

Kentucky Employees' Health Plan (KEHP)

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

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



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Executive Summary



Program Highlights

Overview of 2021 cost and usage, plan performance comparison to prior years, and a preview of 2022 plan experience

Population

The KEHP covers approximately 285,000 people in Kentucky—
that's one in 15 Kentuckians!

Employees, retirees, and their family members enrolled in KEHP would fill Kroger Field Stadium almost five times!



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

2021 KEHP by the Numbers

\$1.8 billion

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

\$4.9 million

average daily spend for medical and prescription drug claims

\$2.3 million

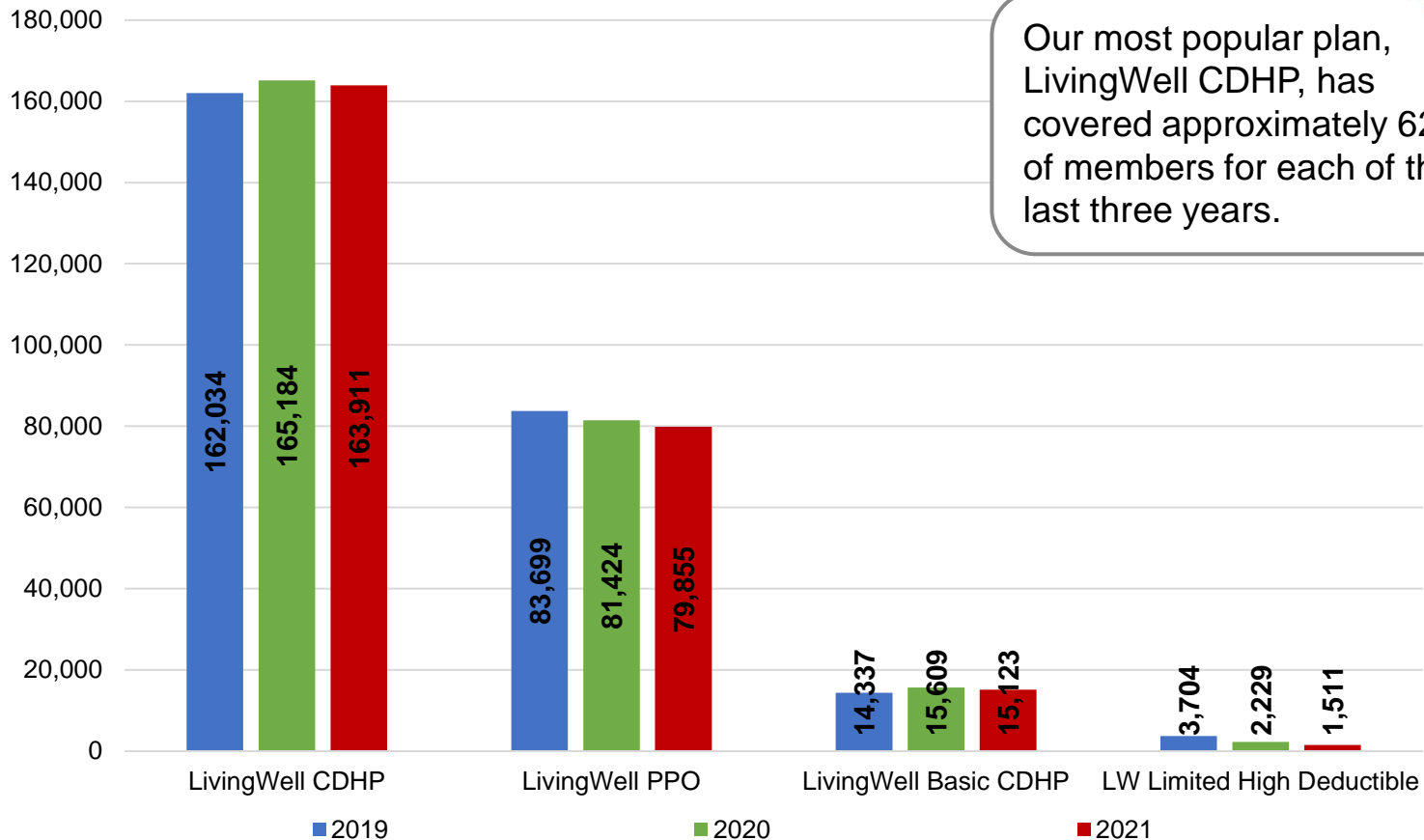
Department of Employee Insurance
Yearly Salaries and Wages

8.1 million

Individual medical and prescription drug claims paid for members

Source: KEHP enrollment and claims data aggregated by Merative

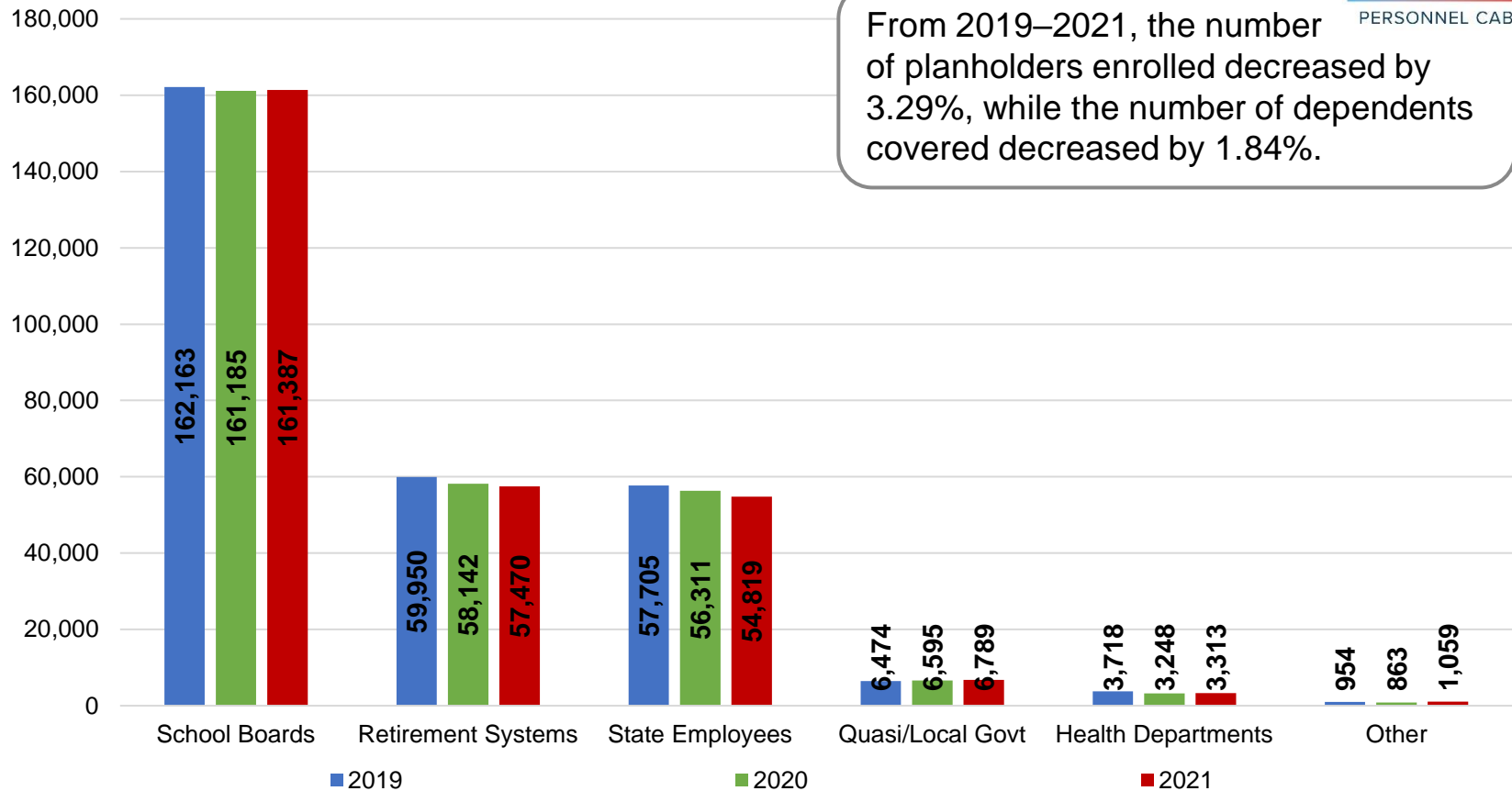
Members by Plan



Our most popular plan, LivingWell CDHP, has covered approximately 62% of members for each of the last three years.

Source: Enrollment data aggregated by Merative

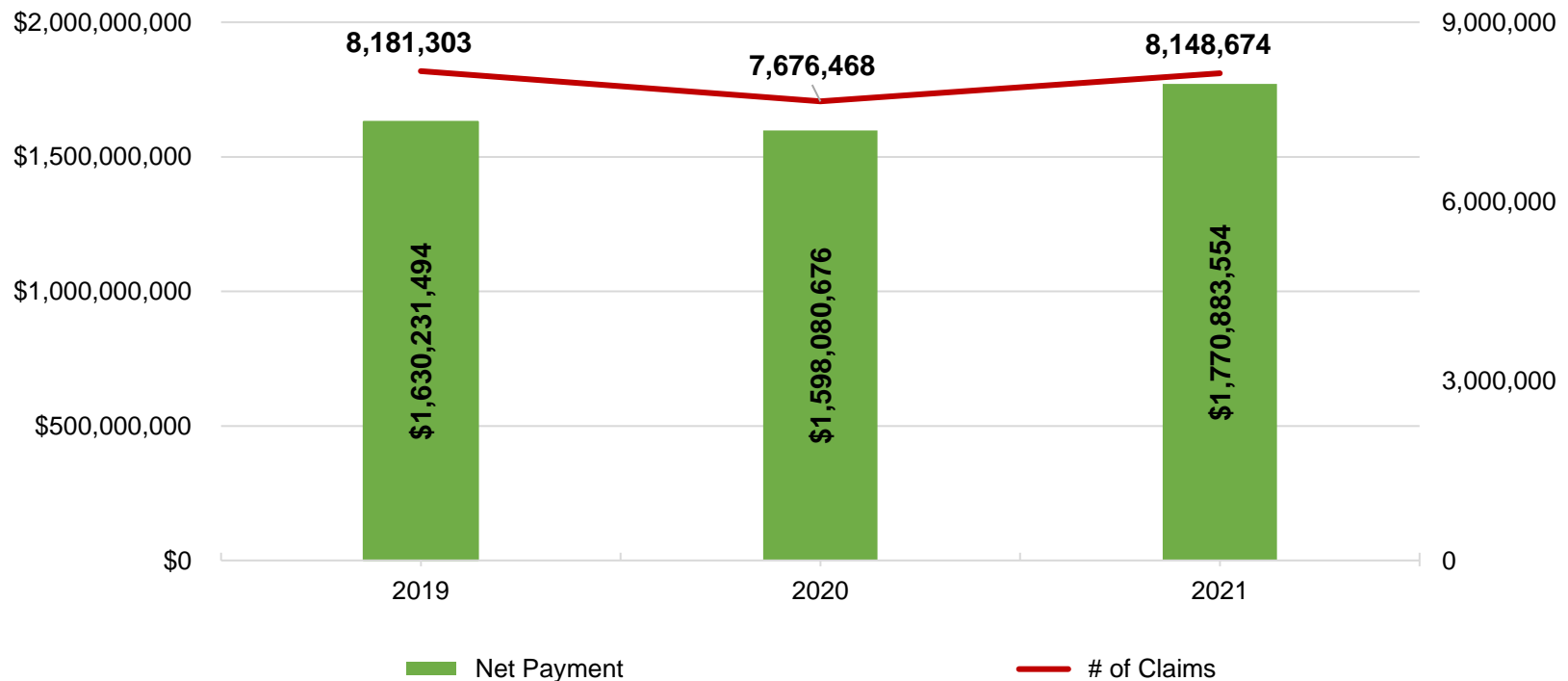
Members by Group



Source: Enrollment data aggregated by Merative

Net Payments and Claims by Year

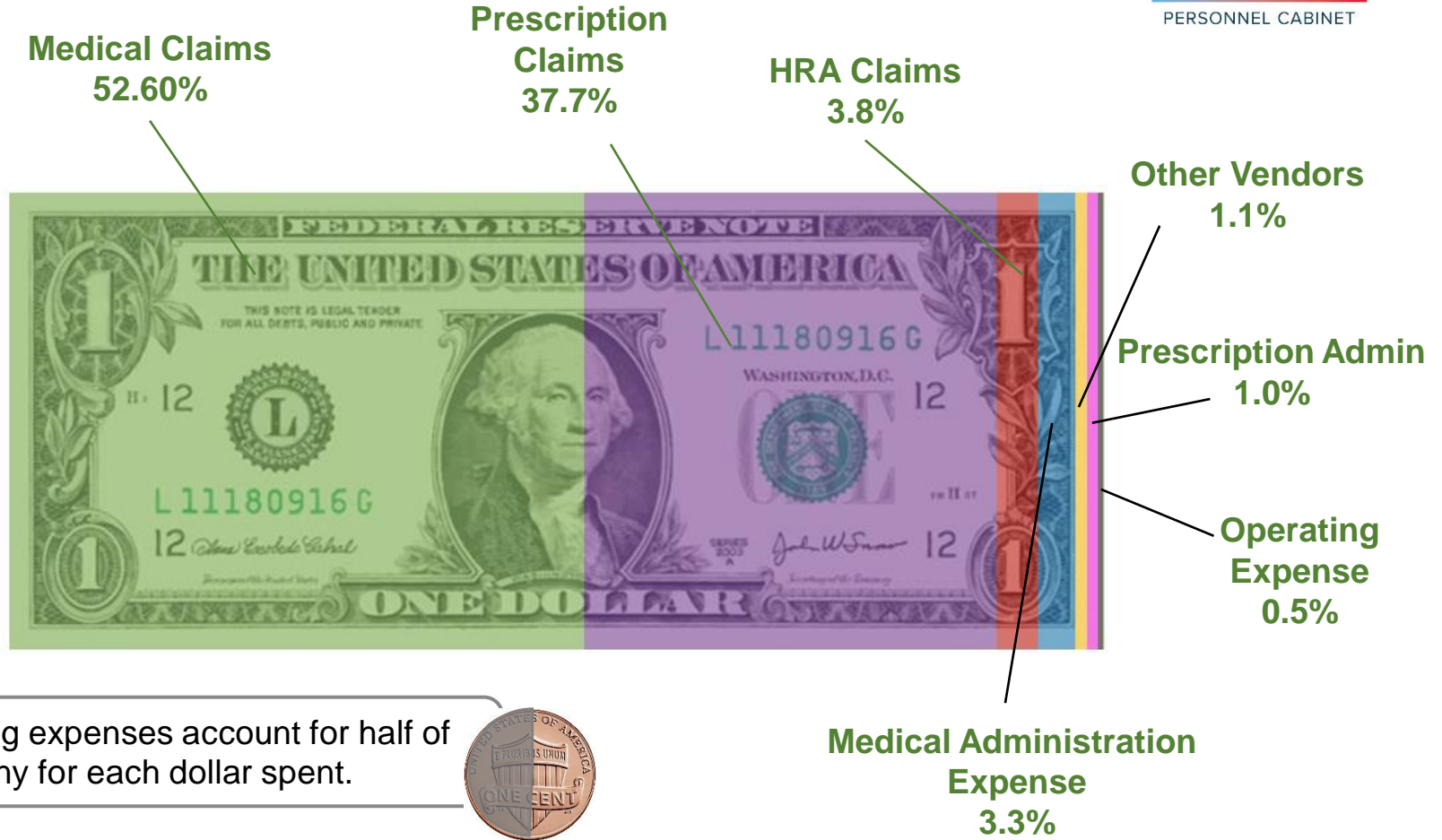
Average net payments per claim continue to grow over the years, from \$199.26 in 2019 to \$217.32 in 2021.



Source: Claims data aggregated by Merative

Plan Expenses

94.1% of KEHP expenses are claims payments!



Operating expenses account for half of one penny for each dollar spent.



Source: KEHP Trust Fund Cash Transactions from June 2022

2021 Health Premiums

\$753

Average Employer Monthly
Premium per Employee



KEHP employers
pay below the
national benchmark of **\$844** per
month per employee.

83% KEHP Employer Contribution

17% KEHP Employee Contribution

\$280 million

Employee pretax deductions
for health insurance

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

2021 Health Insurance Premiums

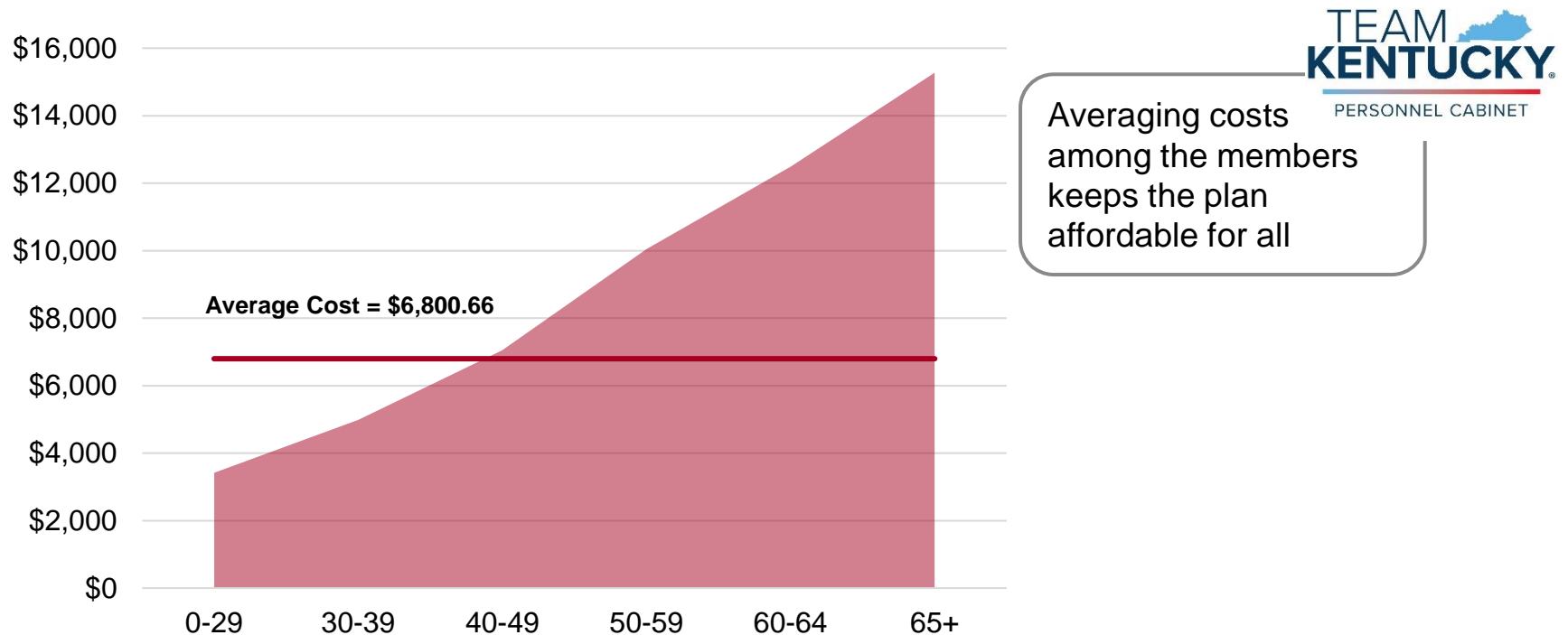
- KEHP employees pay **10%** less for a single plan and **31%** less for a family plan, than the average State & Local Government employee.
- Employee premium increases averaged **4%** between 2020 and 2021 for both Single and Family coverage in the US, while KEHP premiums increased **3%** for Single plans and Family plans.
- Nationwide, premium growth continues to exceed increases in earnings.

Source: KEHP claims data aggregated by Merative 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 healthcare costs across all 285,000 health plan participants, keeping the plan affordable for everyone.

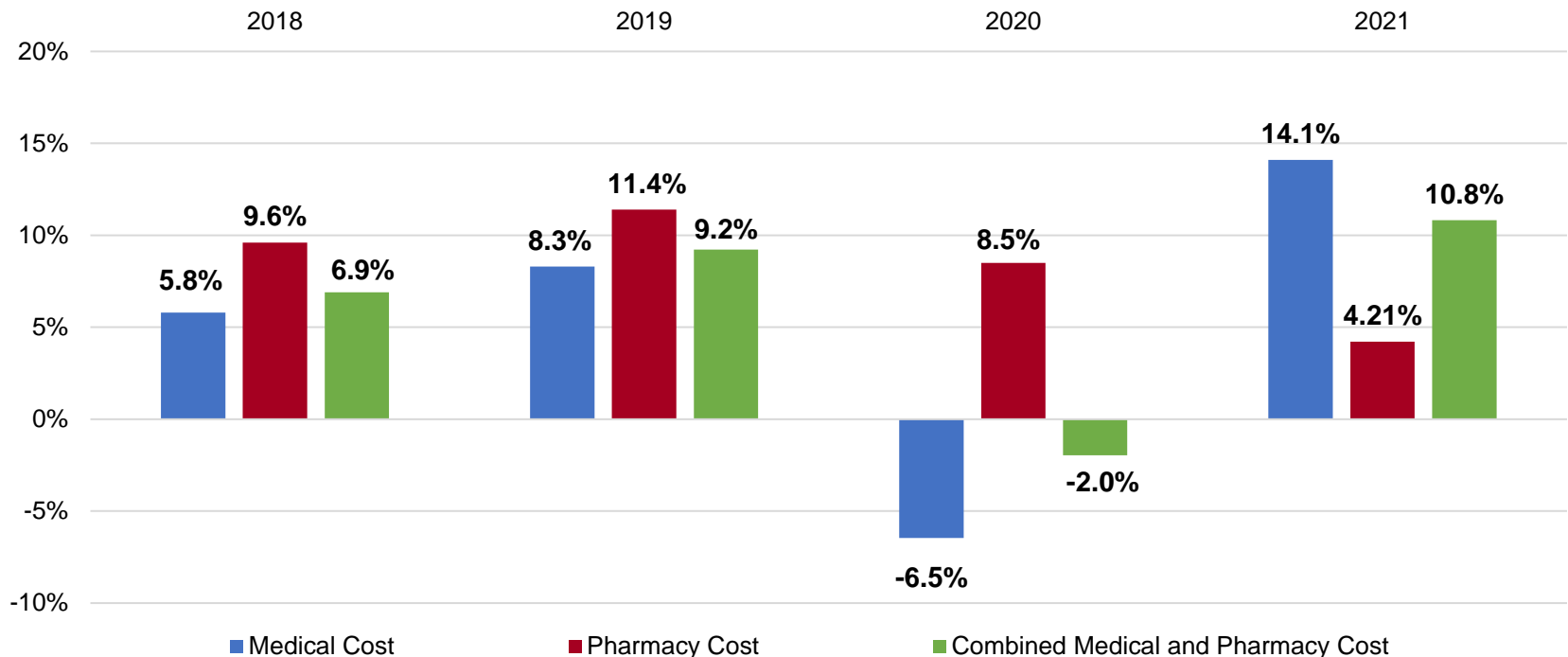
KEHP average annual claims cost by age group, all medical and pharmacy claims, 2021



Source: KEHP claims data aggregated by Merative

Medical and Pharmacy Trends

Incurred medical cost trends decreased sharply when the pandemic began, while prescription drug costs continued to increase, signaling that members with chronic illnesses continued to treat their conditions. In the second year of the pandemic, medical cost trends rebounded, as prescription drug costs continued to rise, but at a lower rate, for the second year in a row.

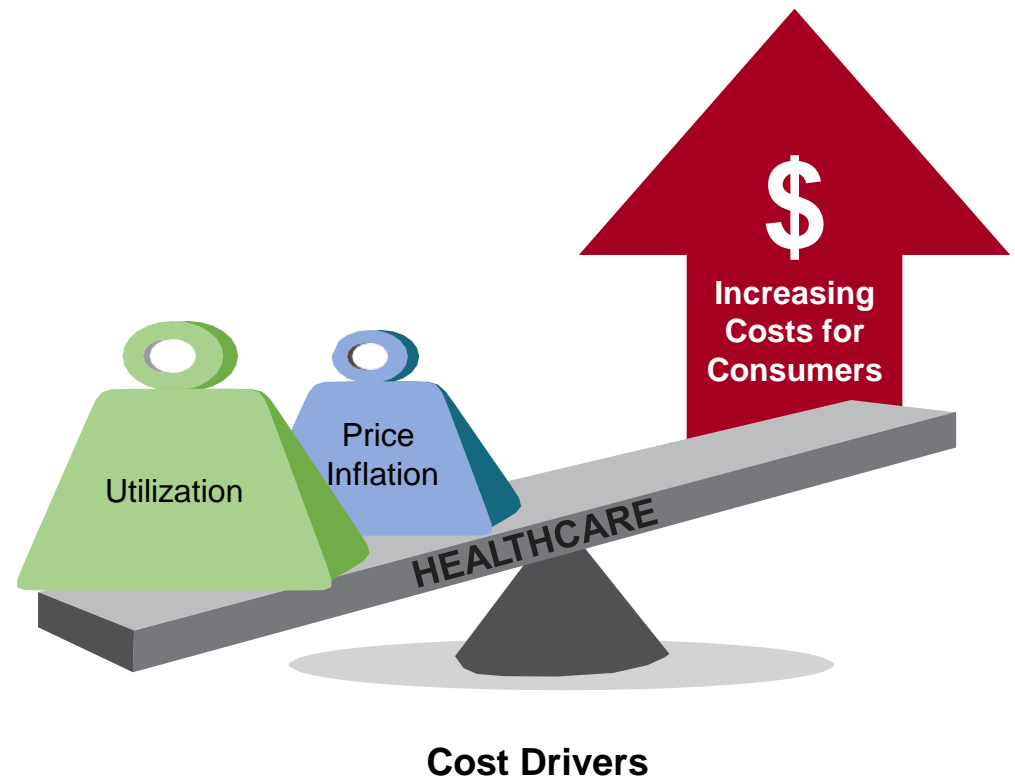


Source: KEHP claims data aggregated by Merative

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 Rx costs have been growing at a higher pace over the past several years.
- Overall claims costs fell in 2020 by 2%, primarily due to decreased utilization. As expected, utilization and price inflation increased significantly in 2021 leading to an overall claims cost increase of 12.35%.

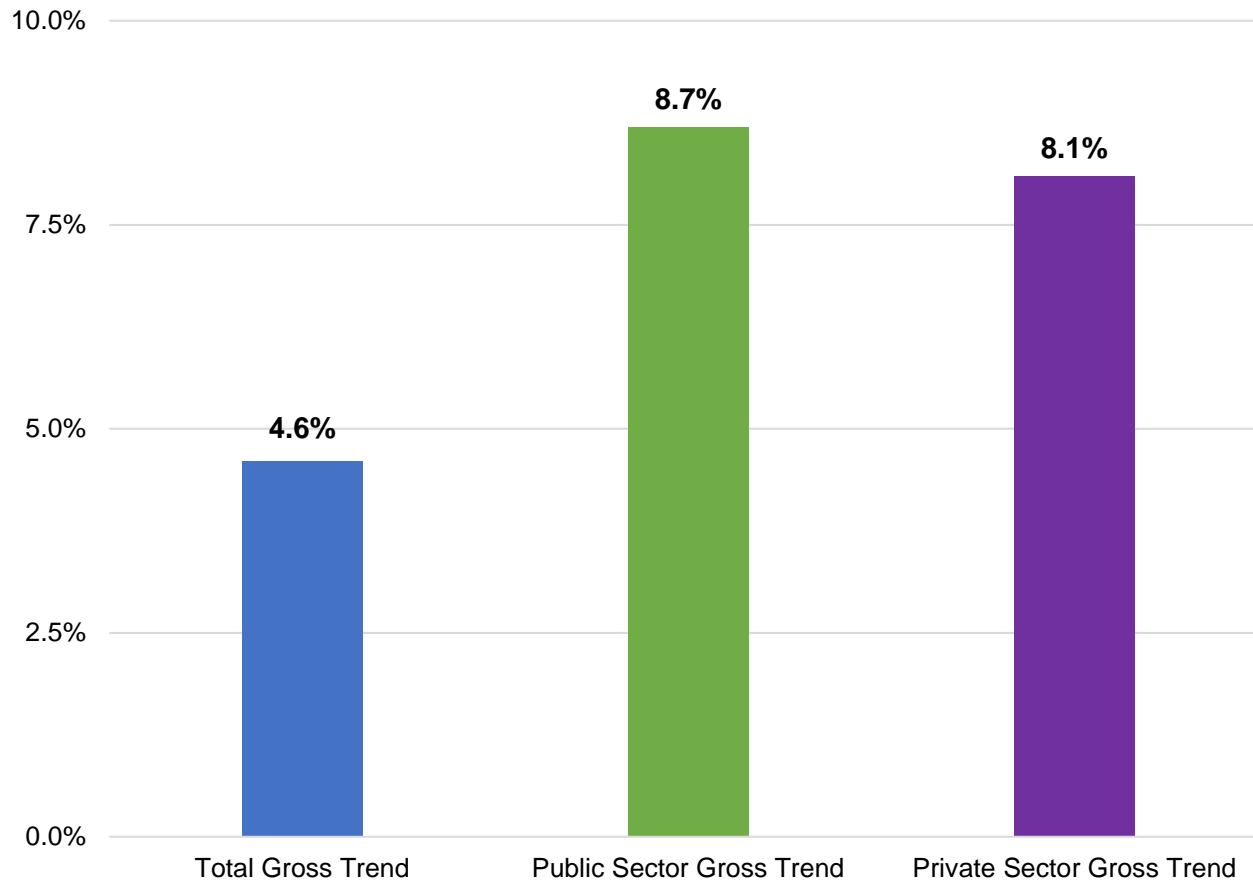
What is driving healthcare spending?



Source: KEHP claims data aggregated by Merative

2020 to 2021 Pharmacy Cost Trends

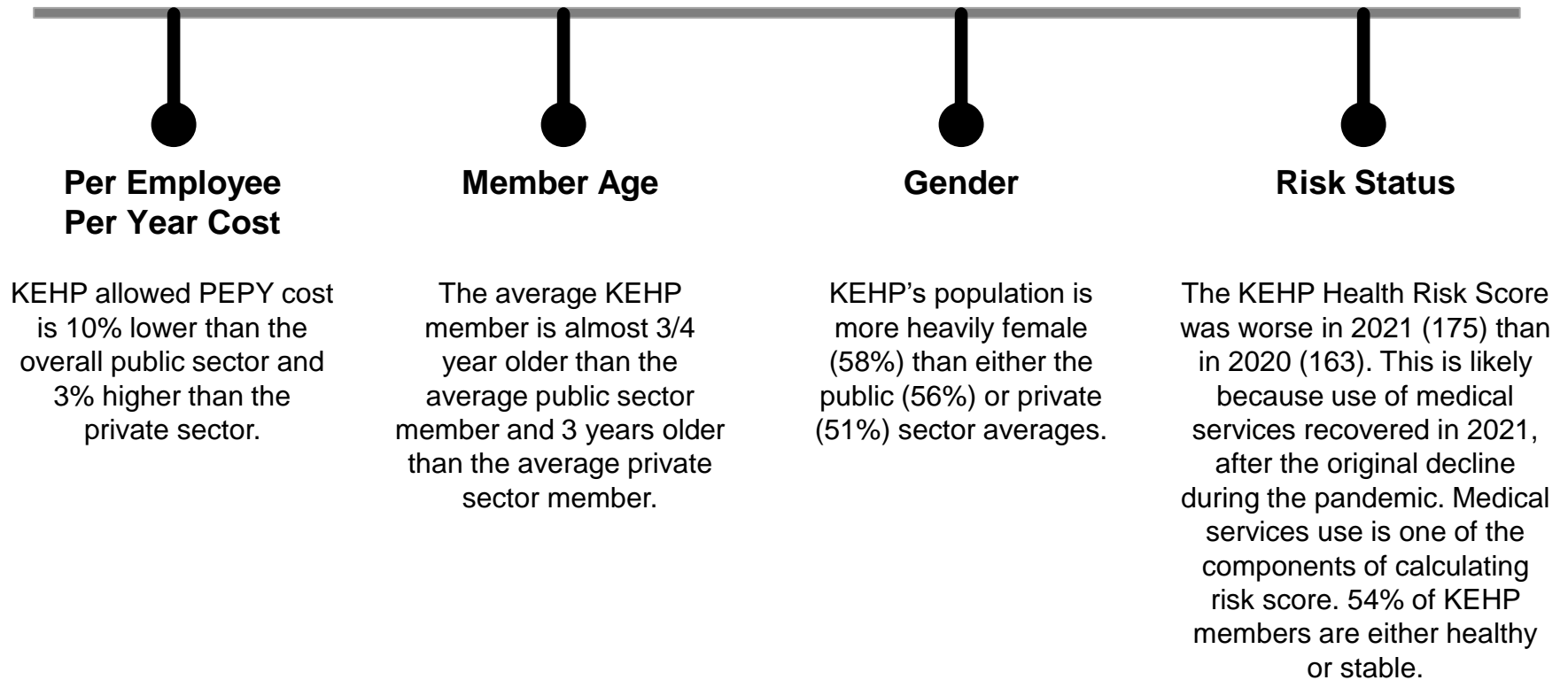
KEHP receives 100% of drug rebates, reducing plan costs by more than \$150M annually



Source: CVS Rx Insights

Benchmarking

Merative (formerly IBM) compared KEHP 2021 plan performance against their national book of business for public and private employers



Source: KEHP Public Sector/Private Sector Benchmark Comparison by Merative

Board Recommendations for Plan Years 2020–2022

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

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

What Benefits Do We Offer?

About Our Program



Overview of 2021–2022
plans, benefits, programs, and partners

Health Plans—2021

CDHP

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

Waiver 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 may qualify for a \$2,100 employer-funded HRA for qualified medical, dental and vision expenses.

High Deductible

KEHP began offering the LW Limited High Deductible Plan in 2019 for members who genuinely require only minimal coverage. This plan will be discontinued for plan year 2023.

PPO

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

2021 Plan Changes

LivingWell PPO

In 2021, the prescription and specialist office visit copays increased by \$5 in cost share. These were the first changes to the LivingWell PPO plan since 2014.

Value Formulary

KEHP applied the two-tier prescription drug Value Formulary to all plans, focusing on generic rather than brand drugs.

Premium

The employer and employee premium contributions increased by 3%.

Waiver HRA

KEHP imposed a maximum rollover cap of \$2,100 that would apply to the Waiver General Purpose and the Waiver Limited Purpose HRAs. The cap applied to the rollover from 2021 to 2022.

2022 Plan Changes

Diabetes

Eliminated member cost share for Diabetes Self-Management Education and Support (DSMES).

Future Moms

Added lactation support through LiveHealth Online.

LivingWell CDHP

In-network member co-insurance increased from 15% to 20%. Out-of-network member co-insurance increased from 40% to 50%.

LivingWell PPO

In-network member co-insurance increased from 20% to 25%. Out-of-network member co-insurance increased from 40% to 50%. Generic pharmacy co-pay increased from \$15 to \$20 (30-day supply) and \$30 to \$40 (90-day supply). Zero cost share for members in the PrudentRx program for certain specialty drugs.

Premium

The employer and employee premium contributions increased by 3%.

2021 KEHP Health Insurance Choices

	LivingWell CDHP	LivingWell PPO	LivingWell Basic CDHP	LivingWell Ltd High Deductible Plan
HRA Amount	Single \$500 Family \$1,000	Not Applicable	Single \$250 Family \$500	Not Applicable
Deductible	Single \$1,500 Family \$2,750	Single \$1,000 Family \$1,750	Single \$2,000 Family \$3,750	Single \$4,250 Family \$8,250
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
Coinsurance	Plan: 85% Member: 15%	Plan: 80% Member: 20%	Plan: 70% Member: 30%	Plan: 50% Member: 50%
Doctor's Office Visits	Deductible, then 15%	Copay: \$25 PCP \$50 Specialist	Deductible, then 30%	Deductible, then 50%
Emergency Room	Deductible, then 15%	\$150 Co-pay then Deductible then 20%. Co-pay waived if admitted	Deductible, then 30%	Deductible, then 50%

Source: 2021 KEHP Benefits Selection Guide

2021 Drug Benefits

	LivingWell CDHP	LivingWell PPO	LivingWell Basic CDHP	LivingWell Ltd High Deductible Plan
30-Day Supply Tier 1: Generic Tier 2: Formulary	Deductible, then 15%	\$15 \$40	Deductible, then 30%	Deductible, then 50%
90-Day Supply Tier 1: Generic Tier 2: Formulary	Deductible, then 15%	\$30 \$80	Deductible, then 30%	Deductible, then 50%

Source: 2021 KEHP Benefits Selection Guide

2022 KEHP Health Insurance Choices

	LivingWell CDHP	LivingWell PPO	LivingWell Basic CDHP	LivingWell Ltd High Deductible Plan
HRA Amount	Single \$500 Family \$1,000	Not Applicable	Single \$250 Family \$500	Not Applicable
Deductible	Single \$1,500 Family \$2,750	Single \$1,000 Family \$1,750	Single \$2,000 Family \$3,750	Single \$4,250 Family \$8,250
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
Coinsurance	Plan: 80% Member: 20%	Plan: 75% Member: 25%	Plan: 70% Member: 30%	Plan: 50% Member: 50%
Doctor's Office Visits	Deductible, then 20%	Copay: \$25 PCP \$50 Specialist	Deductible, then 30%	Deductible, then 50%
Emergency Room	Deductible, then 20%	Copay: \$150, then deductible, then 25%	Deductible, then 30%	Deductible, then 50%

Source: 2022 KEHP Benefits Selection Guide

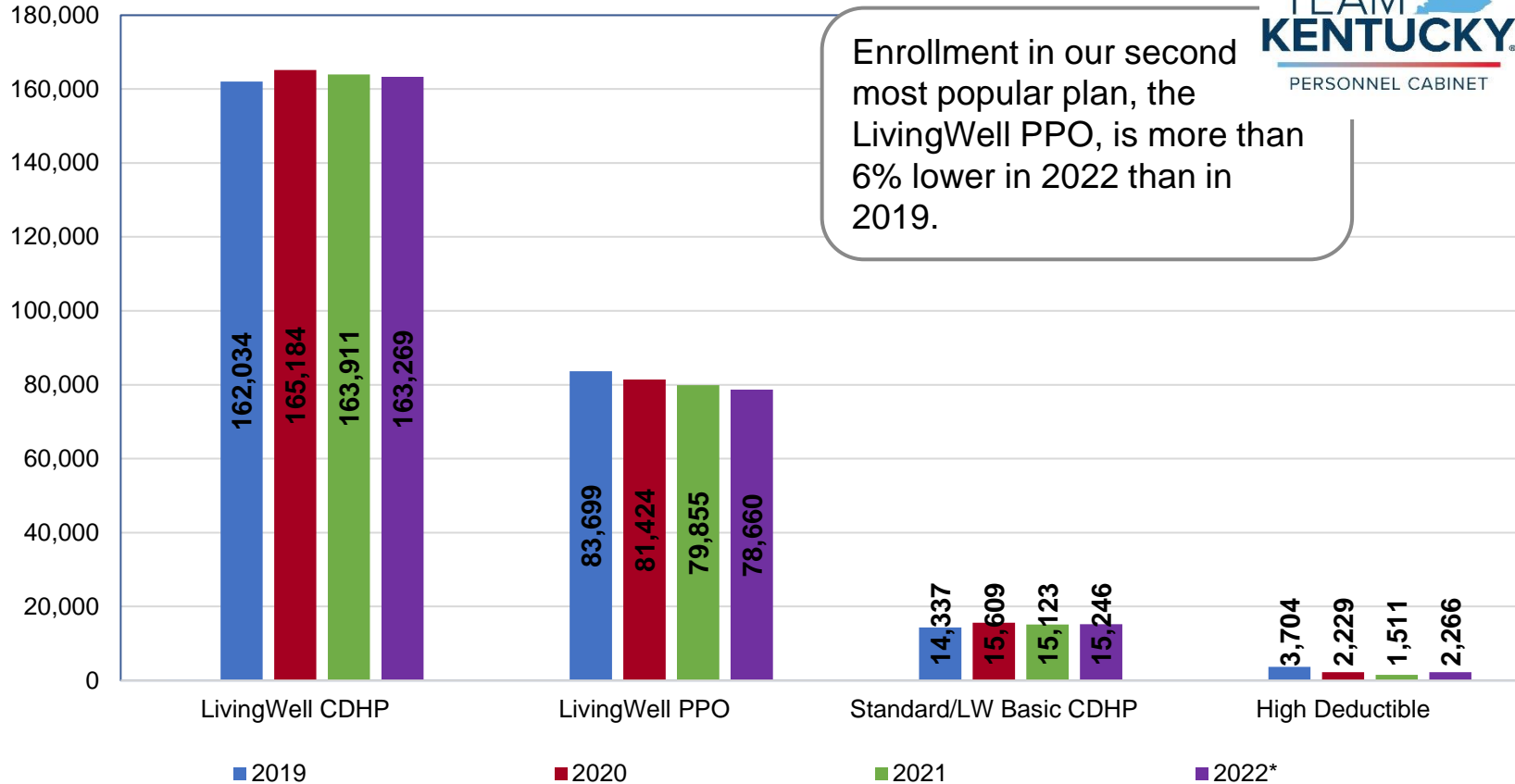
2022 Drug Benefits

	LivingWell CDHP	LivingWell PPO	LivingWell Basic CDHP	LivingWell Ltd High Deductible Plan
30-Day Supply Tier 1: Generic Tier 2: Formulary	Deductible, then 20%	\$20 \$40 Zero cost share for specialty drugs for those enrolled in the PrudentRx specialty program. A 30% co-insurance for specialty drugs applies for those not enrolled.	Deductible, then 30%	Deductible, then 50%
90-Day Supply Tier 1: Generic Tier 2: Formulary	Deductible, then 20%	\$40 \$80 Zero cost share for specialty drugs for those Not Covered enrolled in the PrudentRx specialty program. A 30% co-insurance for specialty drugs applies for those not enrolled.	Deductible, then 30%	Deductible, then 50%

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

Source: 2022 KEHP Benefits Selection Guide

Enrollment by Plan



*2022 data reflects January–June 2022 only.

Source: Data aggregator Merative (previously Merative Health)

Who Administers KEHP Benefits?

KEHP Vendor Partners

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



KEHP Vendor Partners

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



KEHP Vendor Partners

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

SmartShopper®

WebMD®
health services

 RethinkCare

alight

Additional Plan Benefits

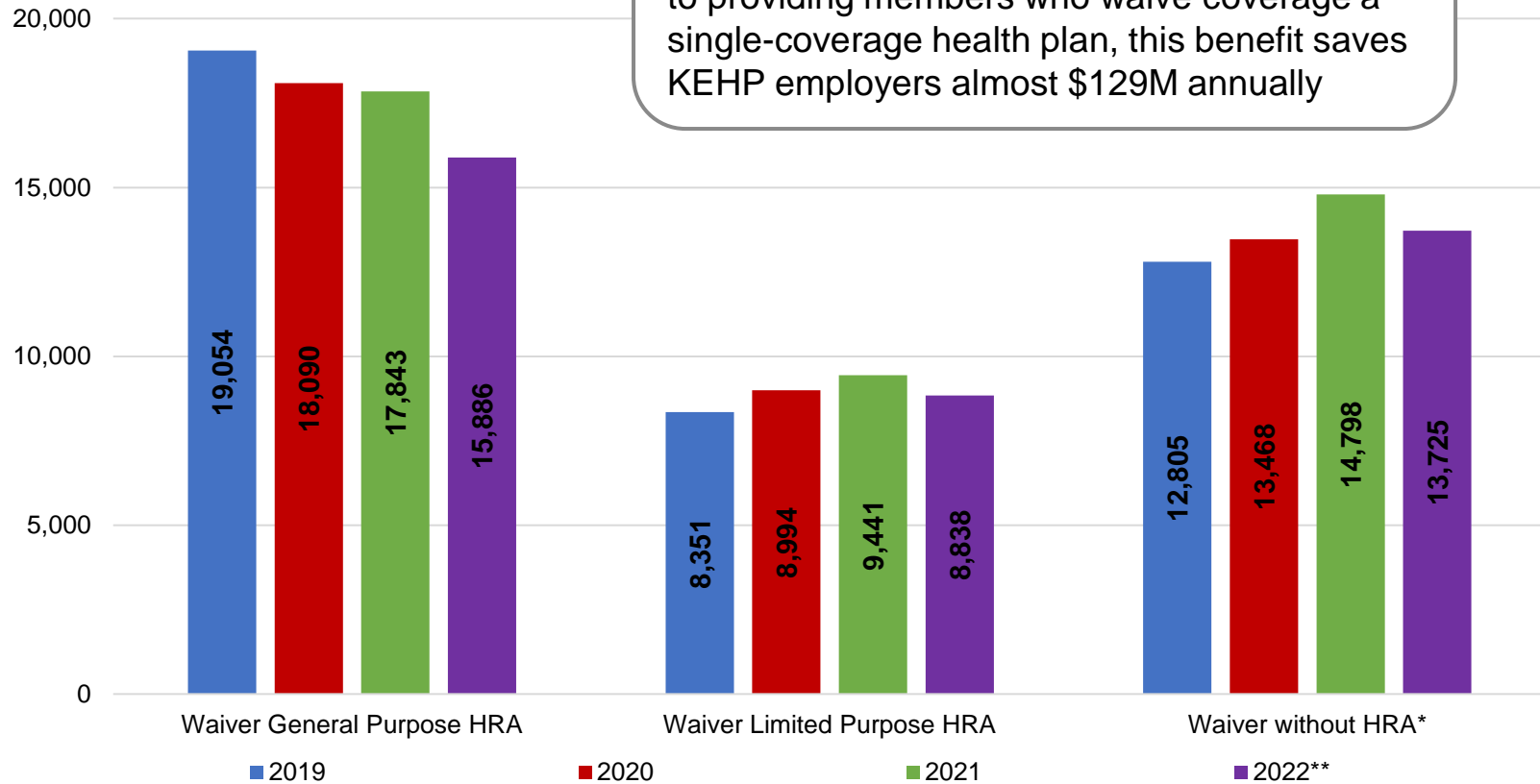
KEHP also offers a variety of innovative benefits to support members

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

* New benefit as of March 2022.

Waiver Plans

In 2021, KEHP provided more than \$37M 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 almost \$129M annually

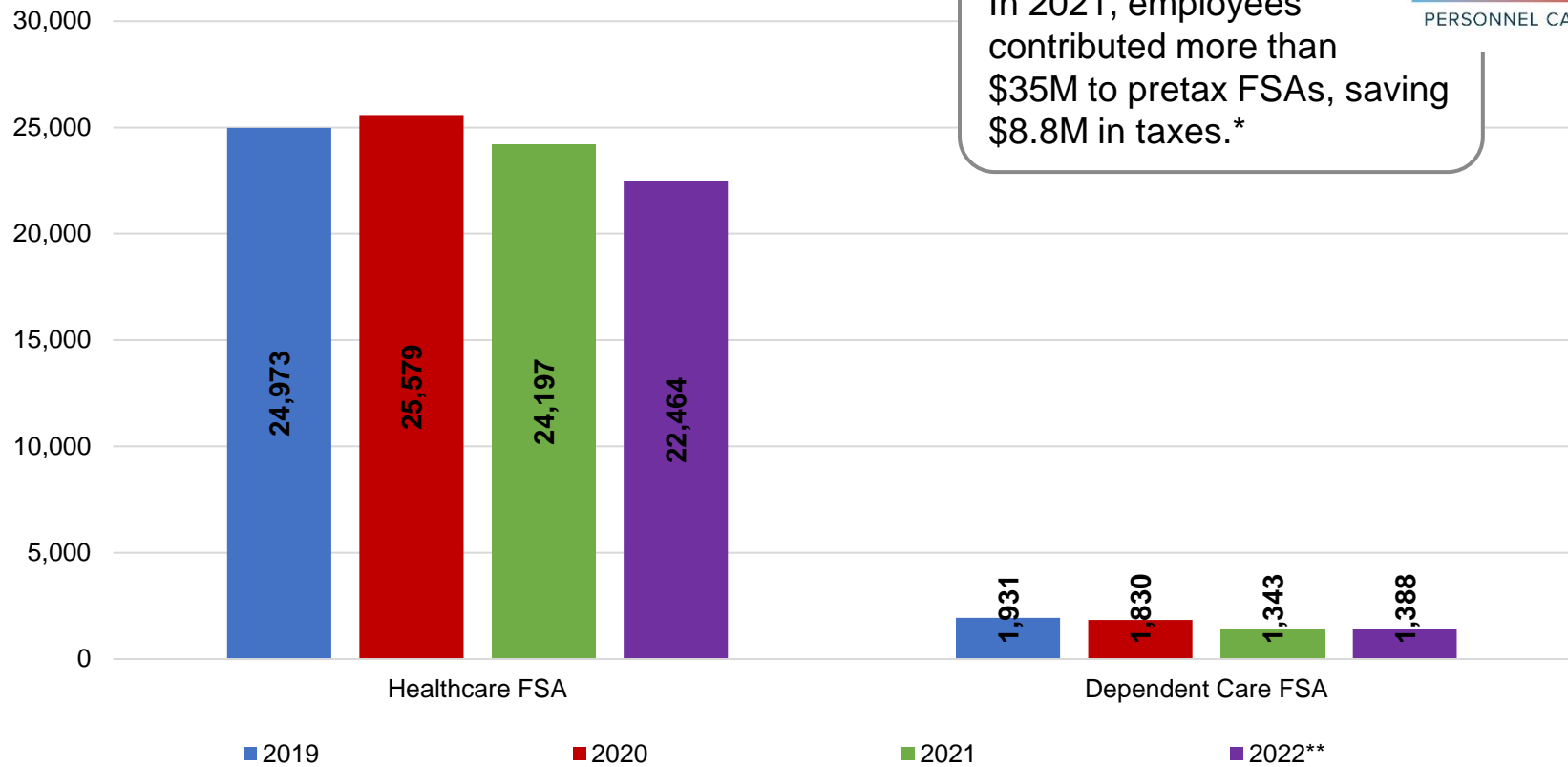


*Members not eligible for an HRA (retirees and members of agencies not participating in flex benefits).

**2022 data reflects January–June 2022 only.

Source: KEHP enrollment in KHRIS and WageWorks Contributions Report

FSA Plans



*Assumes a combined tax rate of 25%.

**2022 data reflects January–June 2022 only.

Source: KEHP enrollment in 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, employee-paid dental insurance
- **Vision Insurance**—introduced in 2019, active employees may choose optional, employer-sponsored, employee-paid vision insurance

2021 Optional Life Insurance



The Department of Employee Insurance (DEI) offered six employee life insurance optional plans and eight dependent life insurance options in 2021.

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

Source: 2021 KEHP Benefits Selection Guide

2022 Optional Life Insurance



DEI offers five employee life insurance optional plans and eight dependent life insurance options in 2022.

Employee Life Insurance Options

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

Dependent Life Insurance Options

Coverage Amounts	Option 1	Option 2	Option 3	Option 4	Option 5	Option 6	Option 7	Option 8
Spouse	\$10,000	\$20,000	\$50,000	\$10,000	\$20,000	\$50,000		
Child < 6 Months	\$2,500	\$2,500	\$2,500				\$2,500	\$2,500
Child 6 Months to Age 18	\$5,000	\$10,000	\$10,000				\$5,000	\$10,000

Source: 2022 KEHP Benefits Selection Guide

2021 Dental Insurance Plans

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

Source: 2021 KEHP Benefits Selection Guide

2022 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 Maximum Carryover	Not Covered	Not Covered	Covered
No Waiting Period for Basic or Major Services			

Source: 2022 KEHP Benefits Selection Guide

2021 Vision Insurance Plans

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

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

Source: 2021 KEHP Benefits Selection Guide

2022 Vision Insurance Plans

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

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

Source: 2022 KEHP Benefits Selection Guide

Who Do We Serve?

About Our Members



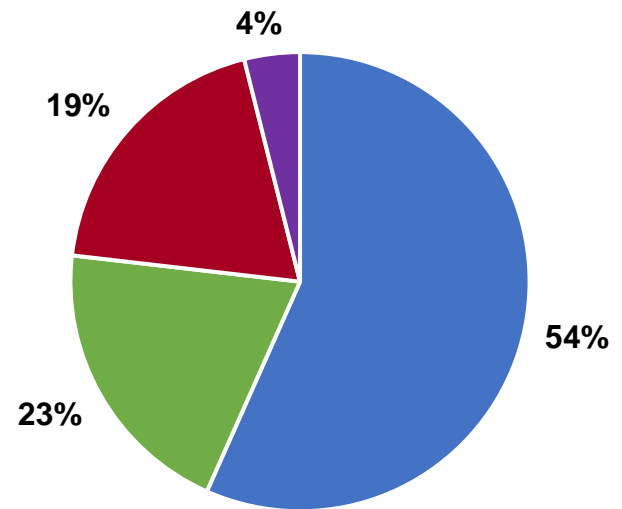
Overview of enrollments in the Department of Employee Insurance plans and programs

Eligibility

- KEHP is a self-funded plan that offers health insurance coverage to 285,000 public employees, retirees, and quasi governmental agencies and dependents. KEHP is run by public employees, for public employees, so members have a direct stake in the financial wellbeing of the plan.
- The Department of Employee Insurance also administers optional life insurance, dental insurance, and vision insurance programs for eligible agencies.



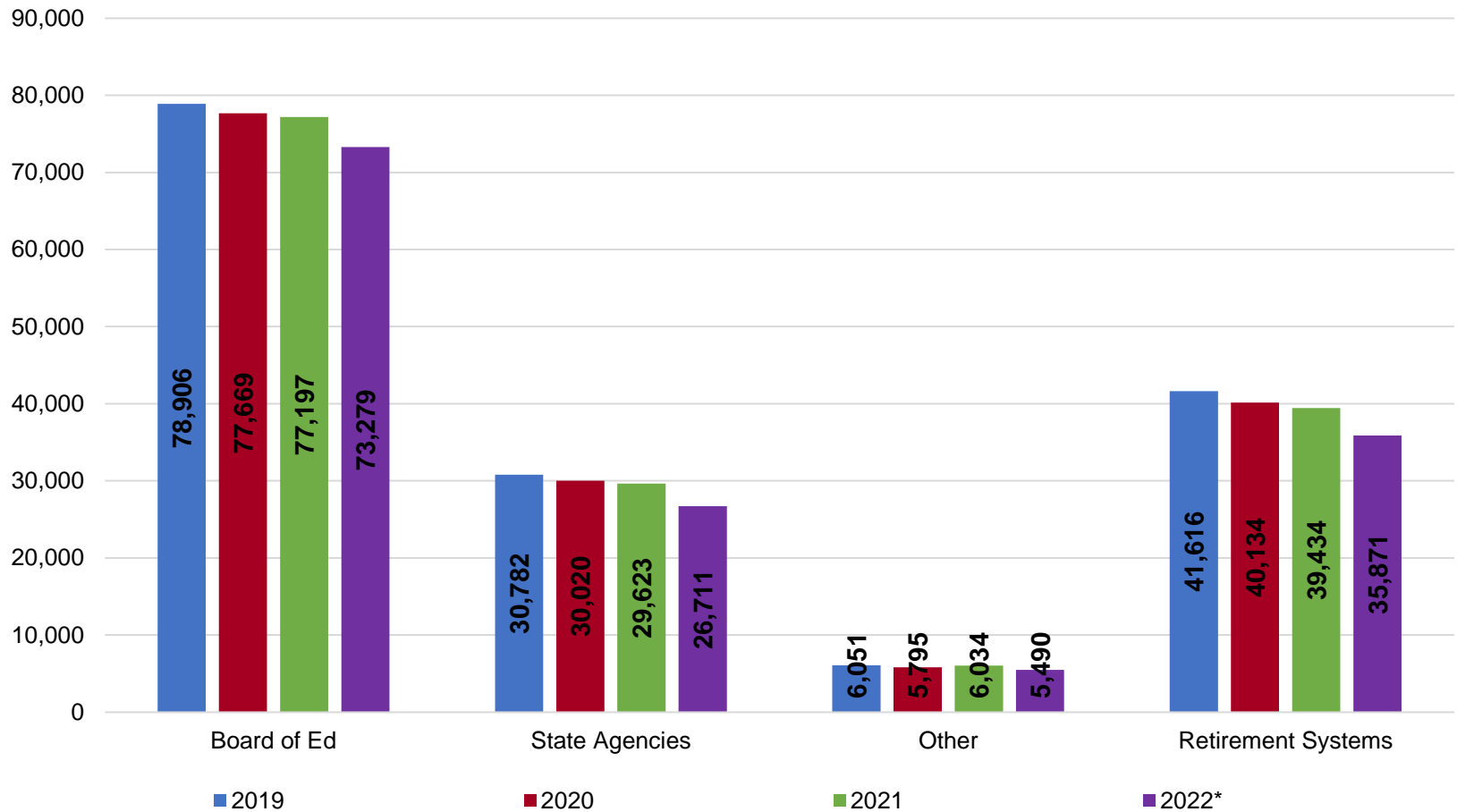
KEHP covers 6.3% of the entire state population.



■ School Boards ■ Early Retirees ■ State Agencies ■ Other

Source: KEHP enrollment in KHRIS

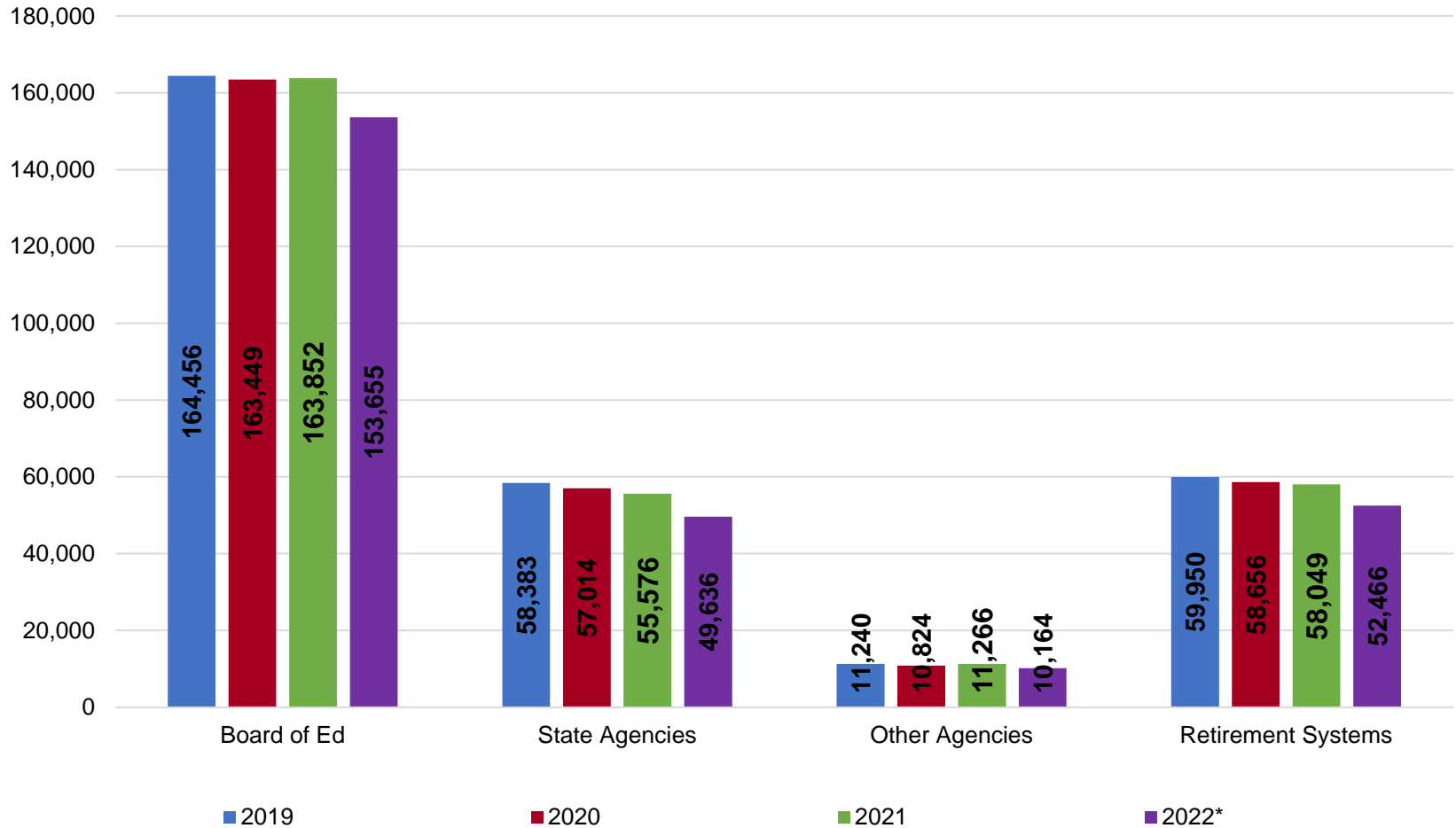
Employees by Group



*2022 data reflects January–June 2022 only.

Source: KEHP enrollment in KHRIS

Members by Group



*2022 data reflects January–June 2022 only.

Source: KEHP enrollment in KHRIS

Enrollment Demographics

	2019	2020	2021	2022*
Health Enrollment				
Employees	157,611	154,153	152,421	143,658
Members	291,798	287,665	286,425	269,095
Average Age				
Employees	48.4	48.4	48.5	48.4
Dependents	22.8	22.9	23.0	23.0
Demographic Splits				
Employee Percentage Female	67%	67%	67%	68%
Employee Percentage Male	33%	33%	33%	32%
Member to Employee Ratio	1.85	1.87	1.88	1.87
% of Covered Members who are:				
Adult Male	38%	38%	39%	37%
Adult Female	62%	62%	61%	63%
Children	23%	23%	23%	23%

*2022 data reflects January–June 2022 only..

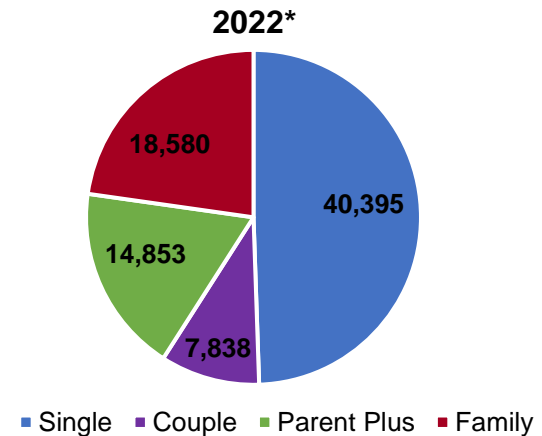
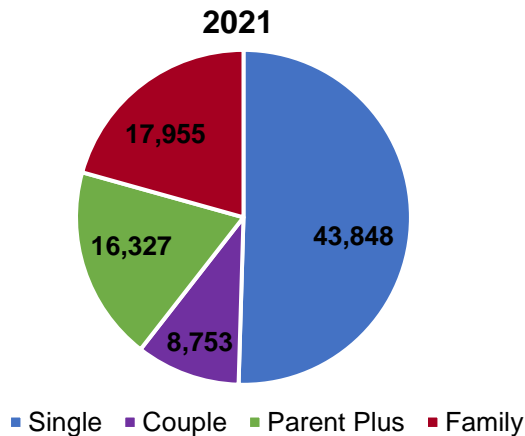
Source: KEHP enrollment and claims data aggregated by Merative

LivingWell CDHP Employee Demographics



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

Dimensions	2021	2022*
Employees Avg Age	47.2	47.3
Employee Percentage Female	68%	70%
Employee Percentage Male	32%	30%



*2022 data reflects January–June 2022 only.

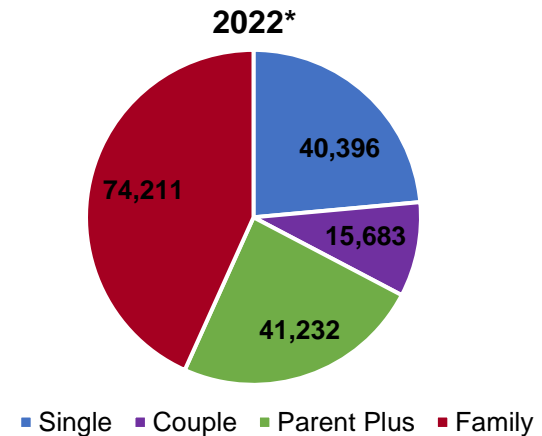
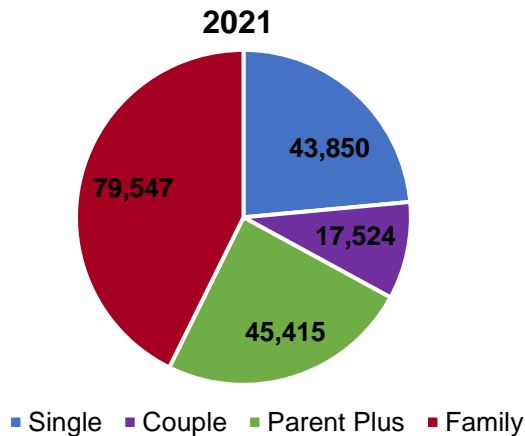
Source: KEHP enrollment and claims data aggregated by Merative

LivingWell CDHP Members Demographics



LivingWell CDHP has the highest ratio (1:1.10) of dependents to employees of any plan.

Dimensions	2021	2022*
Members Avg Age	34.4	34.6
Members Percentage Female	58%	59%
Members Percentage Male	42%	41%



*2022 data reflects January–June 2022 only.

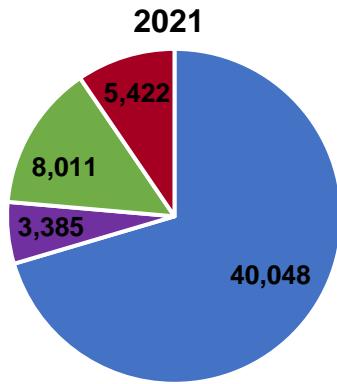
Source: KEHP enrollment and claims data aggregated by Merative

LivingWell PPO Employee Demographics

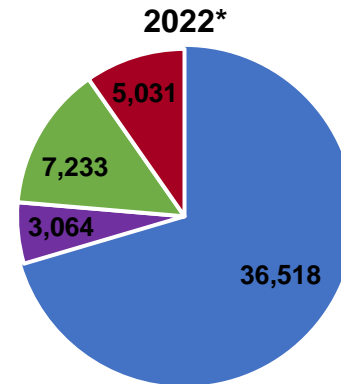


LivingWell PPO has the highest average employee age of any plan.

Dimensions	2021	2022*
Employees Avg Age	51.6	51.5
Employee Percentage Female	65%	66%
Employee Percentage Male	35%	34%



■ Single ■ Couple ■ Parent Plus ■ Family



■ Single ■ Couple ■ Parent Plus ■ Family

*2022 data reflects January–June 2022 only.

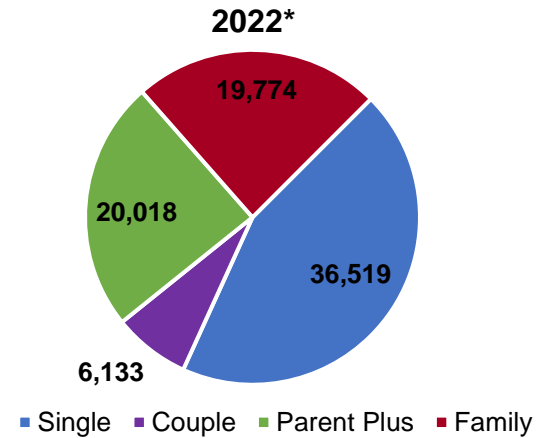
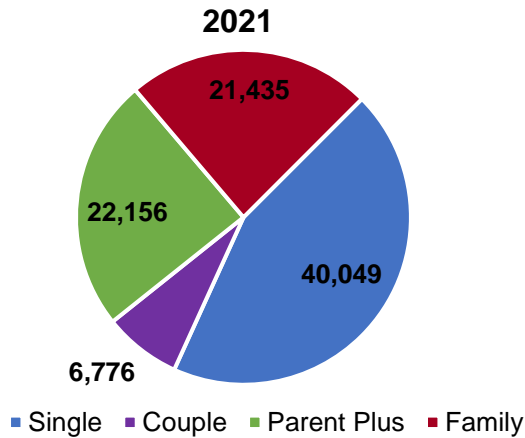
Source: KEHP enrollment and claims data aggregated by Merative

LivingWell PPO Members Demographics



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

Dimensions	2021	2022*
Members Avg Age	41.3	41.2
Members Percentage Female	61%	62%
Members Percentage Male	39%	38%



*2022 data reflects January–June 2022 only.

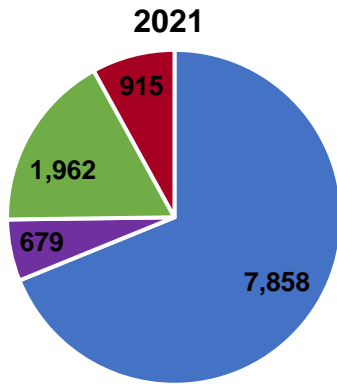
Source: KEHP enrollment and claims data aggregated by Merative

LivingWell Basic CDHP Employee Demographics

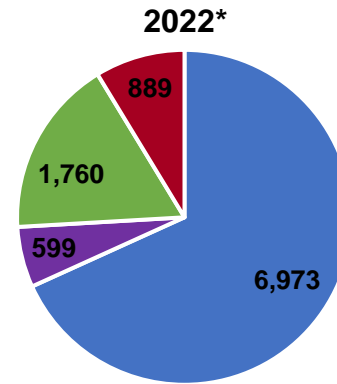


LivingWell Basic CDHP has the lowest average employee age of any plan.

Dimensions	2021	2022*
Employees Avg Age	42.2	42.1
Employee Percentage Female	63%	67%
Employee Percentage Male	37%	33%



■ Single ■ Couple ■ Parent Plus ■ Family



■ Single ■ Couple ■ Parent Plus ■ Family

*2022 data reflects January–June 2022 only.

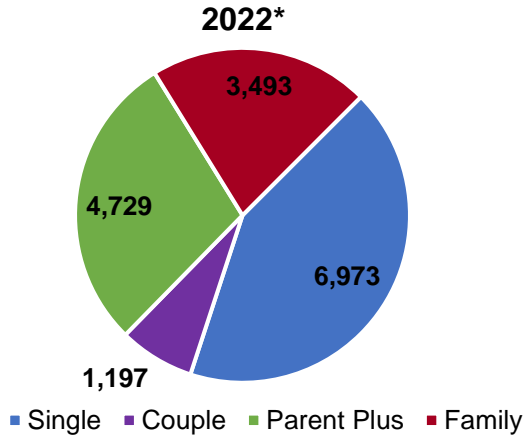
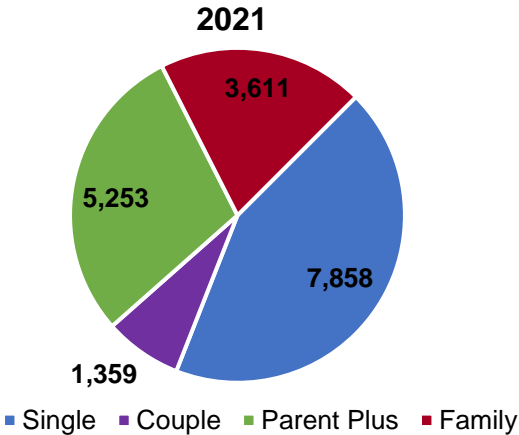
Source: KEHP enrollment and claims data aggregated by Merative

LivingWell Basic CDHP Members Demographics



LivingWell Basic CDHP has the lowest average member age.

Dimensions	2021	2022*
Members Avg Age	34.0	33.8
Members Percentage Female	58%	60%
Members Percentage Male	42%	40%



*2022 data reflects January–June 2022 only.

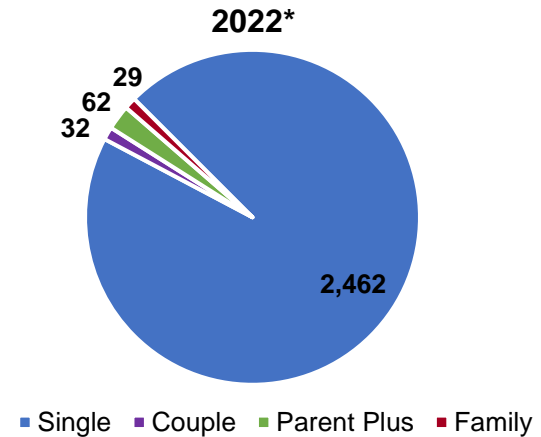
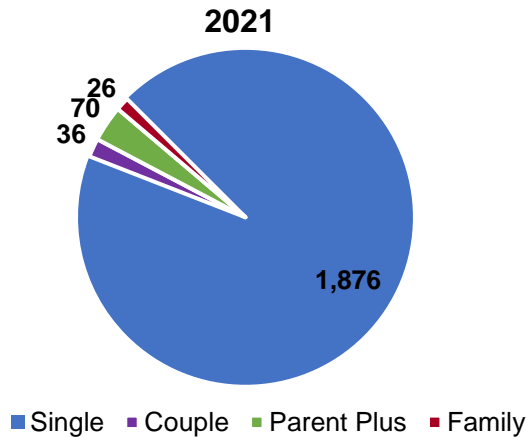
Source: KEHP enrollment and claims data aggregated by Merative

LivingWell Limited High Deductible Employee Demographics



LivingWell Limited High Deductible Plan has the highest percentage of male employee enrollment and the lowest overall enrollment of any plan.

Dimensions	2021	2022*
Employees Avg Age	48.7	44.0
Employee Percentage Female	50%	56%
Employee Percentage Male	50%	44%



*2022 data reflects January–June 2022 only.

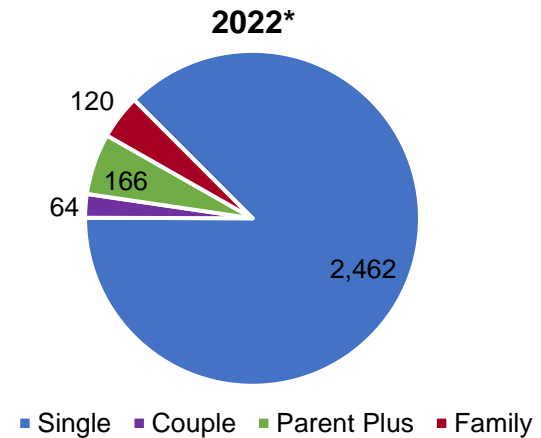
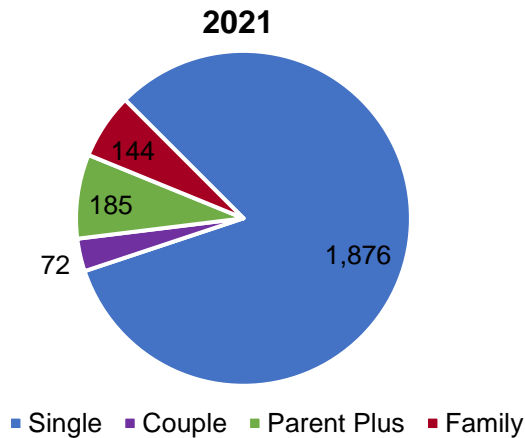
Source: KEHP enrollment and claims data aggregated by Merative

LivingWell Limited High Deductible Members Demographics



LivingWell Limited High Deductible has the lowest ratio of dependents to employees—for every 100 employees, only 15 dependents are covered by this plan.

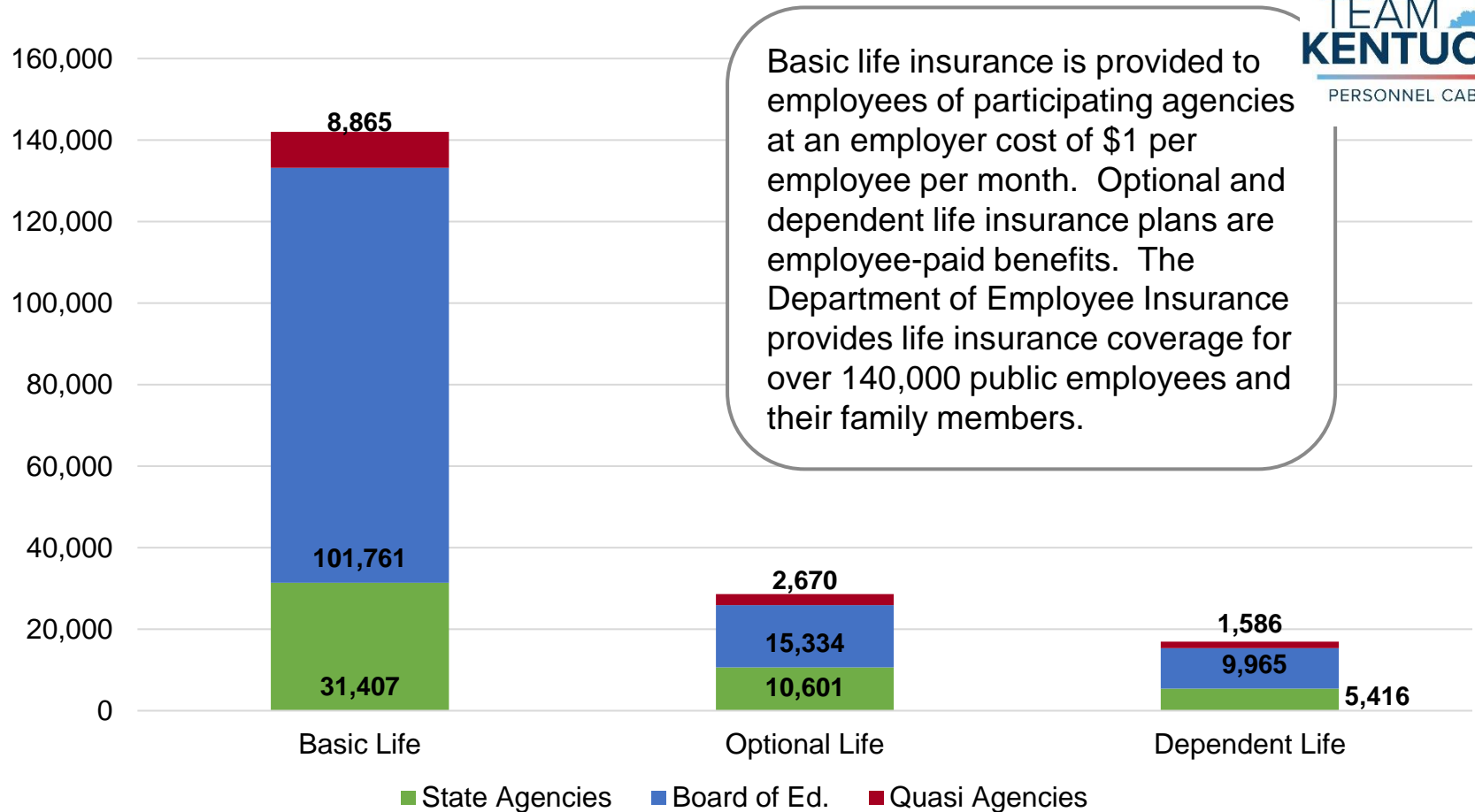
Dimensions	2021	2022*
Members Avg Age	45.2	42.1
Members Percentage Female	50%	56%
Members Percentage Male	50%	44%



*2022 data reflects January–June 2022 only.

Source: KEHP enrollment and claims data aggregated by Merative

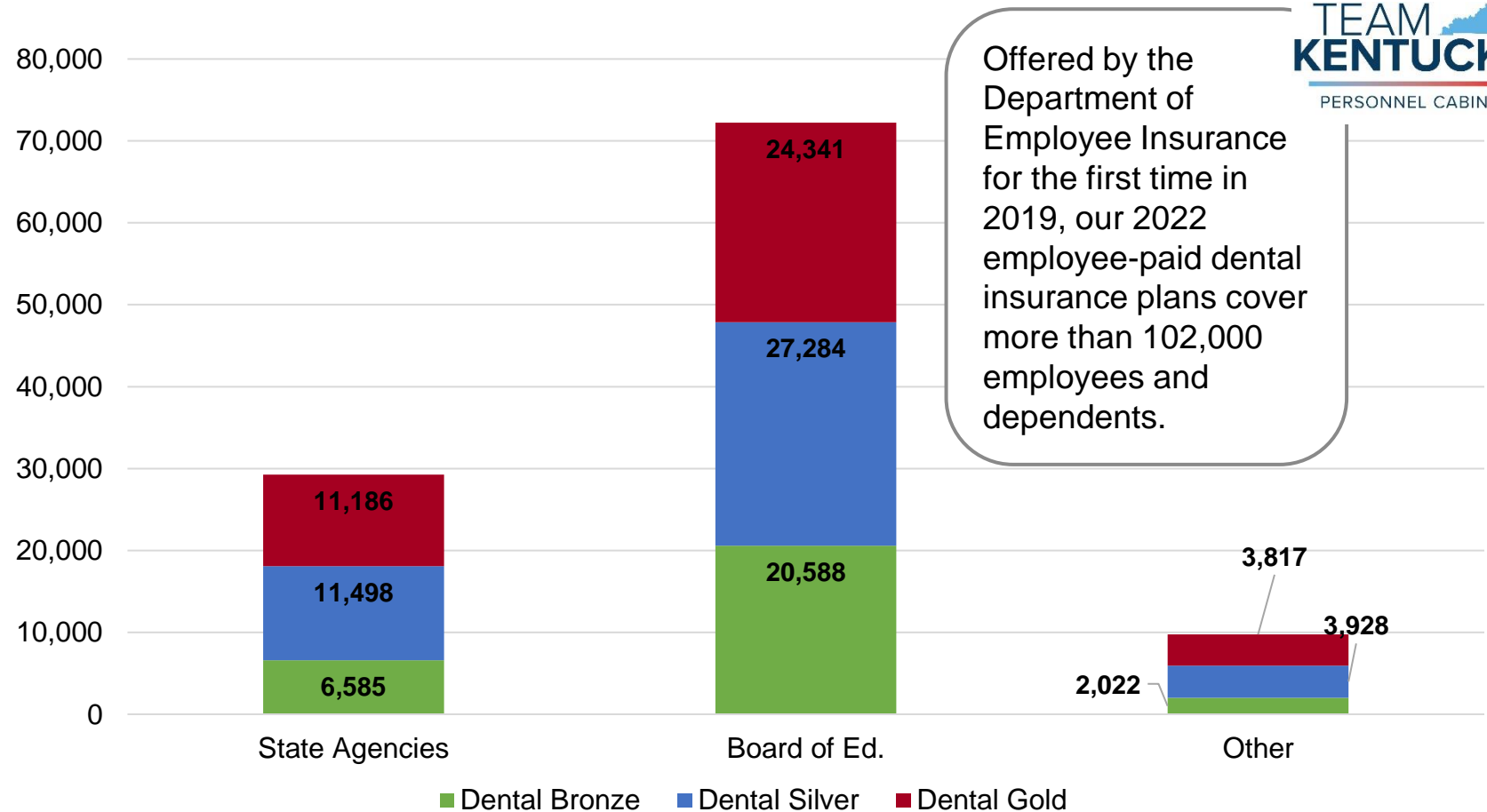
2022* Life Insurance Enrollment



*2022 data reflects January–June 2022 only.

Source: KEHP enrollment in KHRIS

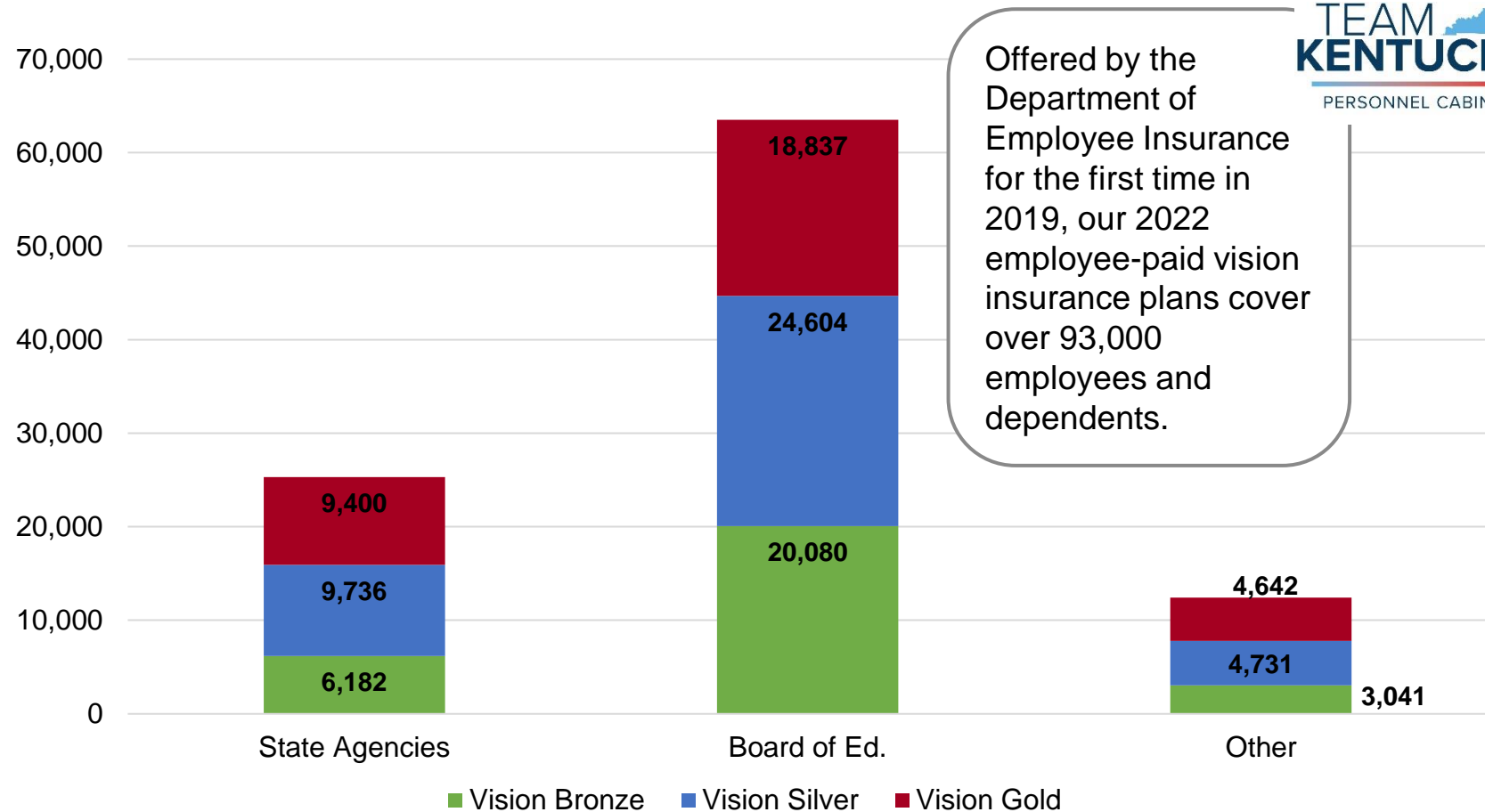
2022* Dental Insurance Members



*2022 data reflects January–June 2022 only.

Source: KEHP enrollment in KHRIS

2022* Vision Insurance Members



Offered by the Department of Employee Insurance for the first time in 2019, our 2022 employee-paid vision insurance plans cover over 93,000 employees and dependents.

*2022 data reflects January–June 2022 only.

Source: KEHP enrollment in KHRIS

Cost and Utilization Trends

About Our Program Experience



Overview of 2019–2022 medical and pharmacy claims, plan trends, and program performance

KEHP Medical and Pharmacy Trends



- KEHP has substantially lower administrative costs than average.
- Price increases for medical and pharmacy drug claims are increasing, affecting the Plan's finances as it is for the industry.
- Increases in contribution rates have been borne by employees in recent history, except there was a 3% employer, as well as a 3% employee increase, in 2021.

Claims Experience

	2019	2020	2021	2022*
Allowed Cost—Medical	\$1,367,532,199.67	\$1,278,487,602.75	\$1,453,299,423.48	\$681,697,016.58
Allowed Cost—Rx	\$547,539,552.86	\$594,403,488.70	\$614,173,038.37	\$326,746,126.76
Total Allowed Cost	\$1,915,071,752.53	\$1,872,891,091.45	\$2,067,472,461.85	\$1,008,443,143.34
Plan Paid—Medical	\$1,140,957,040.13	\$1,067,266,683.35	\$1,221,275,838.58	\$531,154,985.93
Plan Paid—Rx	\$489,391,739.60	\$530,960,113.61	\$553,279,620.97	\$270,046,547.85
Total Plan Paid	\$1,630,348,779.73	\$1,598,226,796.96	\$1,774,555,459.55	\$801,201,533.78

2021 claims rebounded after a decrease in 2020 due to the pandemic. Allowed cost and the amount the plan paid for prescriptions continued to increase each year, even during the pandemic.



*2022 data reflects January–June 2022 only. This time period experienced longer than typical Anthem medical claims lag and could reflect higher numbers after the lag is resolved.

Source: KEHP enrollment and claims data aggregated by Merative

Claims Experience Per Member Per Month

	2019	2020	2021	2022*
Allowed Cost—Medical	\$432.04	\$402.88	\$465.09	\$437.93
Allowed Cost—Rx	\$172.98	\$187.31	\$196.55	\$209.90
Total Allowed Cost	\$605.02	\$590.19	\$661.63	\$647.83
Plan Paid—Medical	\$360.46	\$336.32	\$390.83	\$341.22
Plan Paid—Rx	\$154.61	\$167.32	\$177.06	\$173.48
Total Plan Paid	\$515.07	\$503.64	\$567.89	\$514.70

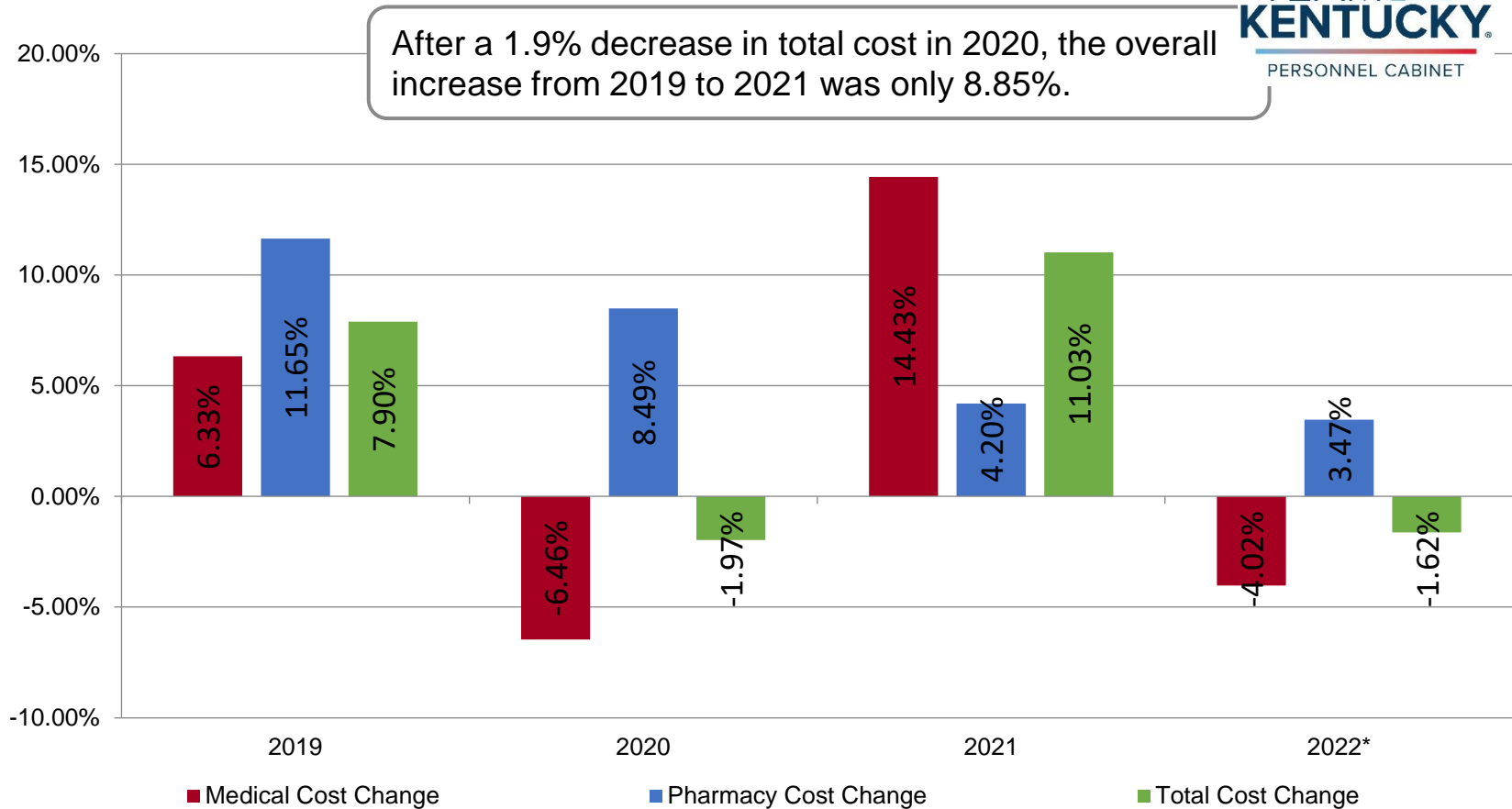
The YTD 2022 paid medical claims are very close to 2019 levels. We expect them to continue to increase through 2022 due to seasonality of claims.



*2022 data reflects January–June 2022 only. This time period experienced longer than typical Anthem medical claims lag and could reflect higher numbers after the lag is resolved.

Source: KEHP enrollment and claims data aggregated by Merative

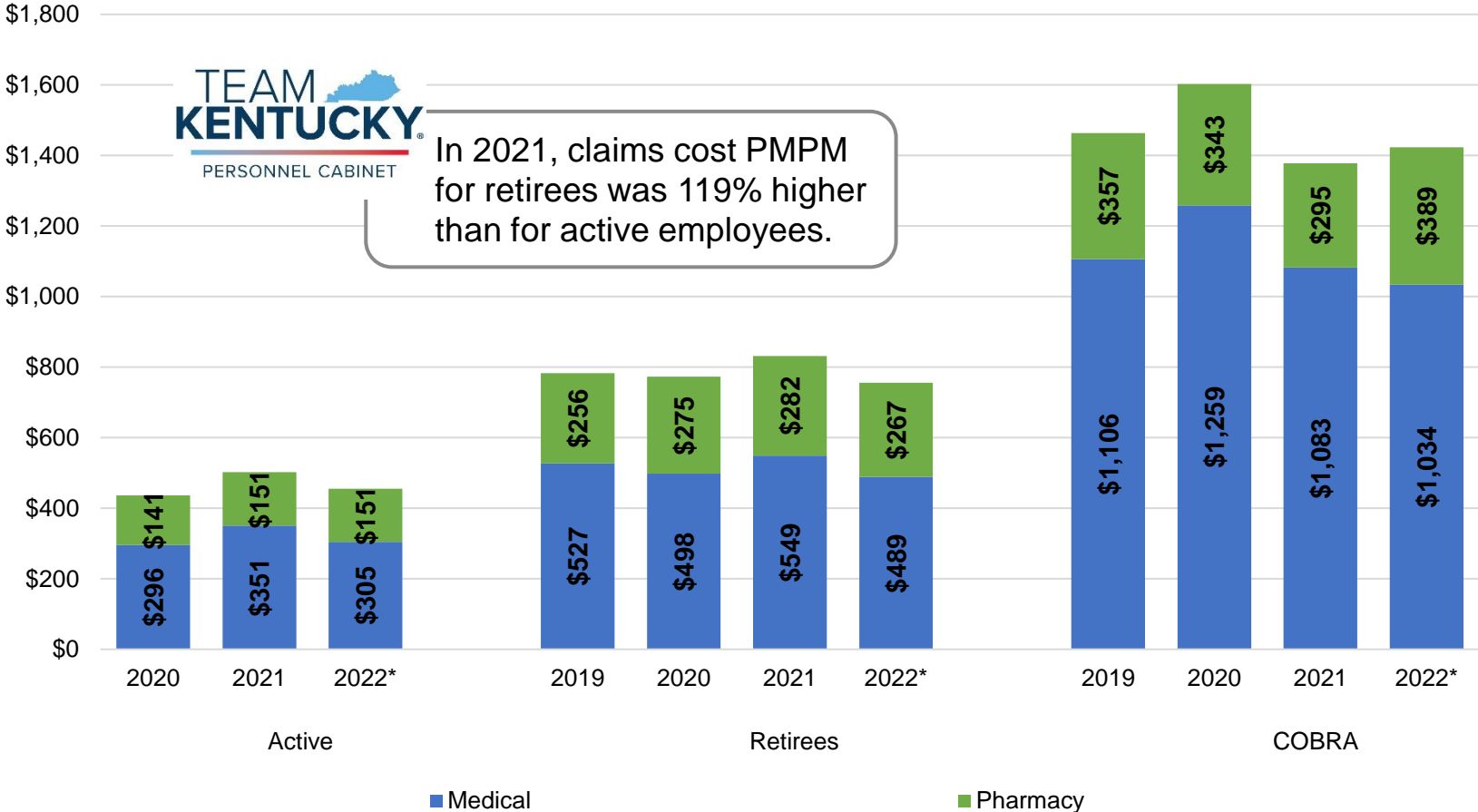
Medical and Pharmacy Trends



*2022 data reflects January–June 2022 only. This time period experienced longer than typical Anthem medical claims lag and could reflect higher numbers after the lag is resolved.

Source: KEHP enrollment and claims data aggregated by Merative

Medical and Pharmacy Claims PMPM by Member Status



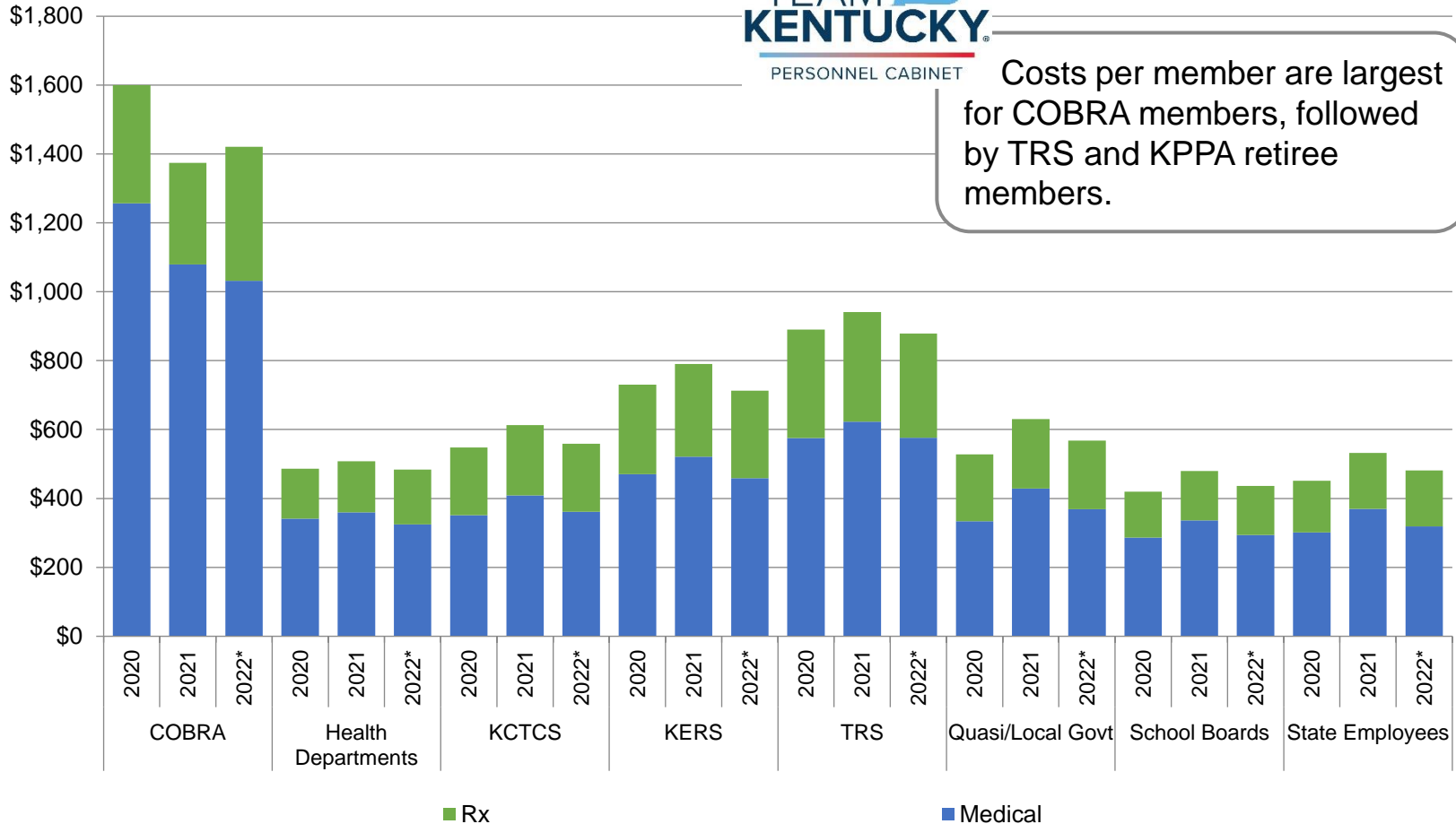
*2022 data reflects January–June 2022 only. This time period experienced longer than typical Anthem medical claims lag and could reflect higher numbers after the lag is resolved.

Source: KEHP enrollment and claims data aggregated by Merative

Medical and Pharmacy Claims PMPM by Employee Group



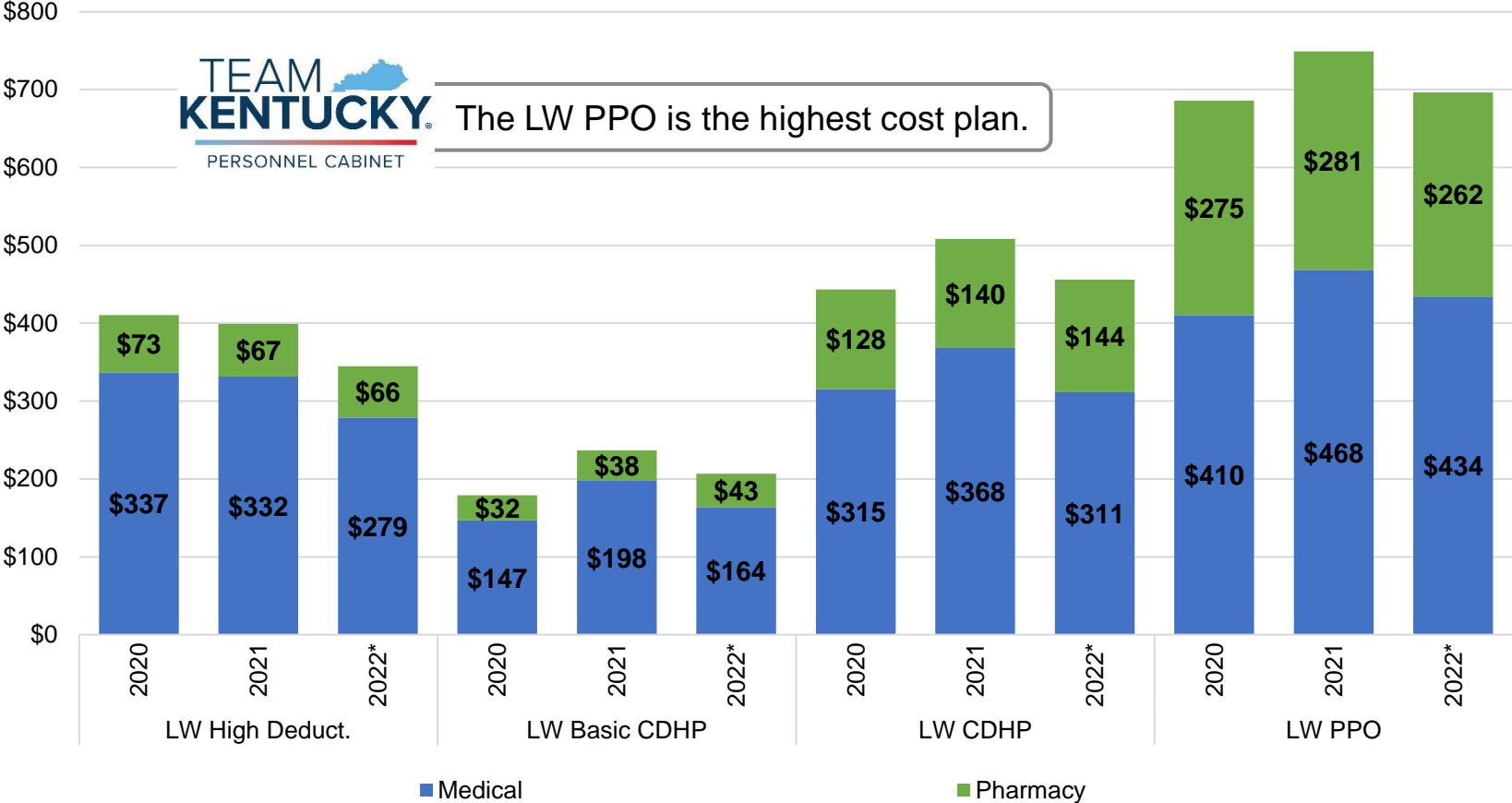
Costs per member are largest for COBRA members, followed by TRS and KPPA retiree members.



*2022 data reflects January–June 2022 only. This time period experienced longer than typical Anthem medical claims lag and could reflect higher numbers after the lag is resolved.

Source: KEHP enrollment and claims data aggregated by Merative

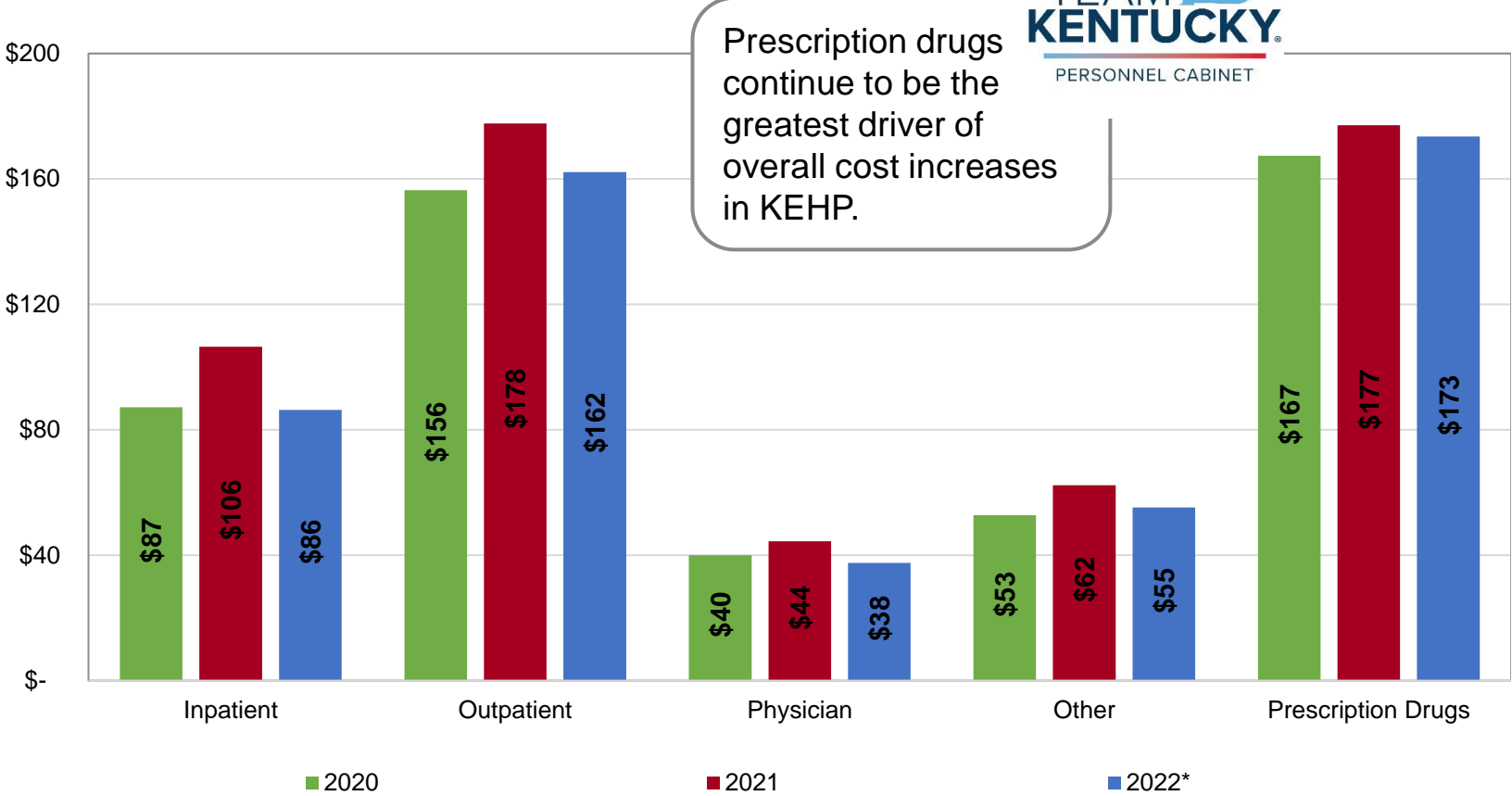
Medical and Pharmacy Claims PMPM by Plan



*2022 data reflects January–June 2022 only. This time period experienced longer than typical Anthem medical claims lag and could reflect higher numbers after the lag is resolved.

Source: KEHP enrollment and claims data aggregated by Merative

Medical and Pharmacy Paid Costs by Service Type



*2022 data reflects January–June 2022 only. This time period experienced longer than typical Anthem medical claims lag and could reflect higher numbers after the lag is resolved.

Source: KEHP enrollment and claims data aggregated by Merative

Paid Claims by Service Cost as a Percentage of Total Costs

	2020	2021	2022*
Inpatient	17.3%	18.6%	16.8%
Outpatient	31.1%	31.3%	31.5%
Physician	7.9%	7.8%	7.3%
Other	10.5%	11.0%	10.7%
Prescription Drugs	33.2%	31.2%	33.7%

Prescription drug claims and Outpatient claims comprise the largest portion of the total claims.

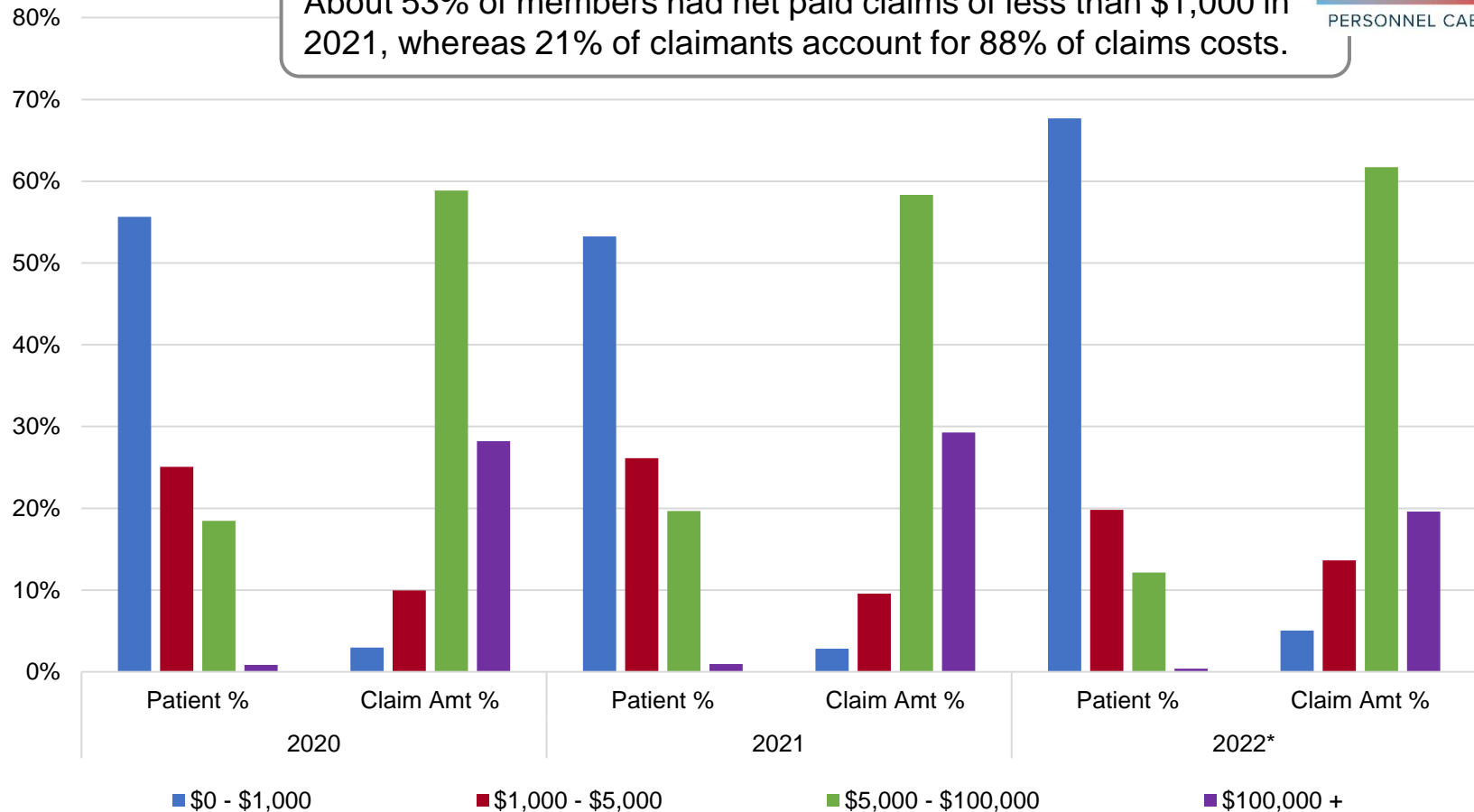


*2022 data reflects January–June 2022 only. This time period experienced longer than typical Anthem medical claims lag and could reflect higher numbers after the lag is resolved.

Source: KEHP enrollment and claims data aggregated by Merative

Paid Claims Distribution by Amount

About 53% of members had net paid claims of less than \$1,000 in 2021, whereas 21% of claimants account for 88% of claims costs.



*2022 data reflects January–June 2022 only. This time period experienced longer than typical Anthem medical claims lag and could reflect higher numbers after the lag is resolved.

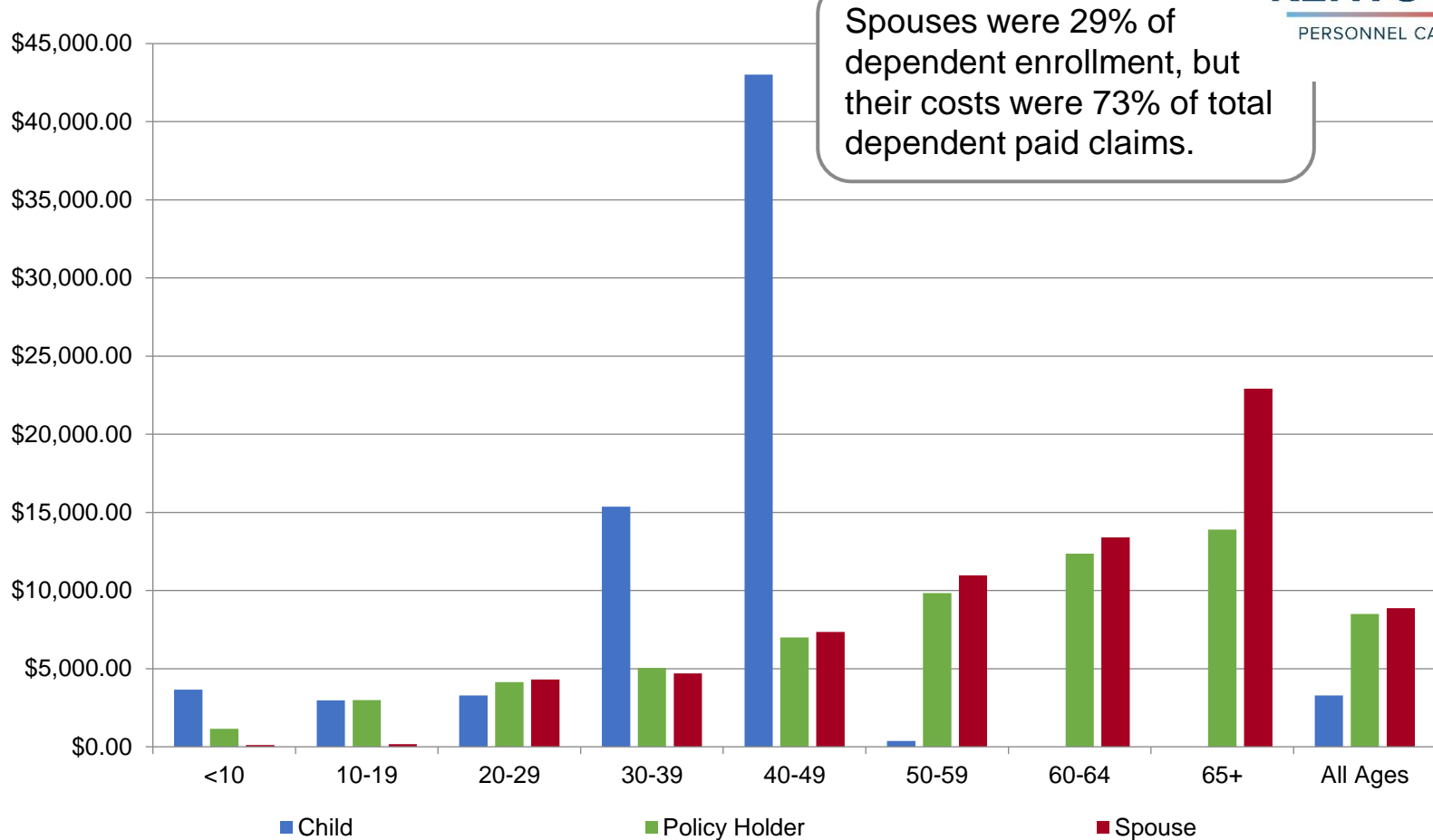
Source: KEHP enrollment and claims data aggregated by Merative

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 groups with the highest average claims.
- Because of the COVID-19 pandemic, medical utilization decreased significantly in 2020. Medical utilization has rebounded in 2021.

Employee and Dependent Claims PMPY by Age Band



Source: KEHP enrollment and claims data aggregated by Merative

Inpatient Utilization

Inpatient Hospital Claim Utilization Statistics	2020	2021	2021 vs. 2020	Jan–Jun 2021	Jan–Jun 2022*	2022* vs. 2021
Admits Per 1,000 Lives	54.99	59.26	8.0%	58.21	51.12	-12.2%
Days Per 1,000 Lives	248.55	299.79	21.4%	290.90	238.25	-18.1%
Average Length of Stay (Days)	4.52	5.06	12.4%	5.00	4.66	-6.7%
Average Cost Per Admit	\$22,734.67	\$25,827.15	13.6%	\$24,744.34	\$24,141.51	-2.4%
Average Cost Per Day	\$5,028.03	\$5,082.62	1.1%	\$4,951.21	\$5,179.65	4.6%
Allowed Charges PMPM	\$104.21	\$127.84	22.7%	\$120.03	\$102.84	-14.3%

Both inpatient admissions and cost of inpatient care rebounded in 2021 after the first year of the pandemic.



*2022 data reflects January–June 2022 only. This time period experienced longer than typical Anthem medical claims lag and could reflect higher numbers after the lag is resolved.

Source: KEHP enrollment and claims data aggregated by Merative

Outpatient Utilization

Outpatient Hospital Claim Utilization Statistics	2020	2021	2021 vs. 2020	Jan–Jun 2021	Jan–Jun 2022*	2022* vs. 2021
Visit Per 1,000 Lives	1,268.43	1,650.56	30.1%	1,600.33	1,466.42	-8.4%
Services Per 1,000 Lives	30,401.79	34,683.27	14.1%	32,897.38	34,799.40	5.8%
Services Per Visit	23.97	21.01	-12.3%	20.56	23.73	15.4%
Average Cost Per Visit	\$663.47	\$579.16	-12.7%	\$571.31	\$625.55	9.5%
Average Cost Per Service	\$27.68	\$27.56	-0.4%	\$27.79	\$26.36	-5.2%
Allowed Charges PMPM	\$70.13	\$79.66	13.6%	\$76.19	\$76.44	0.3%



Both outpatient visits and cost rebounded in 2021 after the first year of the pandemic. 2022 visits are slightly down for the first six months, but this may be due to claims lag.

*2022 data reflects January–June 2022 only. This time period experienced longer than typical Anthem medical claims lag and could reflect higher numbers after the lag is resolved.

Source: KEHP enrollment and claims data aggregated by Merative

Professional Services Utilization

Professional Service Claim Utilization Statistics	2020	2021	2021 vs. 2020	Jan–Jun 2021	Jan–Jun 2022*	2022* vs. 2021
Visit Per 1,000 Lives	5,540	6,058	9.4%	5,844	5,623	-3.8%
Services Per 1,000 Lives	11,858	12,715	7.2%	12,046	12,358	2.6%
Services Per Visit	2.14	2.10	-1.9%	2.06	2.20	6.6%
Average Cost Per Visit	184.71	189.61	2.7%	188.61	192.24	1.9%
Average Cost Per Service	86.30	90.34	4.7%	91.50	87.47	-4.4%
Allowed Charges PMPM	\$85.28	\$95.73	12.3%	\$91.85	\$90.08	-1.9%

Both professional visits and cost rebounded in 2021 after the first year of the pandemic. 2022 visits are slightly down for the first six months.



*2022 data reflects January–June 2022 only. This time period experienced longer than typical Anthem medical claims lag and could reflect higher numbers after the lag is resolved.

Source: KEHP enrollment and claims data aggregated by Merative

Utilization by Top 10 Major Diagnostic Category

Major Diagnostic Category	Total Plan Costs			Patients		
	2020	2021	2022*	2020	2021	2022*
Musculoskeletal	\$178,765,454	\$199,882,292	\$87,373,822	90,454	95,673	66,062
Circulatory	\$110,368,624	\$126,447,523	\$55,361,219	64,090	67,232	44,474
Health Status	\$108,034,538	\$125,352,329	\$54,169,513	210,693	226,593	146,560
Digestive	\$85,026,539	\$97,912,180	\$43,329,048	46,260	50,135	30,688
Respiratory	\$53,173,624	\$95,013,408	\$29,374,172	56,191	64,522	46,917
Myeloproliferative Diseases	\$90,117,194	\$84,381,275	\$39,606,187	6,160	5,989	3,574
Nervous	\$71,528,206	\$73,771,123	\$33,400,333	31,003	33,360	20,686
Skin, Breast	\$50,185,001	\$51,520,747	\$22,129,245	80,333	83,541	50,183
Metabolic	\$39,190,435	\$45,520,714	\$20,527,750	71,700	77,279	53,819
Kidney	\$41,238,567	\$42,021,984	\$20,615,827	33,108	33,970	19,844

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



*2022 data reflects January–June 2022 only. This time period experienced longer than typical Anthem medical claims lag and could reflect higher numbers after the lag is resolved.

Source: KEHP enrollment and claims data aggregated by Merative

Plan Cost by Chronic Conditions

Clinical Condition	2020	2021	Jan–Jun 2021	Jan–Jun 2022*
Cancer	\$74,042,654	\$74,978,979	\$37,382,269	\$32,647,382
Osteoarthritis	\$46,025,273	\$48,864,259	\$21,121,636	\$21,601,268
Chronic Back/Neck Pain	\$46,073,528	\$48,298,674	\$21,991,122	\$21,887,568
Coronary Artery Disease	\$29,064,695	\$34,531,709	\$16,992,135	\$14,543,659
Diabetes	\$17,678,317	\$20,455,662	\$9,468,030	\$9,218,209
Hypertension, Essential	\$10,095,578	\$10,336,293	\$4,816,791	\$5,082,397
Overweight/Obesity	\$10,949,111	\$13,168,048	\$6,066,563	\$5,146,609
Asthma	\$2,813,934	\$2,750,153	\$1,183,257	\$1,305,714
Chronic Obstructive Pulmonary Disease (COPD)	\$1,715,291	\$1,639,592	\$672,492	\$710,851
Congestive Heart Failure	\$1,233,819	\$1,605,754	\$709,740	\$670,793

While the total cost of chronic conditions decreased by 8.2% in 2020 due to the pandemic, it rebounded with an increase in 2021 of 7.1%.



*2022 data reflects January–June 2022 only. This time period experienced longer than typical Anthem medical claims lag and could reflect higher numbers after the lag is resolved.

Source: KEHP enrollment and claims data aggregated by Merative

Paid Claims by Member Type

Relationship	Medical Plan Cost					
	2020	2021	2020 vs. 2021	Jan–Jun 2021	Jan–Jun 2022*	2021 vs. 2022*
Employees	\$1,074,781,796	\$1,179,479,095	9.7%	\$544,808,813	\$535,870,218	-1.6%
Spouse	\$271,728,201	\$305,202,532	12.3%	\$137,794,144	\$135,700,817	-1.5%
Child	\$251,716,801	\$289,873,833	15.2%	\$131,815,489	\$129,630,499	-1.7%

Relationship	Medical Plan Cost PMPM					
	2020	2021	2020 vs. 2021	Jan–Jun 2021	Jan–Jun 2022*	2021 vs. 2022*
Employees	\$630	\$708	12.3%	\$649	\$644	-0.9%
Spouse	\$653	\$739	13.3%	\$664	\$660	-0.6%
Child	\$239	\$277	15.9%	\$252	\$250	-0.6%

Spouses remain the most expensive group to cover. Spouses are about 4% more expensive than employees/retirees on a per member per month basis.



*2022 data reflects January–June 2022 only. This time period experienced longer than typical Anthem medical claims lag and could reflect higher numbers after the lag is resolved.

Source: KEHP enrollment and claims data aggregated by Merative

Paid Claims by Planholder Type

Status	Medical Plan Cost					
	2020	2021	2020 vs. 2021	Jan–Jun 2021	Jan–Jun 2022*	2021 vs. 2022*
Active Employees	\$754,238,909.76	\$882,494,328.50	17.0%	\$401,548,574.82	\$382,724,203.16	-4.7%
Retirees	\$308,320,468.50	\$333,944,214.34	8.3%	\$149,989,755.62	\$146,391,115.01	-2.4%

Status	Medical Plan Cost PMPM					
	2020	2021	2020 vs. 2021	Jan–Jun 2021	Jan–Jun 2022*	2021 vs. 2022*
Active Employees	\$295.69	\$351.16	18.8%	\$316.90	\$304.82	-3.8%
Retirees	\$498.20	\$549.09	10.2%	\$497.32	\$488.72	-1.7%

Both retiree and active medical claims PMPM rebounded from 2020 to 2021. Medical claims cost PMPM for retirees remains 56% higher than for active employees.



*2022 data reflects January–June 2022 only. This time period experienced longer than typical Anthem medical claims lag and could reflect higher numbers after the lag is resolved.

Source: KEHP enrollment and claims data aggregated by Merative

KEHP Pharmacy Benefits Detailed Experience



- Total allowed pharmacy PMPM cost increased by 8.3% in 2020, 4.9% in 2021 and 7.9% in the first six months of 2022—despite the decrease by 6.0% in number of scripts PMPM filled in 2020. Total Scripts PMPM increased by 2.3% in 2021 and 0.7% in the first six months of 2022.
- KEHP’s generic dispensing rate has slowly decreased from 85.3% in 2019 to 82.6% in 2021.

Aggregate Pharmacy Benefits Costs

	2020	2021	2020 vs. 2021	Jan–Jun 2021	Jan–Jun 2022*	2021 vs. 2022*
Total Eligible Members	291,281	291,641	0.12%	270,465	269,095	-0.51%
Total Number of Scripts	4,016,962	4,188,871	4.28%	2,010,073	2,027,985	0.89%
Scripts Per Member	13.79	14.36	4.15%	7.43	7.54	1.40%
Total Plan Paid	\$530,302,780	\$556,959,385	5.03%	\$261,001,069	\$270,046,548	3.47%
Total Member Paid	\$60,419,492	\$68,175,122	12.84%			
Total Allowed Cost	\$592,151,273	\$625,134,507	5.57%	\$297,191,836	\$326,746,127	9.94%
Plan Paid PMPM	\$167.45	\$178.49	6.59%	\$166.21	\$173.48	4.37%
Member Paid PMPM	\$19.08	\$21.85	14.52%			
Total Allowed Cost PMPM	\$186.98	\$200.34	7.14%	\$189.26	\$209.90	10.91%

The increase in pharmacy claims is driven mostly by the cost per script. While the number of scripts have increased slightly in 2021 the average plan paid per script has increased from \$112 in 2019 to \$133 in 2021. Comparing the first six month of 2021 to the first six month of 2022 shows an increase in plan paid per script increase from \$130 to \$133.



*2022 data reflects January–June 2022 only. PrudentRx prescription savings started in 2022. These savings are currently included in the member cost data, making them appear artificially high and therefore not displayed.

Source: KEHP enrollment and claims data aggregated by Merative

Aggregate Pharmacy Benefits Costs

	2020	2021	2021 vs. 2020	Jan-Jun 2021	Jan-Jun 2022	2022 vs. 2021
Member Cost per Claim	\$13.65	\$14.49	6.2%			
Retail Member Cost per Claim	\$13.08	\$13.72	5.0%			
Mail Member Cost per Claim	\$144.10	\$171.18	18.8%			
Specialty Member Cost per Claim	\$563.02	\$596.27	5.9%			
Total Member Cost Share	10.4%	10.4%	-0.5%			
Retail Member Cost Share	11.8%	11.7%	-1.0%			
Mail Member Cost Share	7.7%	7.9%	3.3%			
Specialty Member Cost Share	7.5%	7.8%	4.3%			
Generic Utilization						
Generic Dispensing Rate	77.4%	77.7%	0.4%	78.0%	79.4%	1.8%
Generic Substitution Rate	98.1%	98.3%	0.3%	98.4%	98.3%	-0.1%
Mail Order Utilization	2.4%	2.3%	-2.7%	2.3%	2.5%	8.7%

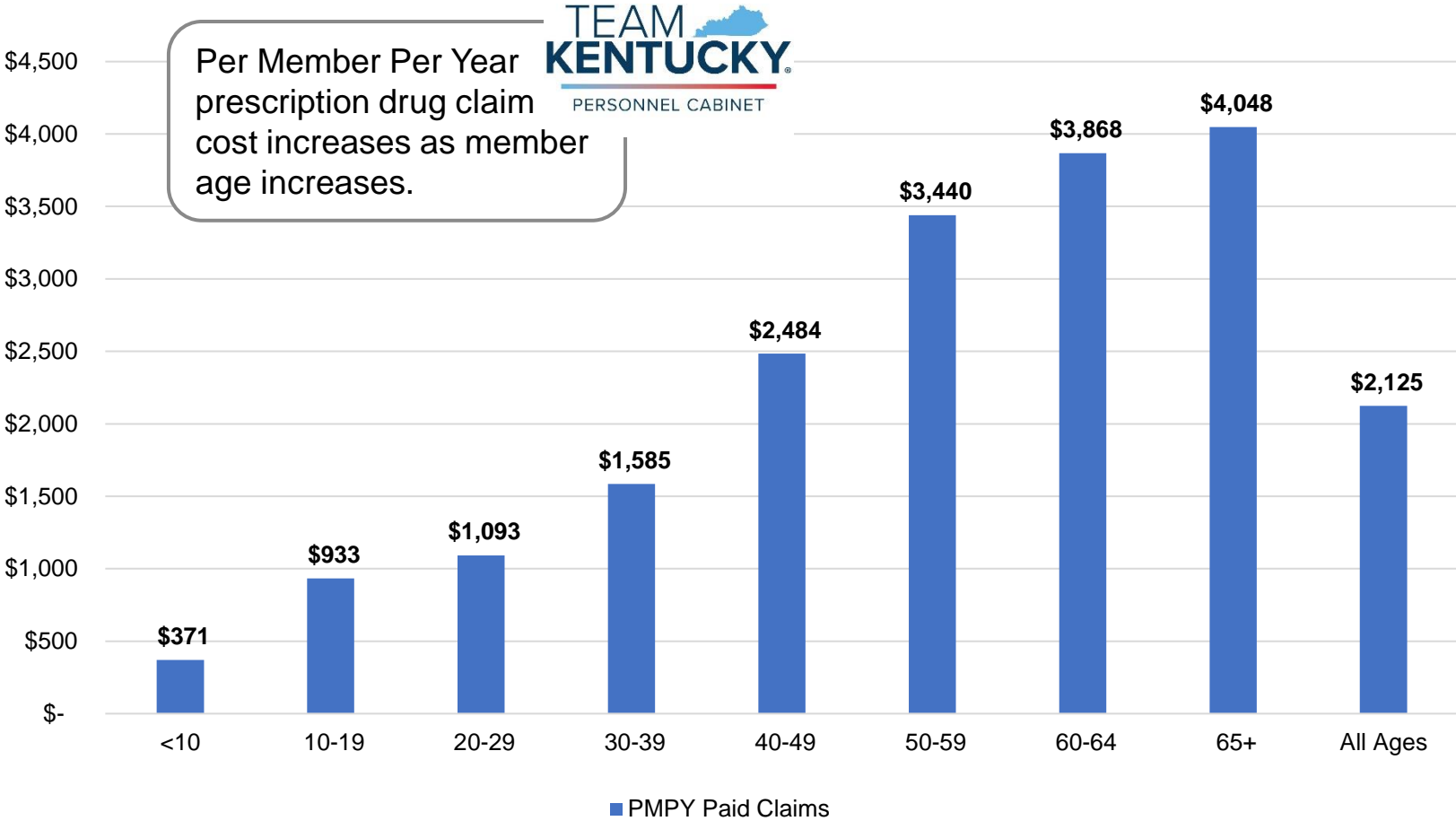
Member cost increased slightly from 2020 to 2021 with the largest increase being with mail order drug claims. The member cost share decreased for all types.



*2022 data reflects January–June 2022 only. PrudentRx prescription savings started in 2022. These savings are currently included in the member cost data, making them appear artificially high and therefore not displayed.

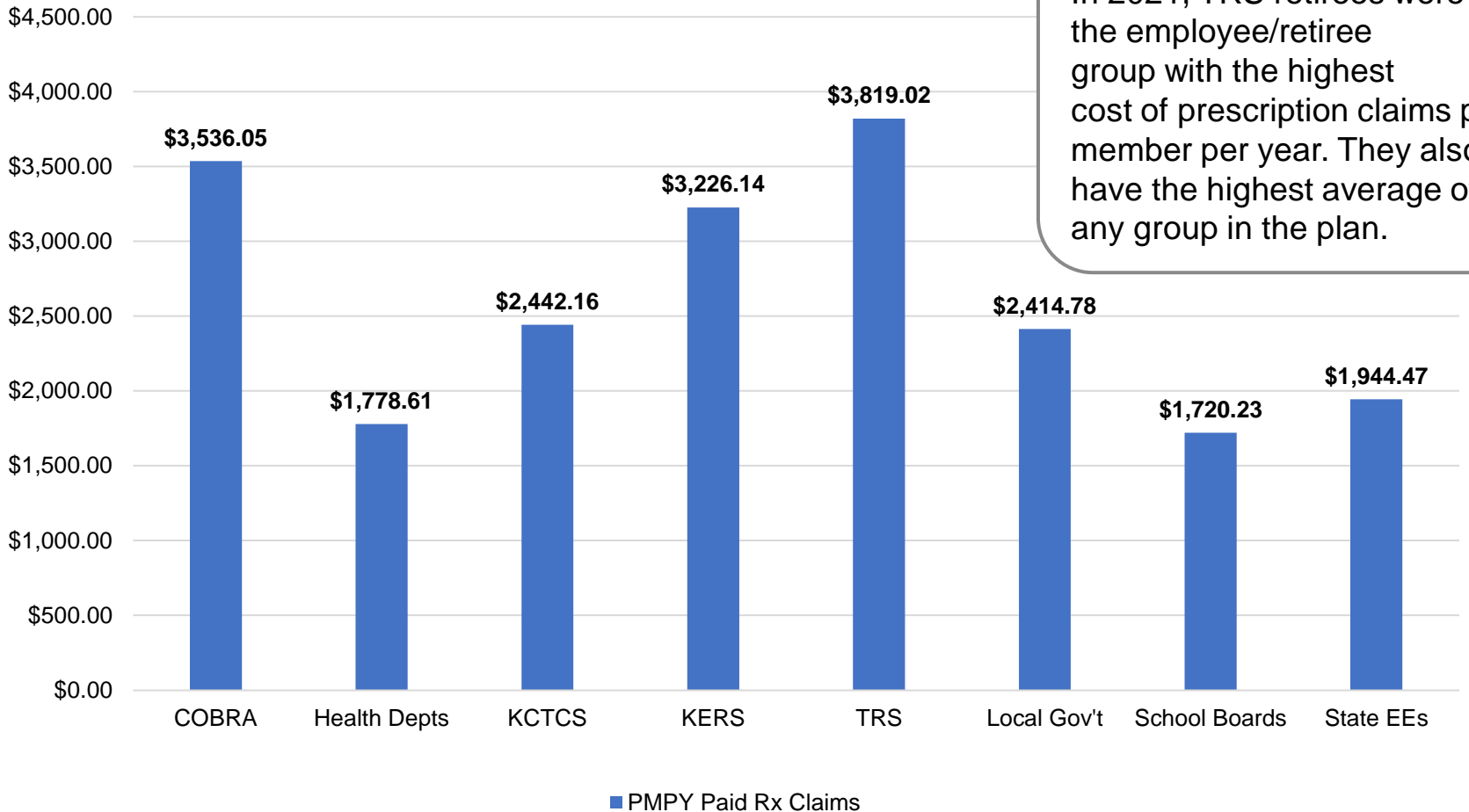
Source: KEHP enrollment and claims data aggregated by Merative

Cost of Prescriptions by Age Band



Source: KEHP enrollment and claims data aggregated by Merative

Cost of Prescriptions by Group



In 2021, TRS retirees were the employee/retiree group with the highest cost of prescription claims per member per year. They also have the highest average of any group in the plan.

Source: KEHP enrollment and claims data aggregated by Merative

Top 10 Drugs for KEHP

Drug	2020 Rank	2021 Rank	Total Plan Cost			Number of Scripts		
			2020	2021	Jan–Jun 2022*	2020	2021	Jan–Jun 2022*
Humira	1	1	\$38,971,122	\$42,596,978	\$11,107,762	5,076	5,043	2,005
Stelara	2	2	\$17,287,142	\$22,788,092	\$7,165,294	941	1,126	548
Trulicity	3	3	\$12,037,290	\$14,802,840	\$5,686,371	12,995	14,733	5,609
Saxenda	5	4	\$10,468,436	\$12,202,807	\$3,570,754	8,436	9,695	3,091
Enbrel	4	5	\$10,858,863	\$10,610,030	\$2,773,521	1,331	1,308	470
Farxiga	7	6	\$9,759,878	\$10,347,471	\$3,629,448	13,566	13,737	4,740
Jardiance	10	7	\$7,499,223	\$9,999,020	\$3,758,129	10,541	12,965	4,668
Trikafta	11	8	\$7,039,608	\$9,300,645	\$3,469,589	301	398	176
Januvia	6	9	\$9,960,460	\$9,194,643	\$2,819,992	14,908	13,020	3,921
Dupixent	15	10	\$5,778,624	\$8,437,163	\$2,545,462	2,106	2,945	1,169

In 2021, the top 10 drugs represent 1.8% of all scripts and 27.2% of all drug plan costs. The plan costs for the top 10 drugs in 2021 was 12.3% (\$16M) higher than the plan costs for the top 10 drugs in 2020.



*2022 data reflects January–June 2022 only.

Source: KEHP enrollment and claims data aggregated by Merative

Top 10 Therapeutic Classes

Therapeutic Class	2020 Rank	2021 Rank	2021 Scripts	2021 Patients	2021 Gross Costs	2021 Generic Fill Rate	2021 Gross Cost PMPM
Antidiabetics	1	1	235,842	24,732	\$114,873,670	46.8%	\$36.51
Analgesics - Anti-Inflammatory	2	2	137,037	47,715	\$82,766,430	92.7%	\$26.30
Dermatologicals	3	3	92,211	43,277	\$68,205,056	88.2%	\$21.68
Antineoplastics	6	4	17,918	3,691	\$31,364,599	88.9%	\$9.97
Adhd/Anti-Narcolepsy/Anti-Obesity/Anorexiant	7	5	88,101	14,167	\$29,967,697	45.4%	\$9.52
Antiasthmatic And Bronchodilator Agents	4	6	174,467	38,744	\$27,284,362	73.6%	\$8.67
Psychotherapeutic And Neurological Agents - Misc.	5	7	7,568	2,187	\$25,444,006	50.4%	\$8.09
Antihyperlipidemics	8	8	235,715	46,121	\$16,909,708	97.0%	\$5.37
Respiratory Agents - Misc.	11	9	809	66	\$14,143,755	0.0%	\$4.49
Endocrine And Metabolic Agents - Misc.	10	10	11,780	2,810	\$14,104,859	87.3%	\$4.48

In 2021, the total cost of drugs in the top 10 therapeutic classes represents 69.2% of total gross cost.



Source: CVS Rx Insights, 2022 Plan Review

Pharmacy Benchmarked Utilization Statistics

Key Statistic	KEHP		Peer
	2020	2021	2021
Member Cost Percentage	10.7%	9.9%	8.1%
Generic Fill Rate	86.4%	84.3%	83.3%
Generic Substitution Rate	98.3%	98.3%	98.2%
Mail Subscription Rate	1.8%	1.7%	4.8%
Specialty Percentage of Allowed Cost	40.1%	43.3%	46.3%
Specialty Plan Allowed Cost PMPM	\$74.88	\$84.51	\$84.96

In 2022, KEHP's member cost share is almost 2% higher than CVS/caremark's benchmark. KEHP's generic fill rate and generic substitution rate were higher than the benchmark. KEHP's specialty percentage of allowed cost and specialty allowed cost PMPM were slightly lower than the benchmark.



Source: CVS Rx Insights, 2022 Plan Review, CVS 2022 Mid-Year Review

Drugs Losing Patent Protection

Year	Drug	Utilizers	Total Scripts	Projected Savings			
				2022	2023	2024	Total
2022	Revlimid	24	161	\$1,142,166	\$2,422,145	\$2,568,684	\$6,132,995
	Dexilant	964	4,972	\$1,124,424	\$1,788,390	\$1,896,588	\$4,809,403
	Viiibryd	420	2,324	\$327,338	\$1,456,881	\$1,621,508	\$3,405,726
	Vimpat	101	761	\$416,831	\$1,129,485	\$1,209,678	\$2,755,993
	Restasis	292	730	\$334,712	\$596,394	\$619,951	\$1,551,057
	All Other	184	353	\$66,486	\$190,055	\$199,486	\$456,027
2023	Aubagio	32	194		\$1,057,709	\$2,135,304	\$3,193,013
	Xyrem	19	149		\$1,138,755	\$1,724,189	\$2,862,944
	Latuda	145	838		\$669,027	\$1,475,070	\$2,144,096
	Vyvanse	346	2,223		\$185,237	\$1,572,147	\$1,757,384
	Trokendi Xr	129	555		\$320,884	\$515,500	\$836,384
	All Other	144	676		\$396,720	\$786,809	\$1,183,529

Projected savings for drugs coming off of patent protection is expected to exceed \$19M in 2022 and \$11.9M in 2023.



Source: CVS Rx Insights, 2022 Plan Review

Population Health Issues



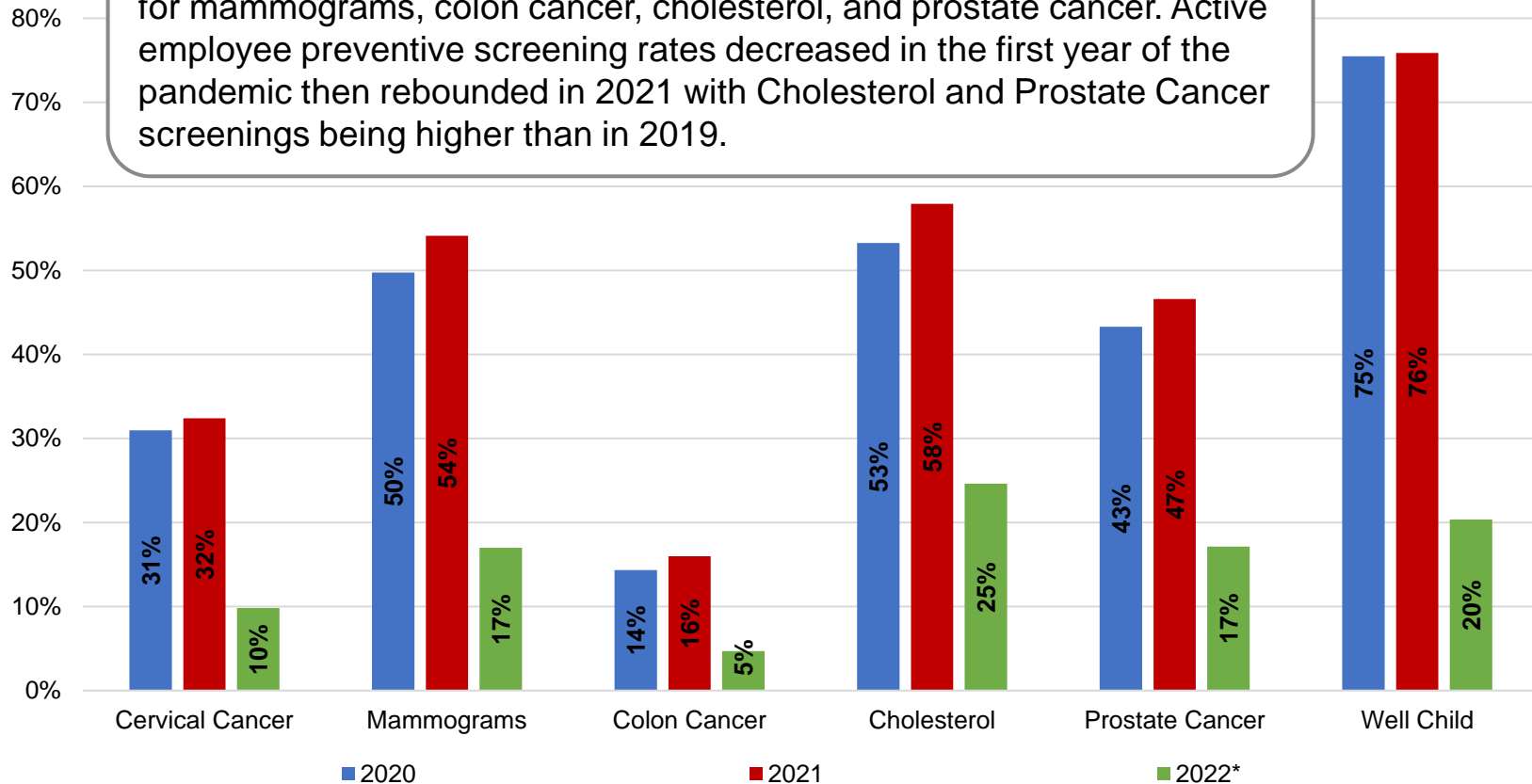
- KEHP makes a wide variety of health screenings available to members, but they are not being utilized as often as recommended.
- The Kaiser Family Foundation Survey, as has been the case in previous years, shows that Commonwealth of Kentucky residents tend to have less healthy behaviors and outcomes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

Preventive Care Screening Utilization Active Employees



Active employees have lower screening compliance rates than retirees for mammograms, colon cancer, cholesterol, and prostate cancer. Active employee preventive screening rates decreased in the first year of the pandemic then rebounded in 2021 with Cholesterol and Prostate Cancer screenings being higher than in 2019.

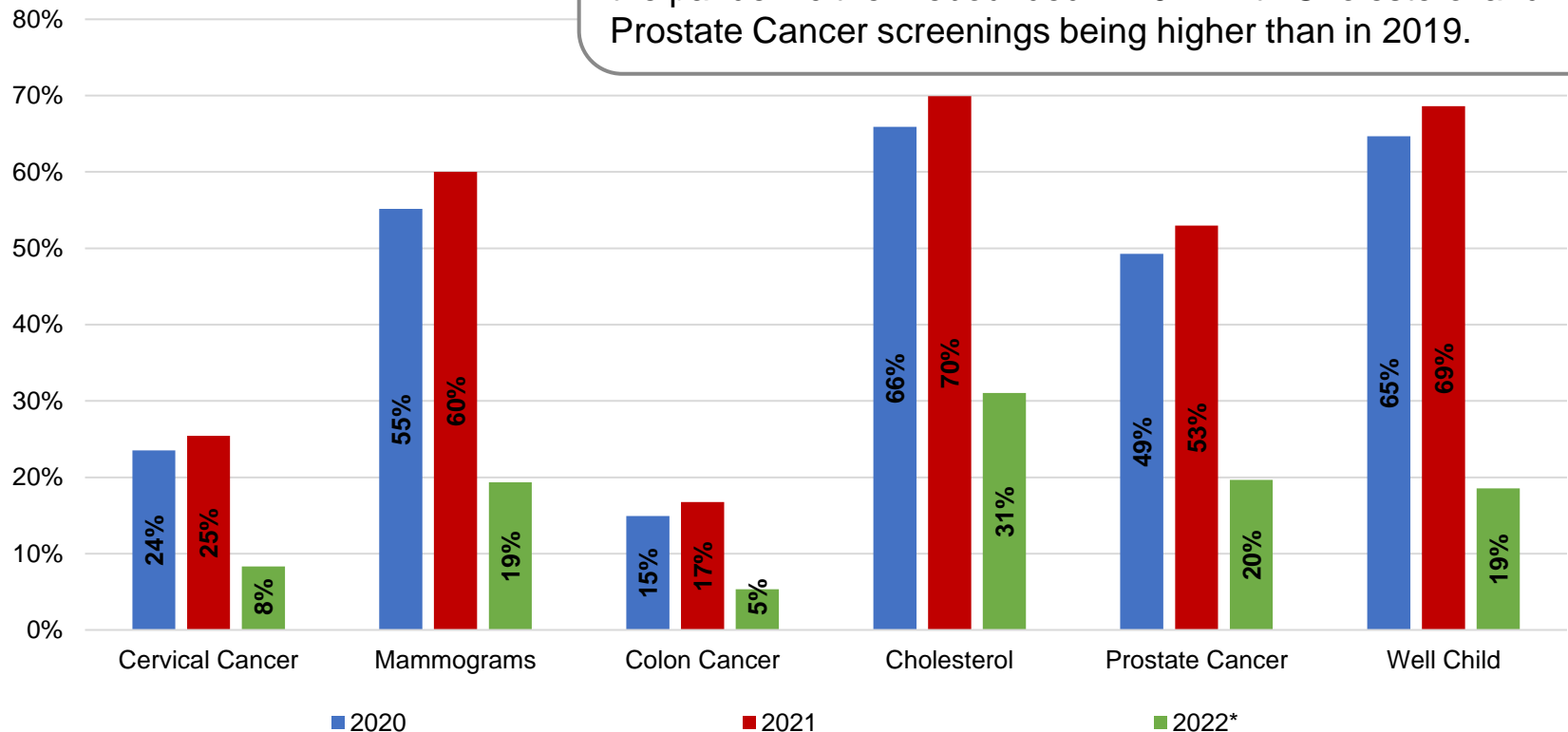


*2022 data reflects January–June 2022 only. This time period experienced longer than typical Anthem medical claims lag and could reflect higher numbers after the lag is resolved.

Source: KEHP enrollment and claims data aggregated by Merative

Preventive Care Screening Utilization Early Retirees

Retirees have lower screening compliance rates than active employees for cervical cancer and well-child screenings. Early Retiree preventive screening rates decreased in the first year of the pandemic then rebounded in 2021 with Cholesterol and Prostate Cancer screenings being higher than in 2019.



*2022 data reflects January–June 2022 only. This time period experienced longer than typical Anthem medical claims lag and could reflect higher numbers after the lag is resolved.

Source: KEHP enrollment and claims data aggregated by Merative

Engagement in Special Outreach Programs

Anthem	2020			2021			Jan–Jun 2022		
	Referral	Engaged	Rate	Referral	Engaged	Rate	Referral	Engaged	Rate
Case Management	59,817	9,833	16%	62,016	8,805	14.2%	35,790	4,875	13.6%
Behavioral Health	1,132	501	44%	1,189	381	32.0%	488	163	33.4%
Future Moms	134	86	64%	99	67	67.7%	48	31	64.6%



Case management referrals increased by almost 4% in 2021, but the engagement rate decreased. Likewise, behavioral health referrals increased but the engagement rate decreased. Future Moms engagement rate continues to increase every year.

Source: Anthem Q4 2022 Clinic Update Integrated Health Model

Clinical Indicators

Cluster	Clinical Indicator	Measured Population	2019	2020	2021
Overall Wellness	Percentage of adults with no gaps in care	All KEHP members	31%	30%	33%
Vascular Conditions	Use of beta-blockers after heart attack	194	85%	75%	83%
Diabetes	HbA1c testing rate	20,206	77%	78%	92%
	Lipid test percentage	5,955	70%	69%	72%
	Eye exam rate	8,003	35%	33%	32%

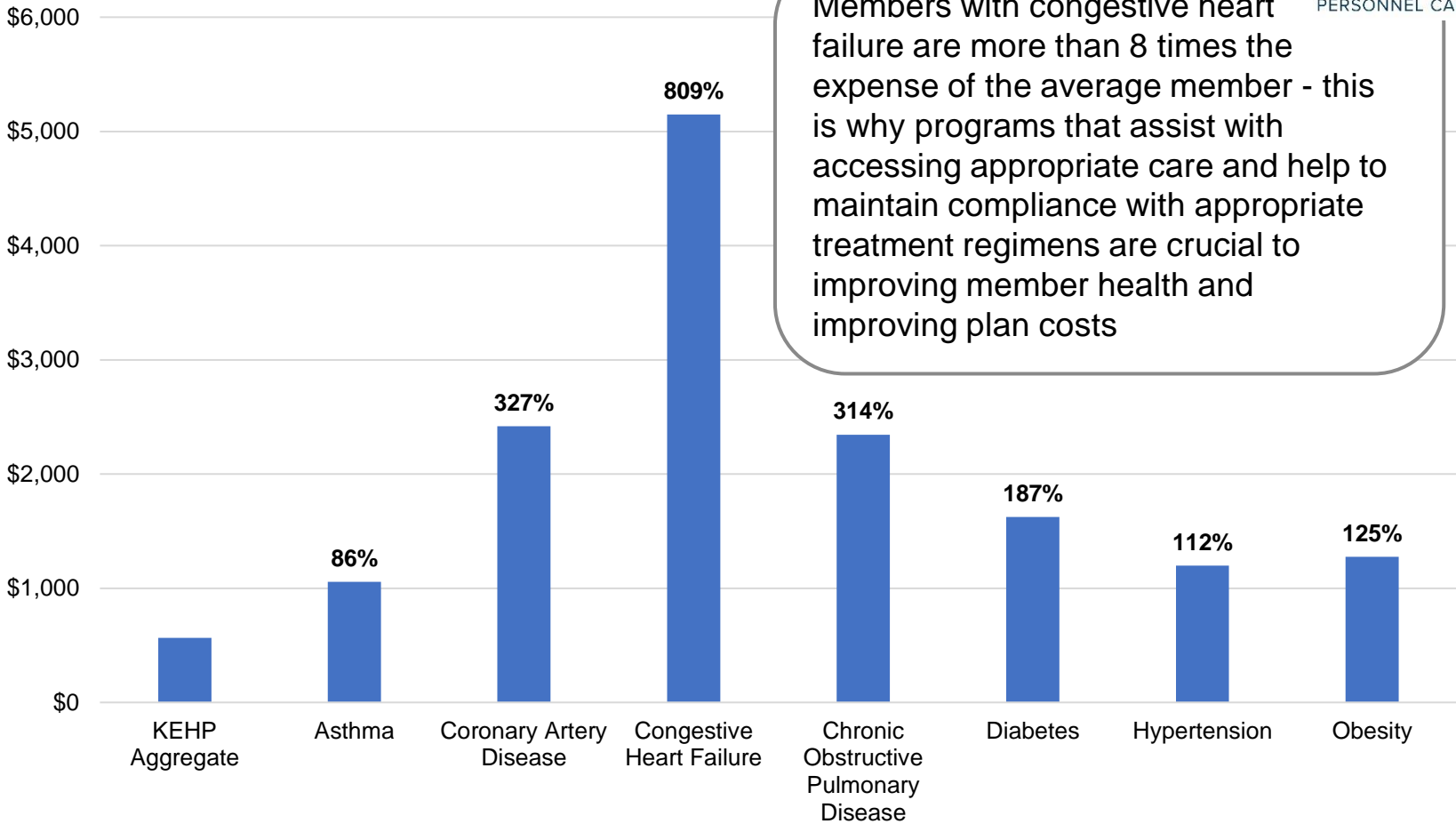
All indicators have improved in 2021 except for the eye exam rate for Diabetes patients.



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

Source: KEHP enrollment and claims data aggregated by Merative

Chronic Disease States PMPM



Members with congestive heart failure are more than 8 times the expense of the average member - this is why programs that assist with accessing appropriate care and help to maintain compliance with appropriate treatment regimens are crucial to improving member health and improving plan costs

Source: KEHP enrollment and claims data aggregated by Merative

Comparison of Selected Population Health Statistics for the Commonwealth

	KY (Prior Survey)	KY (Current)*	US Total
Life expectancy at birth	75.3	75.5	78.8
Percentage of adults who are overweight or obese	74%	68%	65%
Percentage of children (10–17) who are overweight or obese	38%	38%	31%
Percentage of adults who smoke	20%	25%	16%
Percentage of smokers who attempt to quit smoking	47%	47%	54%
Percentage of adults who have ever been told by a doctor that they have diabetes	15%	15%	12%
Number of Diabetes Deaths per 100,000 Population		28	25
Adult self-reported current asthma prevalence percentage	12%	11%	9%
Adults Reporting Unmet Need for Mental Health Treatment in the Past Year		6%	7%
Percentage of adults reporting poor mental health five or more days a month		28%	24%
Number of cancer deaths (per 100,000)	176	177	144
Number of deaths due to diseases of the heart (per 100,000)	196	205	168
Age-adjusted invasive cancer incidence rate (per 100,000)	524	518	451



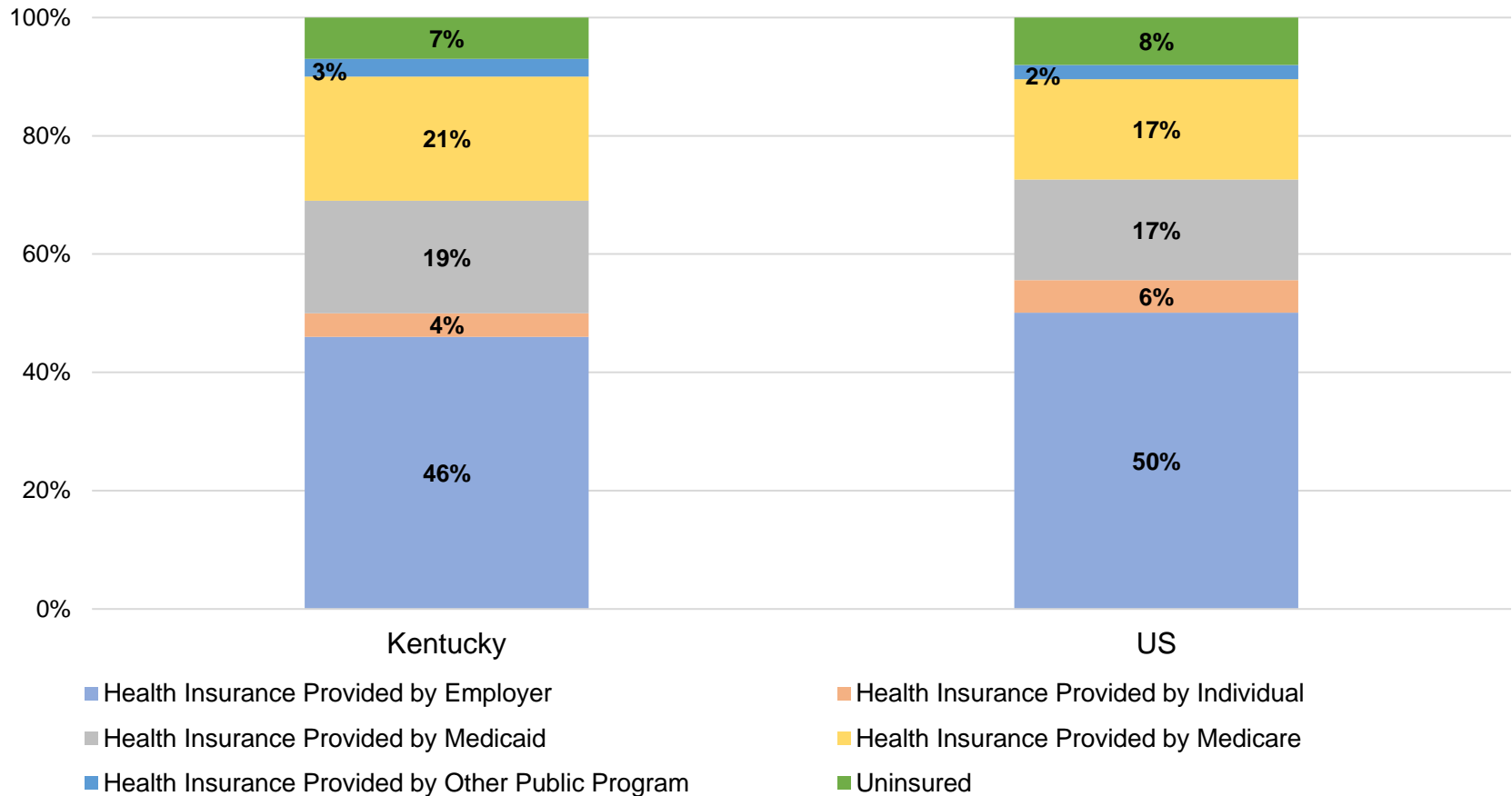
The population statistics suggest that Kentucky residents, on average, have a less healthy lifestyle than the U.S. as a whole and can expect both a higher prevalence of health issues and a lower life expectancy

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

Source: Kaiser Family Foundation, www.statehealthfacts.org

Source of Insurance Coverage

A lower percentage of Kentuckians are uninsured than the U.S. as a whole



Source: Kaiser Family Foundation, www.statehealthfacts.org

KEHP Benchmarked Results



- KEHP is more heavily female and older than both 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 behind the public and private sectors.

Key Demographic Benchmarks

	KEHP	Public Sector	Private Sector
Average Member Age	36.6	35.9	33.5%
Average Family Size	1.9	2.1	2.1
Employee % Male	42%	44%	49%

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 continues to have a much higher risk score than either group.

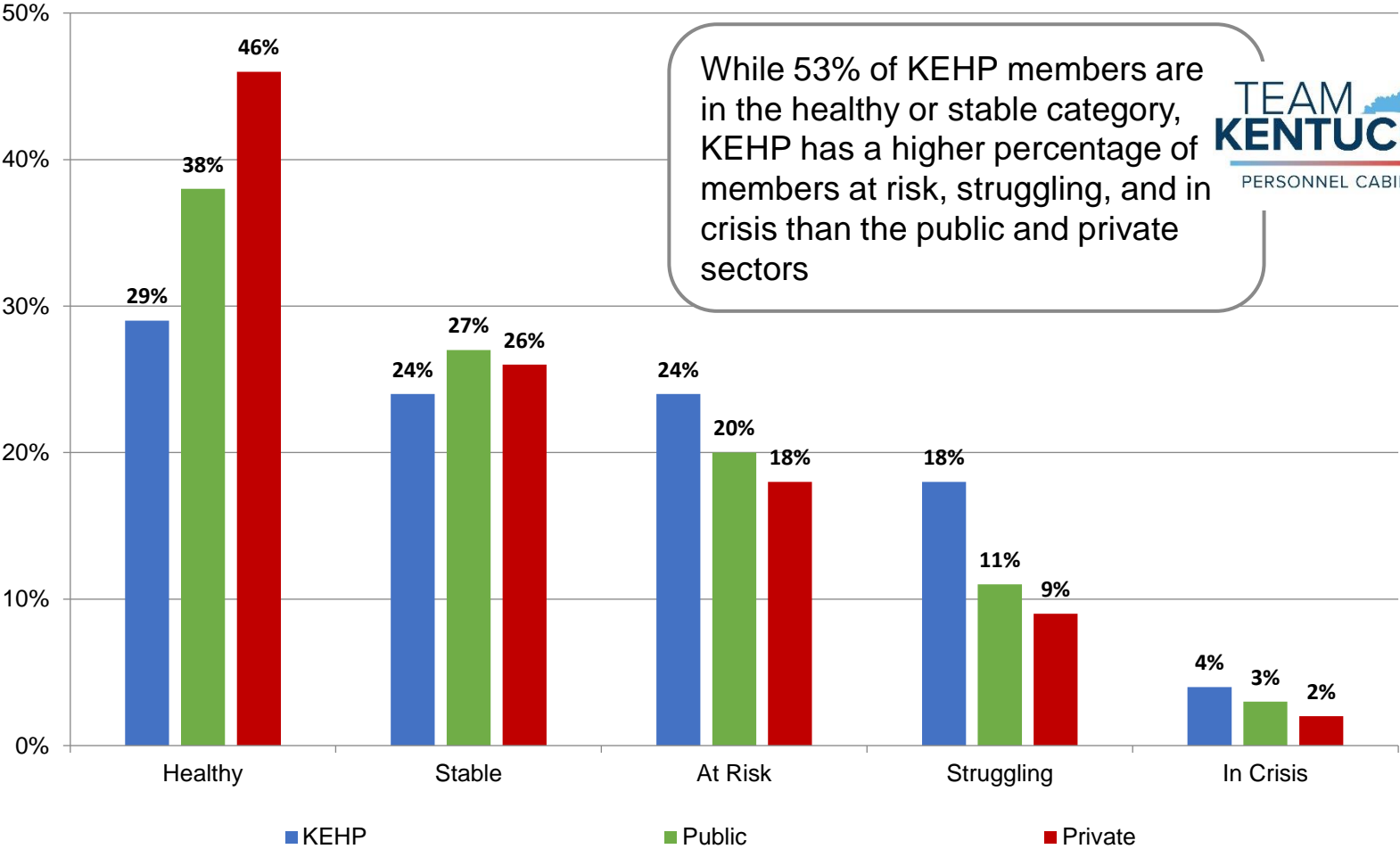


Source: Merative Benchmark Report

Health Risk by Category

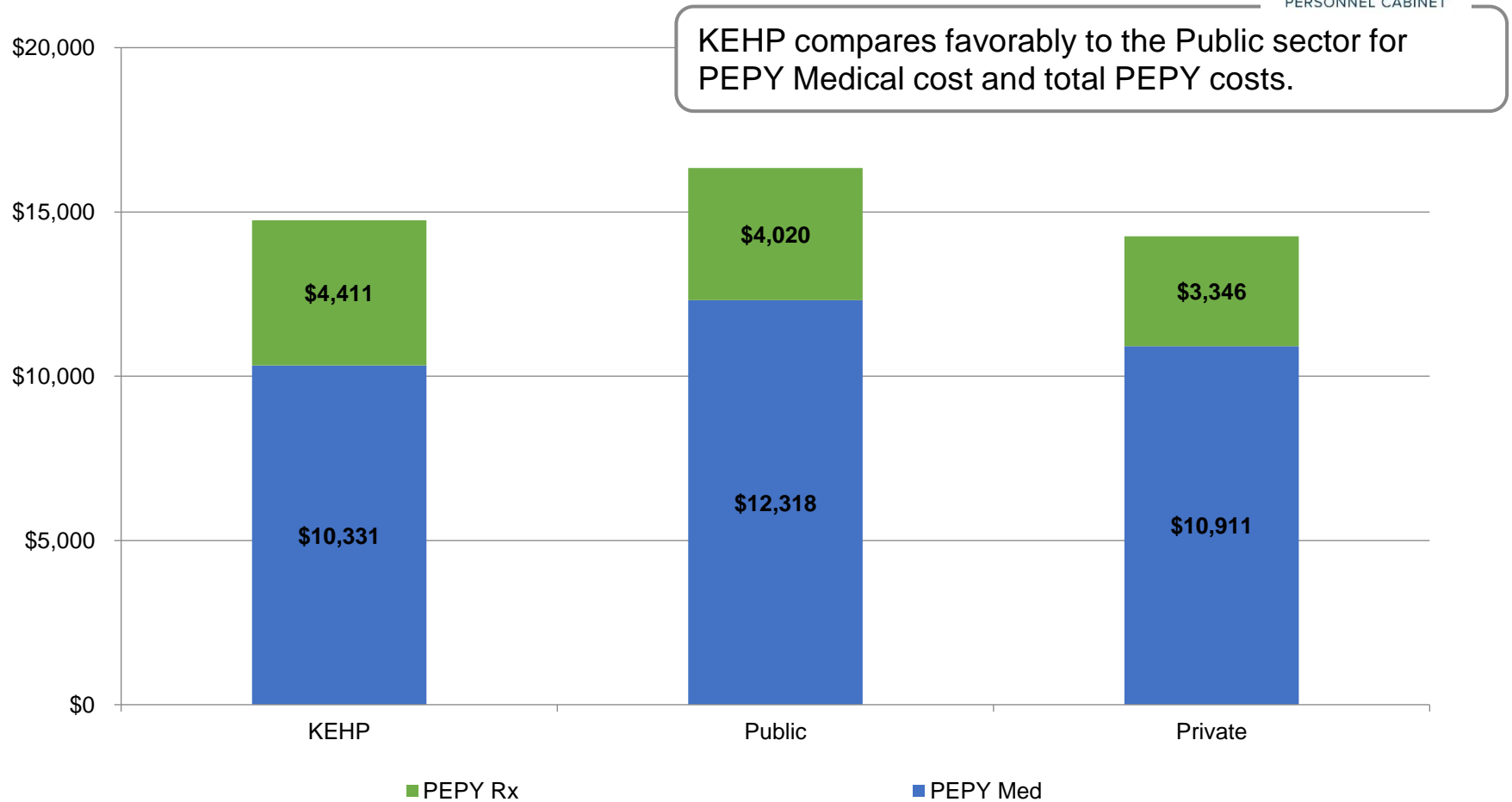


While 53% of KEHP members are in the healthy or stable category, KEHP has a higher percentage of members at risk, struggling, and in crisis than the public and private sectors



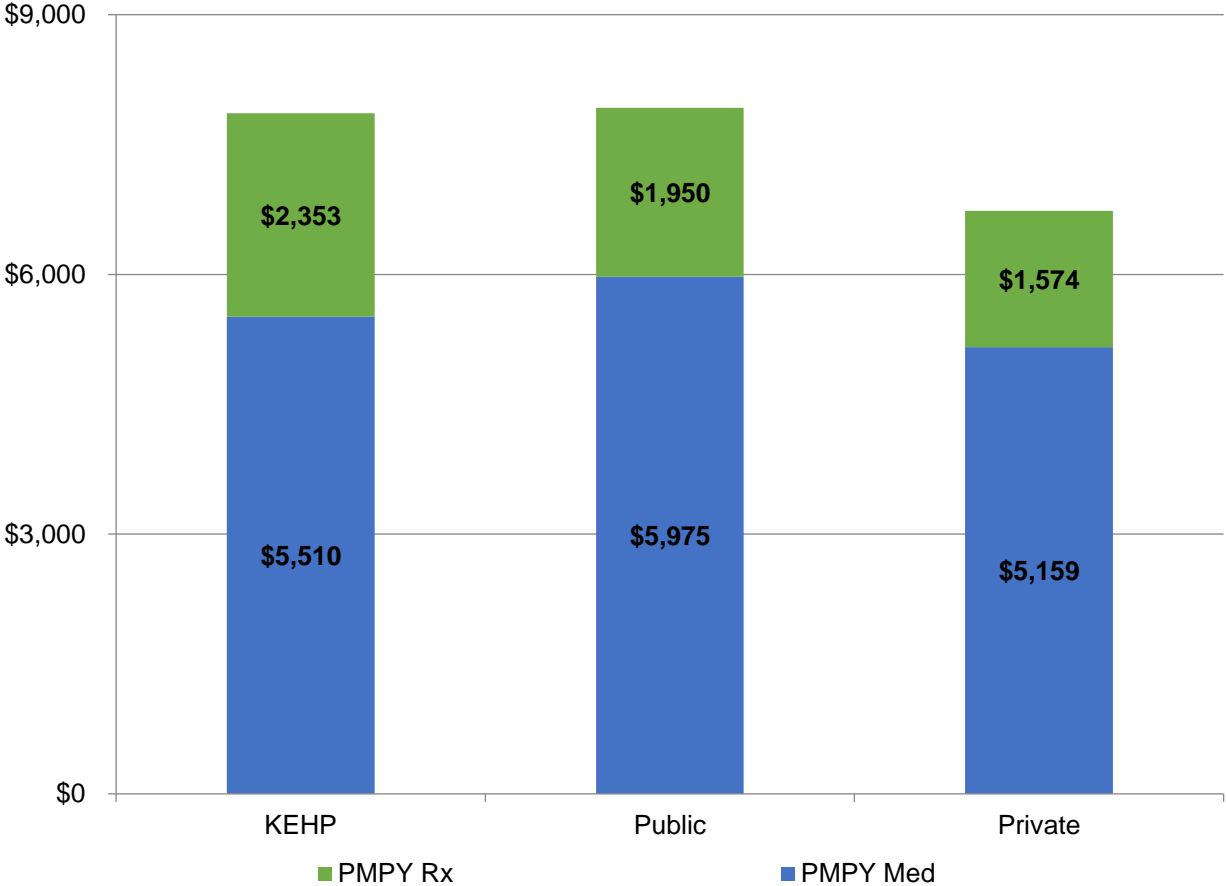
Source: Merative Benchmark Report

KEHP Cost PEPY Compared to Public and Private Sectors



Source: Merative Benchmark Report

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



When dependents are added, KEHP is 1% less expensive than the public sector and 14% higher than the private sector on a PMPY basis for combined medical and drug costs. KEHP is 17% and 33% more expensive for drug costs than the public and private sectors, respectively.

Source: Merative Benchmark Report

Disease Prevalence Active Employees

Disease Prevalence (% of Patients)	KEHP	Public Sector Employees	Difference (Pct Points)	Private Sector Employees	Difference (Pct Points)
Asthma	2.23%	1.88%	0.35	2.09%	0.14
Coronary Artery Disorder	2.03%	1.31%	0.72	1.58%	0.45
Chronic Obstructive Pulmonary Disease	0.88%	0.47%	0.41	0.57%	0.30
Congestive Heart Failure	0.43%	0.28%	0.14	0.40%	0.03
Diabetes	13.35%	7.27%	6.09	9.21%	4.14
Depression	6.83%	5.63%	1.19	6.93%	-0.10
Hypertension	18.81%	10.48%	8.33	14.53%	4.27
Low Back Disorder	12.87%	7.60%	5.27	9.57%	3.30
Obesity	2.98%	2.01%	0.97	2.12%	0.87
Osteoarthritis	7.74%	4.30%	3.44	5.51%	2.23
Anxiety Disorder	9.14%	5.99%	3.16	4.90%	4.24
Bipolar Disorder	0.82%	0.78%	0.04	0.64%	0.18
HIV Infection	0.11%	0.22%	-0.11	0.23%	-0.12
Rheumatoid Arthritis	1.00%	0.75%	0.25	0.67%	0.33

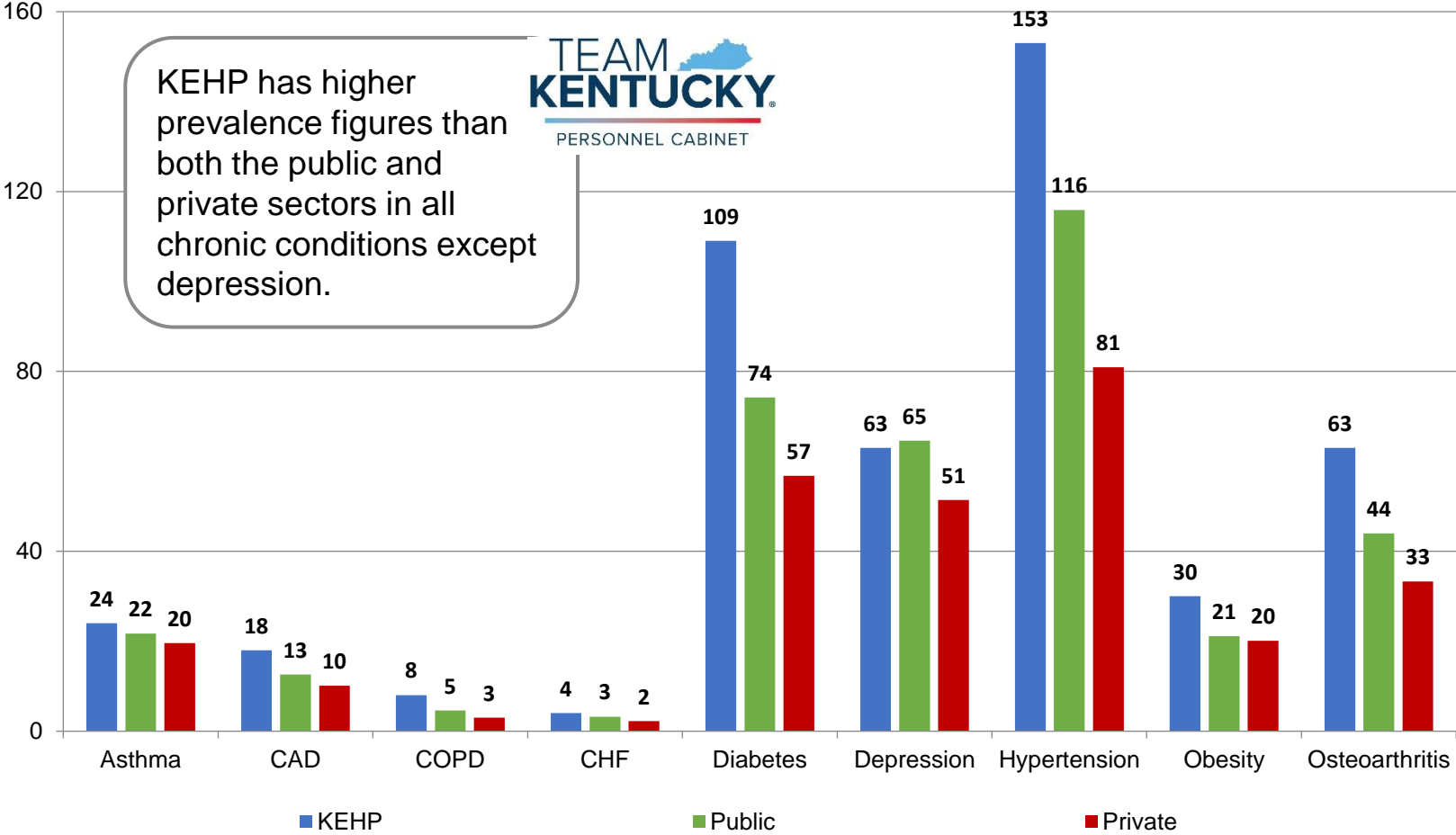
KEHP members have higher incidences in almost all major disease categories than the benchmarks



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

Source: Merative Benchmark Report

Chronic Condition Prevalence Per 1,000 Members

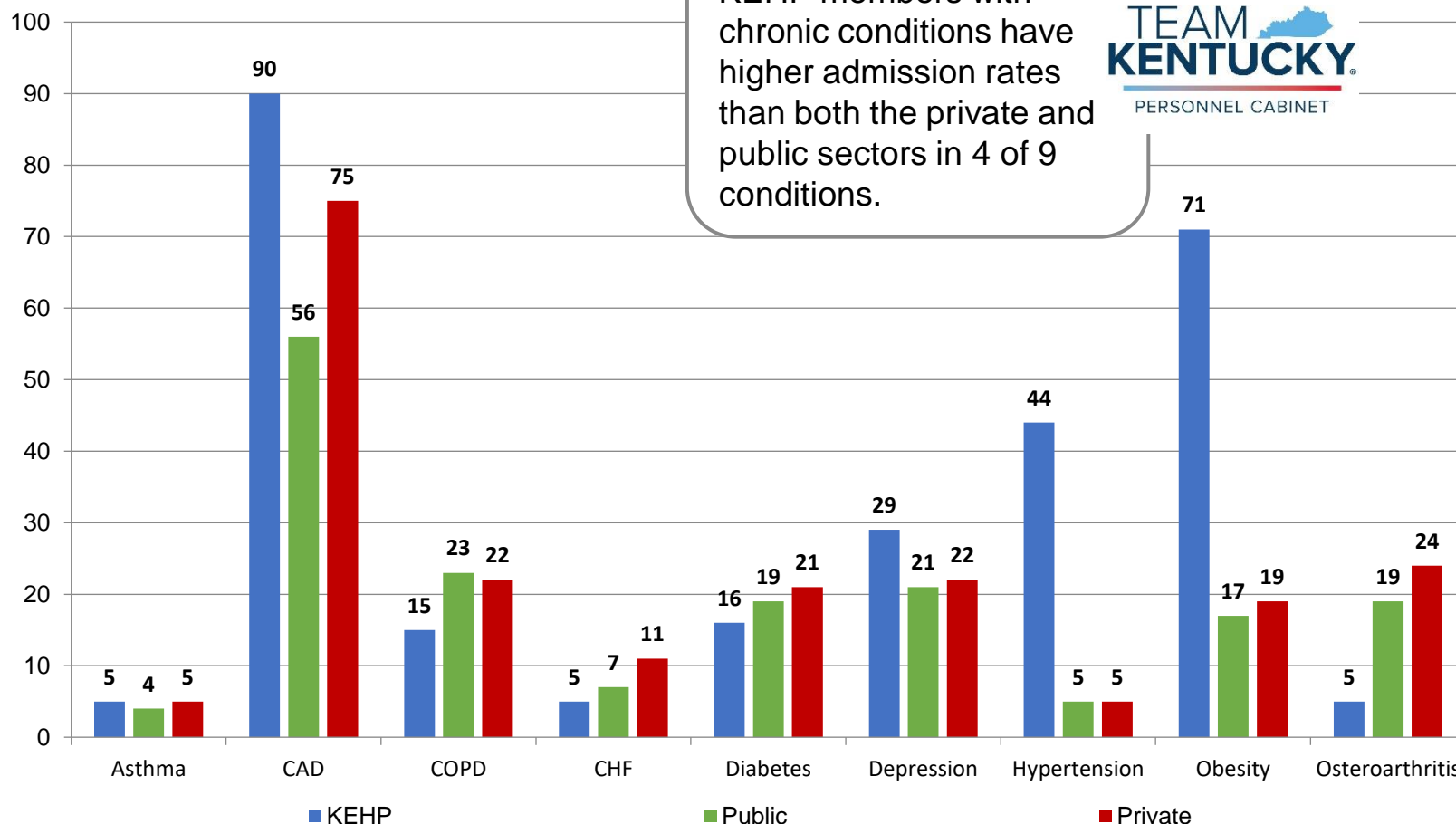


Source: Merative Benchmark Report

Admissions for Chronic Condition Per 1,000 Members

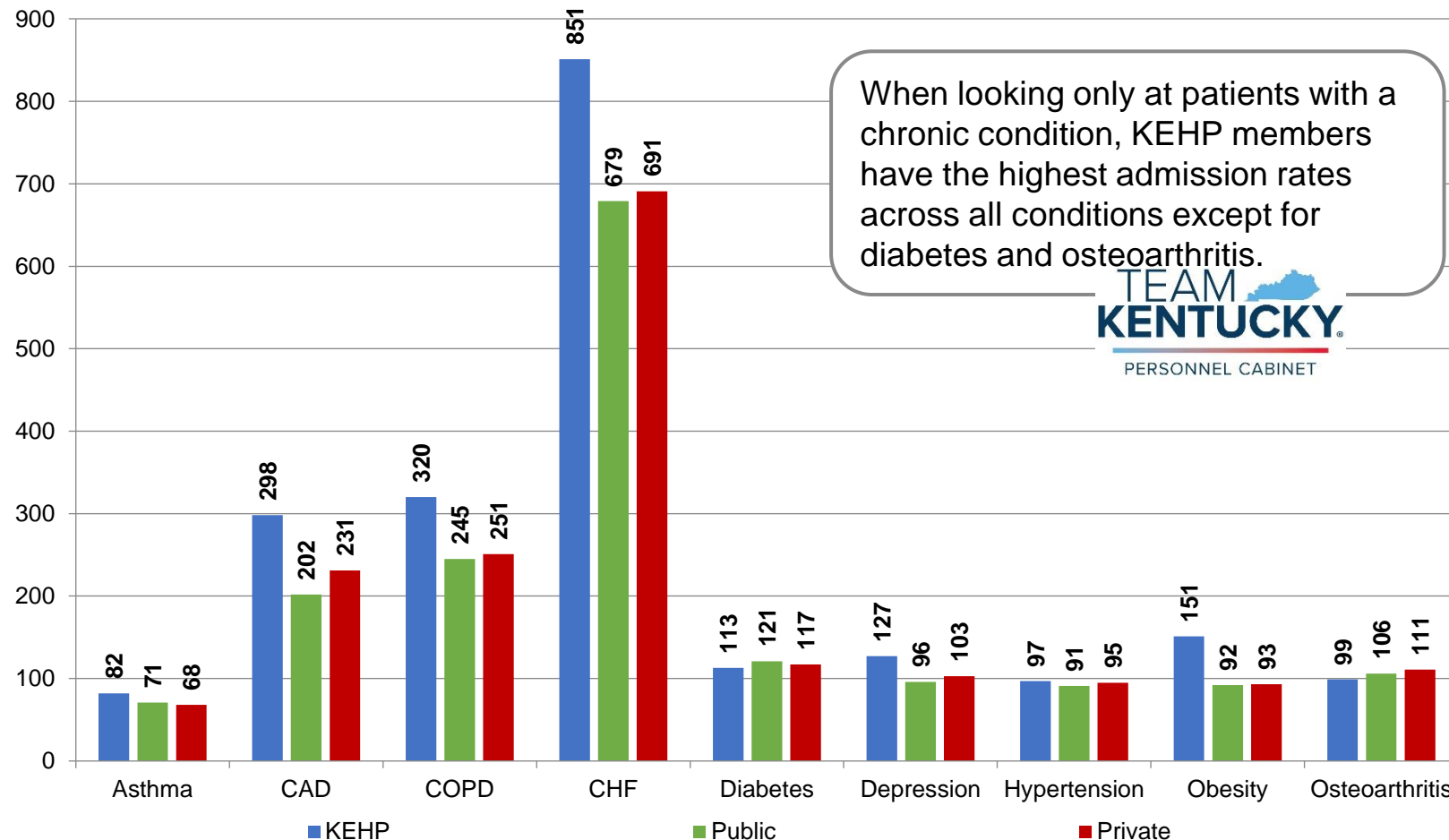


KEHP members with chronic conditions have higher admission rates than both the private and public sectors in 4 of 9 conditions.



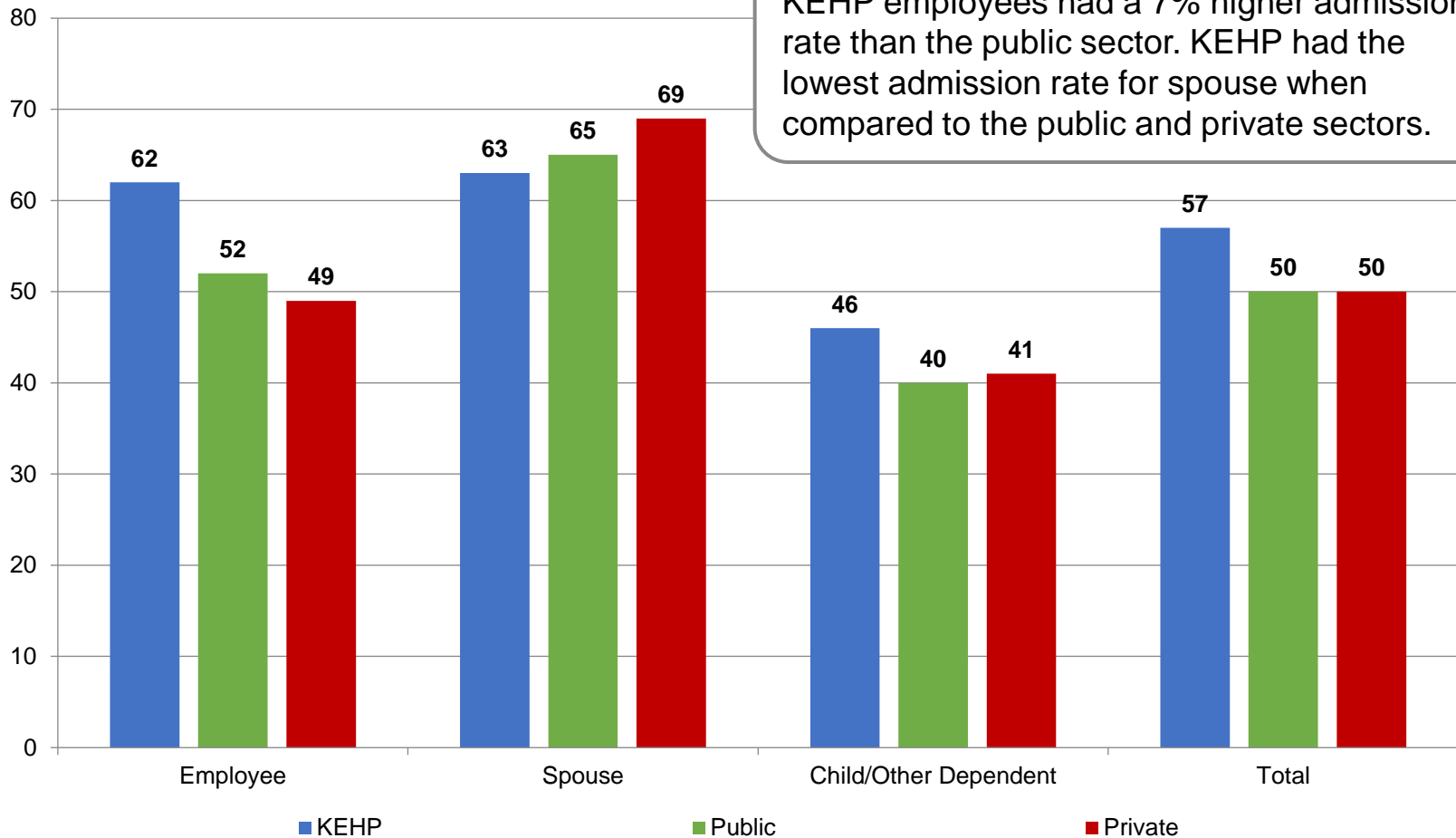
Source: Merative Benchmark Report

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



Source: Merative Benchmark Report

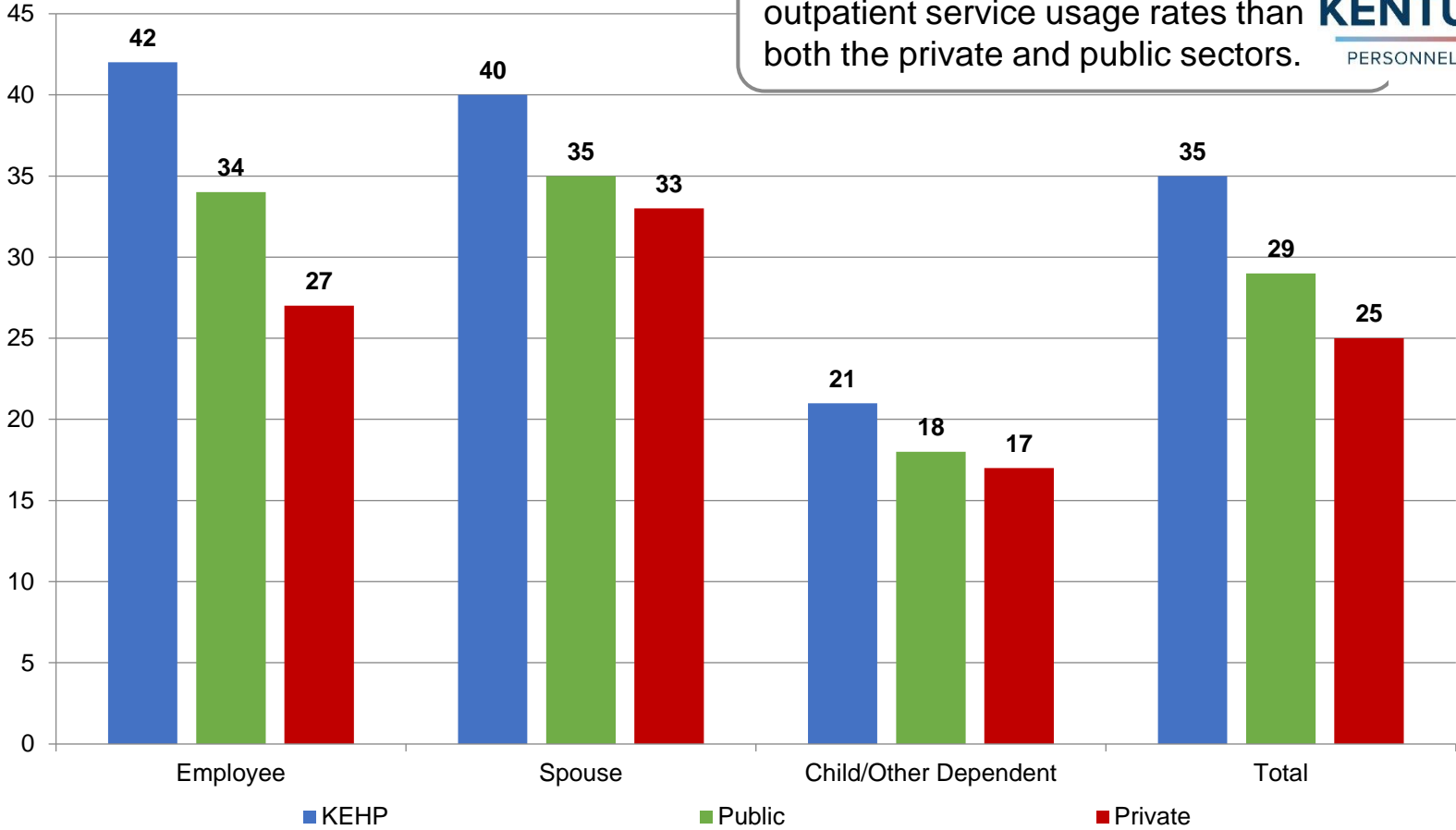
Admissions Per 1,000 Members by Relationship



Source: Merative Benchmark Report

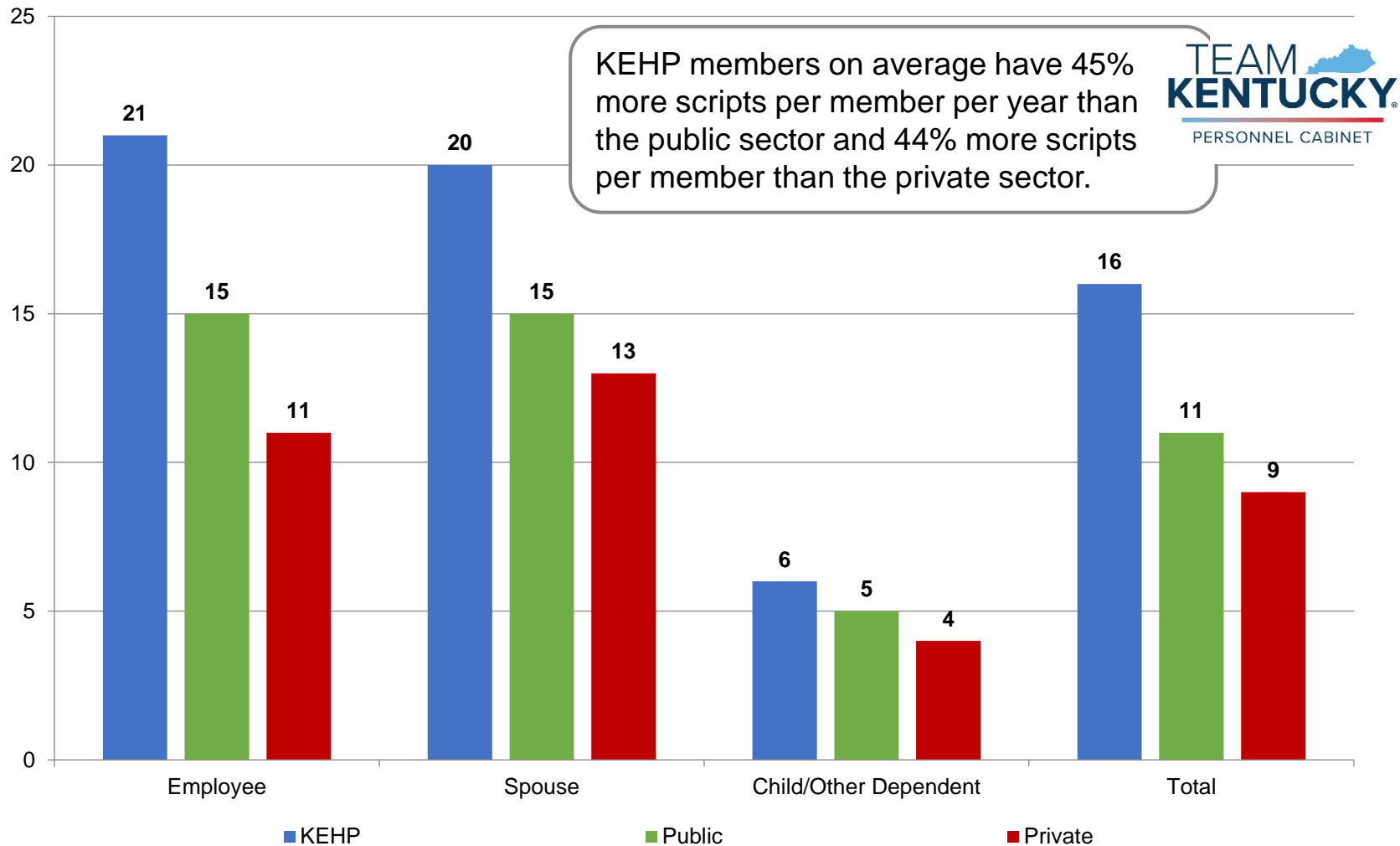
Outpatient Services Per Member by Relationship

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



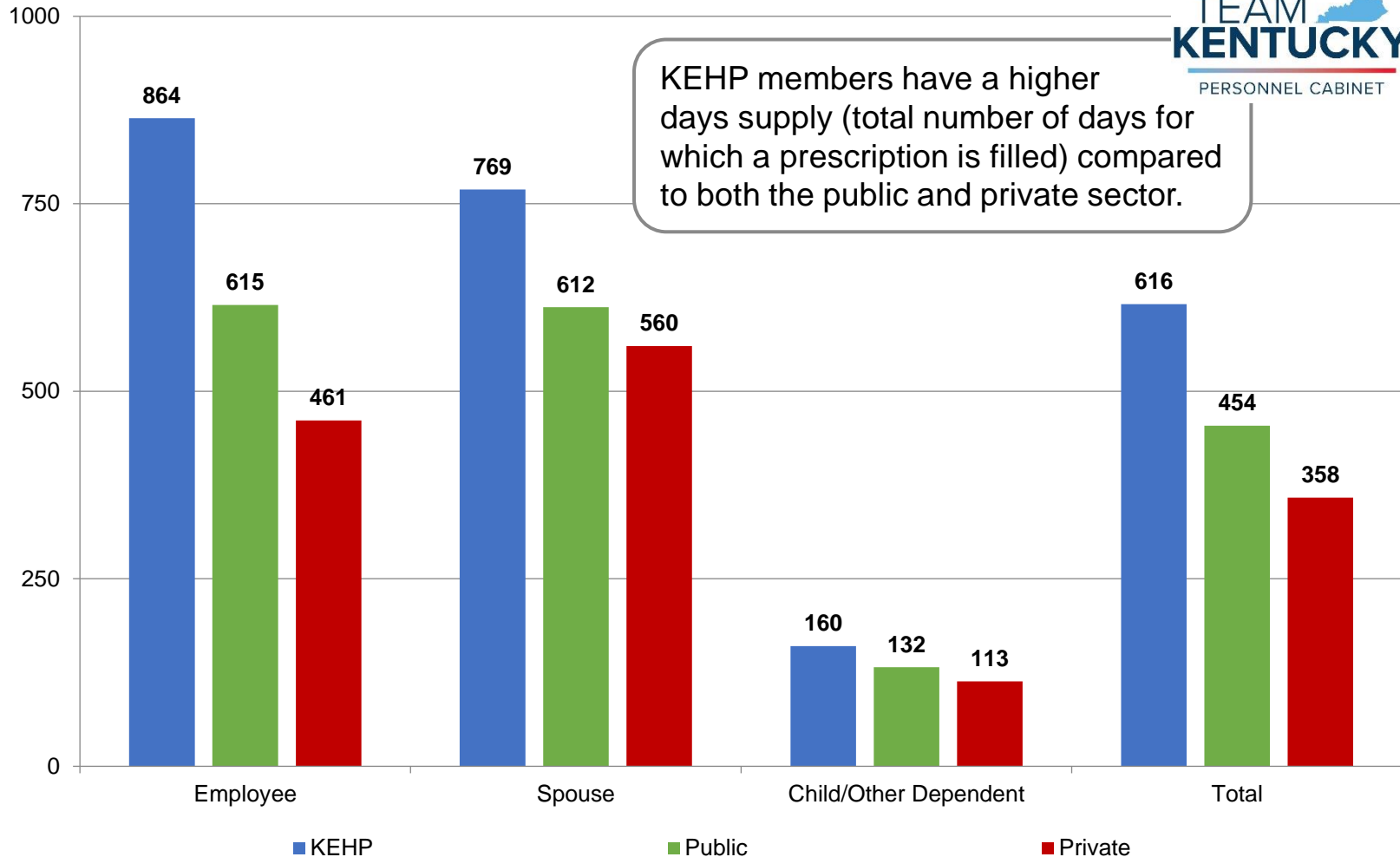
Source: Merative Benchmark Report

Scripts Per Member by Relationship



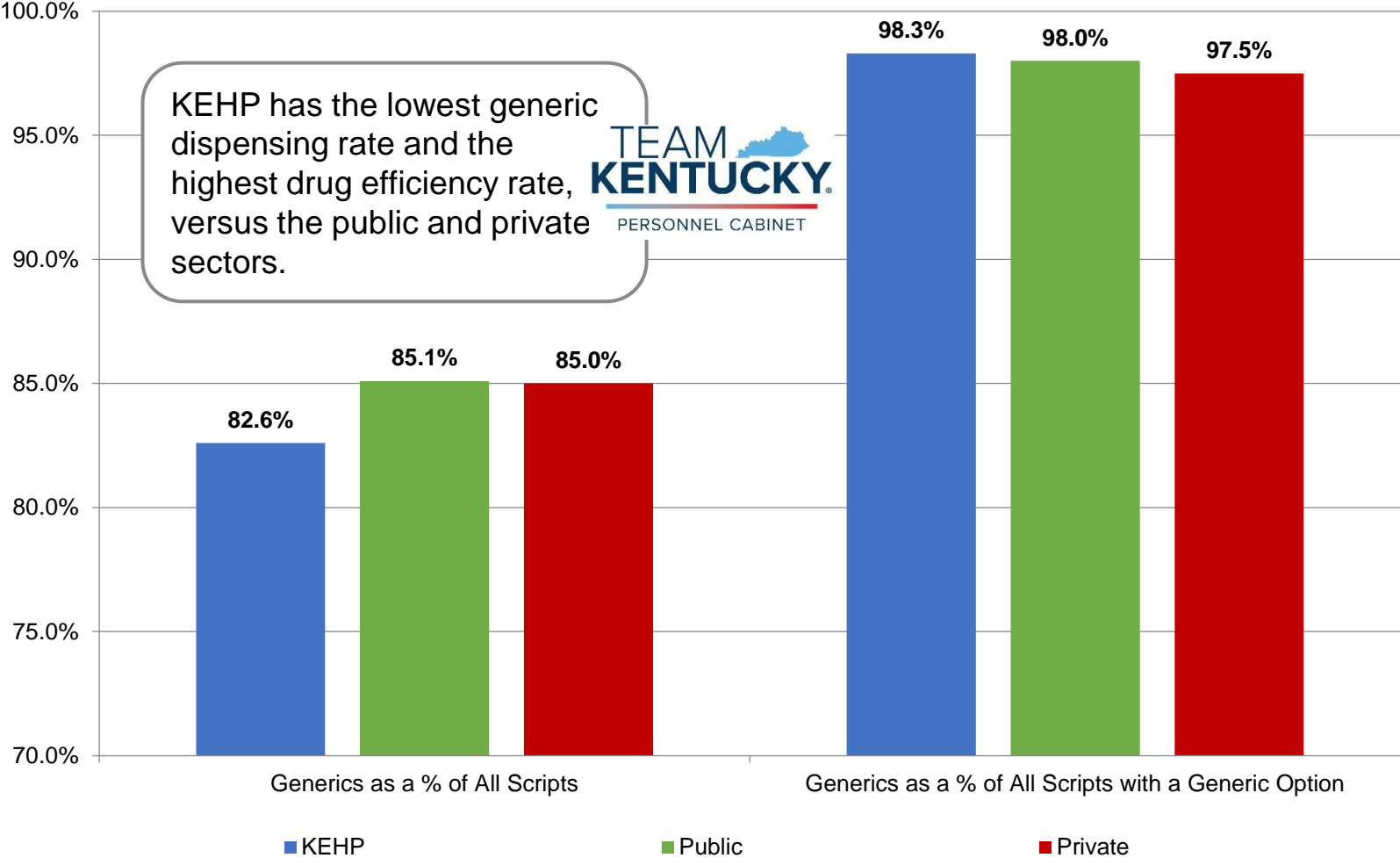
Source: Merative Benchmark Report

Days Supply PMPY by Relationship



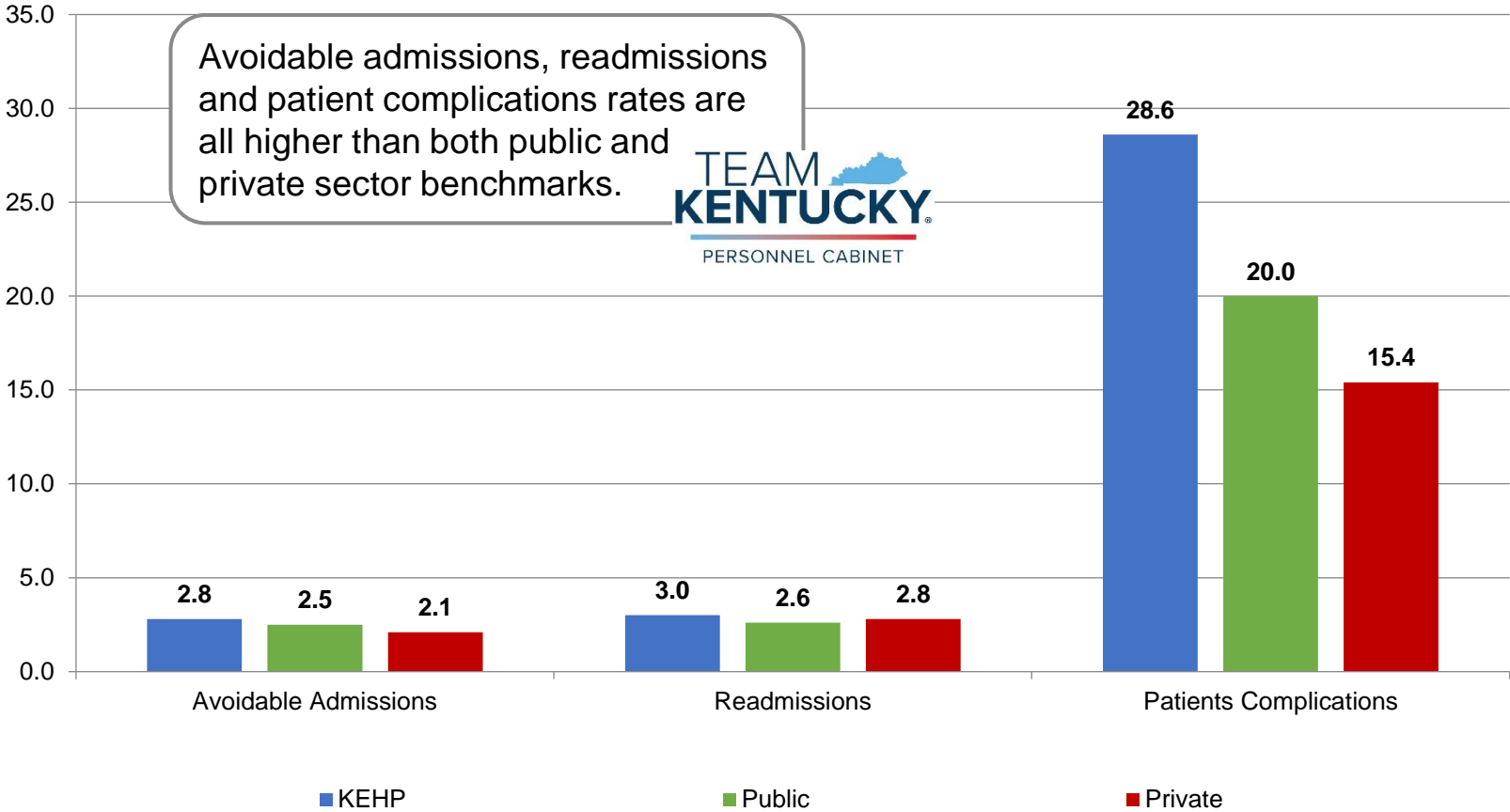
Source: Merative Benchmark Report

Generic Versus Brand Scripts



Source: Merative Benchmark Report

Inpatient Quality Metrics by Sector Per 1,000 Patients



Source: Merative Benchmark Report

Board Recommendations



Kentucky Group Health Insurance Board Recommendations



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

Board Recommendations for Plan Years 2020–2022

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

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

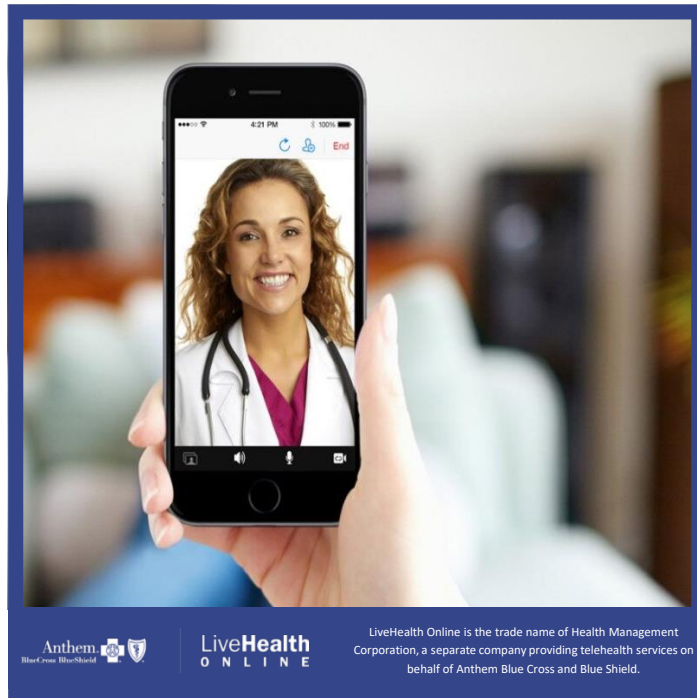
Provide State-of-the-Art Benefits While Maintaining Reasonable Premiums



Telehealth

- KEHP provides telehealth services through LiveHealth Online, to our members in order to provide:
 - More appropriate site of care
 - Convenience
 - Enhanced access to care
 - Reduced member and plan costs
- The LiveHealth Online program expanded its range of telehealth services to include behavioral health and location support for new moms as well.
- KEHP will also reimburse providers for telehealth services. Member cost share will apply.

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



LiveHealth Online

Doctor's care at the speed of life.

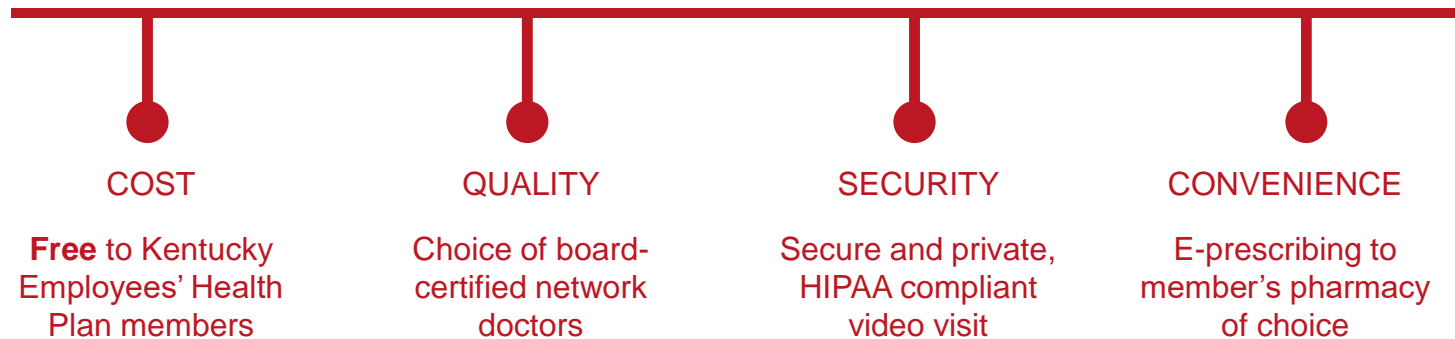
MEDICAL

LiveHealth Online

BEHAVIORAL HEALTH

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

LiveHealth Online Medical

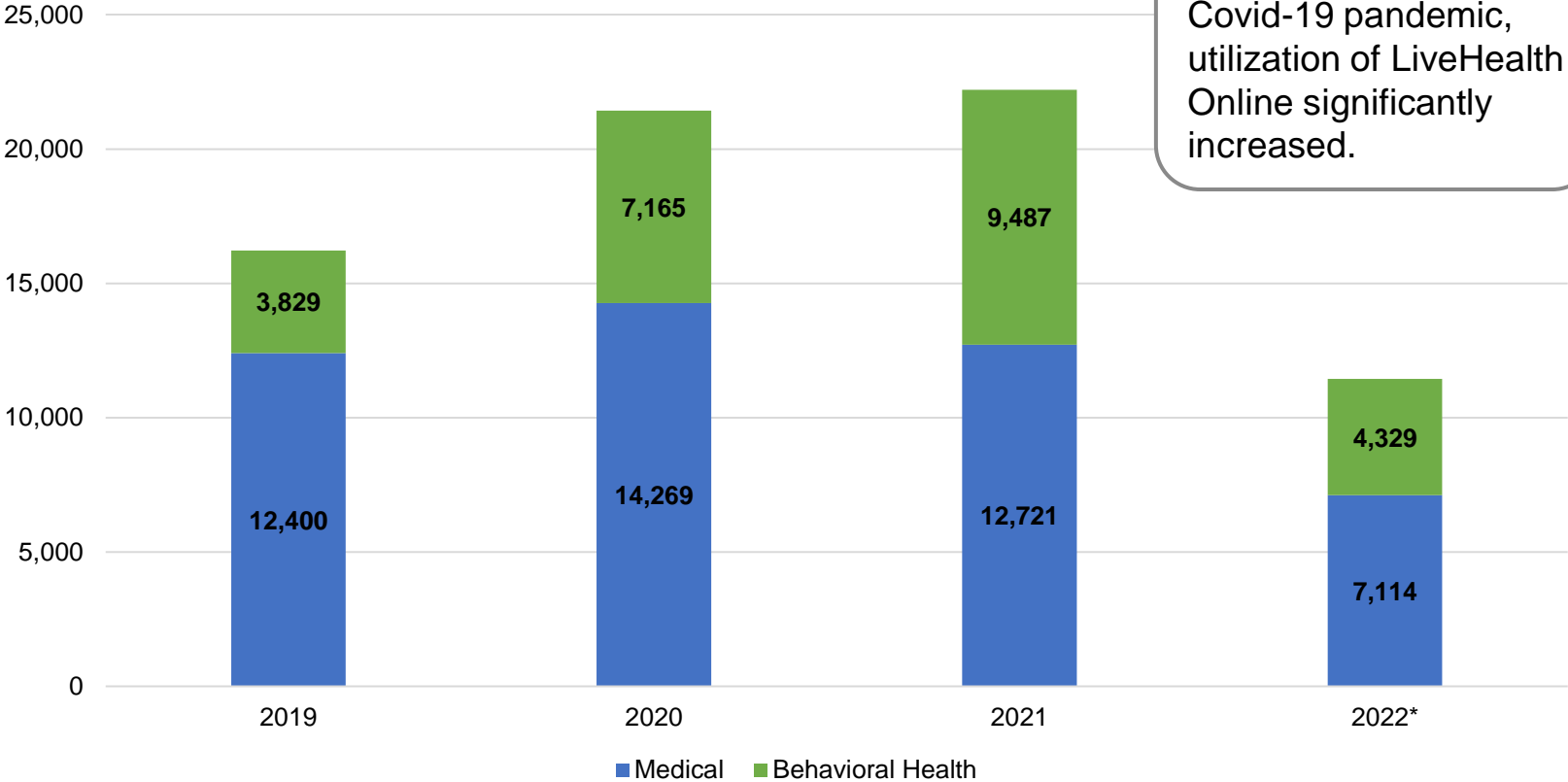


Provide State-of-the-Art Benefits While Maintaining Reasonable Premiums



LiveHealth Medical Online Visits

During the Covid-19 pandemic, utilization of LiveHealth Online significantly increased.



*2022 data reflects January–June 2022 only.

Source: Anthem 2022 LHO Utilization Report to KEHP

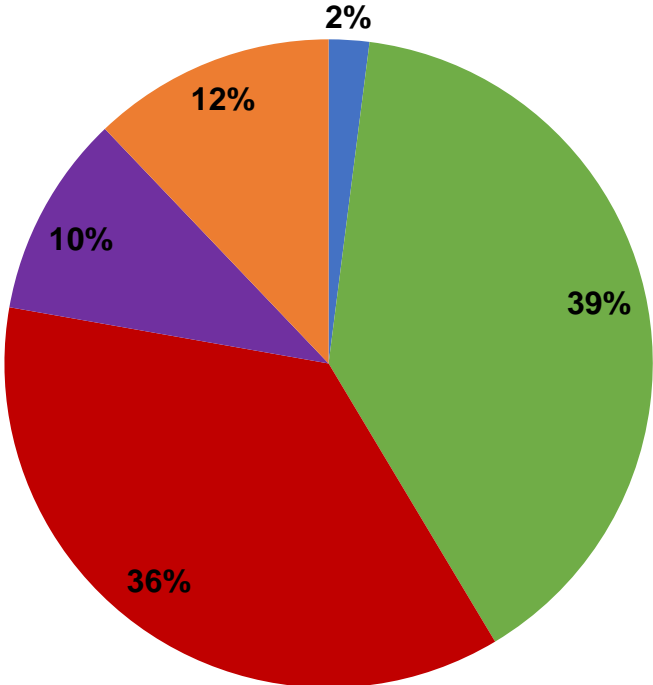
Provide State-of-the-Art Benefits While Maintaining Reasonable Premiums



Measurable Cost Savings

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

Since its adoption in June of 2015, 43,058 KEHP Members registered with LiveHealth Online, for a total of 86,907 visits, resulting in more than \$15.4M in total cost of care savings.



- Emergency Room
- Urgent Care
- Primary Care Physician
- Rural Health Clinic
- Nowhere

Source: Anthem 2021 LHO Utilization Report to KEHP

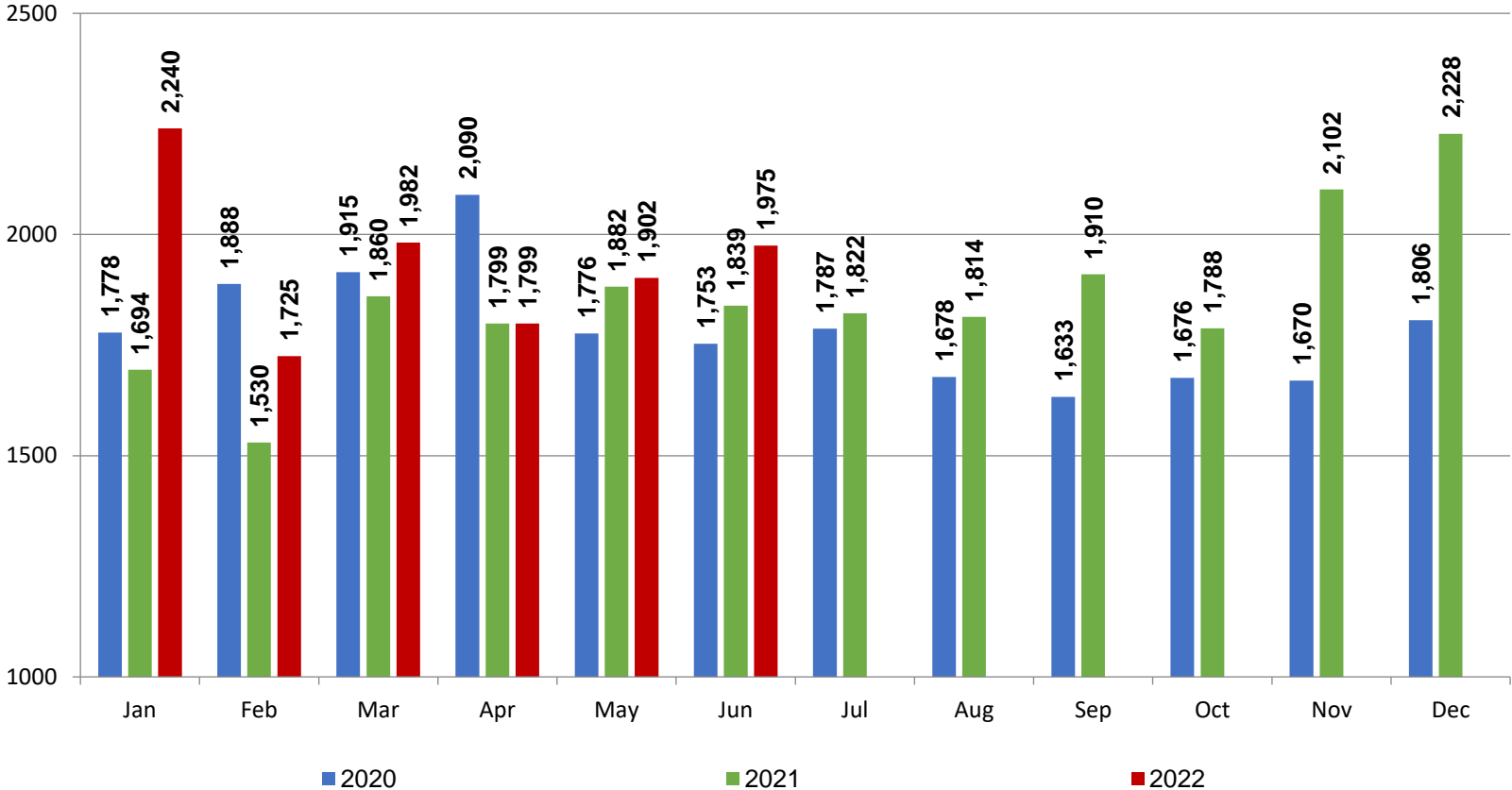
Provide State-of-the-Art Benefits While Maintaining Reasonable Premiums

LiveHealth Online Behavioral Health



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

LiveHealth Online Visits



Source: Anthem 2022 LHO Utilization Report to KEHP

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

RethinkCare

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

Offer Benefits That Meet the Needs of a Diverse Workforce

- Benefits offered to a modern workforce cannot be one size fits all.
- KEHP and the Personnel Cabinet have developed tools and programs to reach out to employees and retirees during their life's journey.
- By offering programs such as 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.



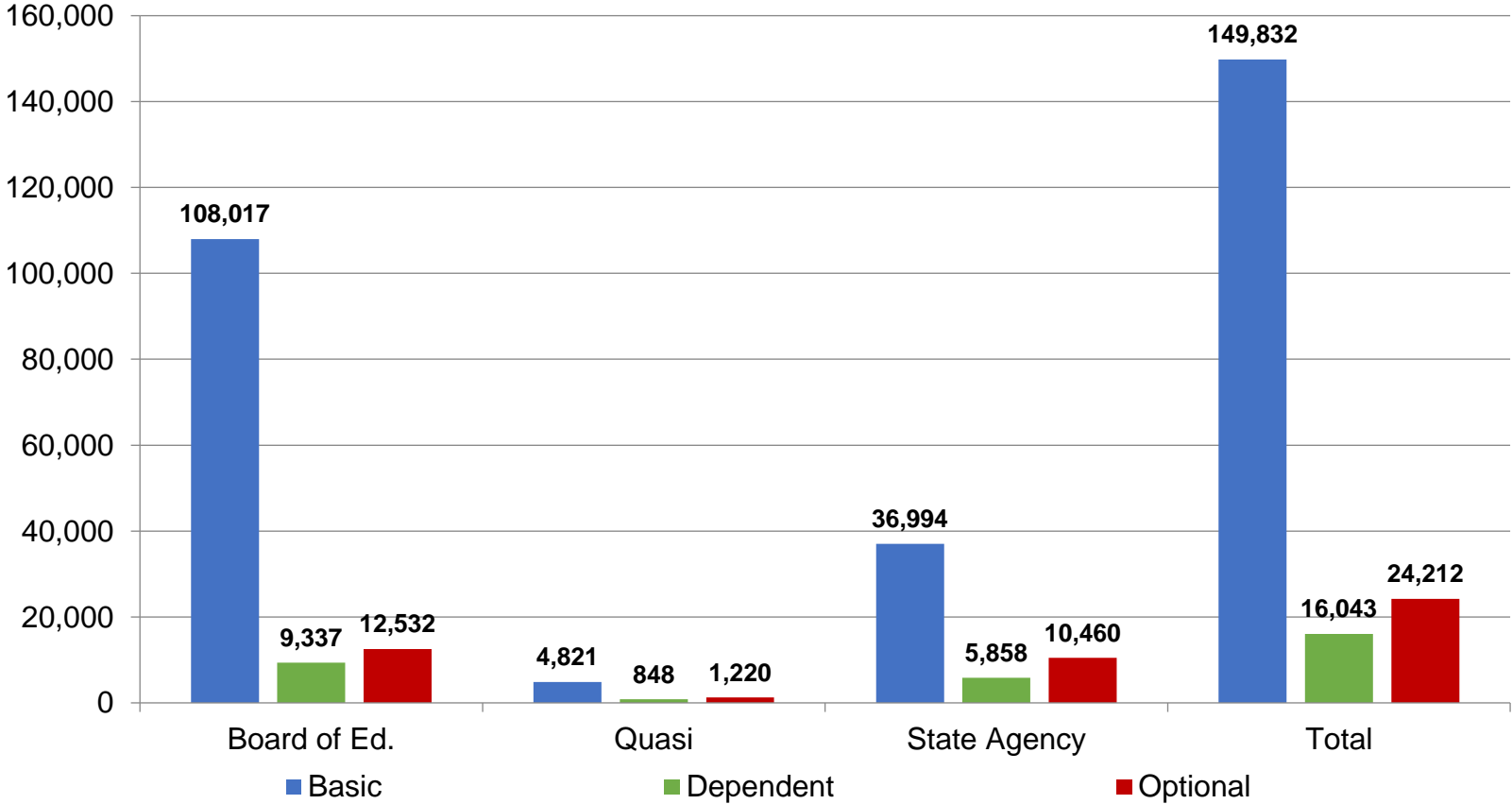
Offer Benefits That Meet the Needs of a Diverse Workforce

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.

Offer Benefits That Meet the Needs of a Diverse Workforce

Life Insurance



Source: KHRIS

Offer Benefits That Meet the Needs of a Diverse Workforce

Life Insurance Paid Claims 2021

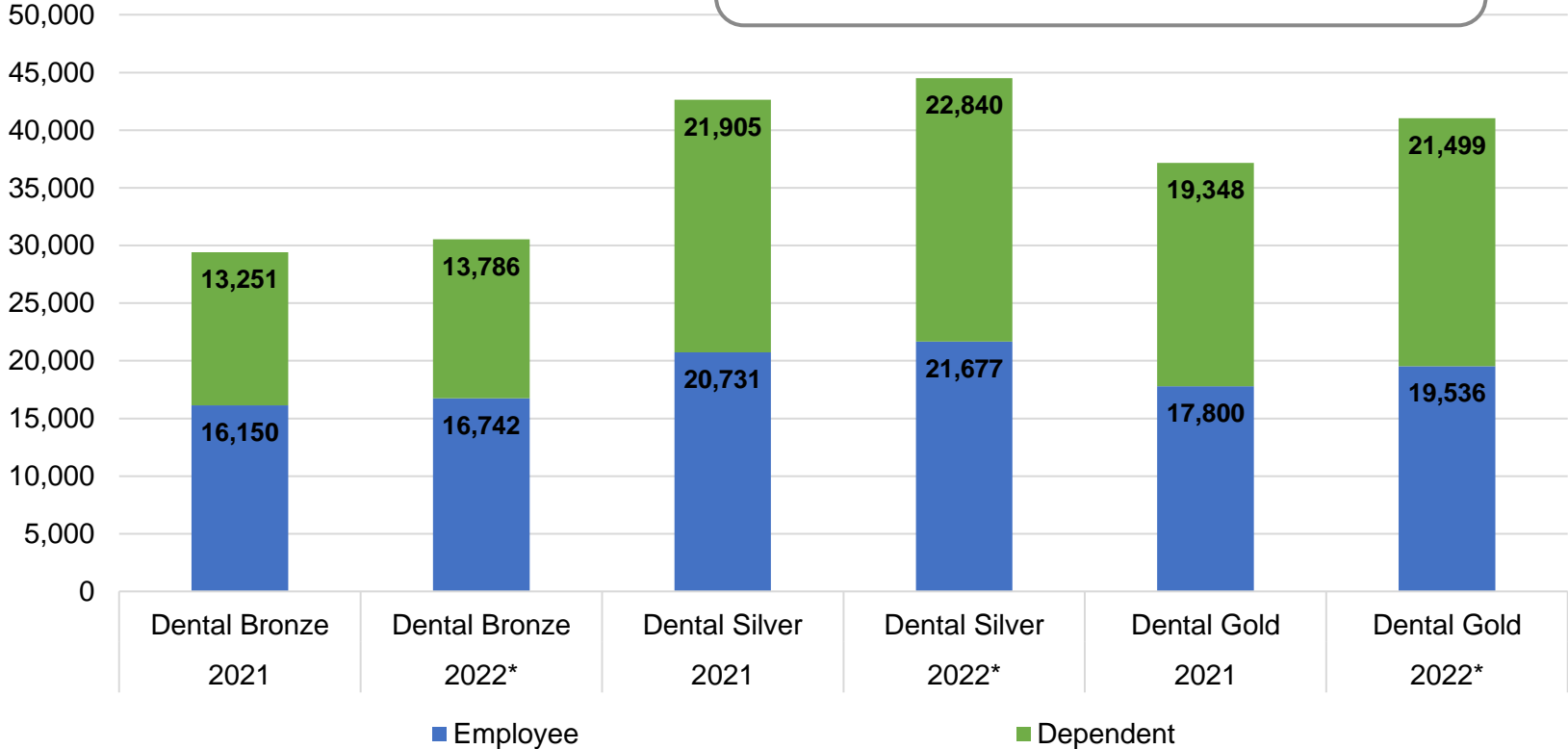
Life Plan	Covered Claims	Covered Amount	Paid Claims	Paid Amount
Basic	253	\$5,060,000	203	\$4,036,600
Basic AD&D	13	\$260,000	3	\$64,000
Optional Life	50	\$1,980,000	42	\$1,760,000
Optional AD&D	2	\$160,000	1	\$150,000
Dependent Life - SP	99	\$1,290,000	77	\$995,000
Dependent Life - CH	9	\$50,000	6	\$35,000
Total	426	\$8,800,000	332	\$7,040,600

Offer Benefits That Meet the Needs of a Diverse Workforce



In 2022, the number of members covered by dental insurance increased by 6.3% over 2021.

Dental Insurance Enrollment by Plan



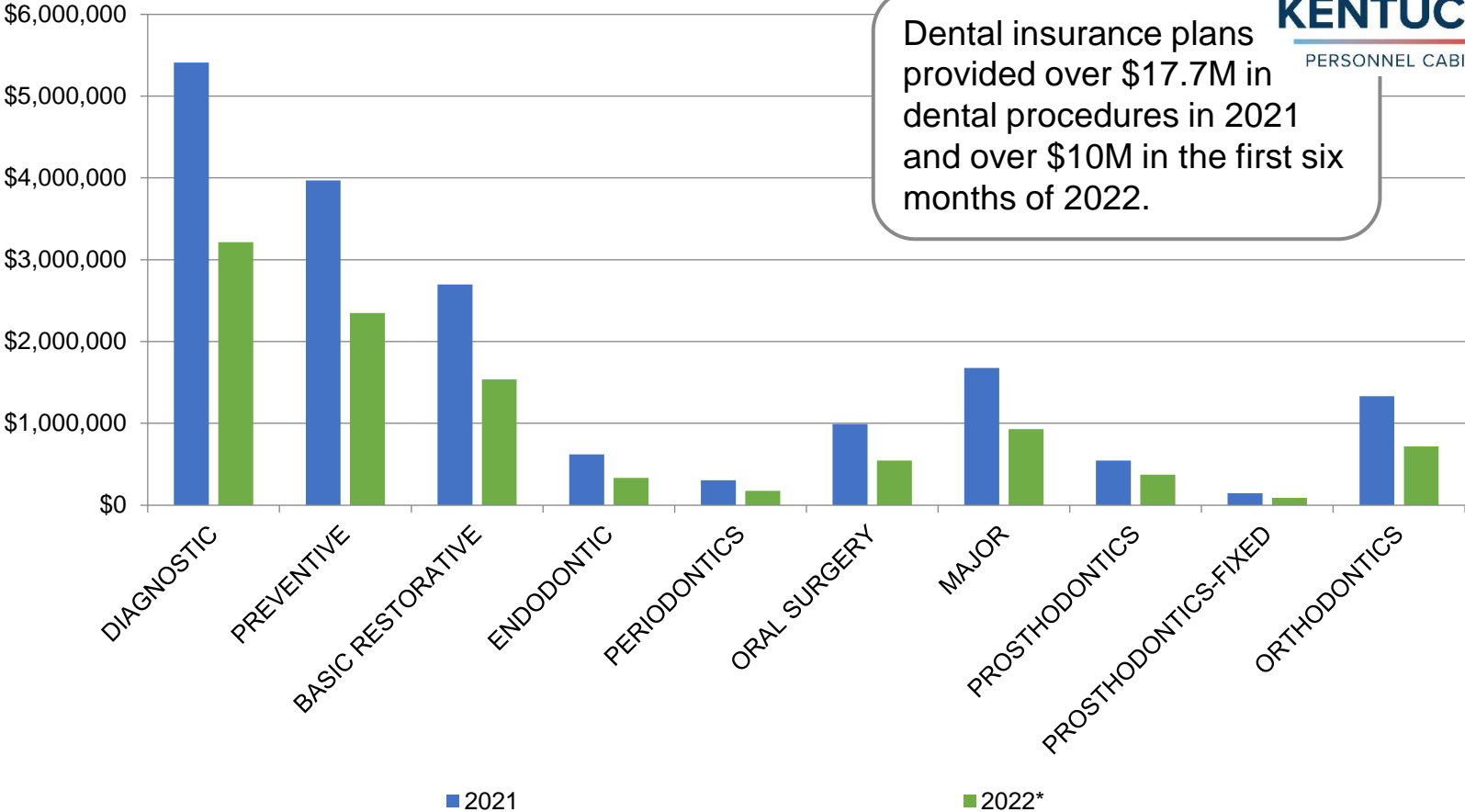
*2022 data reflects January–June 2022 only.

Source: KHRIS

Offer Benefits That Meet the Needs of a Diverse Workforce



Dental insurance plans provided over \$17.7M in dental procedures in 2021 and over \$10M in the first six months of 2022.



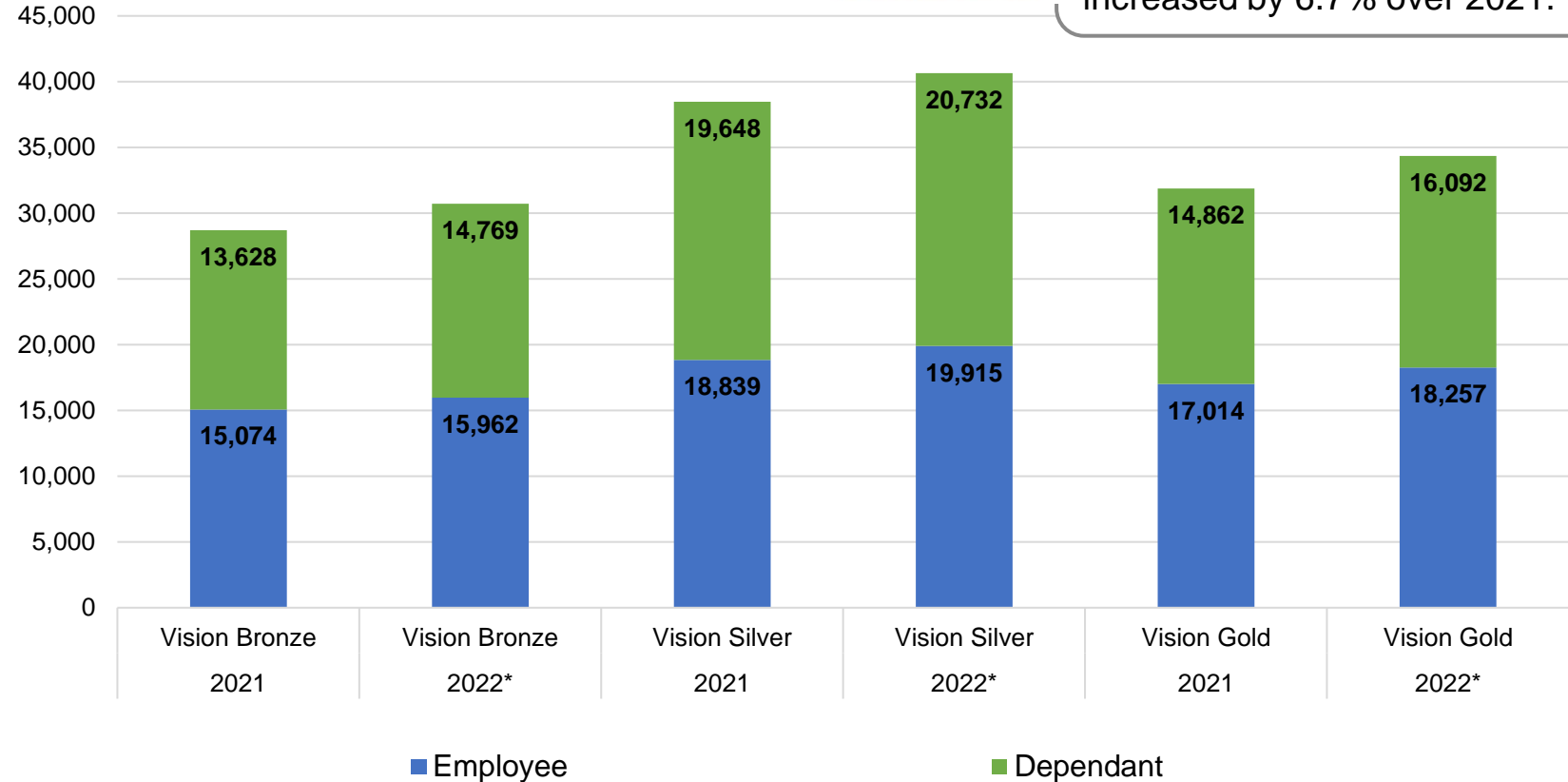
*2022 data reflects January–June 2022 only.
 Source: KEHP-Anthem Partnership Meeting Report, December 2021

Offer Benefits That Meet the Needs of a Diverse Workforce



In 2022, the number of members covered by vision insurance increased by 6.7% over 2021.

Vision Insurance Enrollment by Plan



*2022 data reflects January–June 2022 only.

Source: KHRIS

Offer Benefits That Meet the Needs of a Diverse Workforce

Vision Insurance Claims Paid 2021

Reporting Period	Exams	Paid Amount Exams	Eyewear	Paid Amount Eyewear	Contact Lenses	Paid Amount Contacts	Total Paid Amt
Jan 2021	2,821	\$112,259	1,976	\$238,975	1,000	\$154,452	\$505,686
Feb 2021	3,105	\$124,408	2,082	\$251,154	992	\$162,193	\$537,755
Mar 2021	3,694	\$148,192	2,180	\$263,347	1,230	\$192,951	\$604,490
Apr 2021	2,999	\$120,172	1,888	\$222,004	938	\$139,445	\$481,621
May 2021	2,839	\$113,371	1,755	\$204,657	909	\$148,721	\$466,749
Jun 2021	2,777	\$111,636	1,446	\$172,410	898	\$143,740	\$427,785
Jul 2021	3,236	\$129,928	1,720	\$207,289	952	\$148,064	\$485,281
Aug 2021	4,670	\$177,510	2,793	\$281,587	1,102	\$180,790	\$639,887
Sep 2021	2,145	\$86,722	1,180	\$142,016	647	\$103,842	\$332,579
Oct 2021	1,852	\$74,294	1,837	\$192,565	745	\$116,816	\$383,675
Nov 2021	3,272	\$132,289	1,727	\$201,070	915	\$144,792	\$478,151
Dec 2021	2,304	\$92,766	1,343	\$161,135	670	\$102,293	\$356,194
Total	35,661	\$1,423,546	21,841	\$2,538,207	10,972	\$1,738,100	\$5,699,853

Source: KEHP-Anthem Partnership Meeting Report

Improve Employee Health and Wellbeing

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

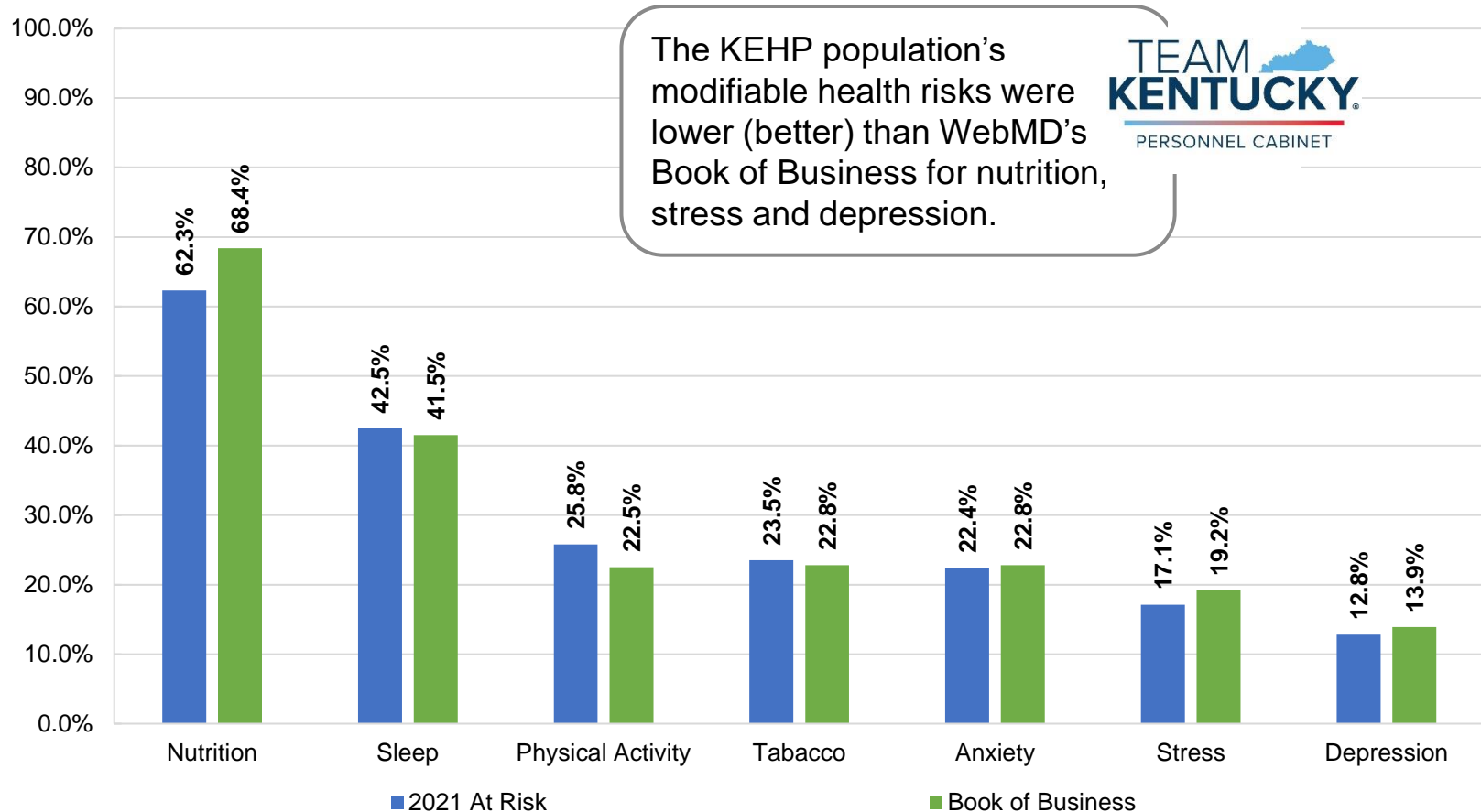
Wellness Participation Cascade

WebMD	2021		Book of Business
Eligible*	178,017		
Health Assessment (% of registered users)	119,727	67.3%	52%
Biometric Screening (% of eligible)	33,353	18.7%	40%
Daily Habits (% of registered users)	23,273	13.1%	25%
Health Coaching Engaged (% Health Coaching Enrolled)	24,314	20.5%	46%
Health Coaching 3+ Sessions (% of Health Coaching Engaged)	7,684	31.6%	39%

*Total eligible, includes individuals who are enrolled in medical benefits

Source: WebMD 2021 Report

Modifiable Health Risk Prevalence

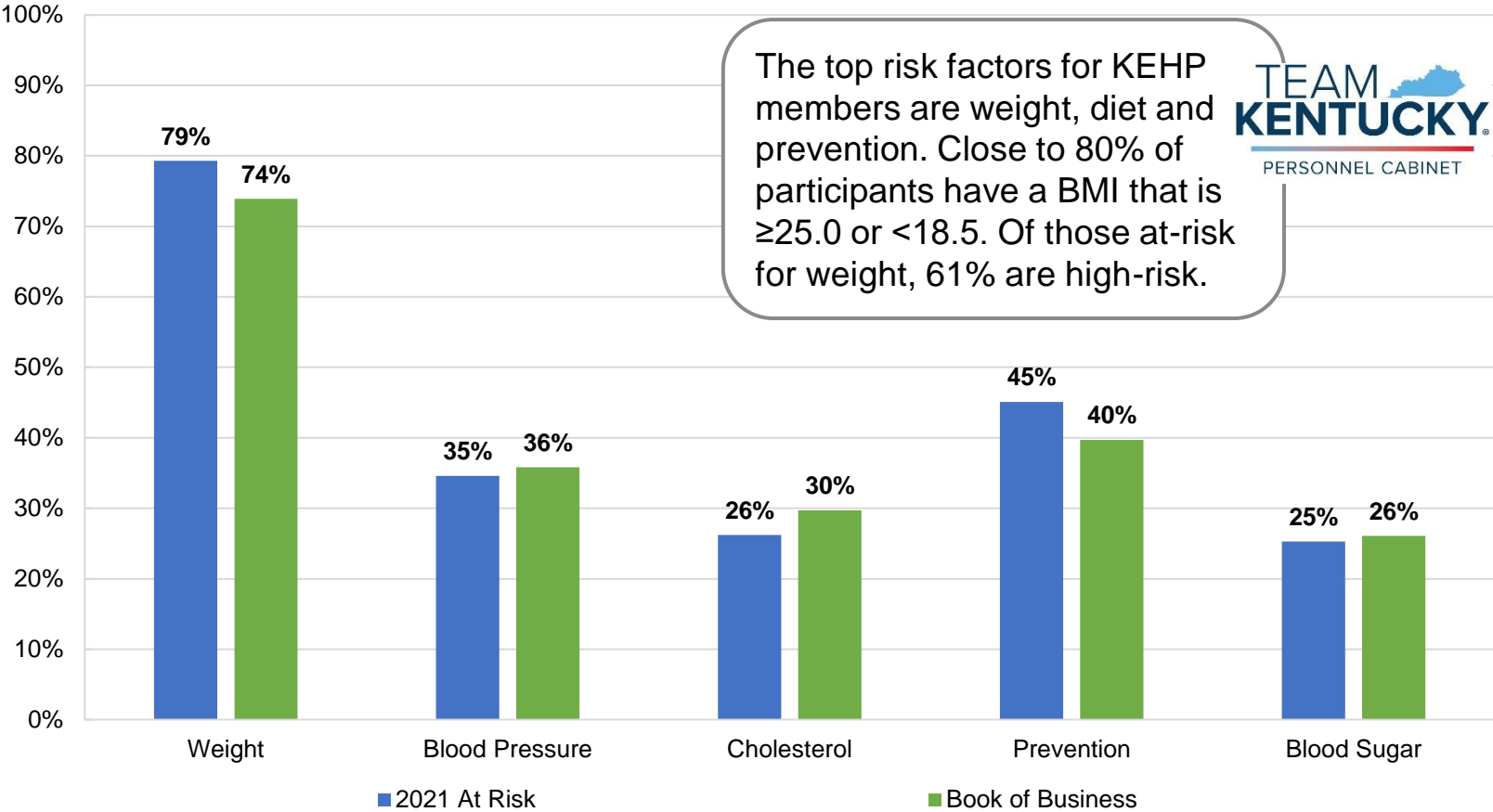


Source: WebMD 2021 Report

Clinical Risk Prevalence - Health Assessment



The top risk factors for KEHP members are weight, diet and prevention. Close to 80% of participants have a BMI that is ≥ 25.0 or < 18.5 . Of those at-risk for weight, 61% are high-risk.

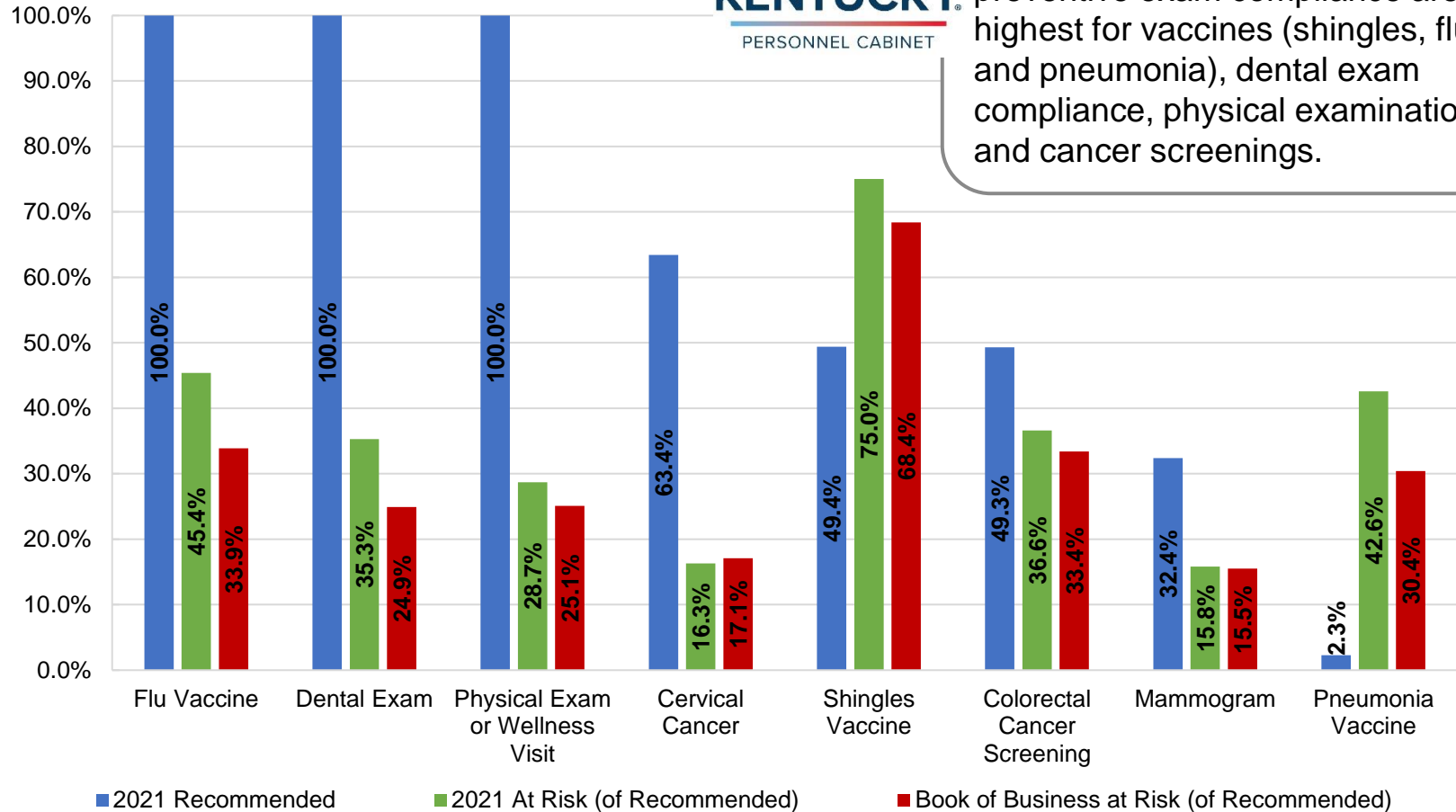


Source: WebMD 2021 Report

Preventative Exam Risk Prevalence



In general, those at-risk for preventative exam compliance are highest for vaccines (shingles, flu and pneumonia), dental exam compliance, physical examination and cancer screenings.



Source: WebMD 2021 Report

Biometric Screening Summary

Screening Value	% of Participants Within Recommended Range	Definition
Blood Pressure	36.0%	Less than 120/80
BMI	20.9%	Normal 18.5-24.9
Glucose	63.5%	Fasting \leq 99(mg/dL) Non-Fasting \leq 139 (mg/dL)
Total Cholesterol	75.0%	Optimal \leq 199 (mg/dL)
HDL Cholesterol	29.9%	Optimal 60+ (mg/dL)
LDL Cholesterol	50.9%	Optimal (Fasting) \leq 99
Triglycerides	77.0%	Optimal (Fasting) \leq 149

Source: WebMD 2021 Report

Provide the Tools to Manage Chronic Disease Conditions

Value Benefits for Diabetes, COPD, and Asthma

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

Provide the Tools to Manage Chronic Disease Conditions

Why Weight Kentucky

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



Implement Actuarial Recommendation to Establish Plan Reserves

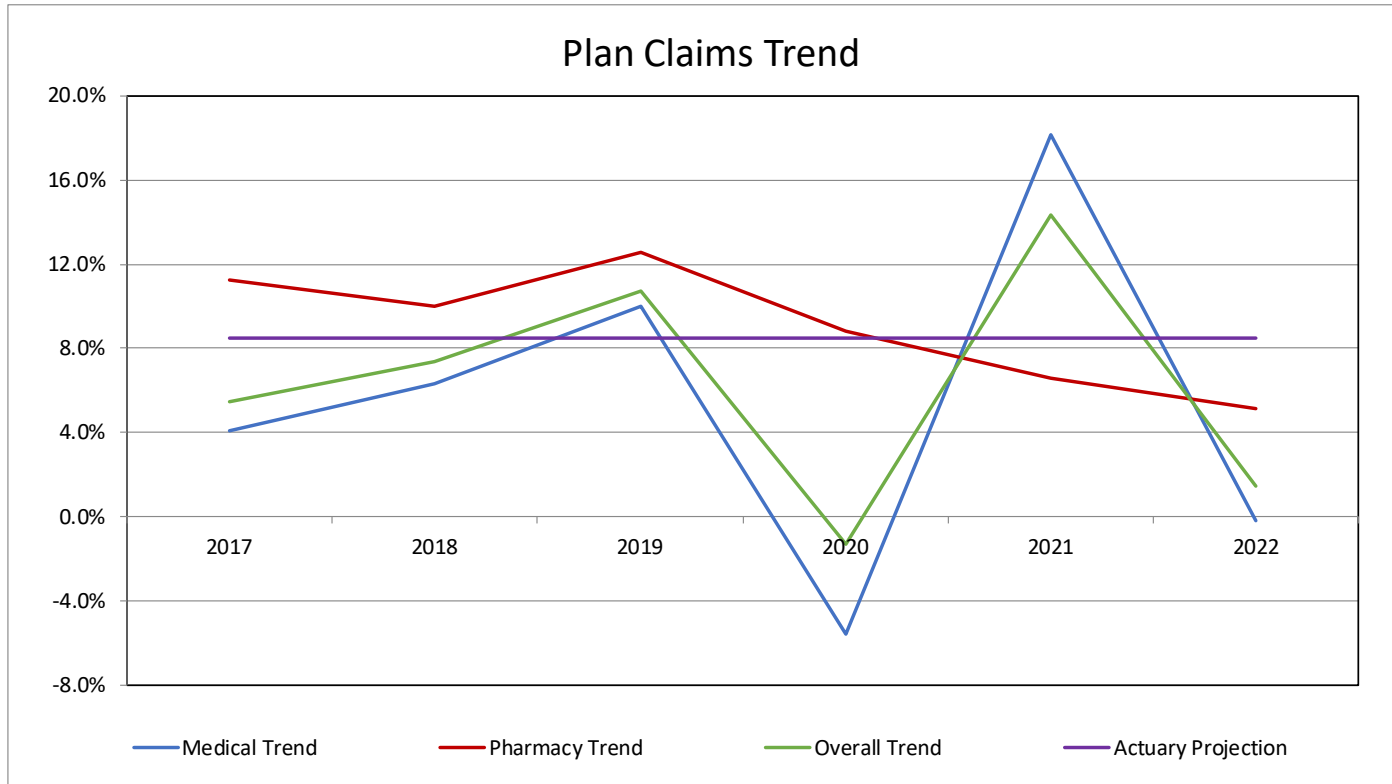
- Through judicious contracting, plan design, budgeting, and claims control practices, KEHP maintained financial discipline and budget management. This has permitted the plan to maintain premium increases for employees and employers far below claims inflation rates.
- As of June 30, 2021, \$1 billion 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 KEHP to engage in conservative budgeting practices rather than strategic healthcare benefit planning.
- Because of the combined effects of the above, the KGHIB Board Members seek to implement the actuary's recommendation of establishing a reserve fund within the KEHP Trust to equal 10% of anticipated claims.
 - In the 2022 legislative session, the Personnel Cabinet proposed SB 278, which would establish a solvency reserve in the amount of 10% of incurred medical and pharmacy claims for the KEHP trust fund. That legislation did not pass.

Implement Actuarial Recommendation to Establish Plan Reserves

Cost Savings and Trust Funding Measures

Plan Year Implemented	Benefit Design Changes	Savings
2021	New two-tier prescription Value Formulary for all plans	\$34M
2021	Prescription co-pay increase by \$5 for LivingWell PPO	\$6.1M
2021	Specialist visit co-pay increase by \$5 for LivingWell PPO	\$0.6
2021	Increased employer premium by 3%	\$43.5M
2021	Increased employee premiums by average of \$6.02	\$5.9M
2020	Increased deductibles and out-of-pocket maximums	\$30M
2020	Increased employee premiums	\$8M
2020	Cancelled Anthem's Enhanced Personal Healthcare Model	\$6M
2020	Lowered cap for Waiver HRAs to \$5,000	\$2M
2020	CVS market check	\$24M
2019	Increased employee premiums for LW CDHP couple and family levels	\$2M
2019	Implemented two-tier formulary: generic and brand for LW Basic and Limited HD Plan	\$0.6M
2019	Lowered cap for Waiver HRAs to \$6,000	\$2M

Implement Actuarial Recommendation to Establish Plan Reserves



	2017	2018	2019	2020	2021	2022
EE Increase	0%	3%	0%	3%	3%	3%
ER Increase	0%	1%	0%	0%	3%	3%

*2022 data reflects January–June 2022 only. This time period experienced longer than typical Anthem medical claims lag and could reflect higher numbers after the lag is resolved.

Source: Aon Q2 2022 Financial Projection, August 2022

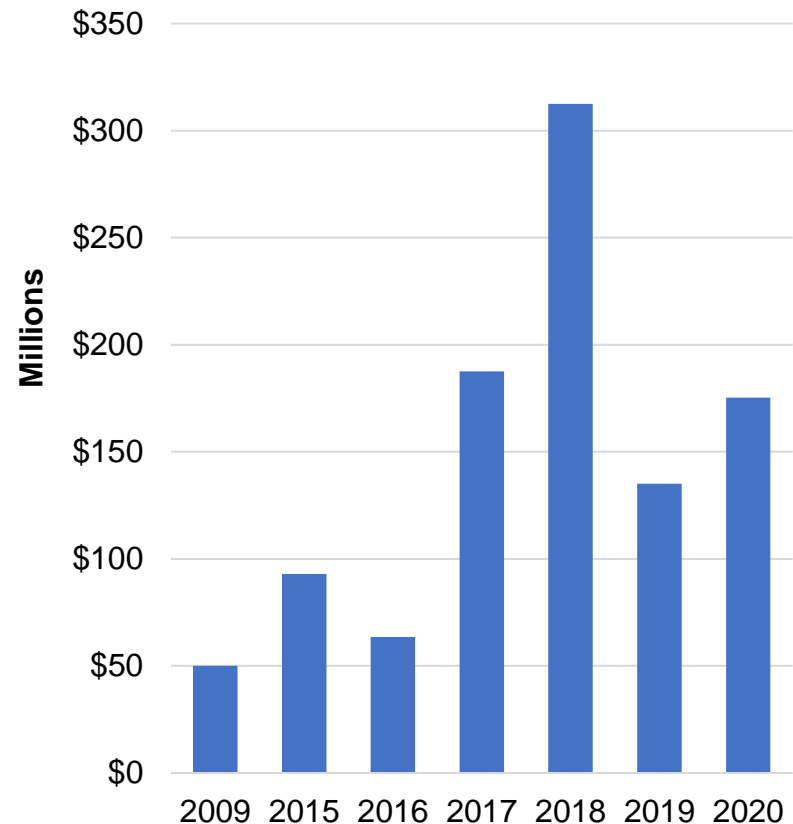
Implement Actuarial Recommendation to Establish Plan Reserves

- 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. No funds have been transferred since 2020.

Transfers to General Fund



Source: Commonwealth Accounting System, eMars

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.



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

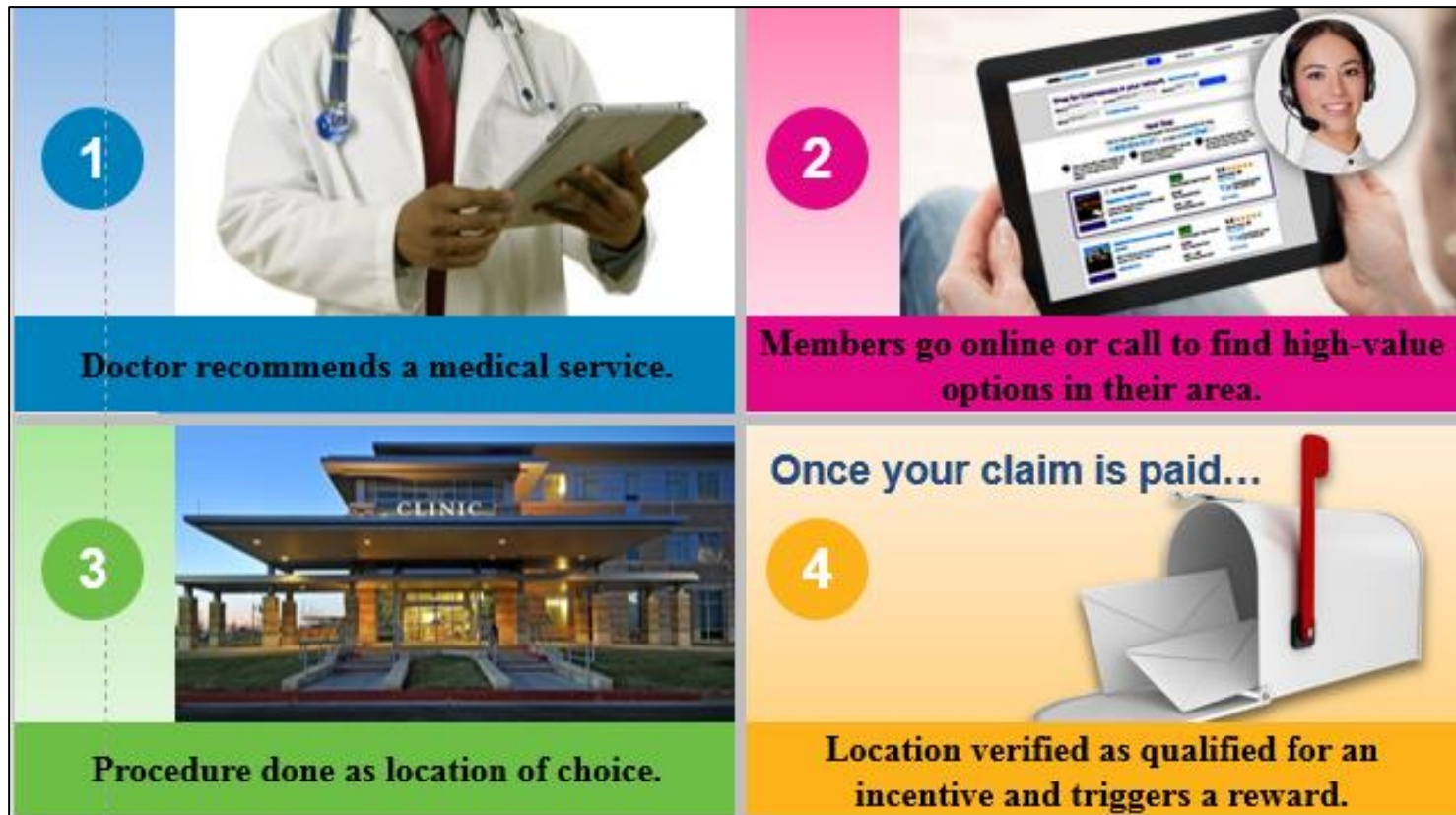
- SmartShopper is a program that helps KEHP members be savvy medical consumers by offering choices when it comes to healthcare services.
- SmartShopper tells our members how much a test or procedure costs at different in-network facilities in their area.
- When our members choose a cost-effective option,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

SmartShopper®



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

How SmartShopper Works



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

SmartShopper Savings*

\$20.9M

Total claims savings

\$3.7M

Incentives sent to members

\$559

Average claim savings per incentive



17%

Activation rate

78%

Activated shopping rate

59%

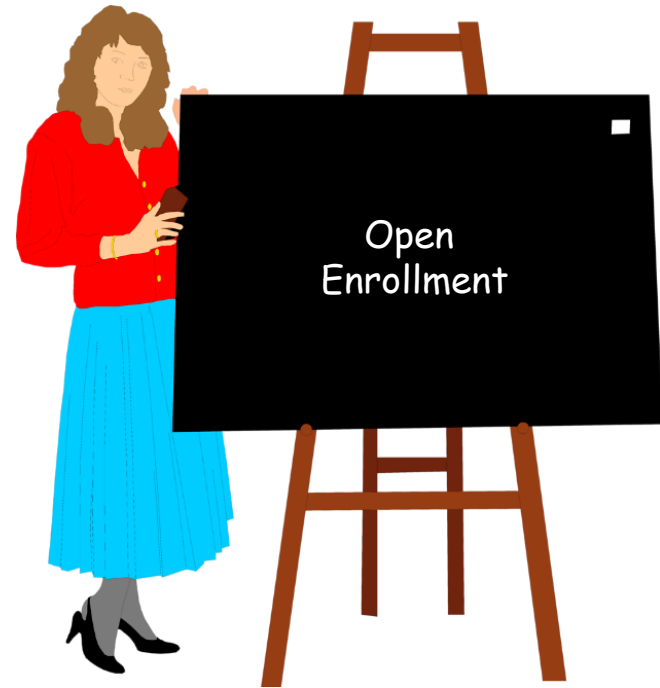
Shop conversion rate

*Program inception through December August 2022.

Source: SmartShopper Performance Report, September 2022

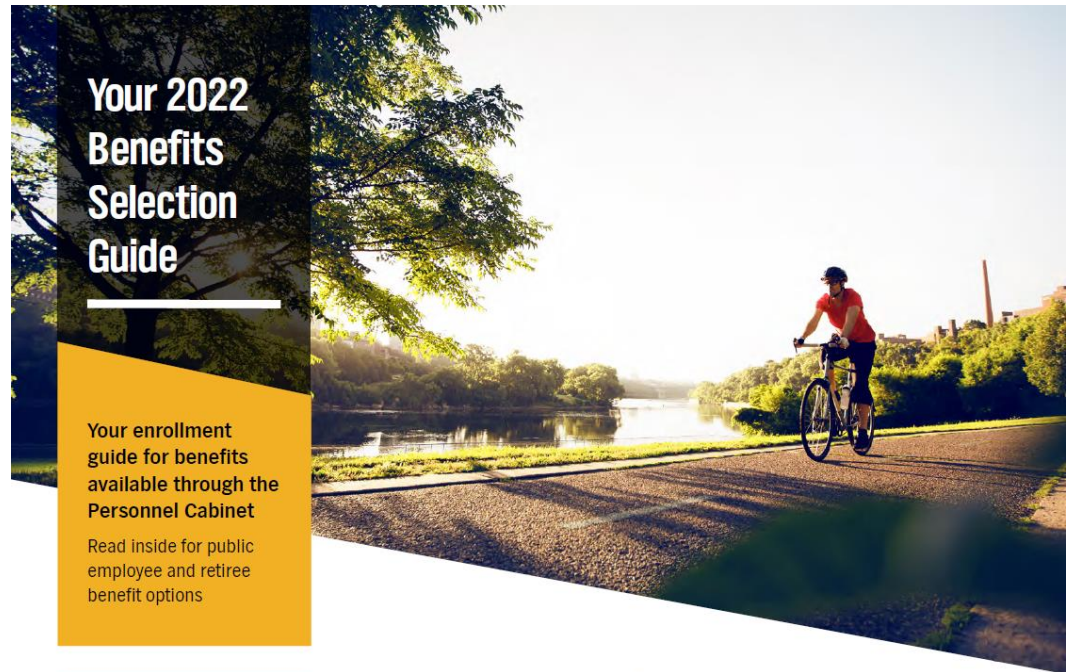
Help Employees Understand KEHP Programs and Tools Available

- 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

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



Open Enrollment is
Oct 11 - Oct 29

Living > Well Promise for 2022:

All planholders **must** take the online WebMD health assessment or complete a biometric screening.

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, it says "KENTUCKY PERSONNEL" and "A site for state employee and benefit participant team members". There is a search bar and a navigation menu with "Benefits", "Resources", "Services", "Find a Job", and "News". On the right, there are links for "MyPURPOSE" and "KHRIS". The main content area is titled "Kentucky Employees' Health Plan" and features a "Diabetes Prevention" section. This section includes the text "You are in control of your health. Prevent diabetes and start improving your overall health and well-being today." and a "Click here to get started" button. To the right of this text is the "lark" logo. Below this section is a paragraph explaining that the KEHP is a self-funded plan for nearly 294,000 members. At the bottom, there is a navigation menu with four categories: "Plan Options", "Programs and Services", "Resources", and "KEHP Information". Each category has a list of links.

Plan Options	Programs and Services	Resources	KEHP Information
<ul style="list-style-type: none">LivingWell CDHPLivingWell PPOLivingWell Basic CDHP	<ul style="list-style-type: none">LivingWellLivingwell Health ClinicsSmartShopperLiveHealth OnlineRethink Benefits	<ul style="list-style-type: none">Enrolling or Changing CoverageBenefits Selection GuideDocs, Forms and Legal NoticesTransparency in Coverage FilesDiabetes Prevention Program	<ul style="list-style-type: none">KEHP VendorsBoard & Committee InformationHistorical InformationRetiree ResourcesMember Webinars

Glossary

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

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

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

Brand Name Drug: A trademarked drug for which the manufacturer holds the patent or has purchased the rights to manufacture from the patent holder. Brand name drugs are generally more expensive than generics. A single-source brand name drug is a drug that is only produced by one manufacturer and for which a generic equivalent is not available. Multi-source brand name drugs are drugs produced by more than one manufacturer, as generic equivalents are available.

CHF: Congestive heart failure.

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

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

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

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

COPD: Chronic obstructive pulmonary disease.

Glossary

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

Single: coverage for only the employee or retiree

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

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

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

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

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

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

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

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

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

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

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.

Glossary

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

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

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

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."

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 benefits.

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

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

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

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

Glossary

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

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

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

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

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

Rx: Refers to prescriptions.

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

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

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

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