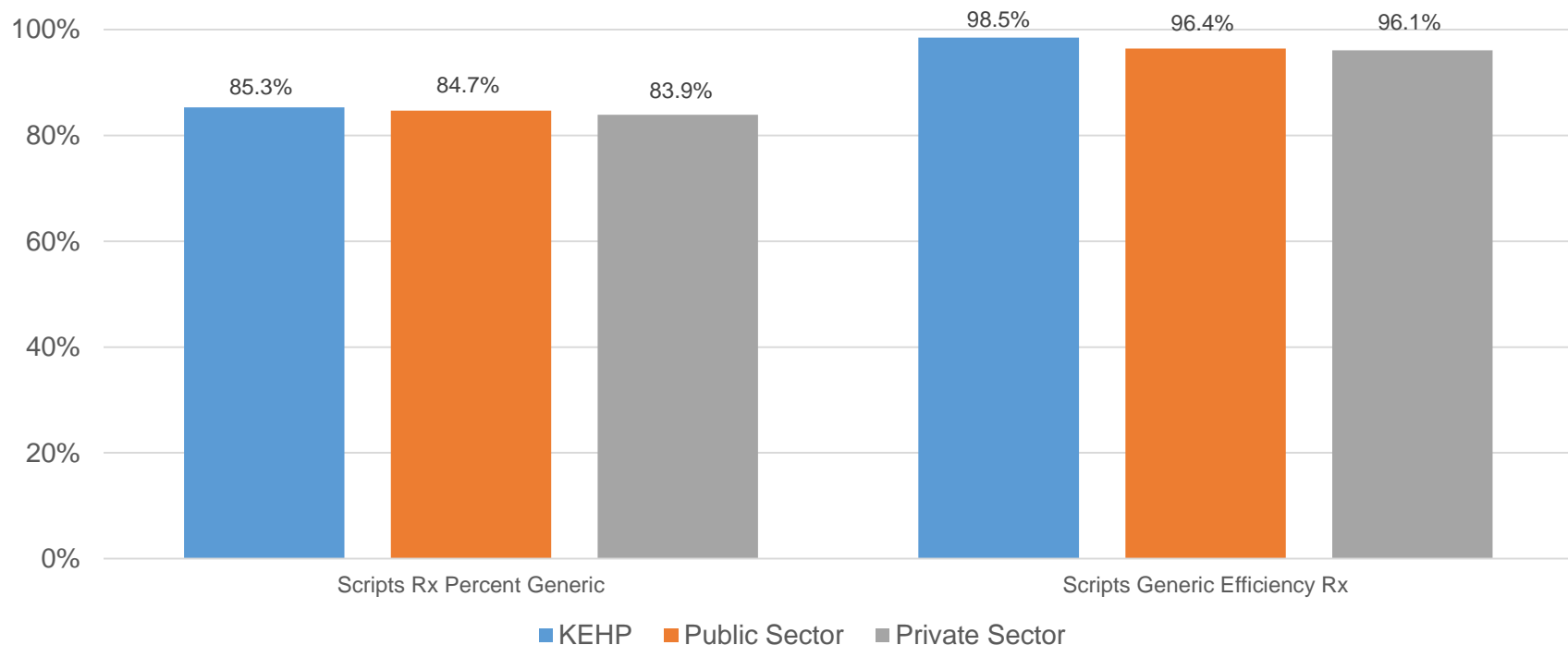
Source: IBM Watson Benchmark Report



# Generic Versus Brand Scripts

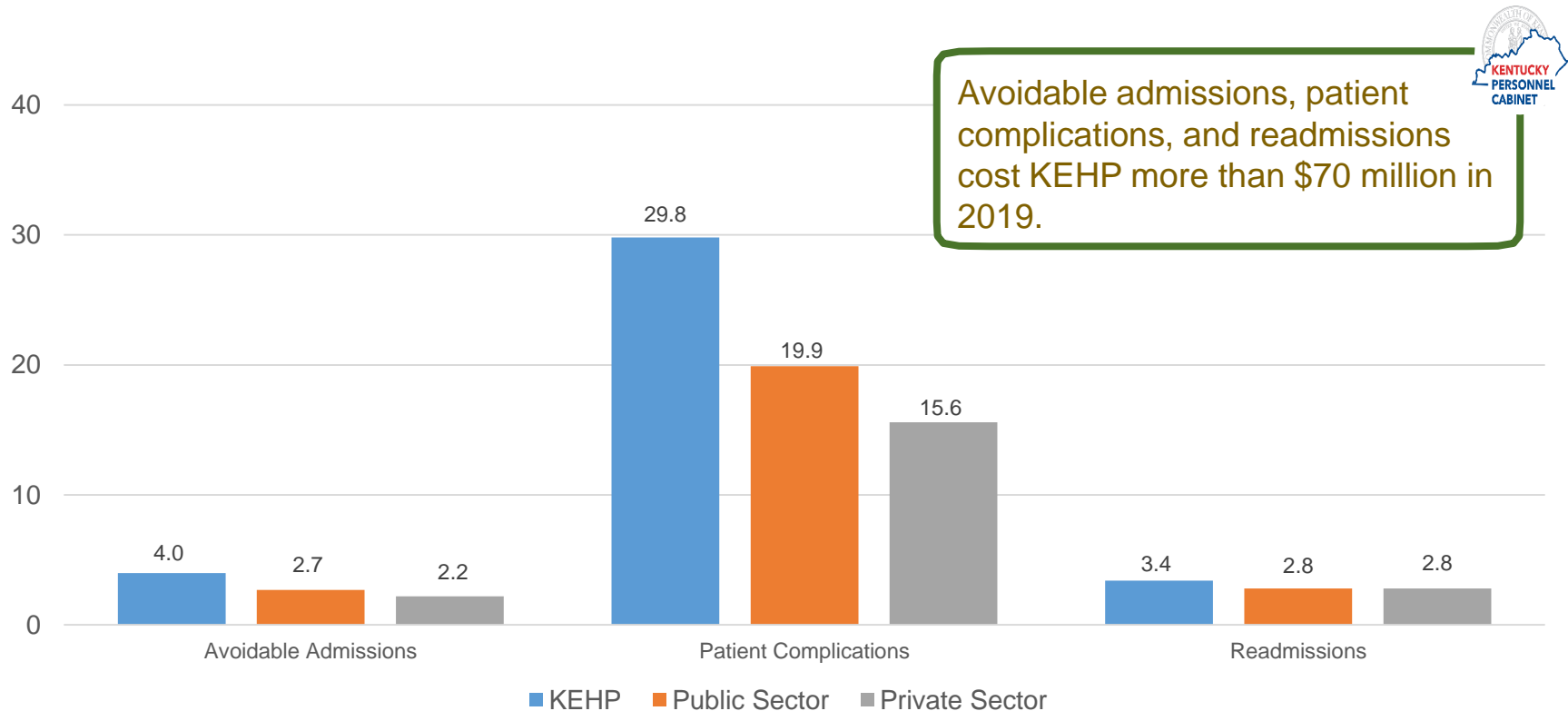


The public sector has a slightly higher drug prescription rate than KEHP and the private sector. KEHP has the highest drug efficiency rate, versus the public and private sectors.



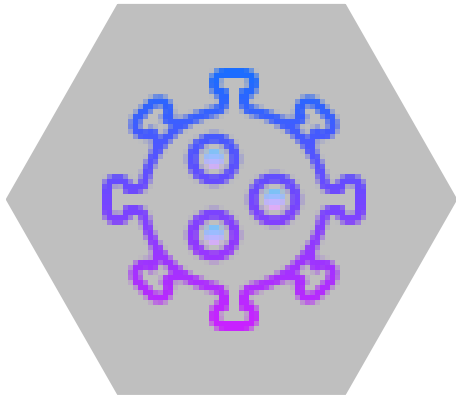
Source: IBM Watson Benchmark Report

# Inpatient Quality Metrics by Sector per 1,000 Patients



Source: IBM Watson Benchmark Report

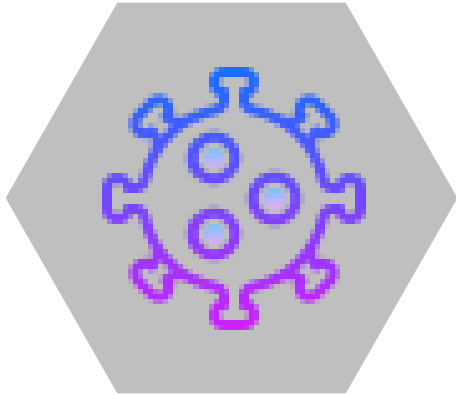
# KEHP Response to COVID-19



Governor Andy Beshear signed Executive Order 2020-215 on March 6, 2020, declaring a State of Emergency in response to the COVID-19 health crisis. The Kentucky Employees' Health Plan took specific, deliberate steps to protect the health of KEHP members.

# KEHP Response to COVID-19

## Operational Changes

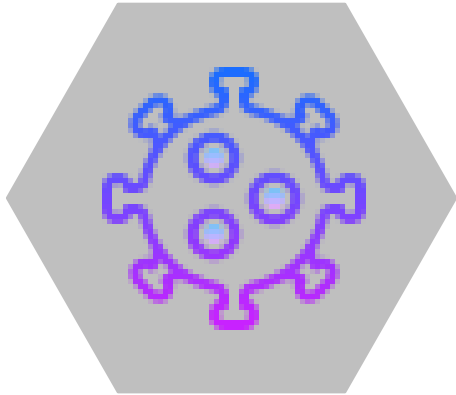


**W** – Wash Your Hands  
**H** – Healthy at Home  
**E** – Equipment  
**R** – Rumor Control  
**E** – Example

- KEHP implemented Healthy At Home on March 16, 2020. All employees who could work at home did work from home.
- KEHP ensured that workers who could work from home but needed additional computer equipment in order to do so received the equipment and technical support that they needed.
- For employees who needed to occasionally work from the office, the Personnel Cabinet established handwashing and temperature stations, and mandated the wearing of masks.

# KEHP Response to COVID-19

## Operational Changes

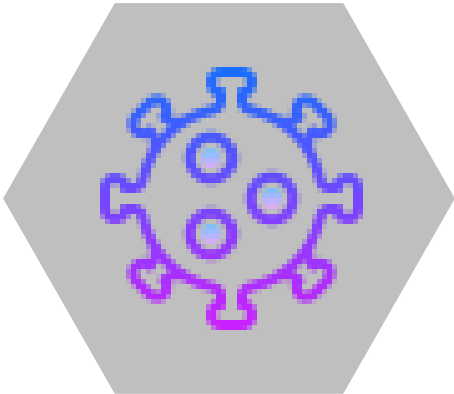


- KEHP provided educational materials and call center support throughout the pandemic period.
  - Insurance Coordinator and Human Resource Generalist Virtual Training
  - Open Enrollment Virtual Benefit Fairs
  - Virtual Open Enrollment

**W** – Wash Your Hands  
**H** – Healthy at Home  
**E** – Equipment  
**R** – Rumor Control  
**E** – Example

# KEHP Response to COVID-19

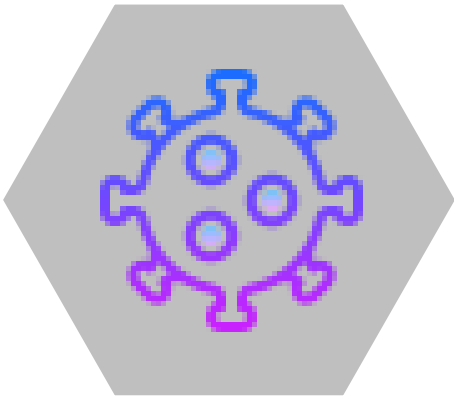
## Medical Policy Changes



- No Member Cost Share for all COVID-19 screening and testing.
- No Member Cost Share for COVID-19 Inpatient and Outpatient Services in 2020.
- Free Access to Telehealth Medical and Behavioral Health Services through LiveHealth Online. No member cost share for other online Telehealth providers through September 30th.

# KEHP Response to COVID-19

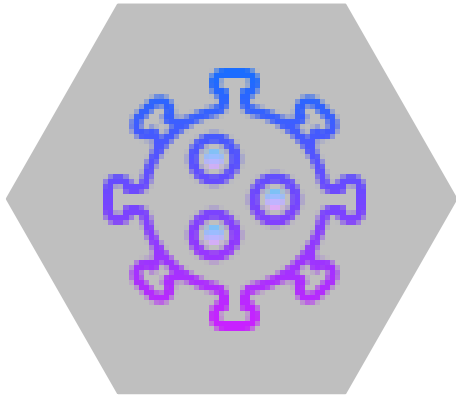
## Pharmacy Policy Changes



- Automatic Approvals for Early Refills on 30-Day Prescriptions for Maintenance Medications.
- Extensions of Pharmacy Prior Authorizations by 90 days for those set to Expire before June 30, 2020.

# KEHP Response to COVID-19

## Flexible Spending Account Policy Changes

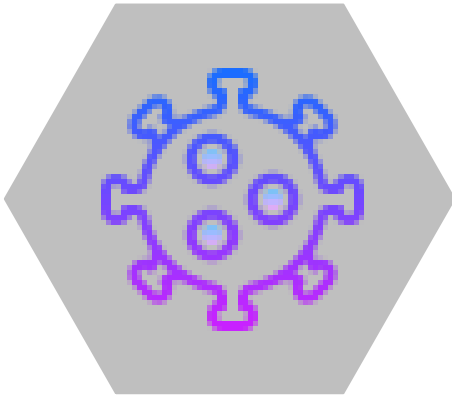


- Increased Amount Allowed to Carryover between Plan Years to \$550.
- Extended 2019 Claims Runout Period to April 2020 for FSA and HRA Expenditures
- Permitted Mid-Year Election Changes during 2020 Plan Year.



# KEHP Response to COVID-19

## Emergency Support Results



- Paid \$9.8 Million in COVID-19 Claims through 3<sup>rd</sup> Quarter 2020.
  - \$3.8 Million Inpatient
  - \$1.0 Million Outpatient
  - \$4.5 Million Professional
  - \$0.5 Million Emergency Department
- 14 High Cost Claimants (more than \$100,000) for COVID-19 Complications
- 8 COVID-19 Related Member Deaths\*

*Source: Department of Employee Insurance 2020 Life Insurance Claims*

# Kentucky Group Health Insurance Board Recommendations



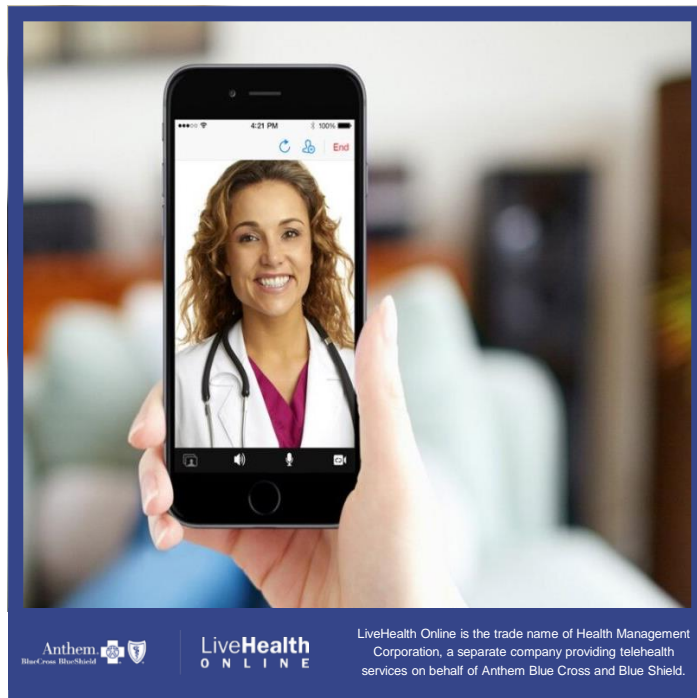
- The Kentucky Group Health Insurance Board (KGHIB) was created in 2000 by SB 200 and its mission is described in KRS 18A.226.
- The board's overall mandate is to provide quality, affordable health insurance coverage so that the Commonwealth can attract and retain able and dedicated public employees.
- 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

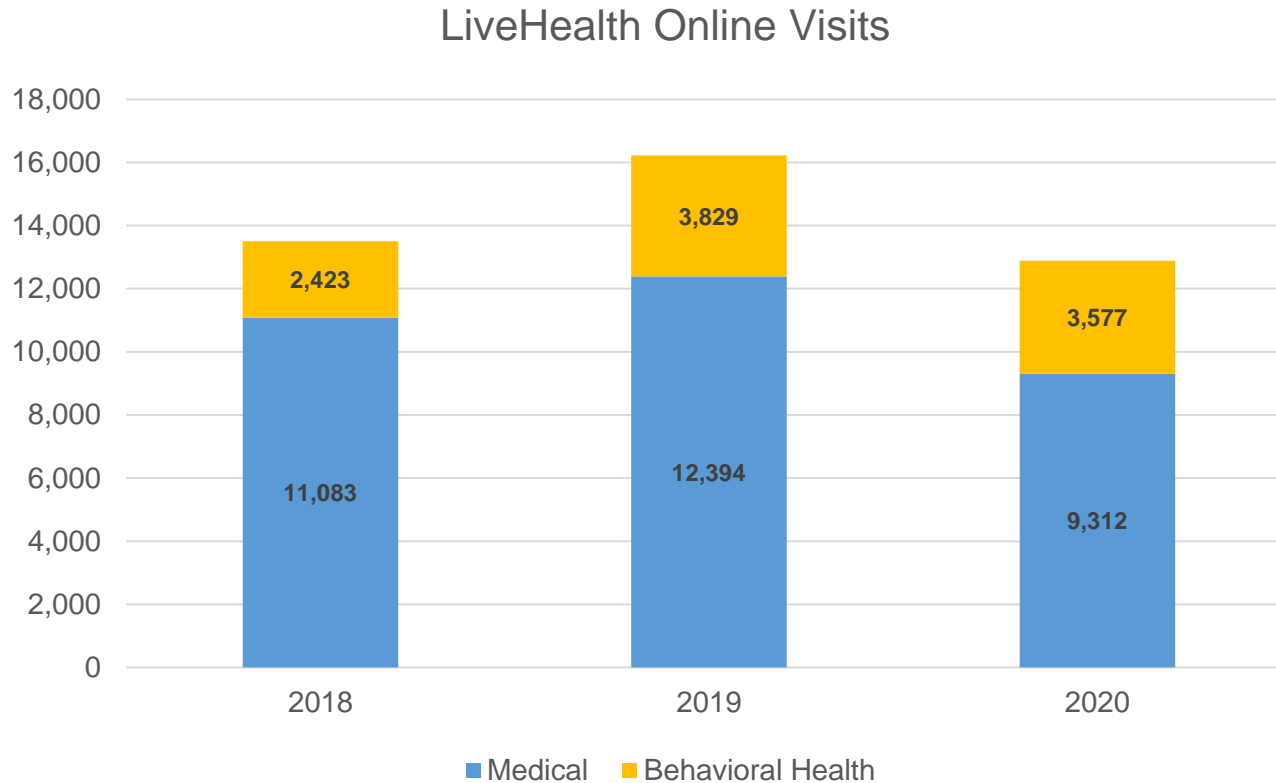
BEHAVIORAL HEALTH

# Provide State of the Art Benefits While Maintaining Reasonable Premiums

## LiveHealth Online Medical



# Provide State of the Art Benefits While Maintaining Reasonable Premiums



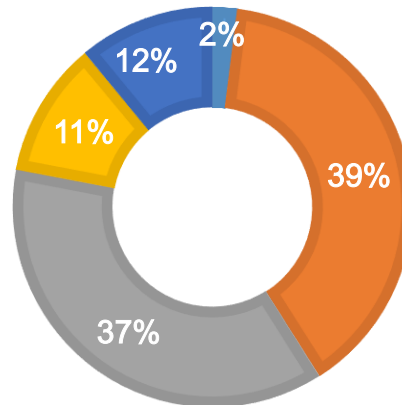
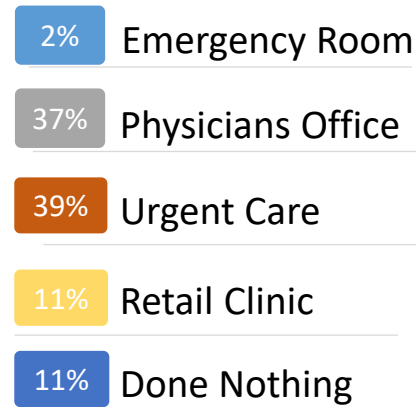
*\*2020 data reflects January-June 2020 only.*

**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 35,972 times, resulting in more than \$7.8 million in total cost of care savings!



Source: Anthem 2019LHO Utilization Report to KEHP

# Provide State of the Art Benefits While Maintaining Reasonable Premiums

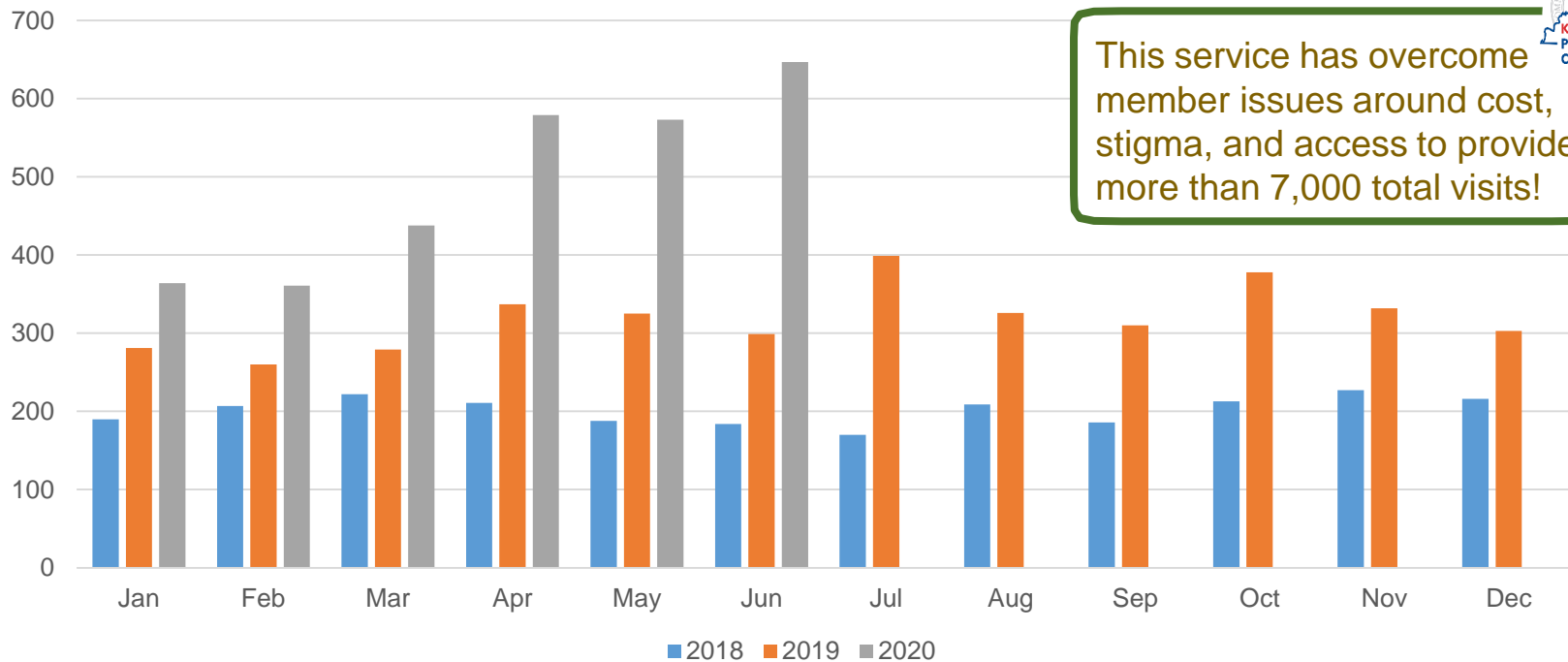
## LiveHealth Online Behavioral Health





# Provide State of the Art Benefits While Maintaining Reasonable Premiums

LiveHealth Online Behavioral Health Visits by Month



# Provide State of the Art Benefits While Maintaining Reasonable Premiums

## Rethink Behavioral Health

- Rethink is a FREE benefit to support those caring for children and teenagers with learning or behavioral challenges, including autism.
- 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



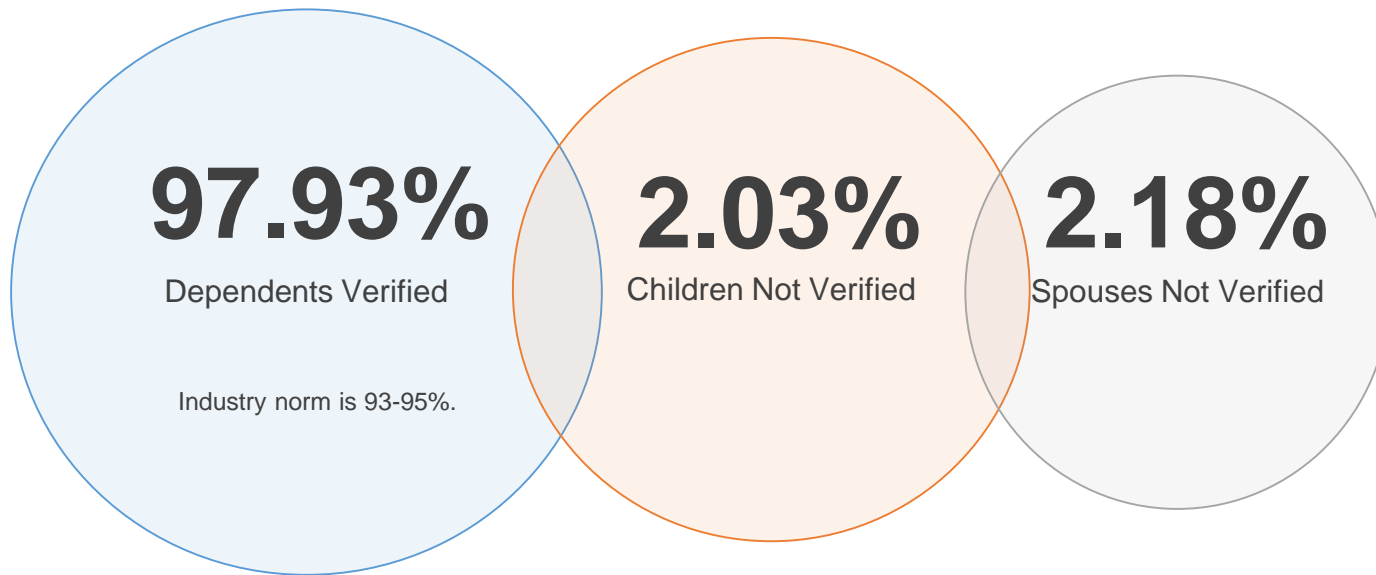
The 2018 -19 dependent audit program has resulted in more than \$25 million in total plan savings!

- 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.
- Results were so significant that KEHP made ongoing audit procedures a permanent part of plan operations.



# Provide State of the Art Benefits While Maintaining Reasonable Premiums

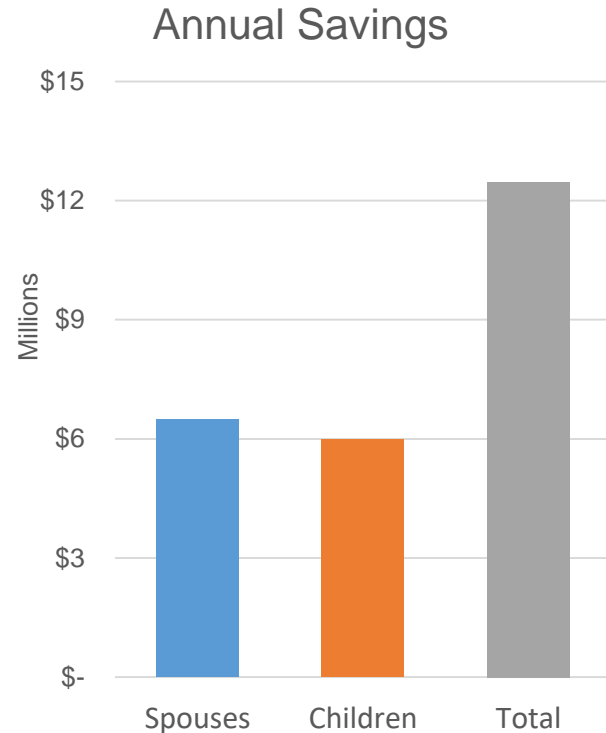
## Dependent Verification Project Results



# Provide State of the Art Benefits While Maintaining Reasonable Premiums

Plan savings

	Voluntary Removal	Involuntary Removal	Total Removed	Annual Savings
Spouses	380	460	840	\$6,485,934
Children	699	1,238	1,937	\$5,985,583
Total	1,079	1,698	2,777	\$12,471,517

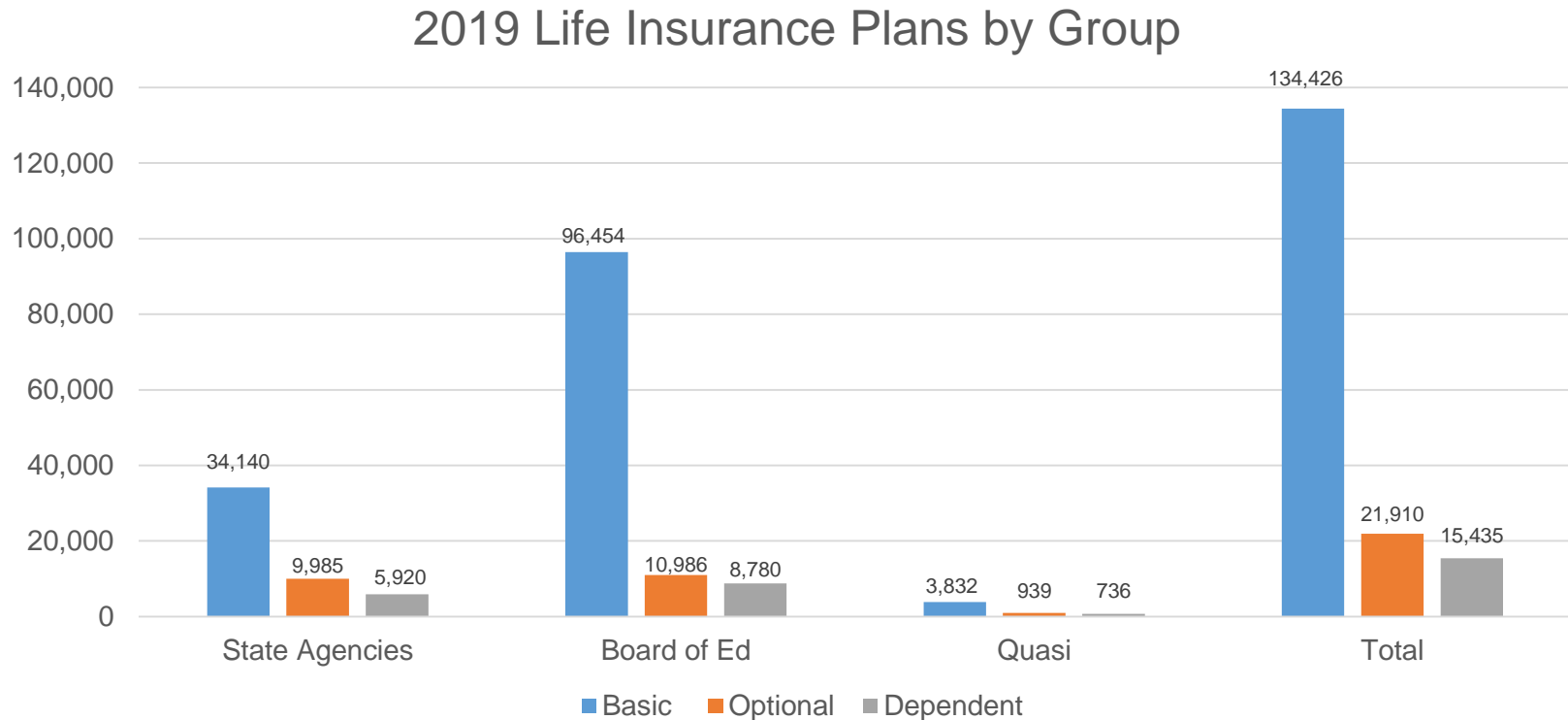


# Offer Benefits that Meet the Needs of a Diverse Workforce

- 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



*Source: Kentucky Human Resource Information System (KHRIS)*

# Offer Benefits that Meet the Needs of a Diverse Workforce

## Life Insurance Paid Claims 2019

Life Plan	Covered Claims	Covered Amount	Paid Claims	Paid Amount
Basic	170	\$3,400,000	142	\$2,822,586
Basic AD&D	16	\$320,000	8	\$172,000
Optional Life	32	\$1,715,000	24	\$1,305,000
Optional AD&D	4	\$95,000	2	\$80,000
Dependent Life - SP	67	\$910,000	55	\$745,000
Dependent Life - CH	5	\$30,000	2	\$15,000
<b>Total</b>	<b>294</b>	<b>\$6,470,000</b>	<b>233</b>	<b>\$5,139,586</b>

*Source: Kentucky Human Resource Information System (KHRIS)*

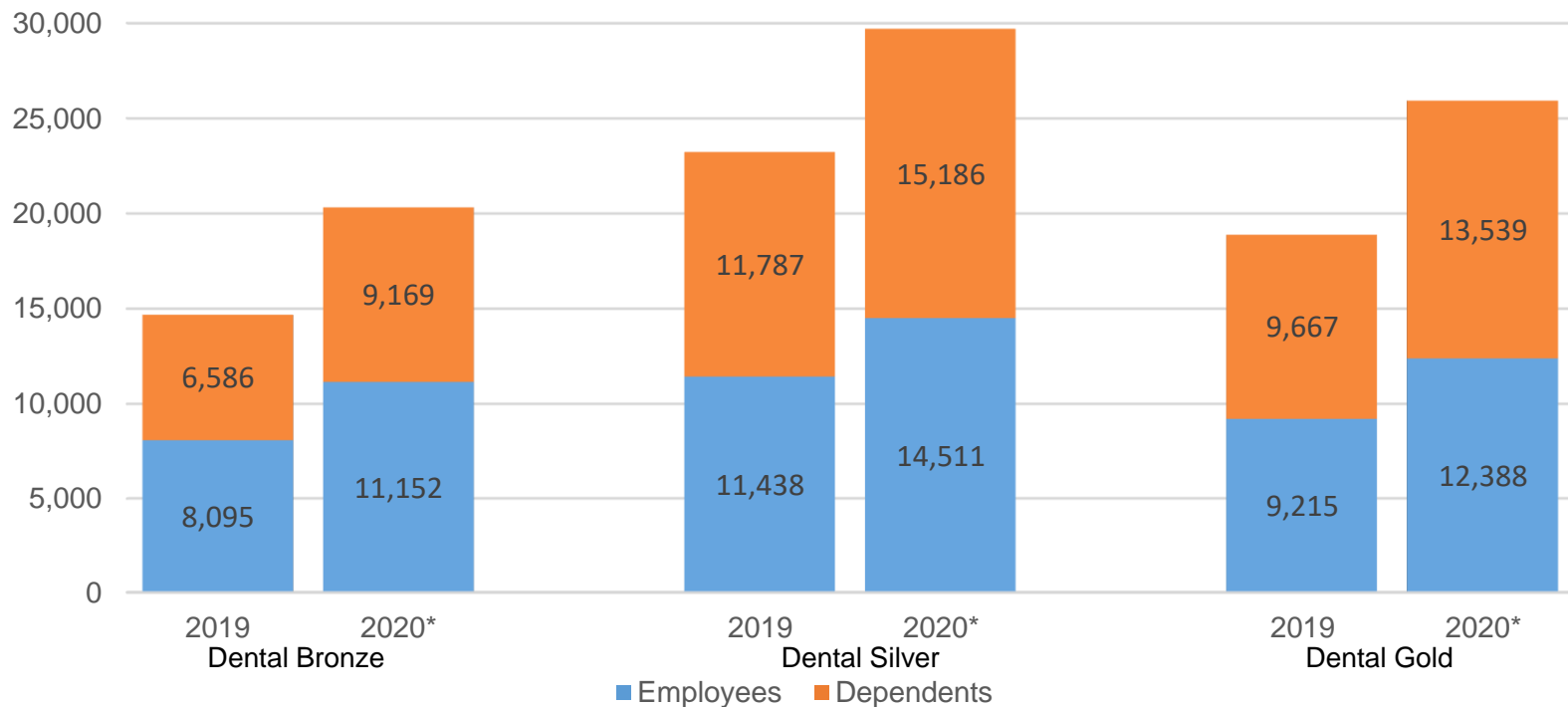


# Offer Benefits that Meet the Needs of a Diverse Workforce



In 2020, the number of members covered by KEHP Dental insurance increased by 34% over 2019!

Dental Insurance Enrollment by Plan

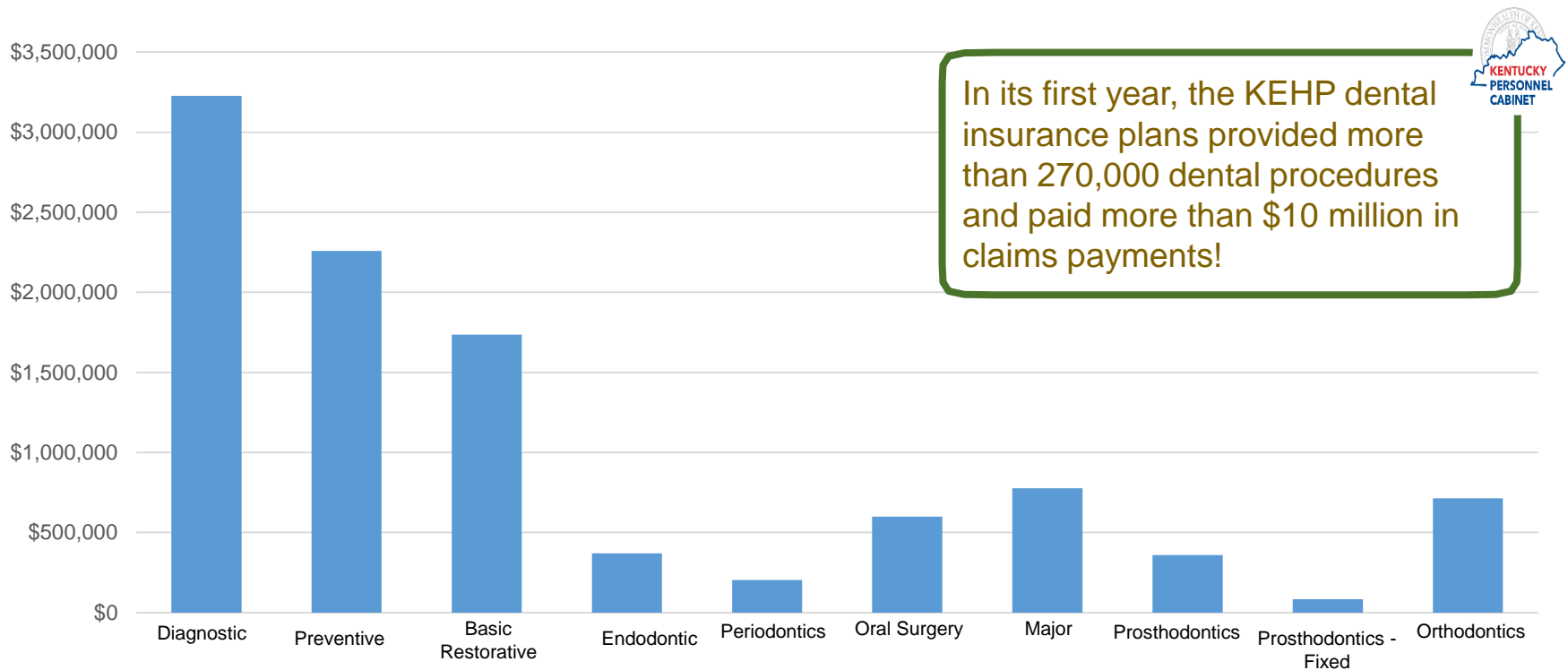


\*2020 data reflects January-June 2020 only.

Source: Kentucky Human Resource Information System (KHRIS)

# Offer Benefits that Meet the Needs of a Diverse Workforce

Dental Insurance Claims Paid, 2019



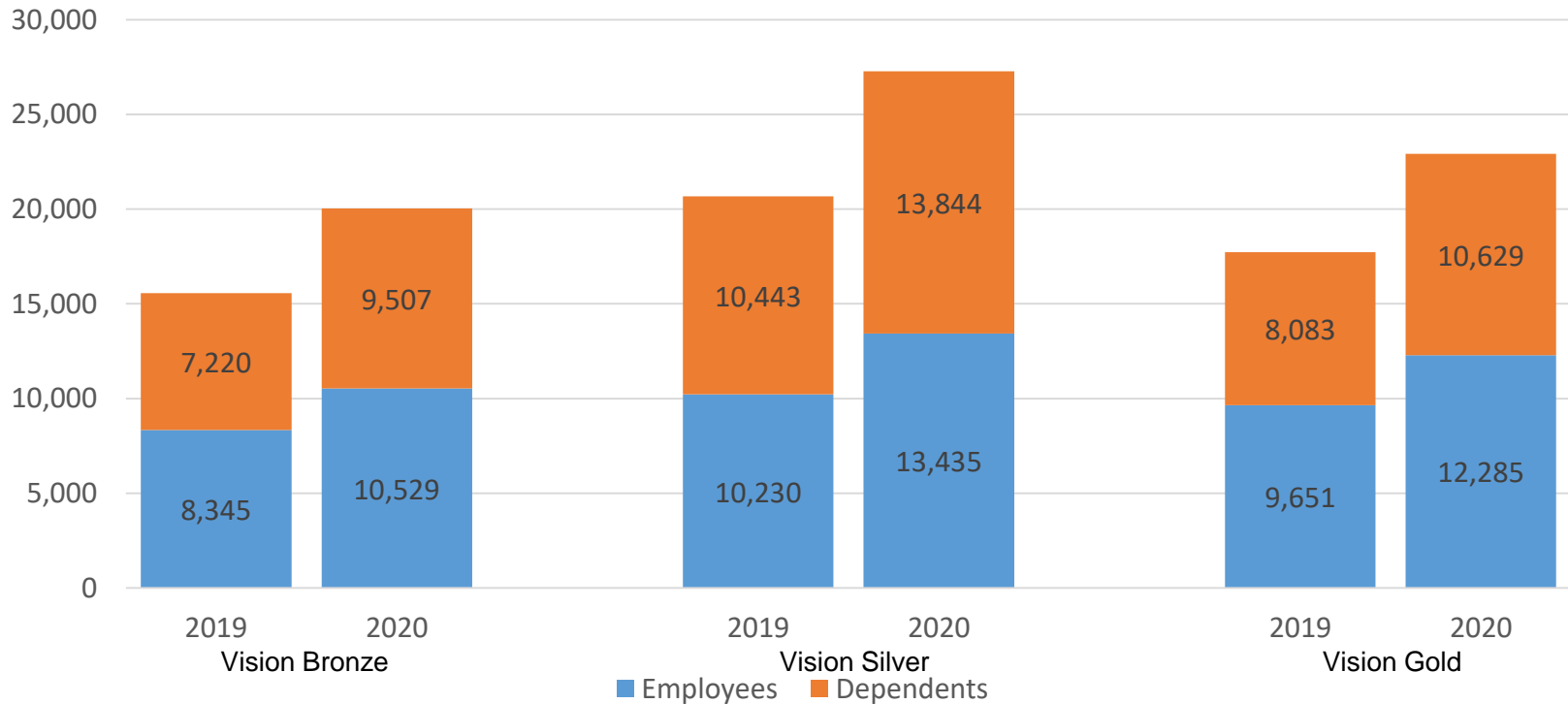
Source: KEHP-Anthem Partnership Meeting Report, December 2019

# Offer Benefits that Meet the Needs of a Diverse Workforce



In 2020, the number of members covered by KEHP Vision insurance increased by 30% over 2019!

Vision Insurance Enrollment by Plan



\*2020 data reflects January-June 2020 only.

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
Jul 2019	2,594	\$103,527	1,528	\$179,674	699	\$107,934	\$391,135
Aug 2019	2,098	\$84,476	1,175	\$141,843	505	\$74,442	\$300,761
Sep 2019	1,722	\$69,222	1,076	\$130,679	465	\$69,634	\$269,535
Oct 2019	1,543	\$62,012	961	\$112,037	425	\$63,445	\$237,494
Nov 2019	1,678	\$67,642	1,109	\$130,892	407	\$65,711	\$264,245
Dec 2019	1,380	\$53,259	992	\$108,673	358	\$53,549	\$215,481
<b>Total</b>	<b>23,533</b>	<b>\$944,326</b>	<b>14,918</b>	<b>\$1,803,826</b>	<b>6,322</b>	<b>\$971,545</b>	<b>\$3,719,697</b>

Source: KEHP-Anthem Partnership Meeting Report, December 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.

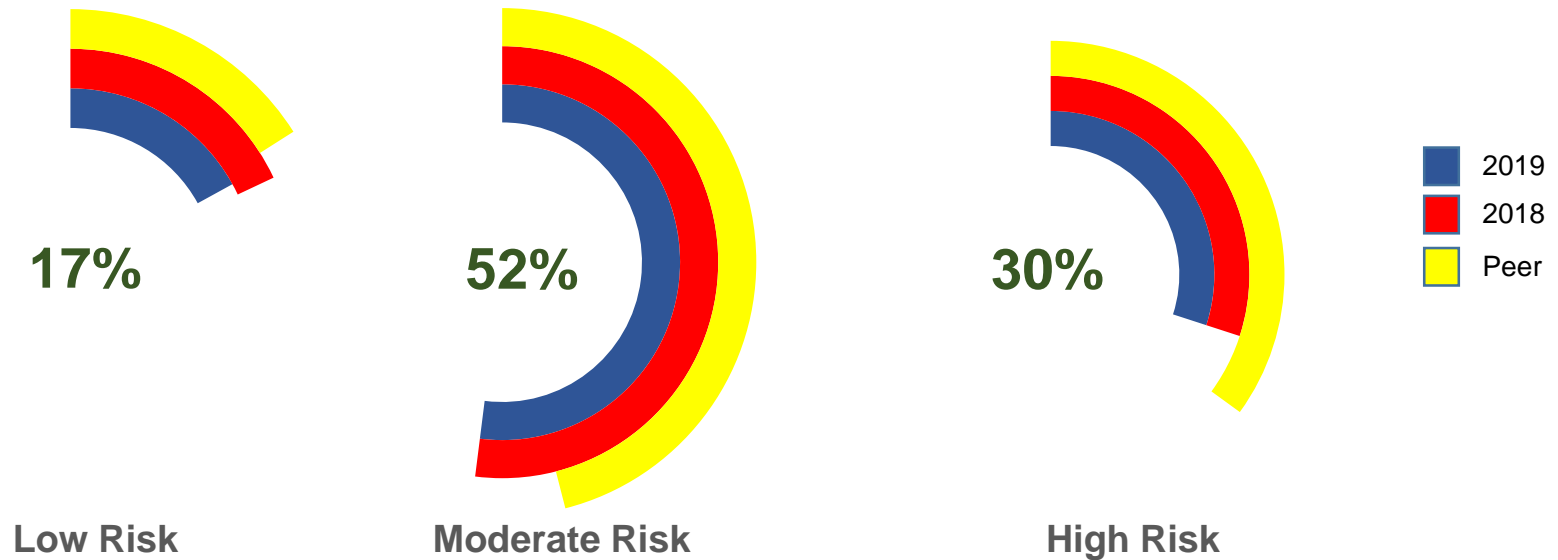
# Improve Employee Health and Well-Being



- 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

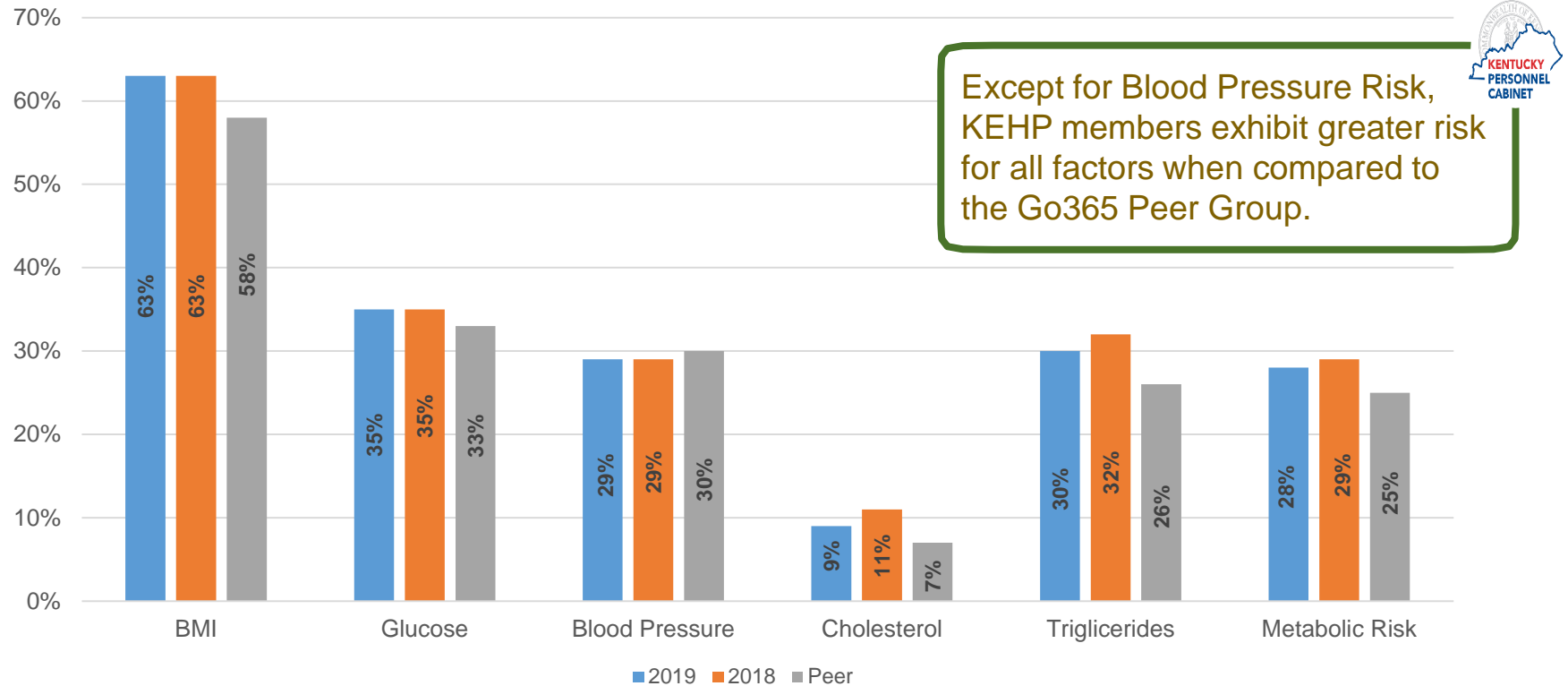


KEHP members have continued their journey to wellness. Nearly 70% of KEHP members remain in the Low or Moderate Risk categories.

Source: KEHP-Go365 2019 Plan Year in Review

# Improve Employee Health and Well-Being

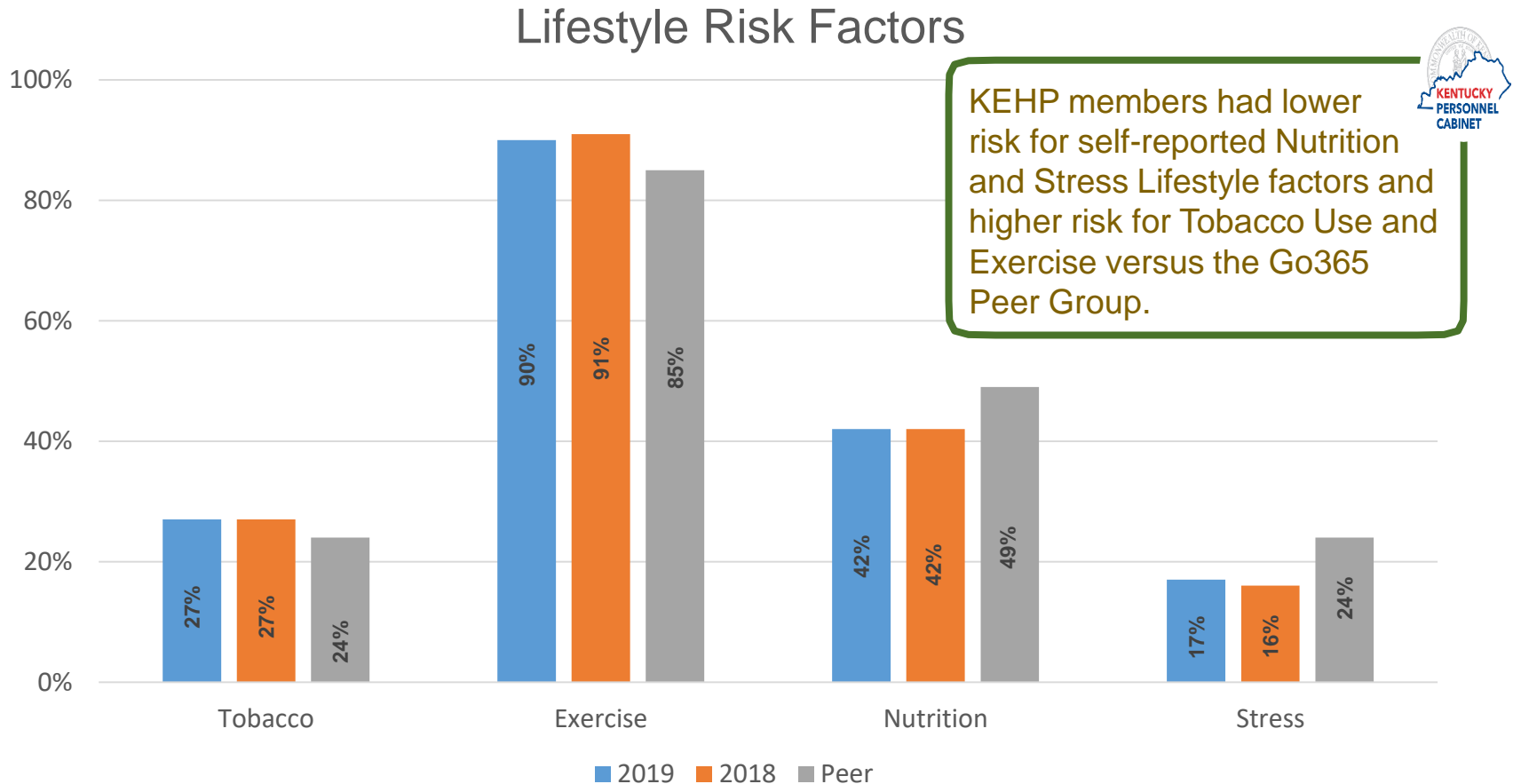
## Biometric Risk Factors



Source: KEHP-Go365 2019 Plan Year in Review



# Improve Employee Health and Well-Being



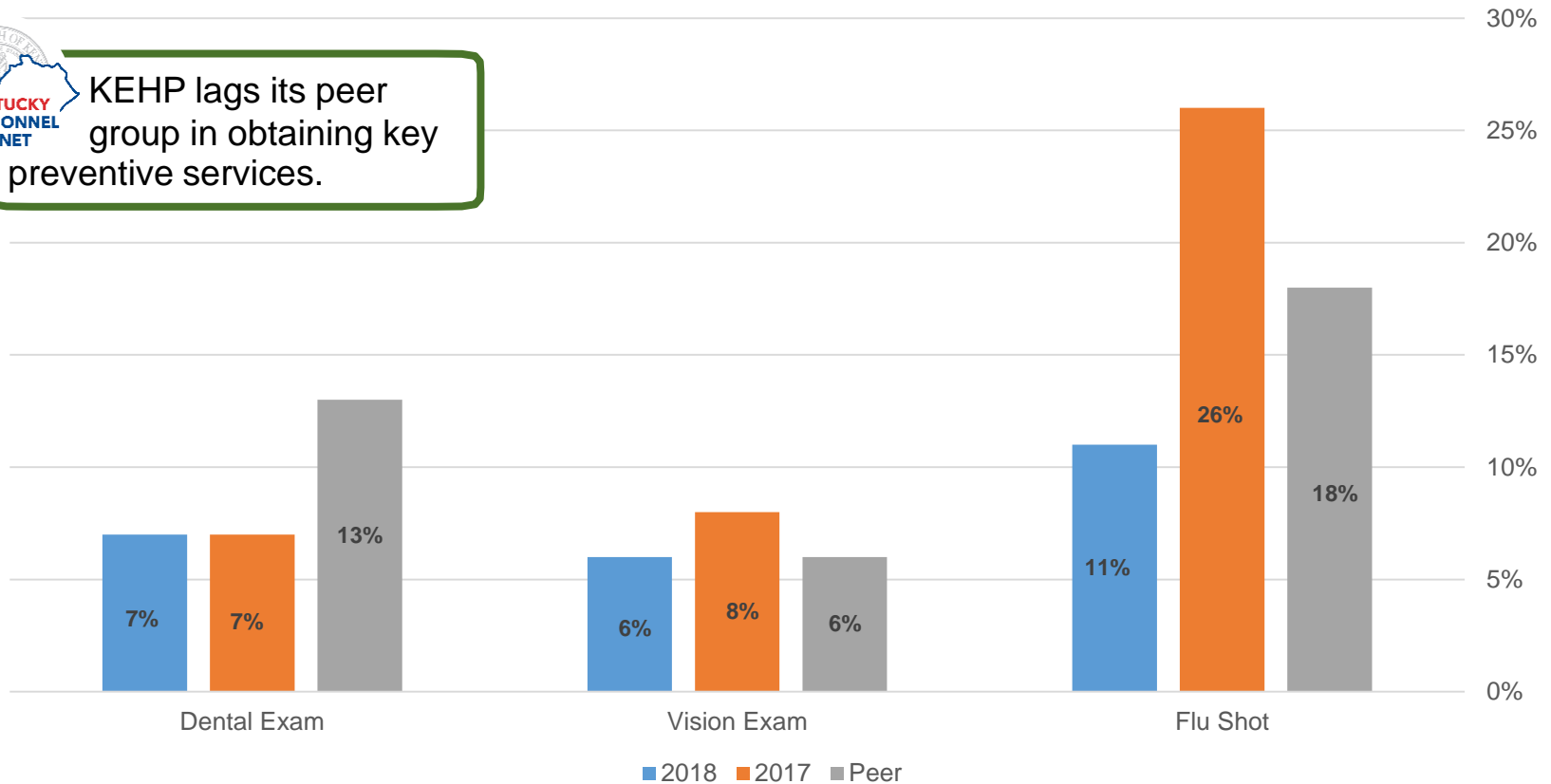
Source: KEHP-Go365 2019 Plan Year in Review

# Improve Employee Health and Well-Being

## Selected Preventive Services



KEHP lags its peer group in obtaining key preventive services.



Source: KEHP-Go365 2019 Plan Year in Review

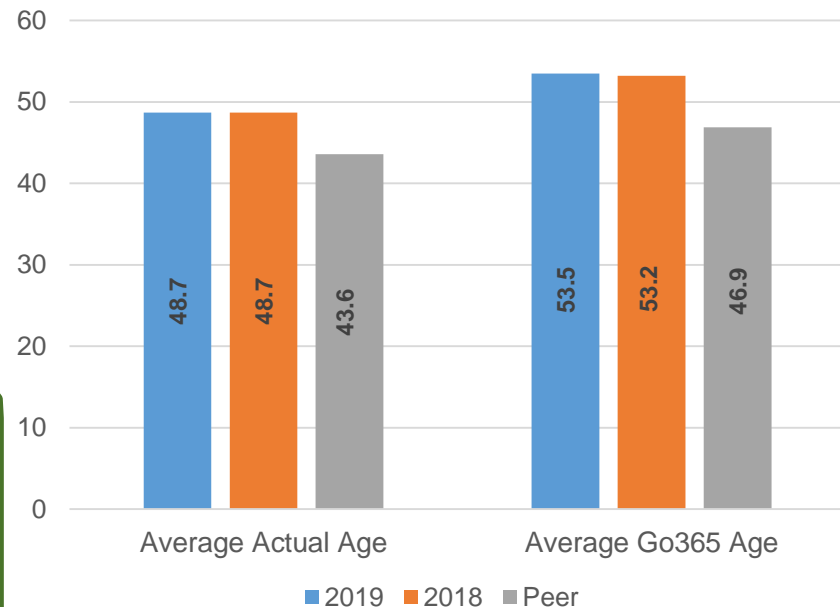
# Improve Employee Health and Well-Being

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 2019 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

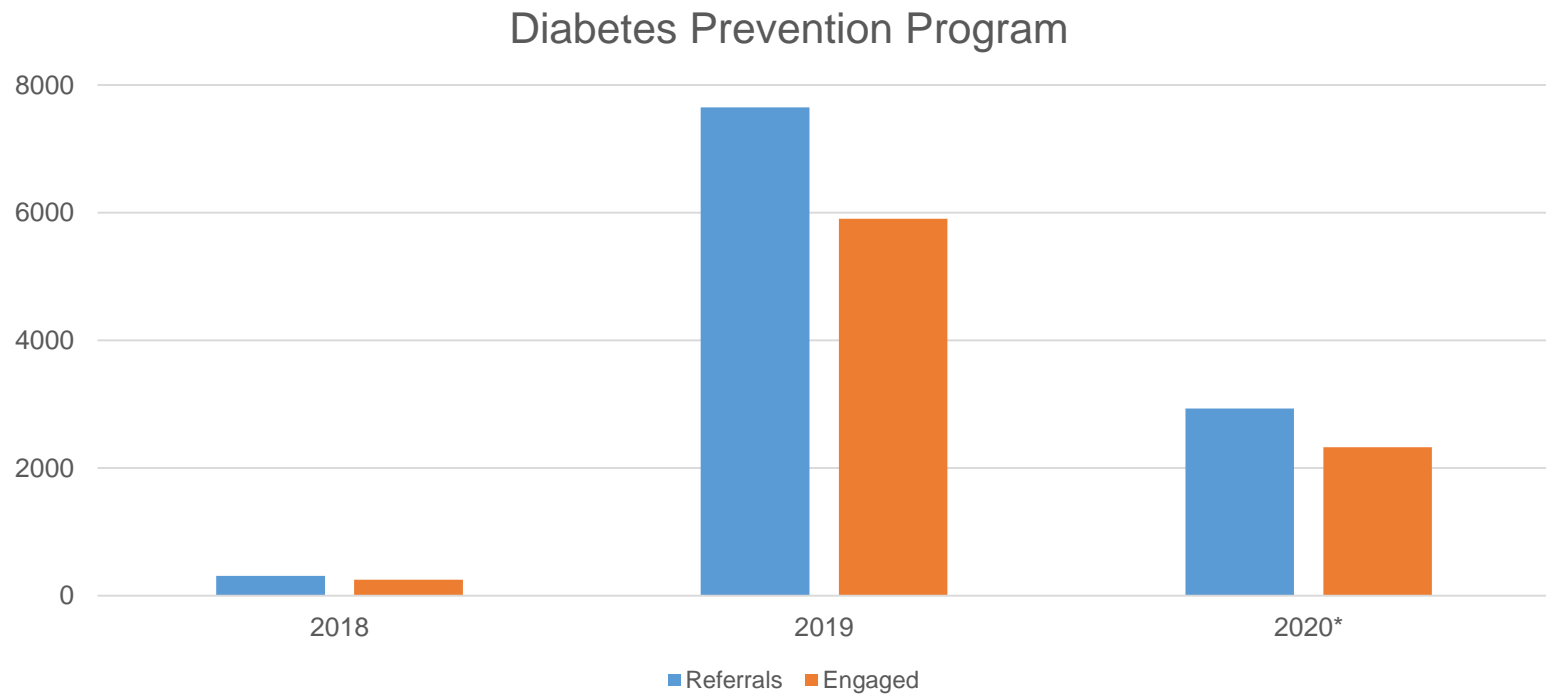


# Provide the Tools to Manage Chronic Disease Conditions

## 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



*\*2020 data reflects January-June 2020 only.*

**Source:** KEHP-Anthem Partnership Meeting Report, August 2019

# Provide the Tools to Manage Chronic Disease Conditions

## Diabetes Prevention Program

- New administrator started in 2019
- 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 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 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 has been transferred from the KEHP Trust Fund to the Commonwealth General Fund or Retirement Fund.
- Per statute, each plan year must stand on its own. This requires the KEHP 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

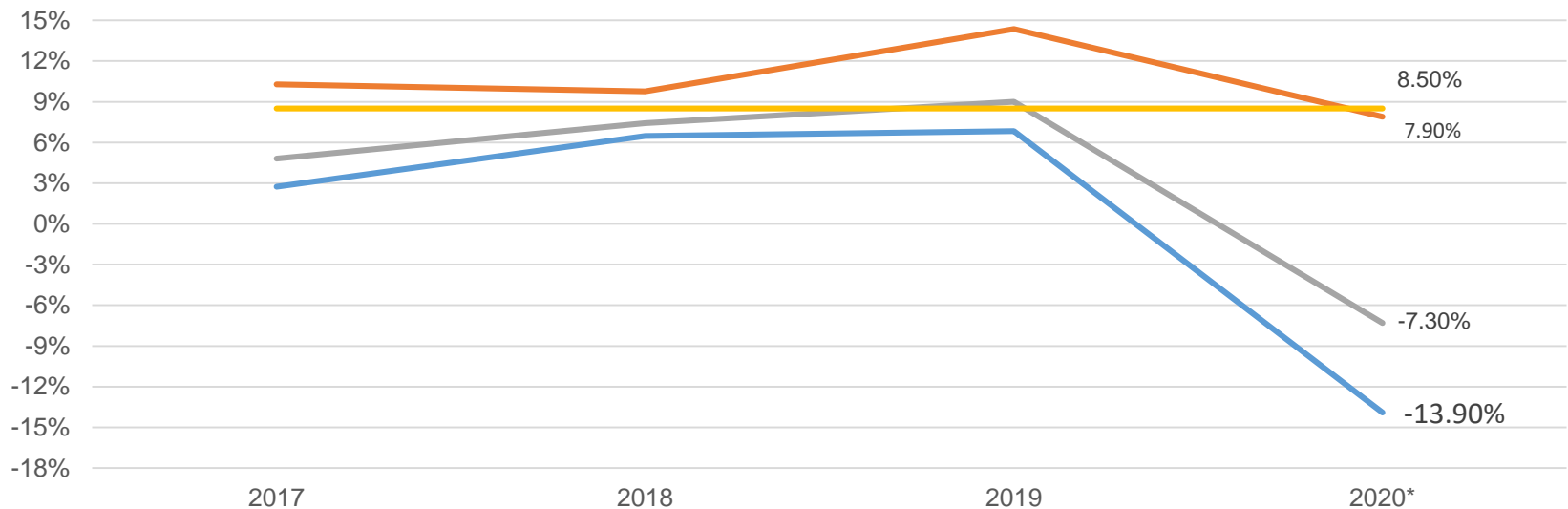
Plan Year Implemented	Benefit Design Changes	Savings
2020	Increased deductibles and out-of-pocket maximums	\$30M
2020	Increased employee premiums	\$8M
2020	Cancelled Anthem's Enhanced Personal Healthcare Model	\$6M
2020	Lowered cap for Waiver HRAs to \$5,000	\$2M
2020	CVS market check	\$24M
2019	Increased 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



We project that claims levels will have a significant uptick, either in late 2020 or in 2021, as members begin to schedule previously deferred services.

Plan Claims Trend



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

— Medical Trend

— Pharmacy Trend

— Overall Trend

— Actuary Projection

\*2020 data reflects January-June 2020 only.

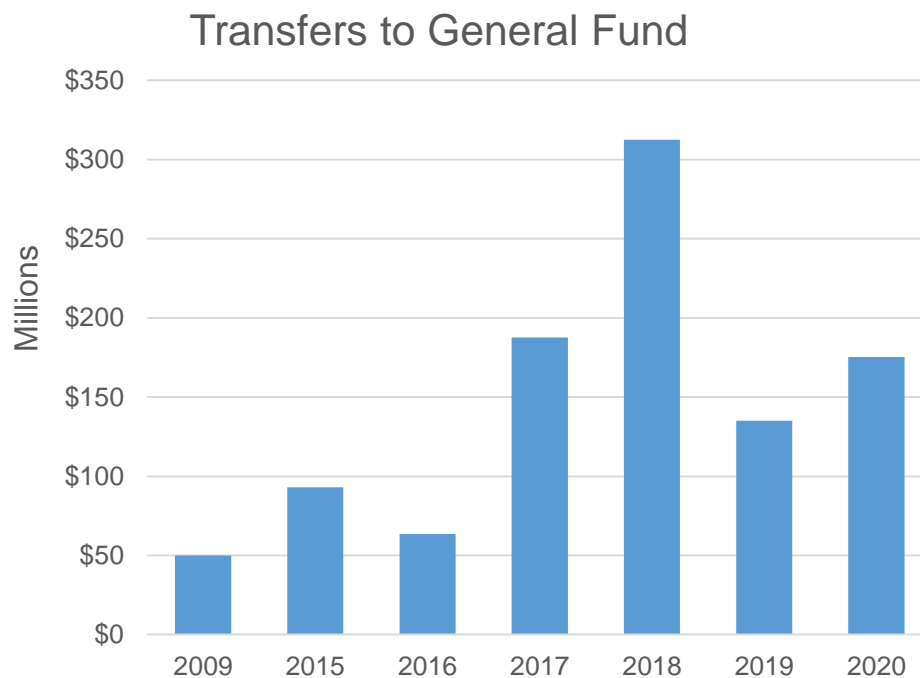
Source: Aon Q2 2020 Financial Projection, August 2020

# 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 or Retirement 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.

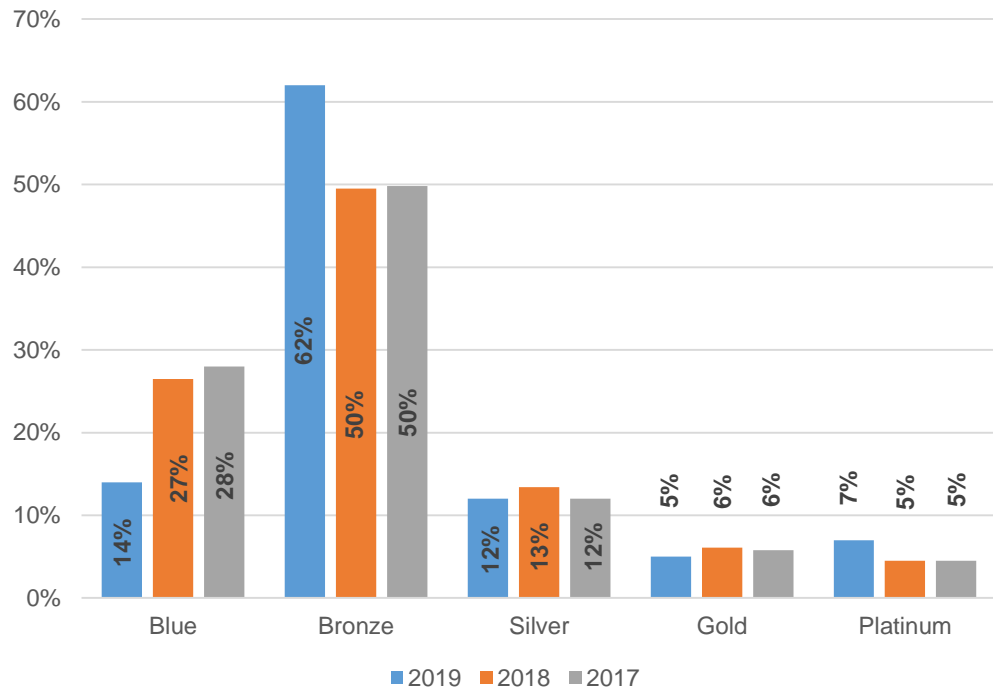
# Increase Member Engagement in Health and Wellness Programs

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.



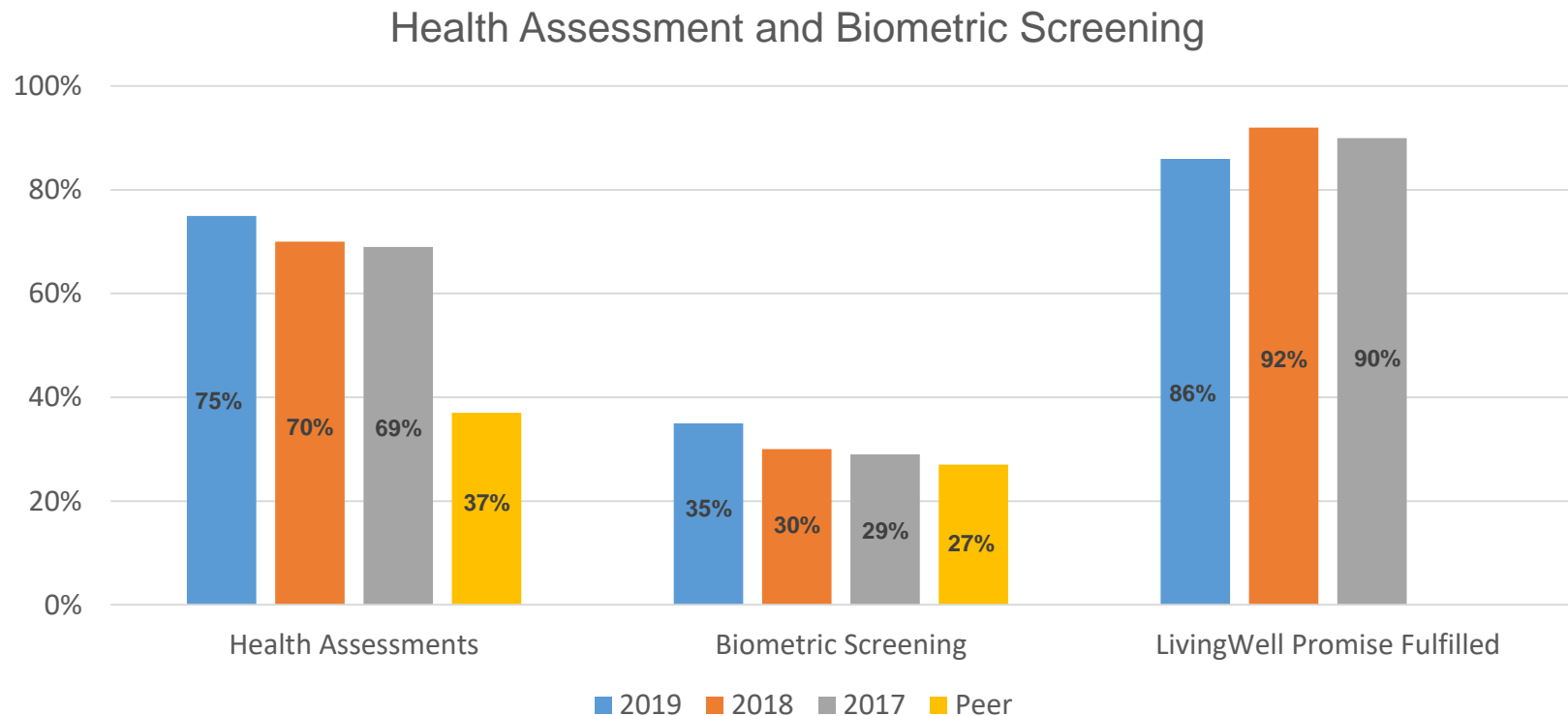
KEHP engagement of Silver status or above increased 8% from 2017!

Employee Engagement Status



Source: KEHP-Go365 2019 Plan Year in Review

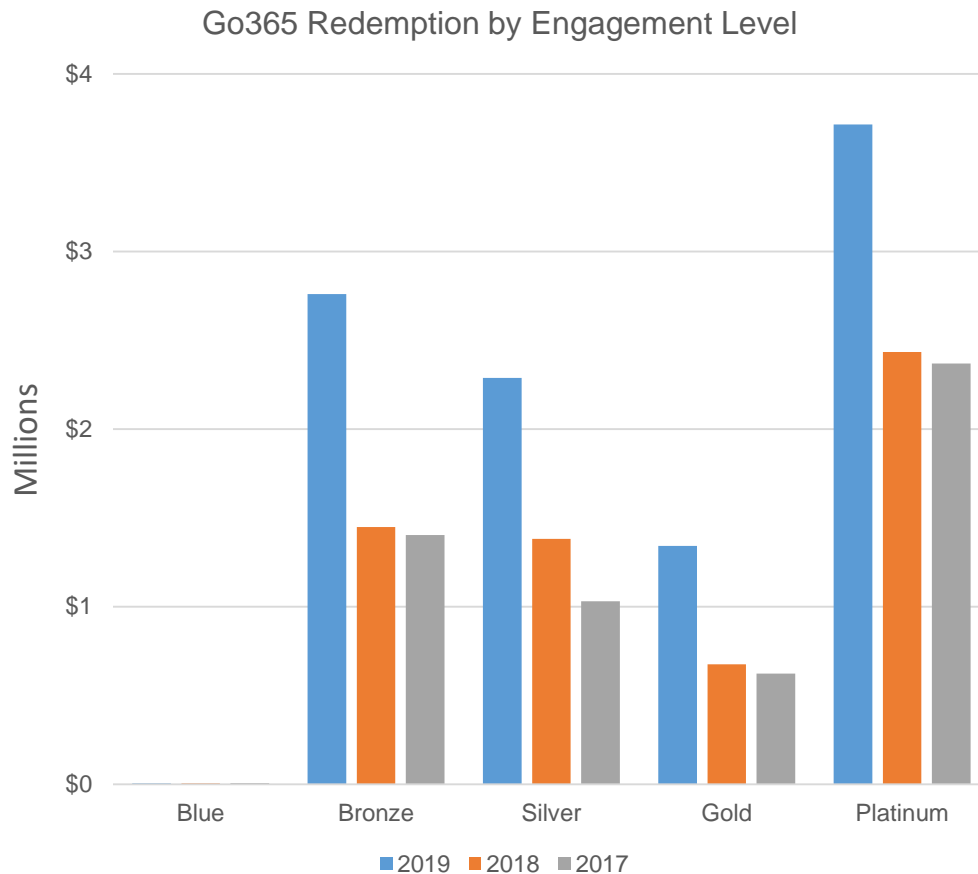
# Increase Member Engagement in Health and Wellness Programs



Source: KEHP-Go365 2019 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 2019, KEHP paid out more than \$10 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 2019.

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 IBM<sup>1</sup> 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

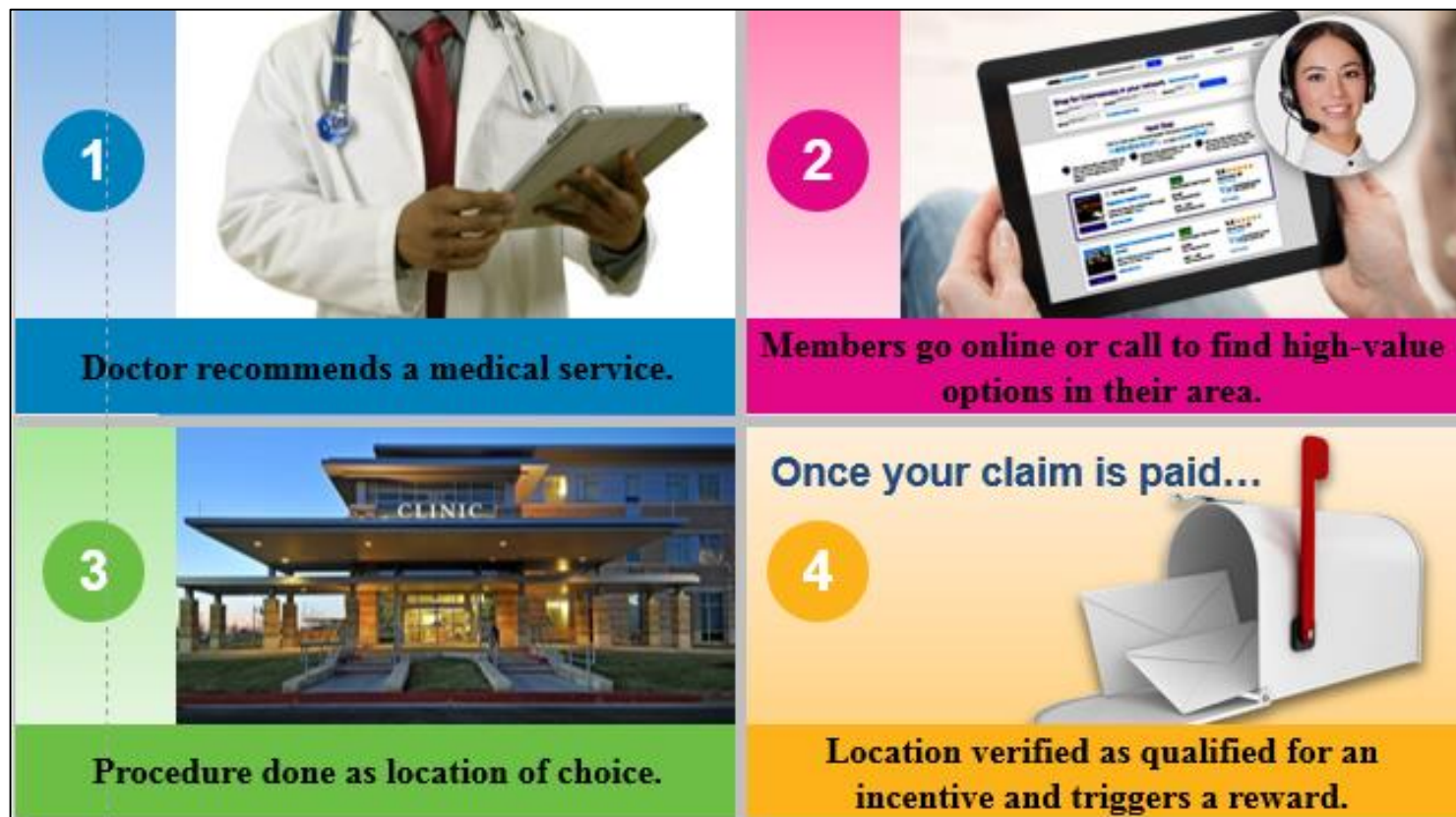
- SmartShopper is a program that helps KEHP members be savvy medical consumers by offering choices when it comes to health care services.
- SmartShopper tells our members how much that test or procedure costs at different in-network facilities in their area.
- When our members choose a cost-effective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

**\$14.1M**

*Total claims savings*

**16%**

*Activation Rate*

**\$2.5M**

*Incentives sent to members*

**80%**

*Activated Shopping Rate*

**\$553**

*Average claim savings per incentive*

**56%**

*Shop Conversion Rate*

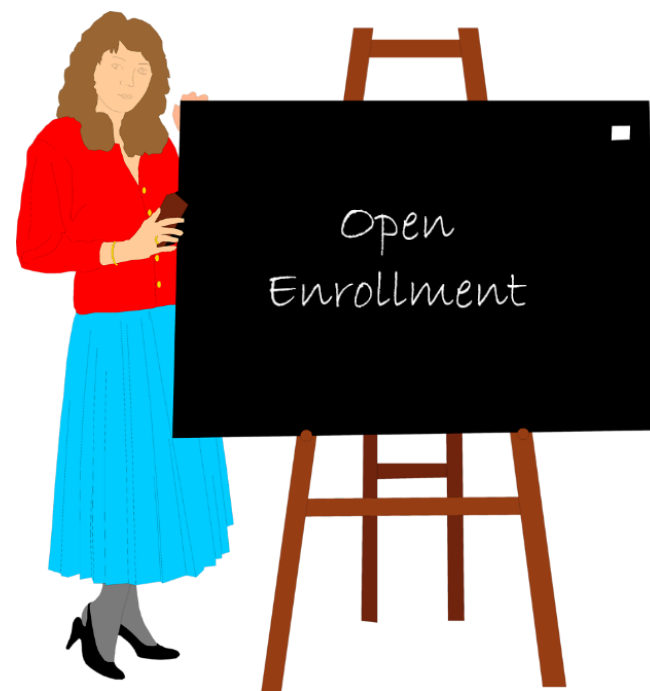


\*Program inception through June 2020.

Source: SmartShopper Performance Report, June 2020

# 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

## 2020 Training Events

Event Type	Attendees	Number of Events	Number of Attendees
IC/HRG Training	Insurance Coordinators/HR Generalists	5	756
WageWorks Webinar	Members	2	446
StayWell/WebMD Webinar	Members	2	332
Anthem Webinar	Members	2	500
Open Enrollment Webinar	Members	7	1,200
SmartShopper Webinar	Members	2	388
Benefits Webinar	TRS Retiree Members	2	266
CVS Webinar	Members	2	198
Password Training	Anthem Associates	1	16

# Help Employees Understand KEHP Programs and Tools Available

## 2020 Educational Email Outreach

Event Type	Audience	Number of Emails
Open Enrollment	All KEHP Members	319,394
LivingWell Promise	Applicable KEHP Members	357,319
COVID-19 Benefits with KEHP	All KEHP Members	380,840
Acupuncture Pilot Program	All Health Insurance Members	253,545
Well Being Benefits	All KEHP Members	154,756
SmartShopper	All Health Insurance Members	127,665
Rethink Benefits	All KEHP Members	582,910
Premise Health On Site Clinics	Applicable KEHP Members	71,643

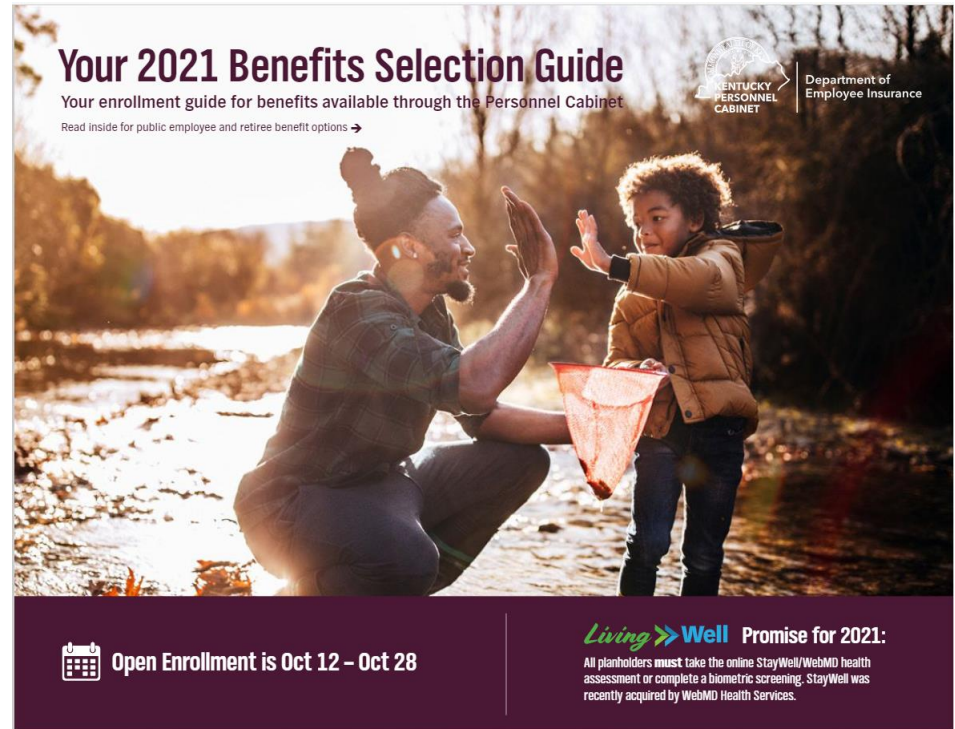
In 2020, the Department of Employee Insurance sent more than 2.2 million educational e-mails to our members in addition to member communications from our vendor partners!





# 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.

The screenshot shows the Kentucky Personnel website. At the top, the logo reads "KENTUCKY PERSONNEL" with the tagline "A site for state employee and benefit participant team members". A search bar is located to the right of the logo. Below the header is a navigation bar with links for "Benefits", "Resources", "Services", "Find a Job", and "News". On the right side of the navigation bar are links for "MyPURPOSE" and "KHRIS".

The main content area features a section titled "Open Enrollment". Below the title, it says: "Yes, it's that time again! Don't forget to make your elections and enroll in KHRIS ESS." A blue button with the text "Click here for more info" is positioned below this text.

To the right of the "Open Enrollment" text is a promotional image for "Open Enrollment 2021". The image shows a young child wearing a face mask. Text on the image includes "Open Enrollment 2021", "Oct 12 - Oct 28", and "Visit [khris.ky.gov](#) to enroll". Logos for the "KENTUCKY PERSONNEL CABINET" and "Department of Employee Insurance" are also visible.

Below the main content area, there are three red bell icons, each followed by a title and a brief description:

- Open Enrollment**  
Open Enrollment for Plan Year 2021
- Benefits Selection Guide**  
Benefits Selection Guide 2021
- In-Person Service Adjustments**  
To ensure the safety of customers and staff, various offices within the Personnel Cabinet have adjusted service models. To continue to provide the services you need, please click the link to view changes.

# 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 no 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.