

Kentucky Employees' Health Plan (KEHP)

Twenty-Third 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 2022 cost and usage, plan performance comparison to prior years

Population

The KEHP administers benefits for approximately 288,000 people in Kentucky— that's one in 16 Kentuckians!

Employees, retirees, and their family members enrolled in KEHP would fill Whitney Hall at the Kentucky Center for the Arts almost 114 times!



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

2022 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

\$6,278

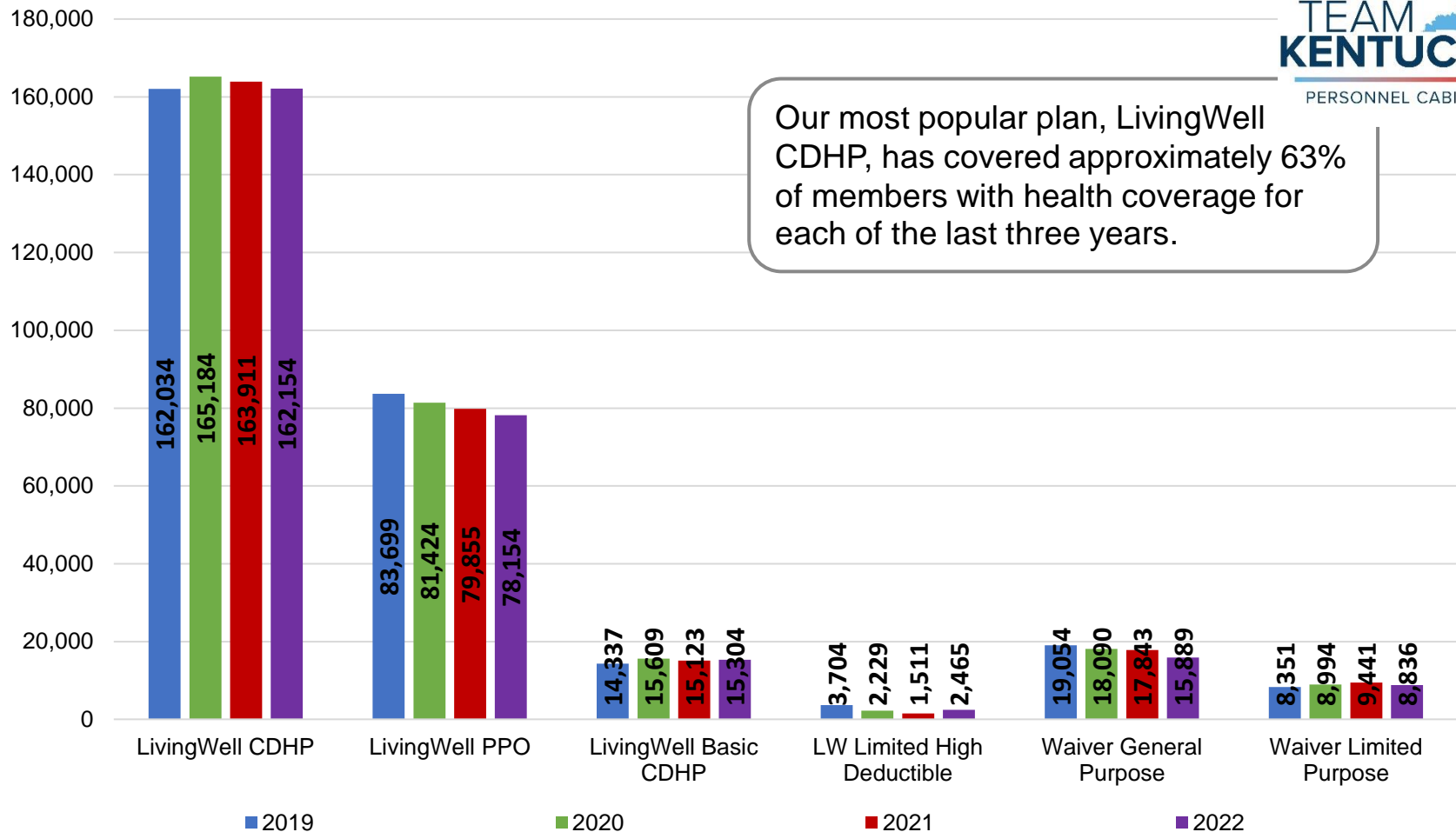
average spent on medical and prescription claims per Member

8.2 million

individual medical and prescription drug claims paid for members

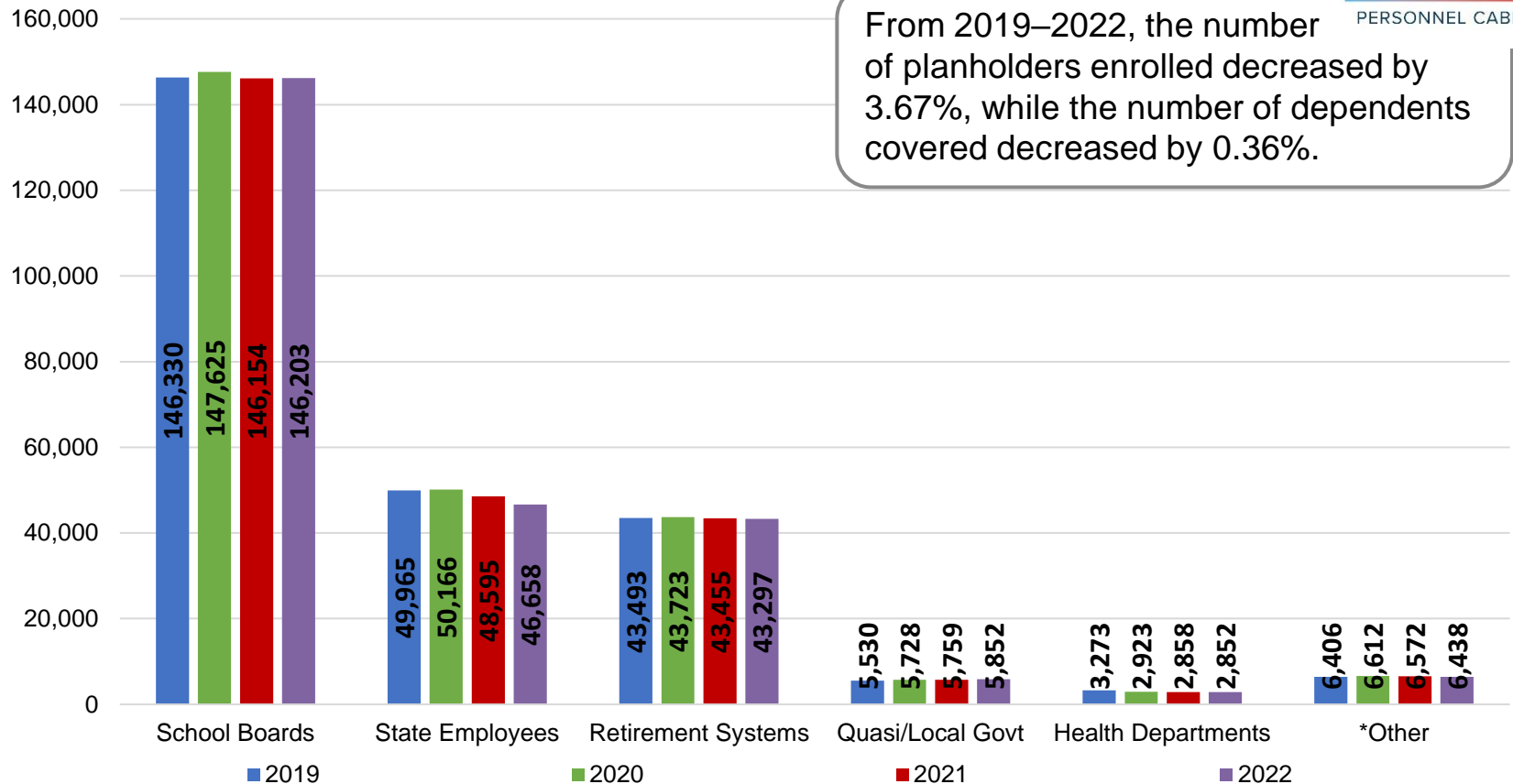
Source: KEHP enrollment and claims data aggregated by Merative

Members by Plan



Source: Enrollment data aggregated by Merative

Health Covered Members by Group

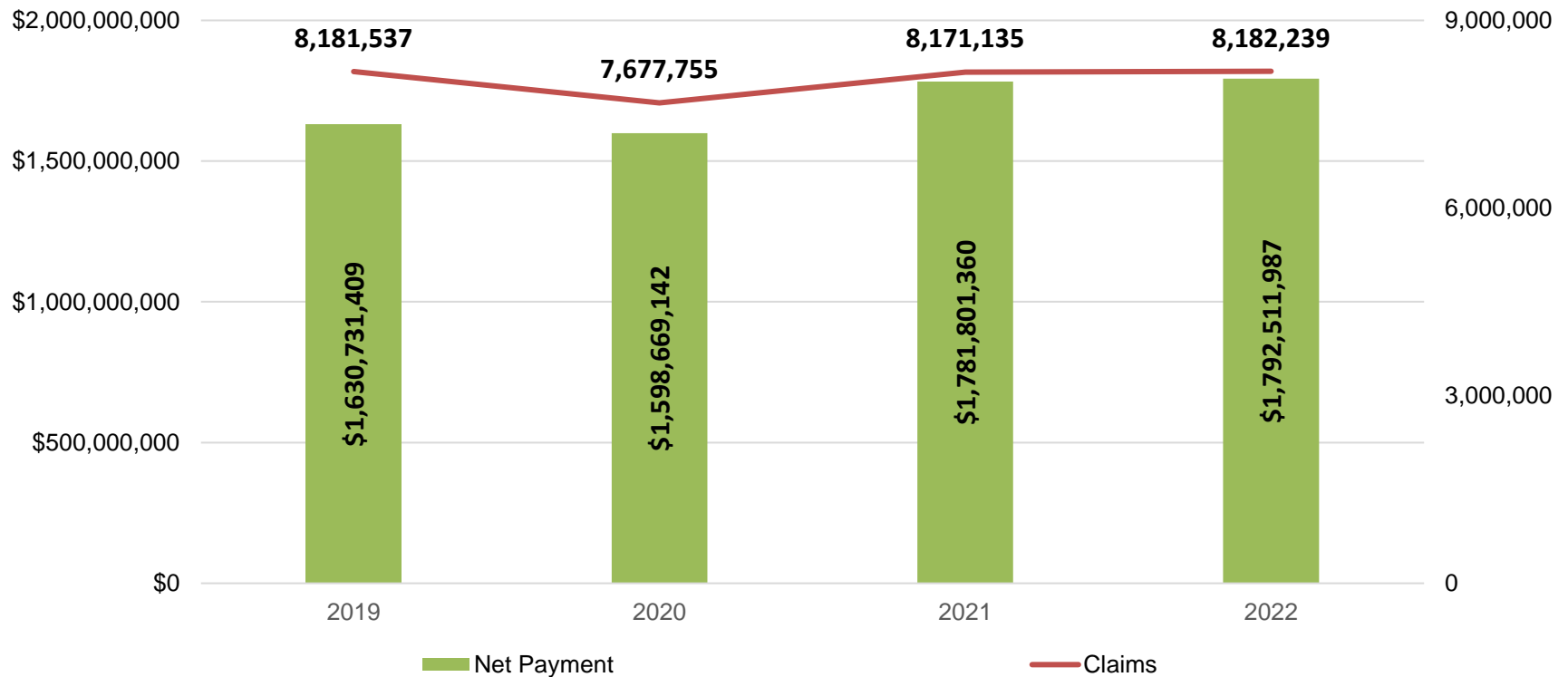


Source: Enrollment data aggregated by Merative

*Other includes COBRA, KCTCS and other small employer groups

Net Payments and Claims by Year

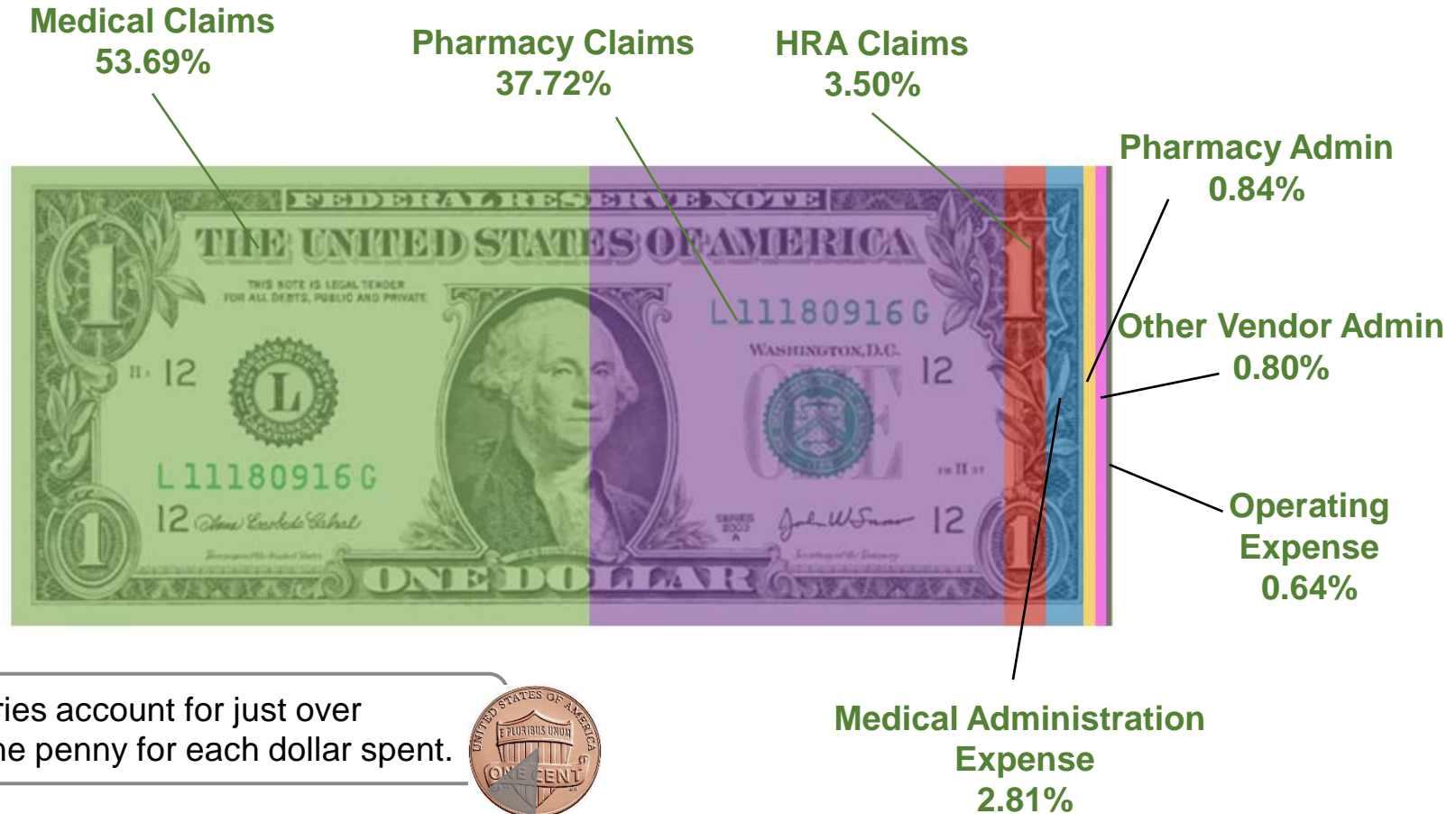
Average net payments per claim continue to grow over the years, from \$199.32 in 2019 to \$219.07 in 2022.



Source: Claims data aggregated by Merative

Plan Expenses

94.89% of KEHP expenses are claims payments!



KEHP salaries account for just over 1/10th of one penny for each dollar spent.



Source: KEHP Trust Fund Cash Transactions from May 2023

2022 Health Premiums

\$770

Average Employer Monthly
Premium per Employee

KEHP employers
pay below the
national benchmark of **\$1,363** per
month per employee.



83%

KEHP Employer Contribution

17%

KEHP Employee Contribution

\$284 million

Employee pretax deductions
for health insurance

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

2022 Health Insurance Premiums

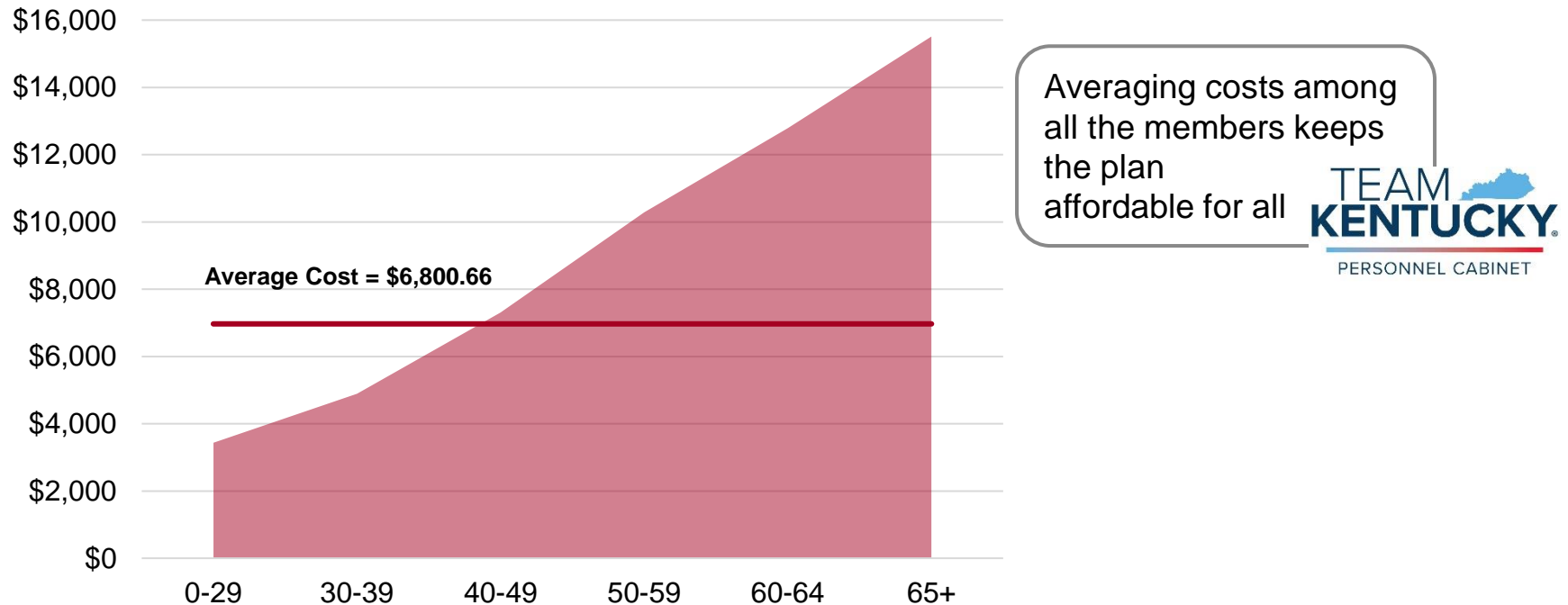
- KEHP employees pay **57%** less for a single plan and **22%** less for a family plan, than the average US employee.
- Since 2018, the average premiums for other public employee health Insurance plans has increased by 6.71% for single coverage and 4.57% for family coverage, whereas KEHP premiums have only increased by **2.82%** for single coverage and **1.0%** for family coverage.
- 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 (<https://www.kff.org/report-section/ehbs-2022-summary-of-findings/>)

Pooling Risk

Because anyone—young or old—can have an unforeseen catastrophic health event, KEHP spreads healthcare costs across all 258,000 health plan participants, keeping the plan affordable for everyone.

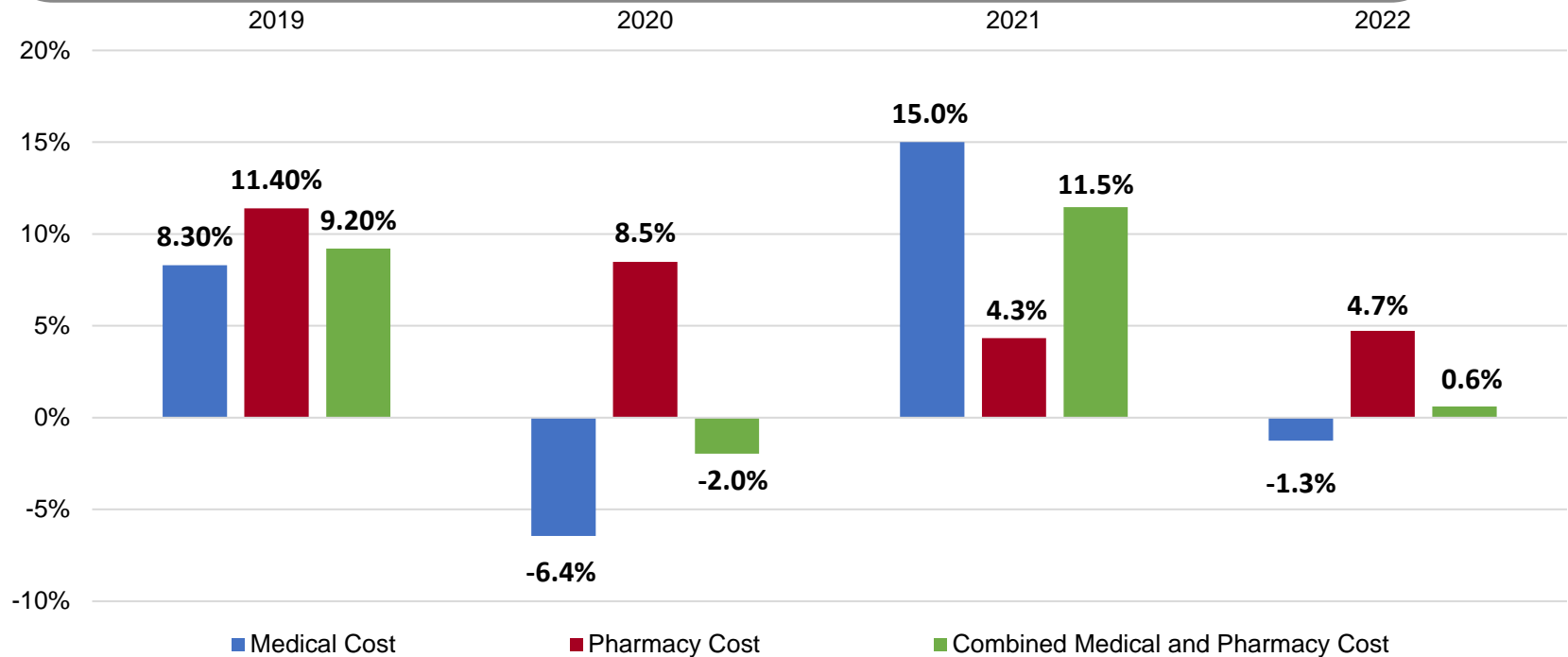
KEHP average annual claims cost by age group, all medical and pharmacy claims, 2022



Source: KEHP claims data aggregated by Merative

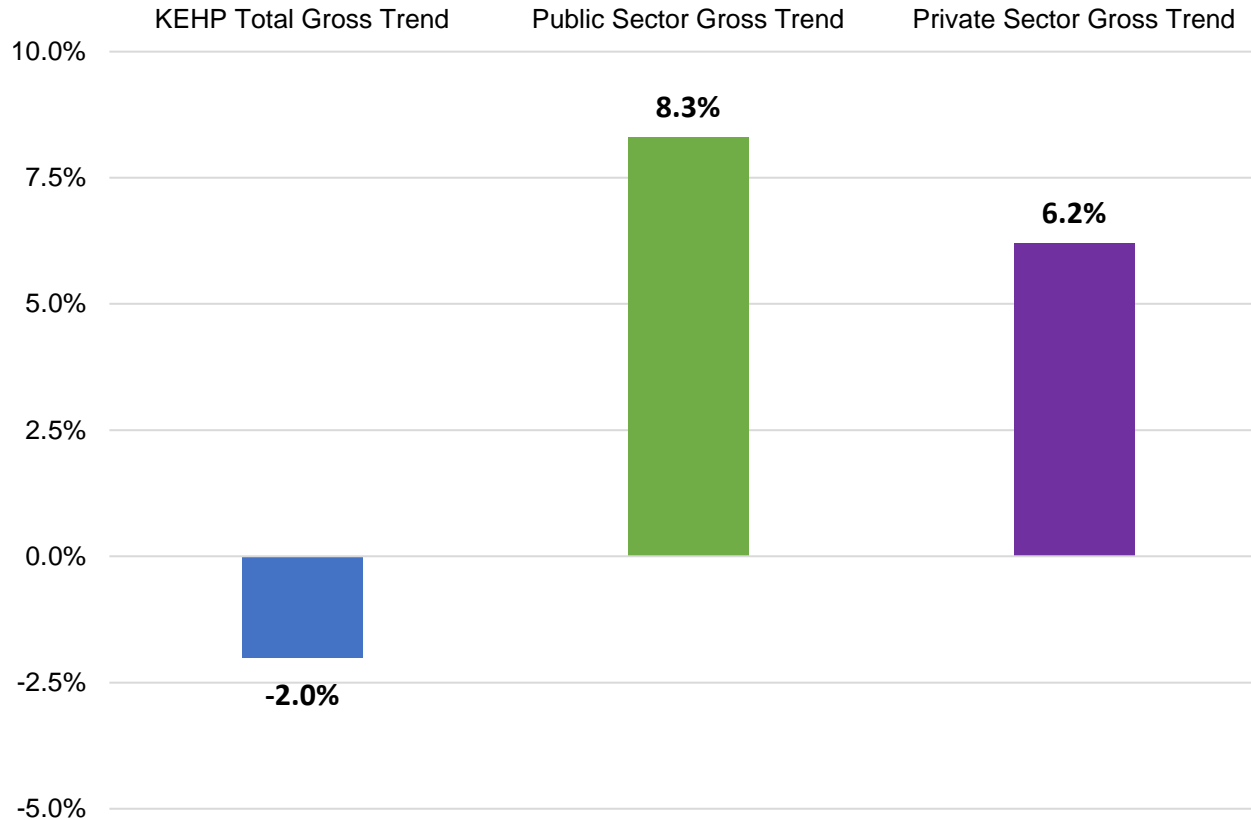
Medical and Pharmacy Trends

Incurring 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, for the third year in a row. In 2022, medical costs went down again with a rise again in prescription drug costs.



Source: KEHP claims data aggregated by Merative

2022 Pharmacy Cost Trends



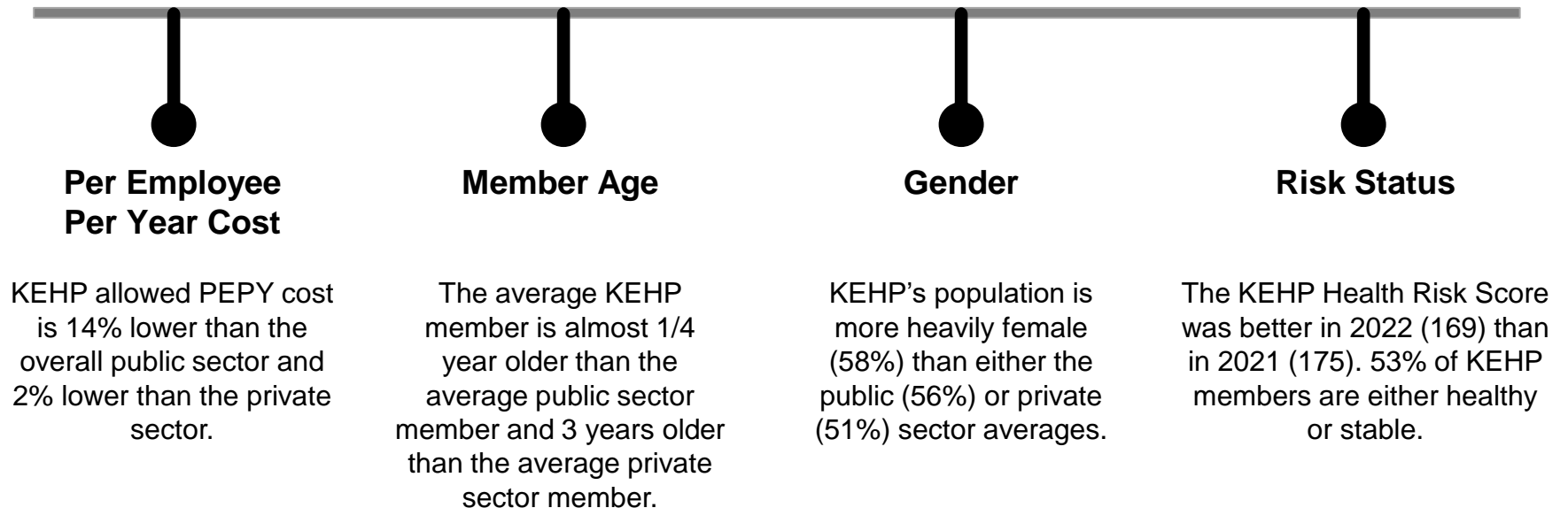
KEHP receives 100% of drug rebates, reducing plan costs by more than \$227M annually



Source: CVS Rx Insights

Benchmarking

Merative compared KEHP 2022 plan performance against their national book of business for public and private employers.

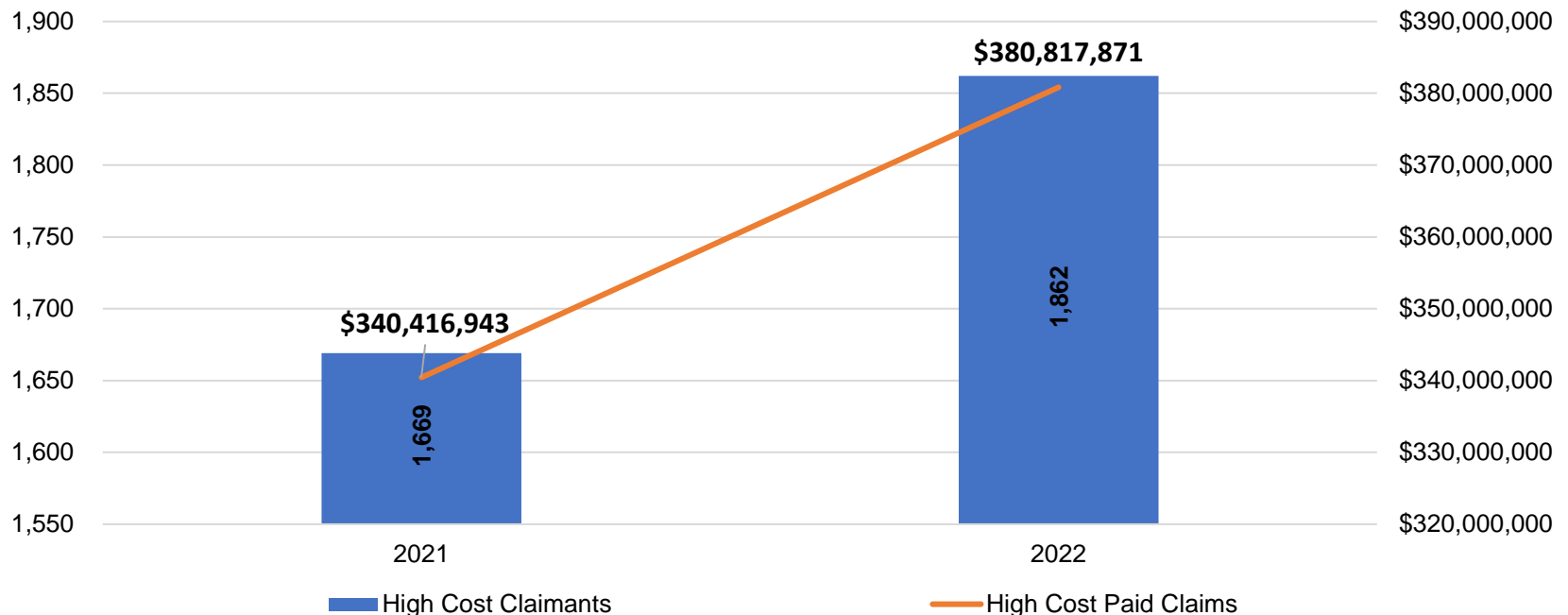


Source: KEHP Public Sector/Private Sector Benchmark Comparison by Merative

High Cost Claimants

Ten high cost claimants had over \$1M in medical claims in 2022, while the remaining 1,852 high cost claimants account for claims ranging from \$100k to \$1M.

While KEHP's health risk score improved from 2021 to 2022, high cost claimants ($\geq \$100K$) continue to drive the overall cost trend.



Source: Anthem Quarterly Partnership Meeting

Board Recommendations for Plan Years 2023–2025

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

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

What Benefits Do We Offer?

About Our Program



Overview of 2022
plans, benefits, programs, and partners

Health Plans—2022

CDHP

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

Waiver HRA

KEHP offered 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 was discontinued for plan year 2023.

PPO

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

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%.

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

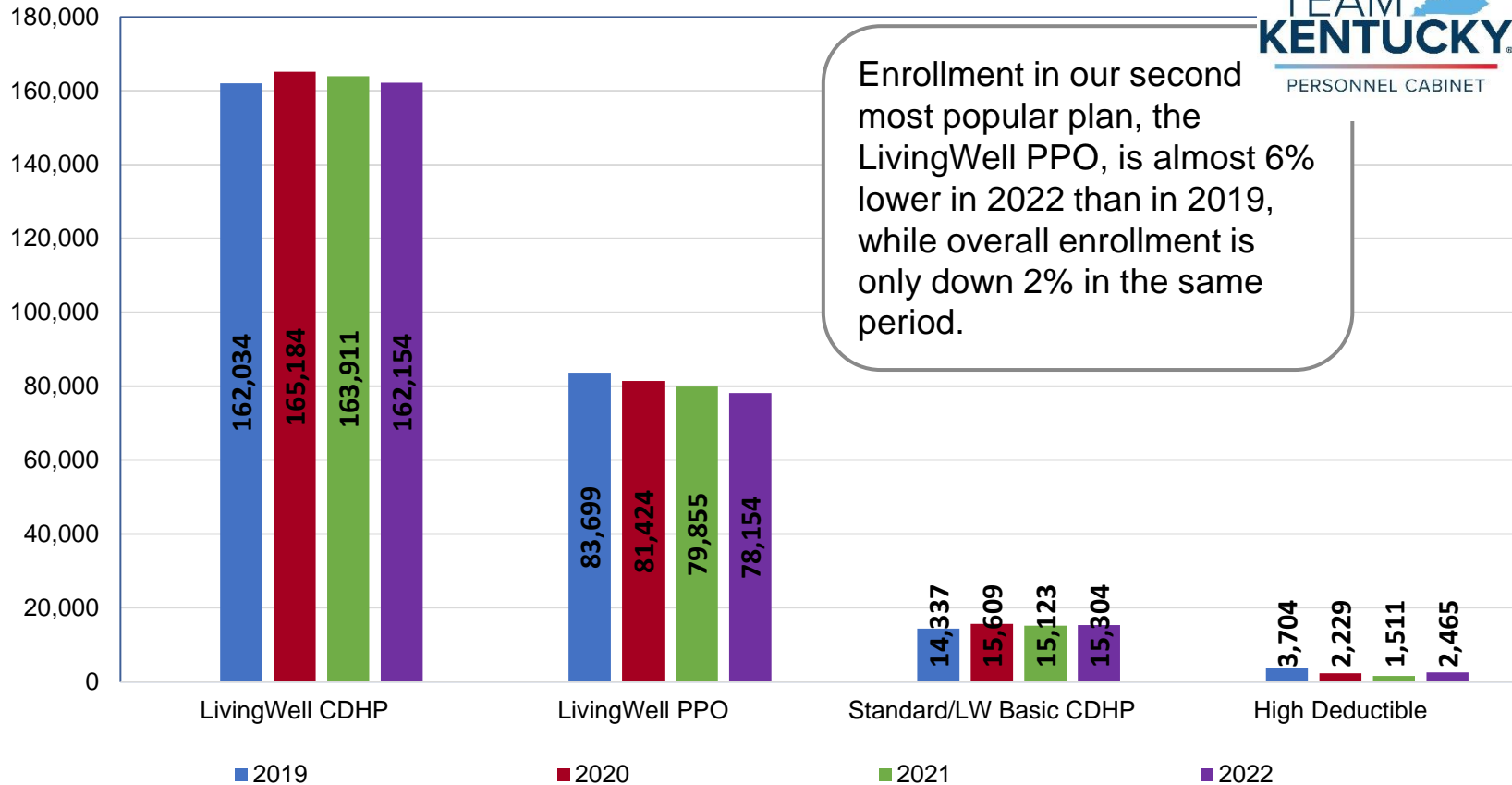
2022 Drug Benefits

	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 applied to 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 enrolled in the PrudentRx specialty program. A 30% co-insurance for specialty drugs applied to 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: KEHP Data aggregated by Merative

Who Administers KEHP Benefits?

KEHP Vendor Partners

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



KEHP Vendor Partners

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



KEHP Vendor Partners

- **Transparency: SmartShopper** allows our members to earn a cash reward for choosing a cost-effective option for their healthcare needs. It's easy and free to shop SmartShopper's list of services, lower your out-of-pocket costs, and earn rewards.
- **Wellbeing: WebMD** is KEHP's well-being & rewards program, providing 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 and behavioral challenges, and developmental disabilities.
- **Verification:** KEHP has a responsibility to ensure that our health plans are only covering legally eligible dependents. 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

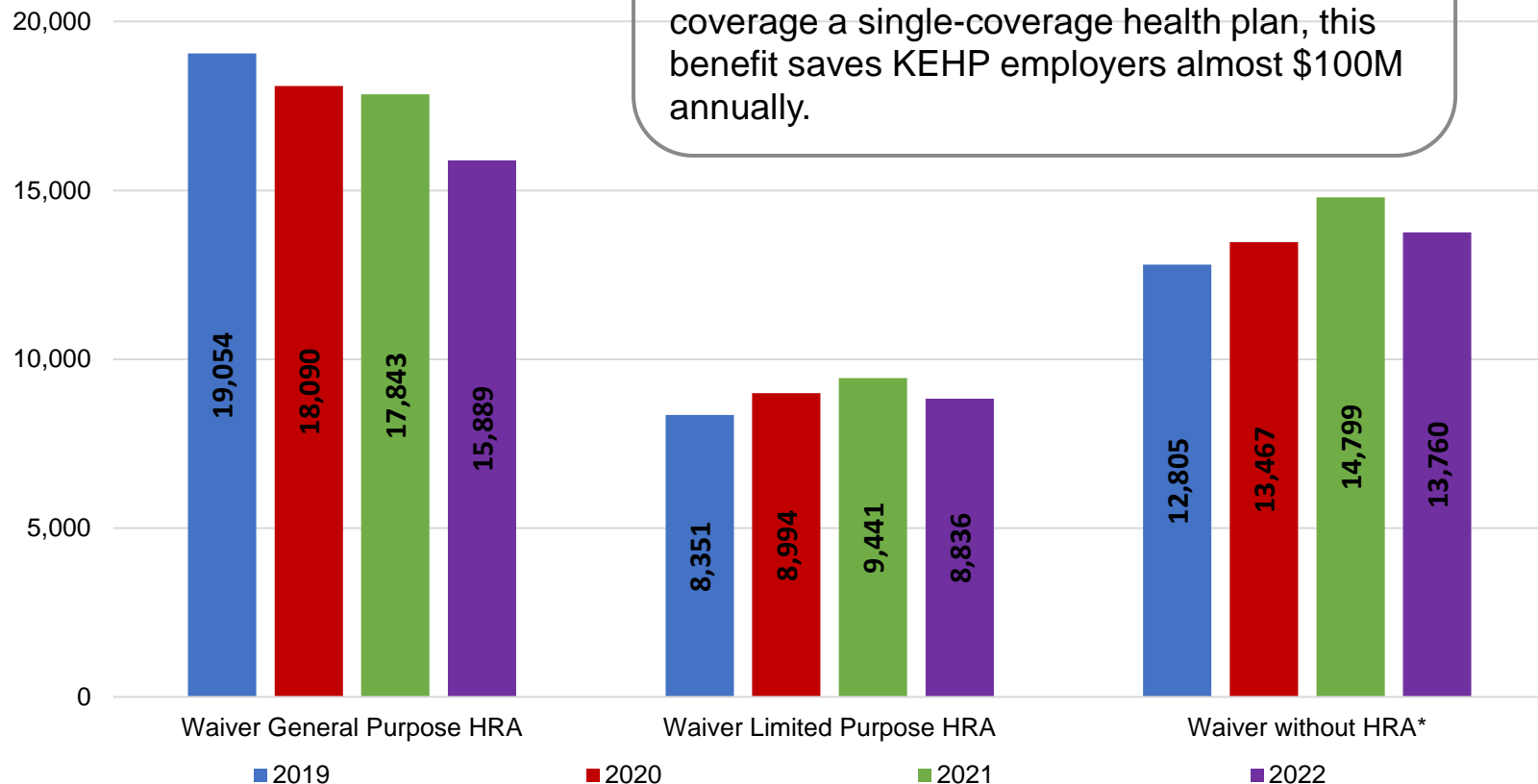
Additional Plan Benefits

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

Waiver Plans

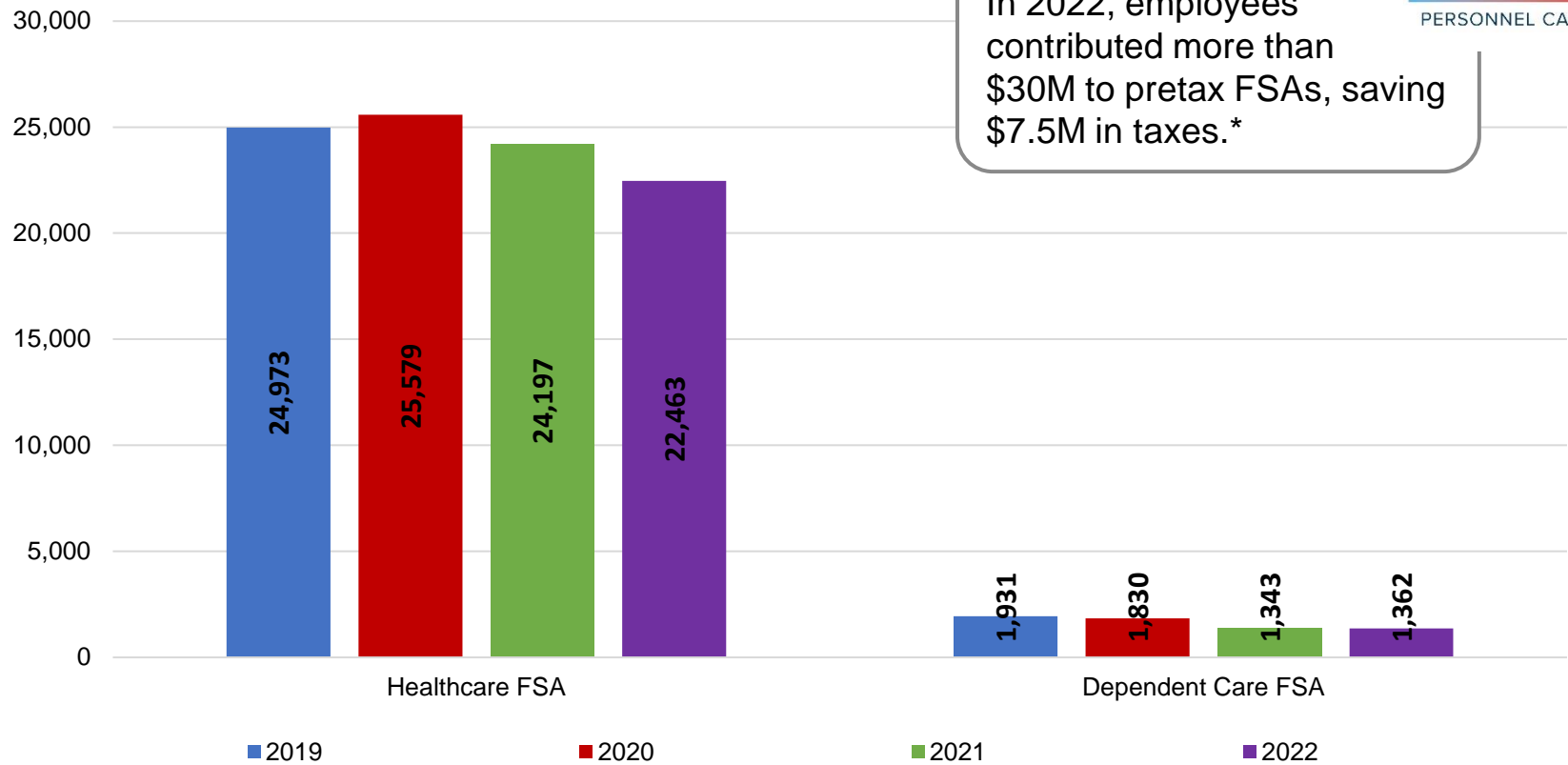
In 2022, KEHP provided more than \$33M in benefits (\$175 monthly) to members who waived health insurance coverage. Compared to the cost of providing members who waive coverage a single-coverage health plan, this benefit saves KEHP employers almost \$100M annually.



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

Source: KEHP enrollment in KHRIS and WageWorks Contributions Report

FSA Plans



*Assumes a combined tax rate of 25%.

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

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

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

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



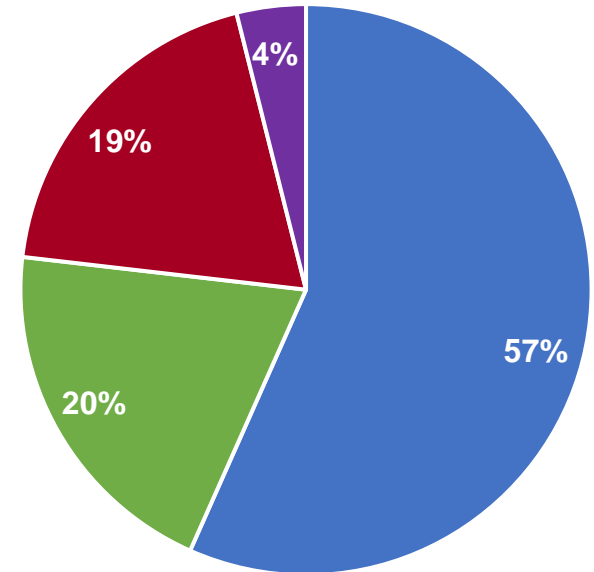
Overview of enrollments in the Department of Employee Insurance plans and programs

Eligibility

- KEHP is a self-funded plan that offers health insurance coverage to approximately 288,000 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.



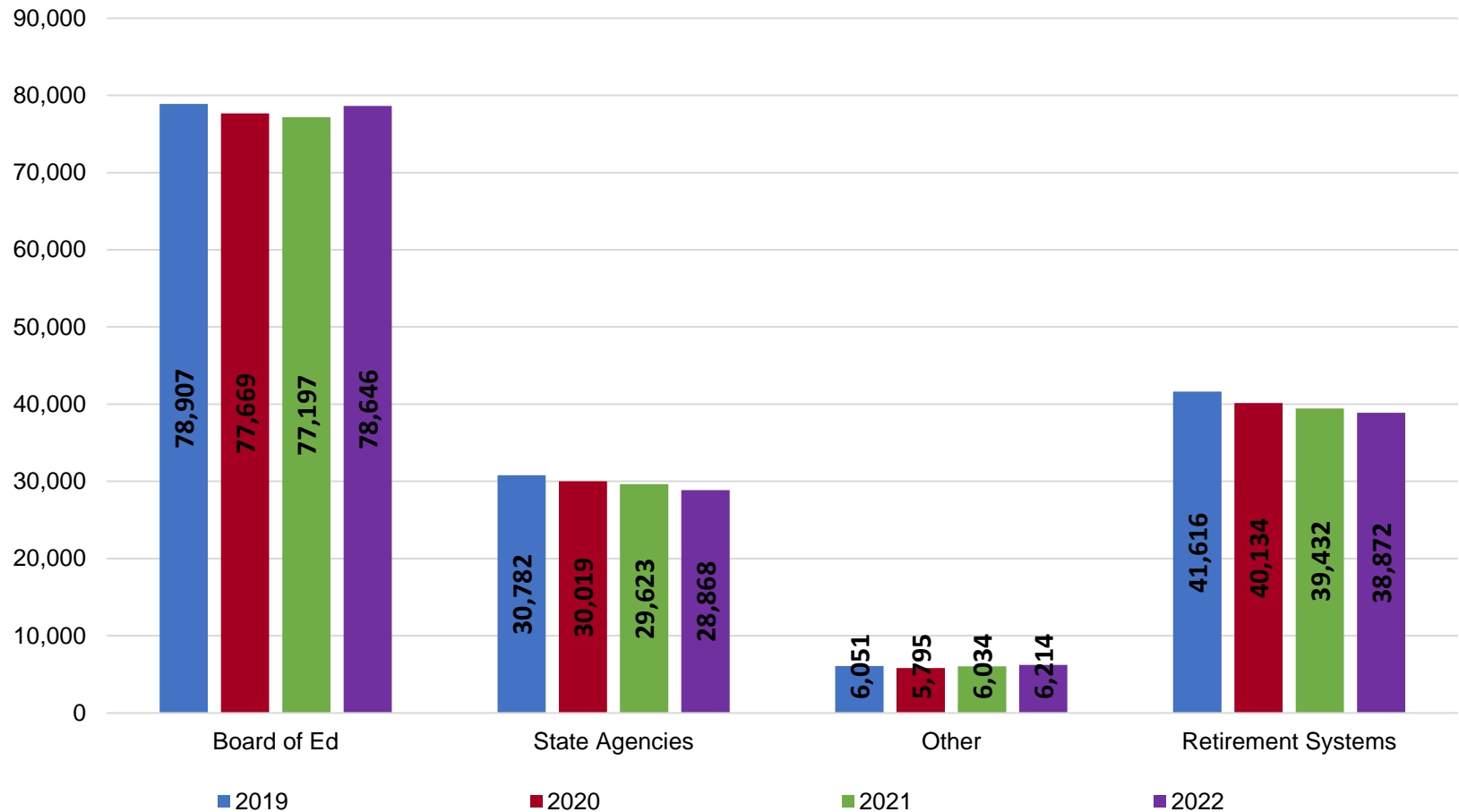
KEHP covers 6.7% of the entire state population.



■ School Boards ■ Early Retirees ■ State Agencies ■ Other

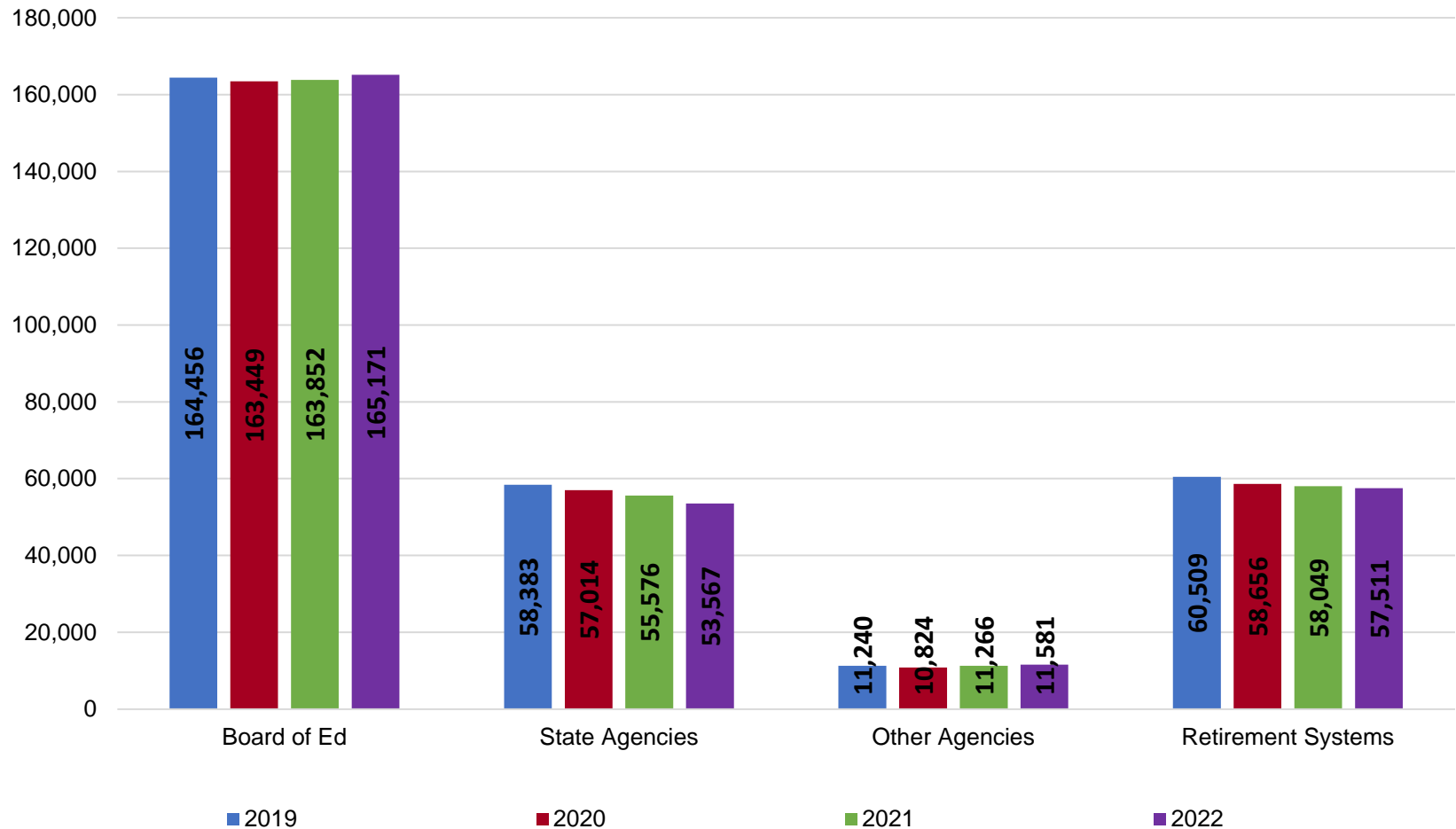
Source: KEHP enrollment in KHRIS

Employees by Group



Source: KEHP enrollment in KHRIS

Members by Group



Source: KEHP enrollment in KHRIS

Enrollment Demographics

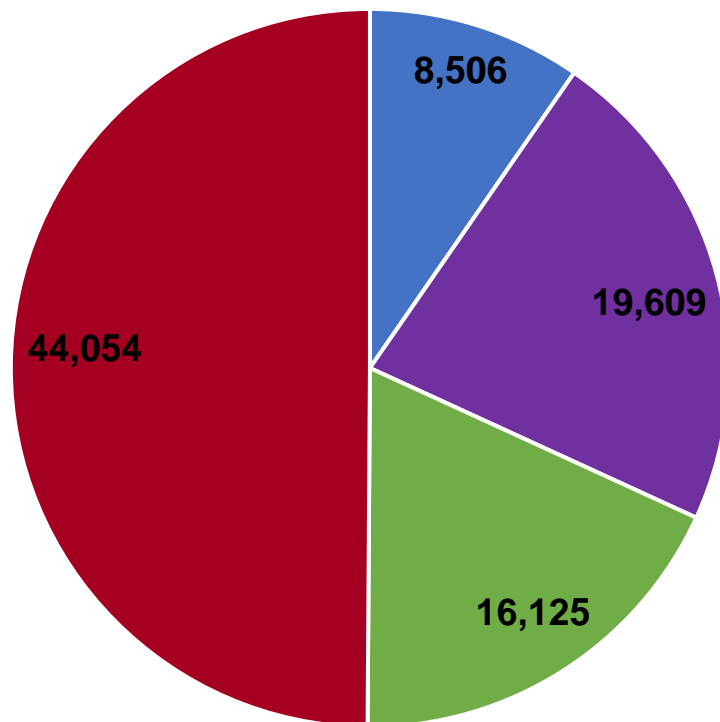
	2019	2020	2021	2022
Health Enrollment				
Employees	157,356	153,617	152,286	152,600
Members	294,588	289,943	288,743	287,830
Average Age				
Employees	48.4	48.4	48.5	48.4
Dependents	22.8	22.9	23.0	23.1
Demographic Splits				
Employee Percentage Female	68%	67%	67%	67%
Employee Percentage Male	32%	33%	33%	33%
Member to Employee Ratio	1.87	1.89	1.90	1.89
% of Covered Members who are:				
Adult Male	38%	39%	38%	38%
Adult Female	62%	61%	62%	62%
Children	23%	23%	23%	23%

Source: KEHP enrollment and claims data aggregated by Merative

2022 LivingWell CDHP Employee Demographics



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



■ Couple ■ Family ■ Parent Plus ■ Single

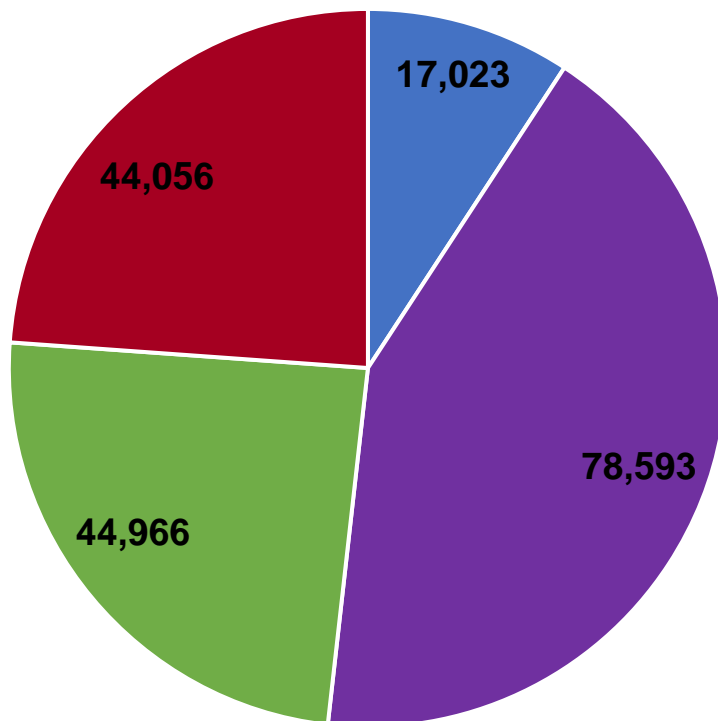
Dimensions	
Employees Avg Age	47.4
Employee Percentage Female	69%
Employee Percentage Male	31%

Source: KEHP enrollment and claims data aggregated by Merative

2022 LivingWell CDHP Member Demographics



LivingWell CDHP has the highest ratio (1:1.11) of dependents to employees of any plan.



■ Couple ■ Family ■ Parent Plus ■ Single

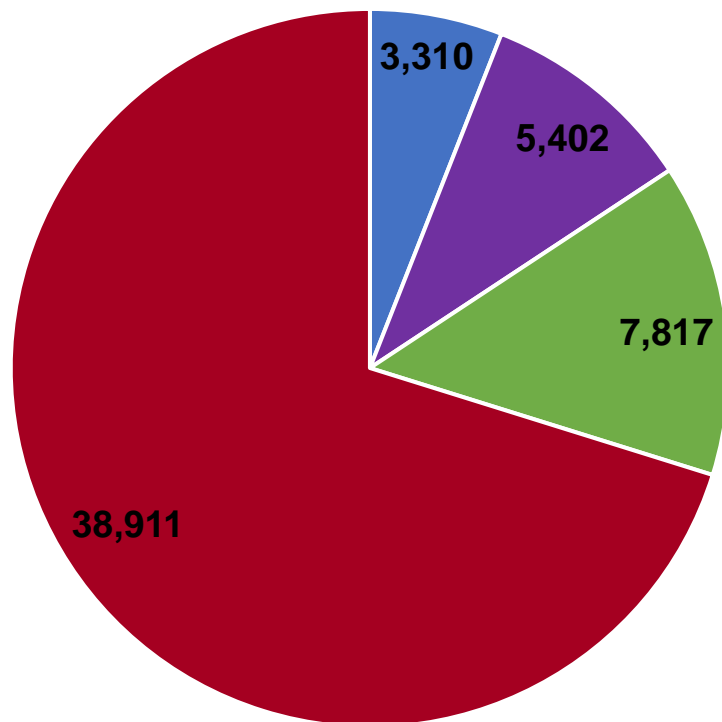
Dimensions	
Member Avg Age	34.6
Member Percentage Female	58%
Member Percentage Male	42%

Source: KEHP enrollment and claims data aggregated by Merative

2022 LivingWell PPO Employee Demographics



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



■ Couple ■ Family ■ Parent Plus ■ Single

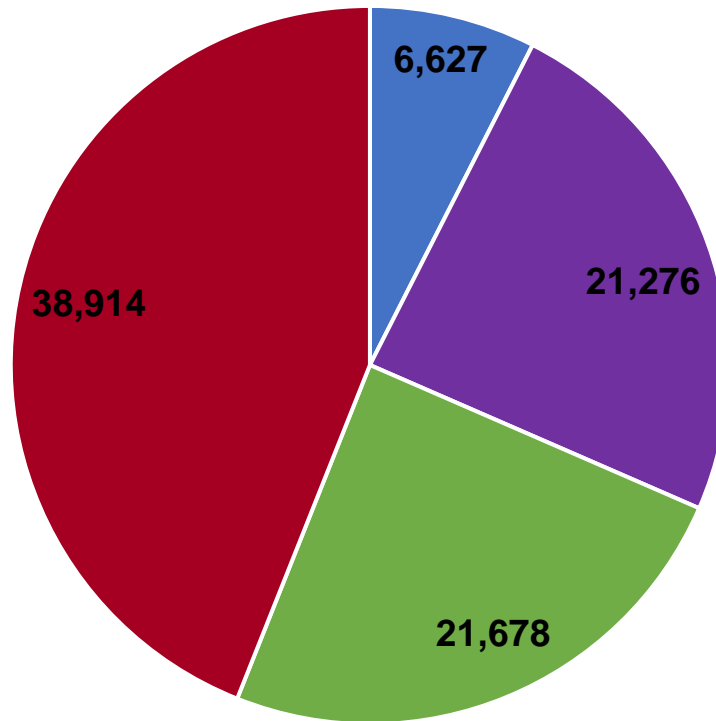
Dimensions	
Employees Avg Age	51.5
Employee Percentage Female	65%
Employee Percentage Male	35%

Source: KEHP enrollment and claims data aggregated by Merative

2022 LivingWell PPO Member Demographics



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



■ Couple ■ Family ■ Parent Plus ■ Single

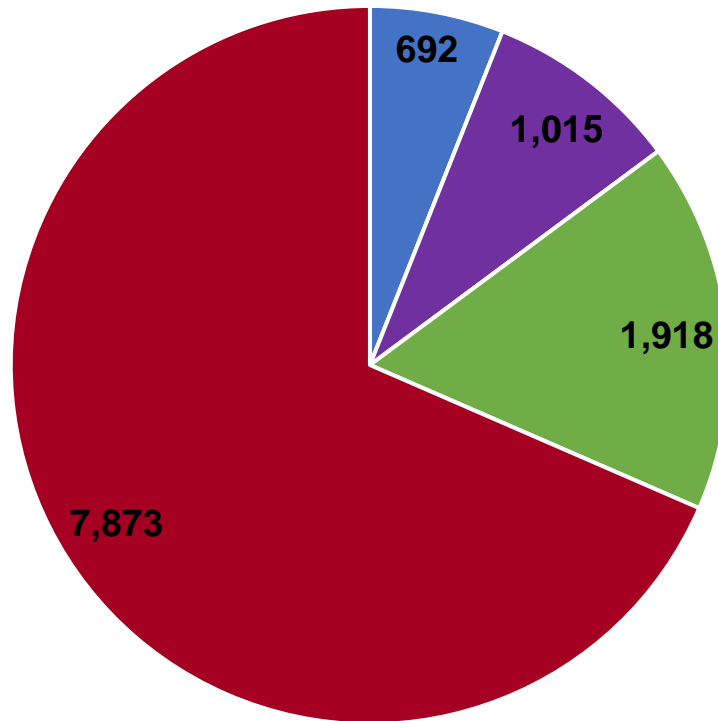
Source: KEHP enrollment and claims data aggregated by Merative

Dimensions	
Member Avg Age	41.2
Member Percentage Female	61%
Member Percentage Male	39%

2022 LivingWell Basic CDHP Employee Demographics



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



■ Couple ■ Family ■ Parent Plus ■ Single

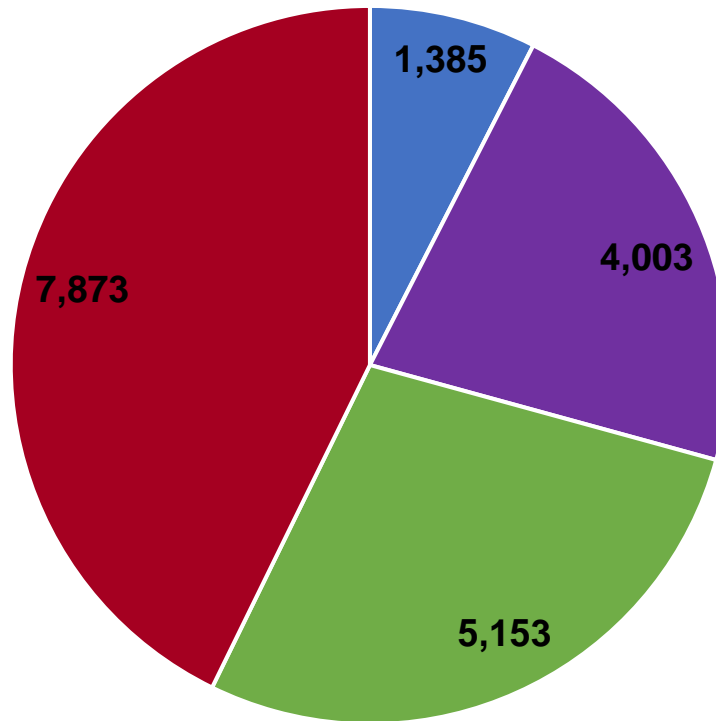
Dimensions	
Employees Avg Age	42.1
Employee Percentage Female	65%
Employee Percentage Male	35%

Source: KEHP enrollment and claims data aggregated by Merative

2022 LivingWell Basic CDHP Member Demographics



LivingWell Basic CDHP has the lowest average member age.



■ Couple ■ Family ■ Parent Plus ■ Single

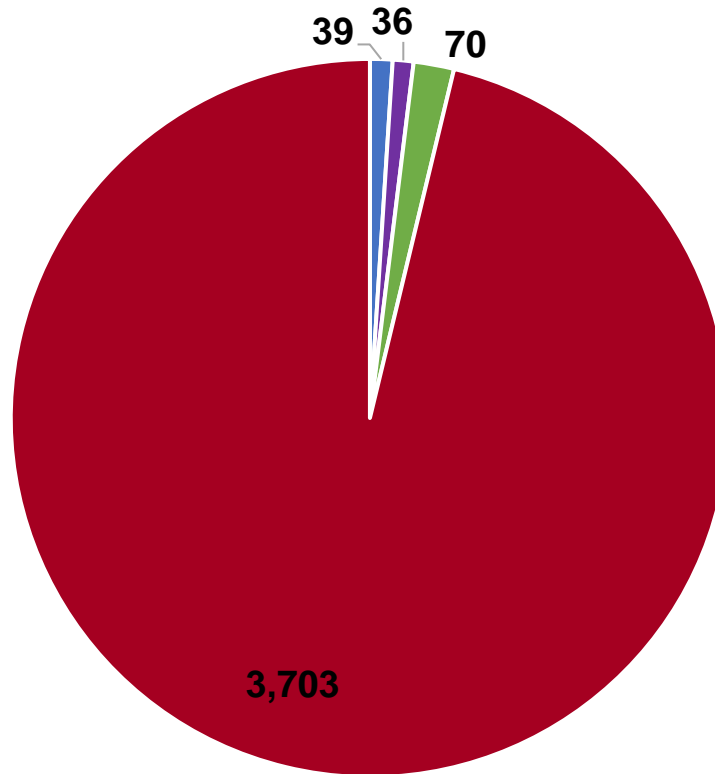
Dimensions	
Member Avg Age	33.8
Member Percentage Female	59%
Member Percentage Male	41%

Source: KEHP enrollment and claims data aggregated by Merative

2022 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.



■ Couple ■ Family ■ Parent Plus ■ Single

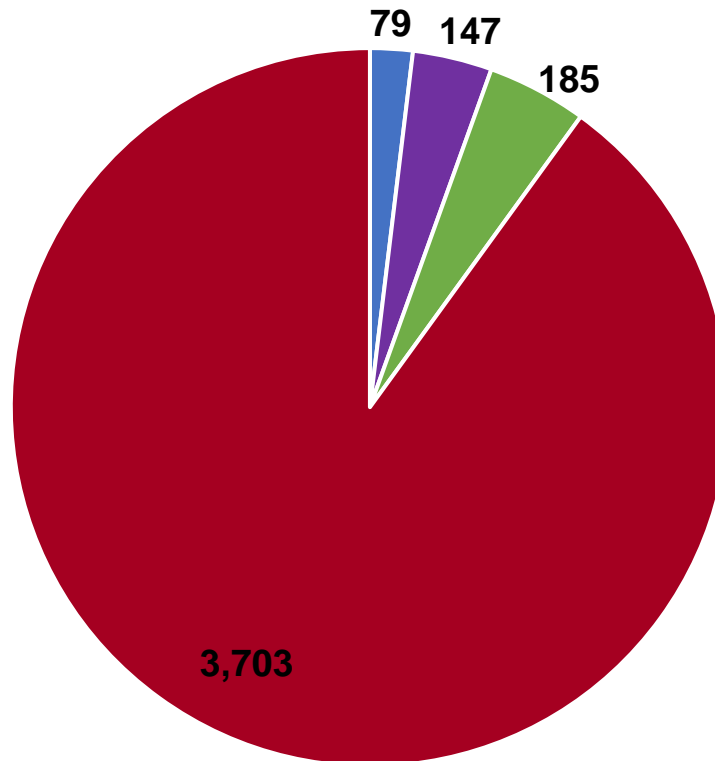
Dimensions	
Employees Avg Age	43.2
Employee Percentage Female	59%
Employee Percentage Male	41%

Source: KEHP enrollment and claims data aggregated by Merative

2022 LivingWell Limited High Deductible Member Demographics



LivingWell Limited High Deductible has the lowest ratio of dependents to employees—for every 100 employees, only 7 dependents are covered by this plan.

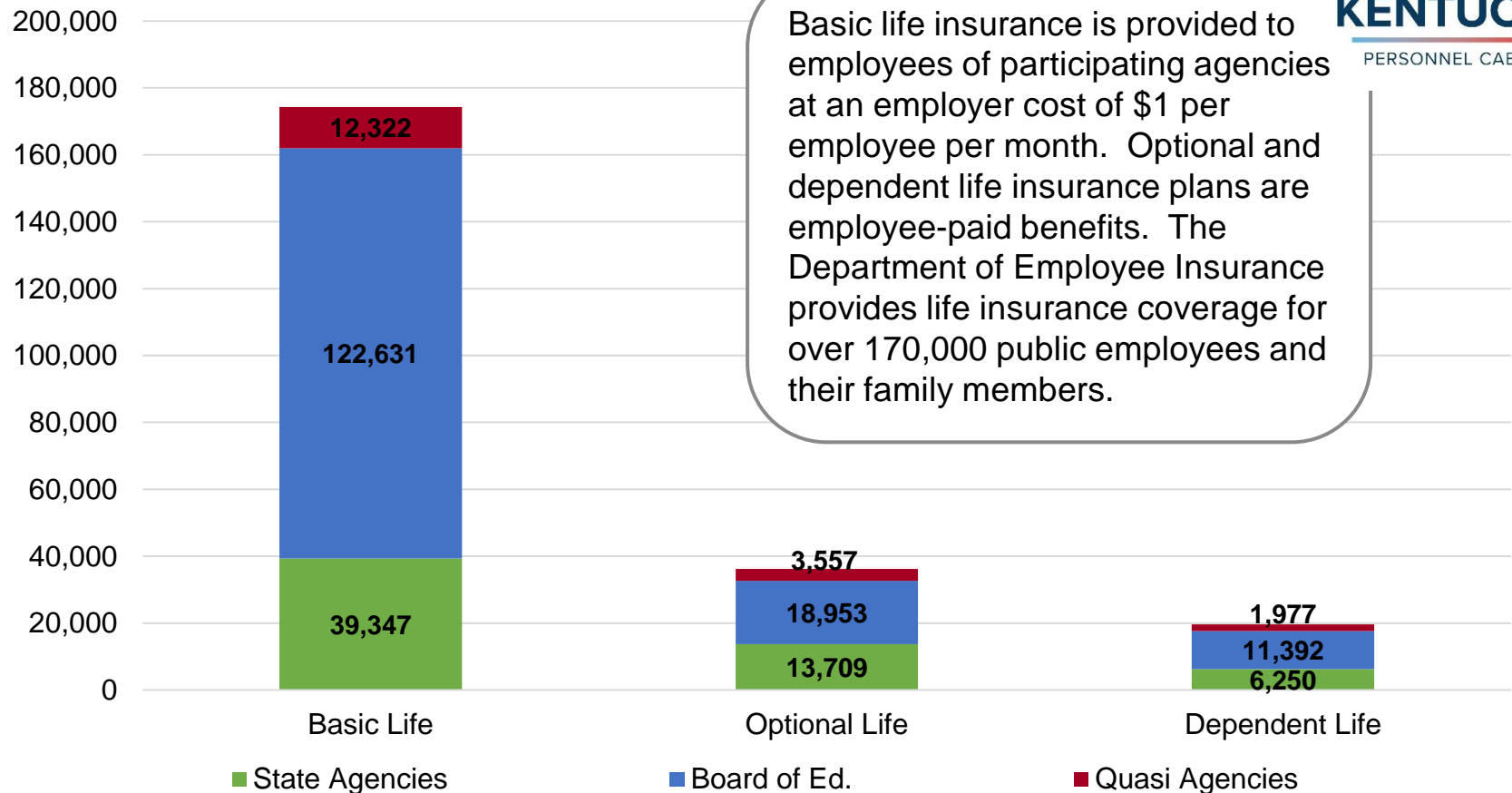


■ Couple ■ Family ■ Parent Plus ■ Single

Dimensions	
Member Avg Age	41.5
Member Percentage Female	58%
Member Percentage Male	42%

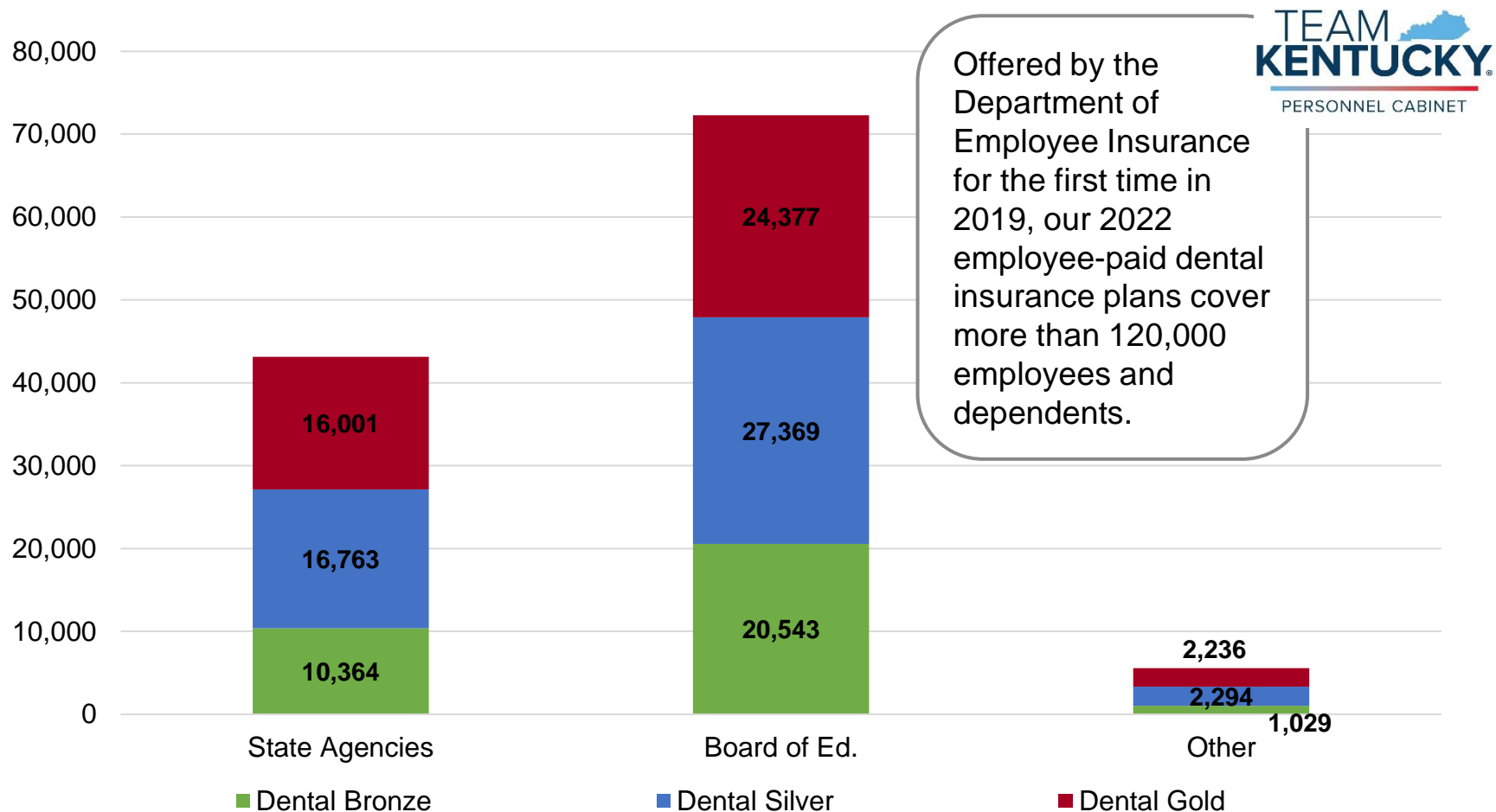
Source: KEHP enrollment and claims data aggregated by Merative

2022 Life Insurance Enrollment



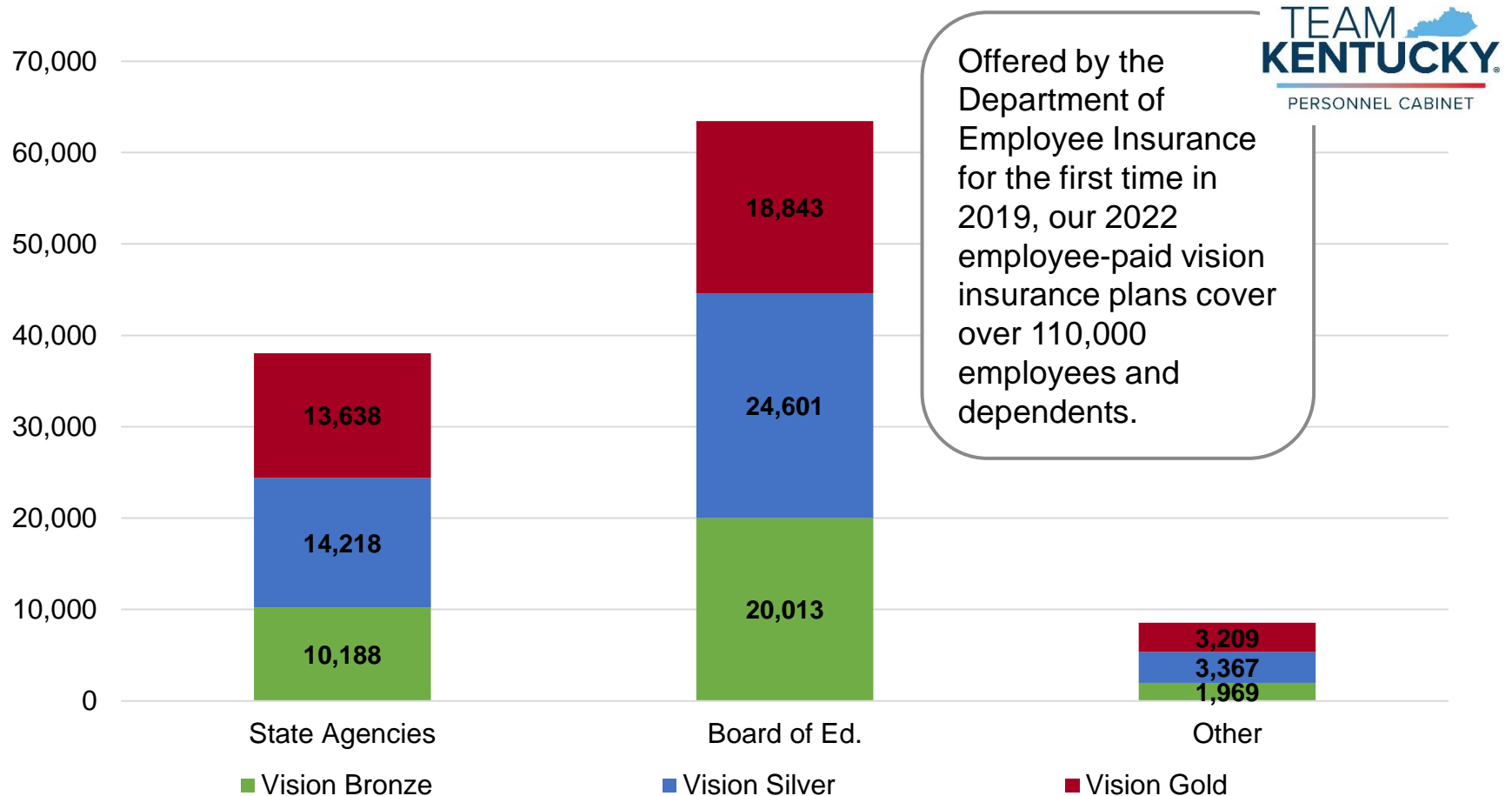
Source: KEHP enrollment in KHRIS

2022 Dental Insurance Members



Source: KEHP enrollment in KHRIS

2022 Vision Insurance Members



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

Claims Experience

	2019	2020	2021	2022
Allowed Cost—Medical	\$1,367,836,366.10	\$1,278,959,001.34	\$1,460,145,845.82	\$1,462,586,236.28
Allowed Cost—Rx	\$547,625,295.73	\$594,439,159.32	\$614,931,117.38	\$679,407,918.84
Total Allowed Cost	\$1,915,461,661.83	\$1,873,398,160.66	\$2,075,076,963.20	\$2,141,994,155.12
Plan Paid—Medical	\$1,141,253,915.54	\$1,067,667,823.51	\$1,227,798,527.72	\$1,212,344,220.06
Plan Paid—Rx	\$489,477,493.09	\$531,001,318.07	\$554,002,832.23	\$580,167,766.99
Total Plan Paid	\$1,630,731,408.63	\$1,598,669,141.58	\$1,781,801,359.95	\$1,792,511,987.05

KEHP payments for Rx increased 18.53% over the 4 year period, where payments for medical only increased 6.23%.



Source: KEHP enrollment and claims data aggregated by Merative

Claims Experience Per Member Per Month

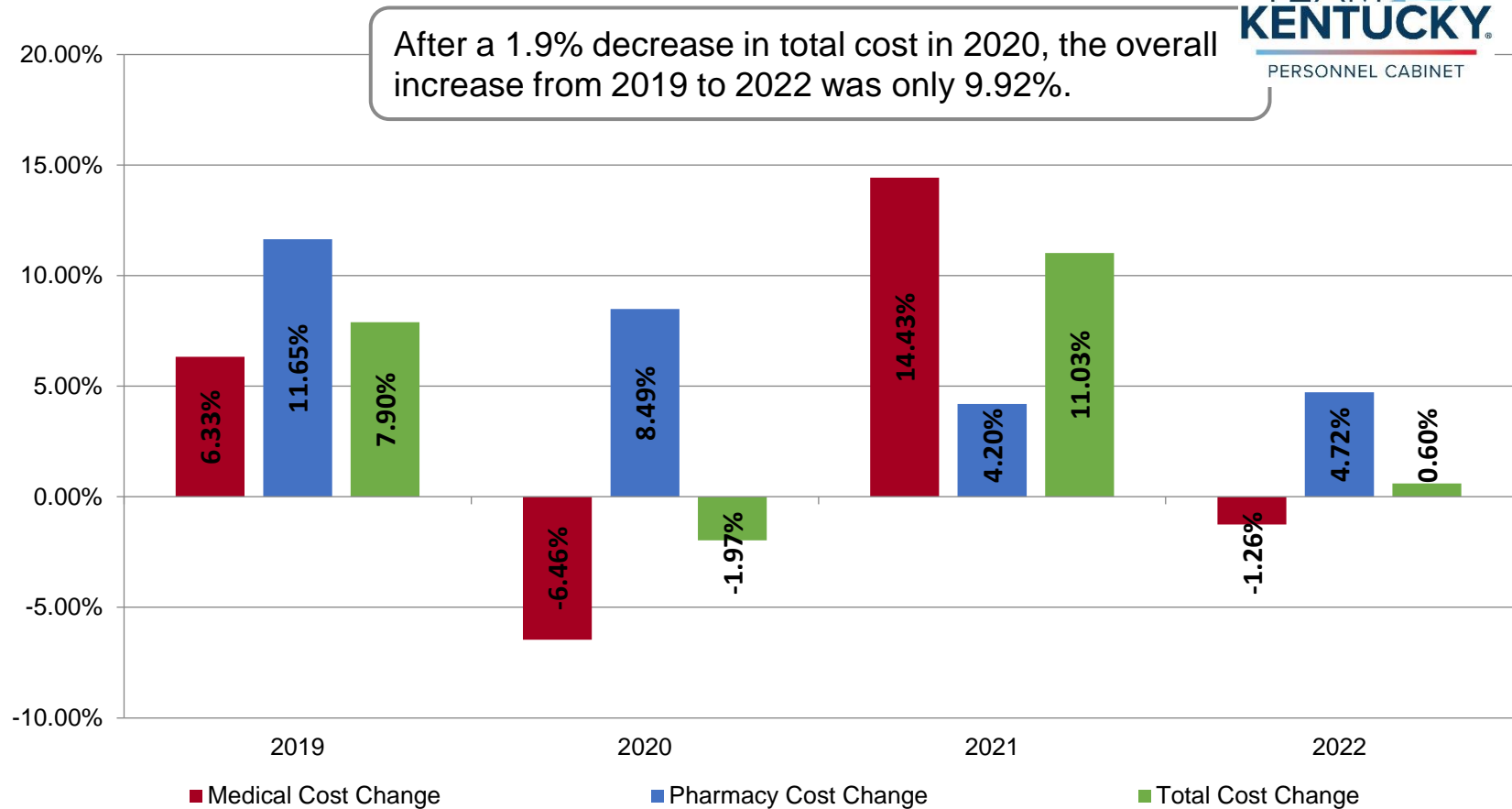
	2019	2020	2021	2022
Allowed Cost—Medical	\$432.14	\$403.03	\$467.28	\$472.27
Allowed Cost—Rx	\$173.01	\$187.32	\$196.79	\$219.38
Total Allowed Cost	\$605.15	\$590.35	\$664.07	\$691.65
Plan Paid—Medical	\$360.55	\$336.45	\$392.92	\$391.47
Plan Paid—Rx	\$154.64	\$167.33	\$177.29	\$187.34
Total Plan Paid	\$515.19	\$503.78	\$570.21	\$578.81

The decrease in 2020 during the pandemic was followed by increases in 2021 and 2022 in all categories PMPM with a slight decrease in Plan Paid for Medical in 2022.



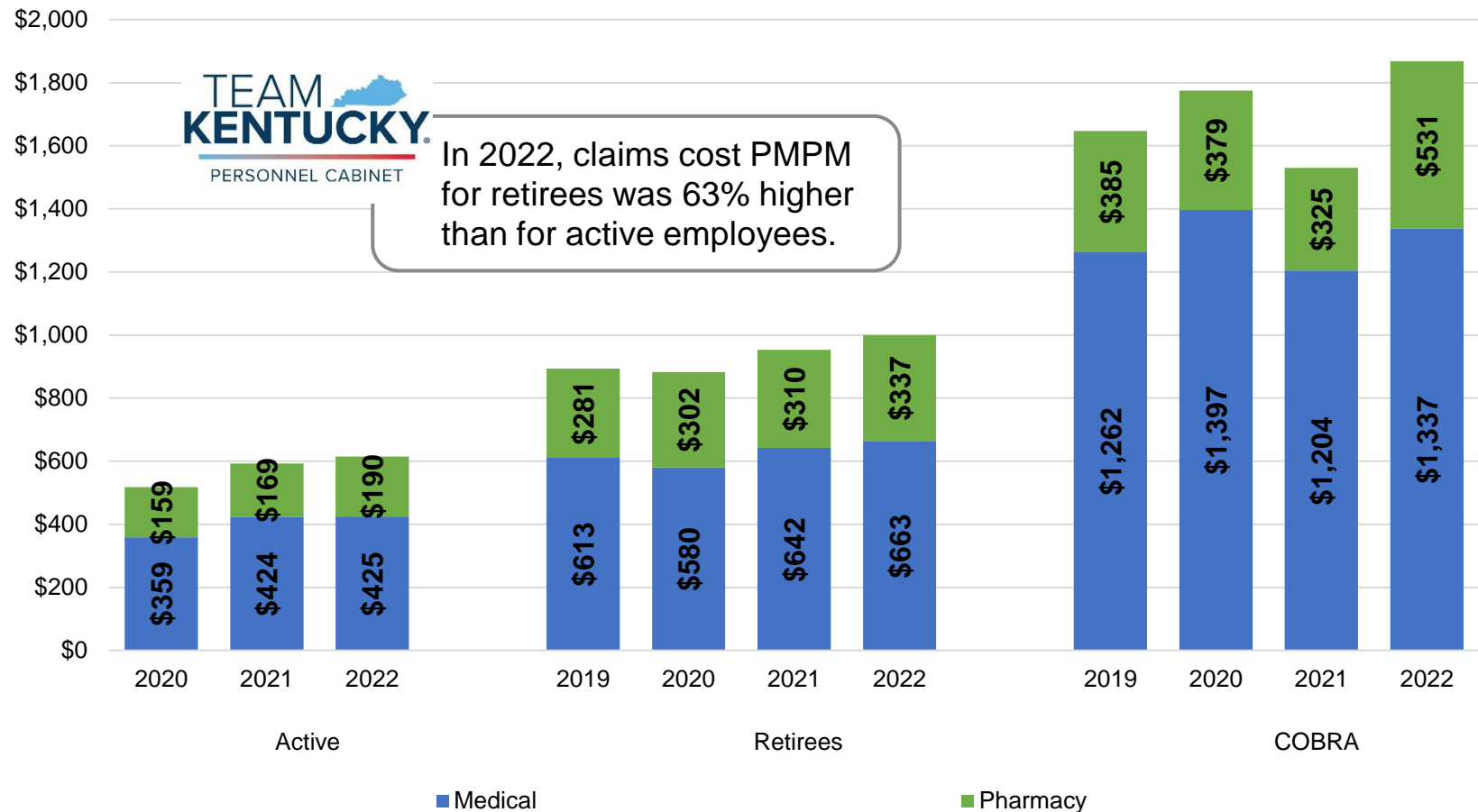
Source: KEHP enrollment and claims data aggregated by Merative

Medical and Pharmacy Trends



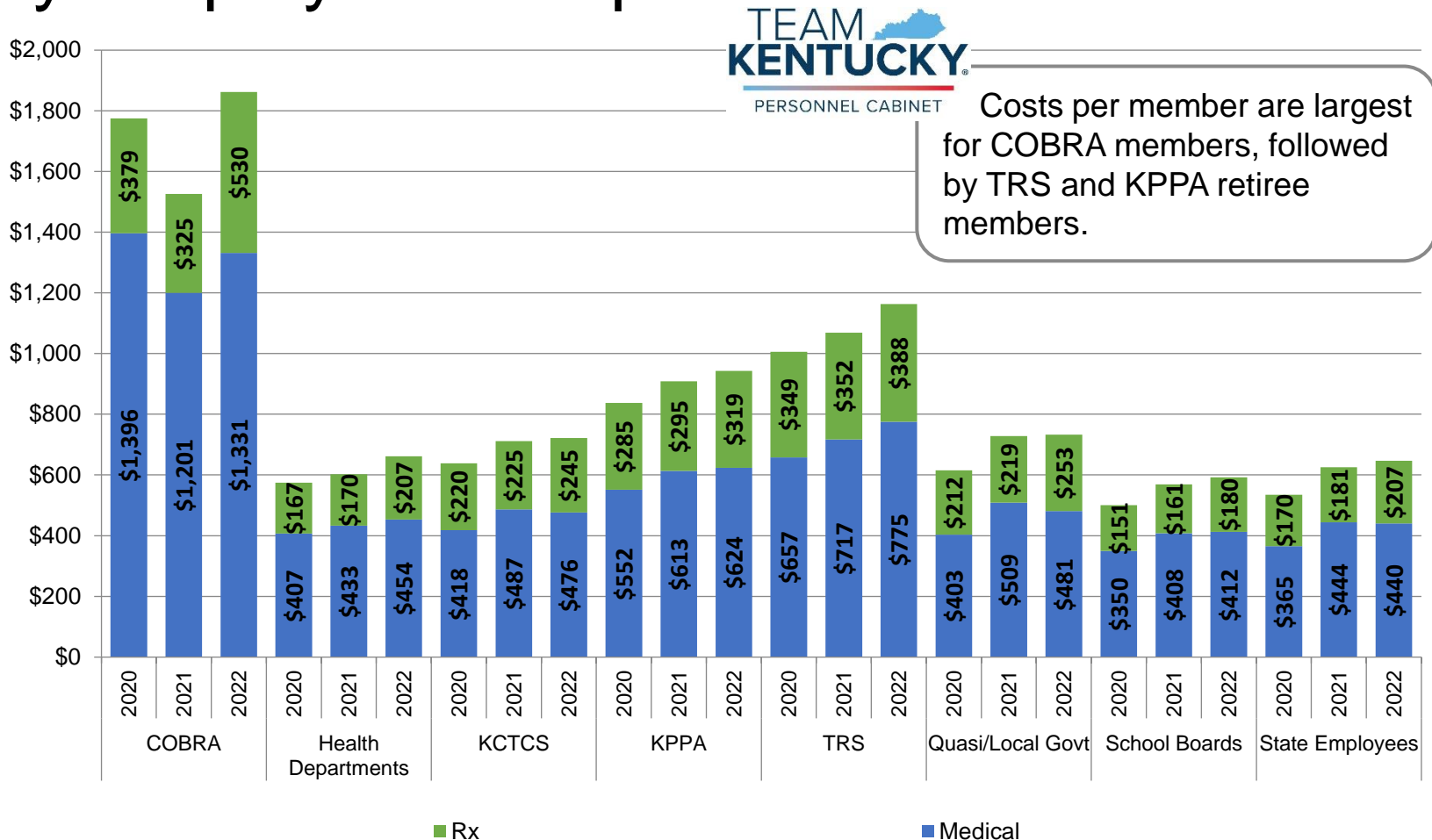
Source: KEHP enrollment and claims data aggregated by Merative

Medical and Pharmacy Claims PMPM by Member Status



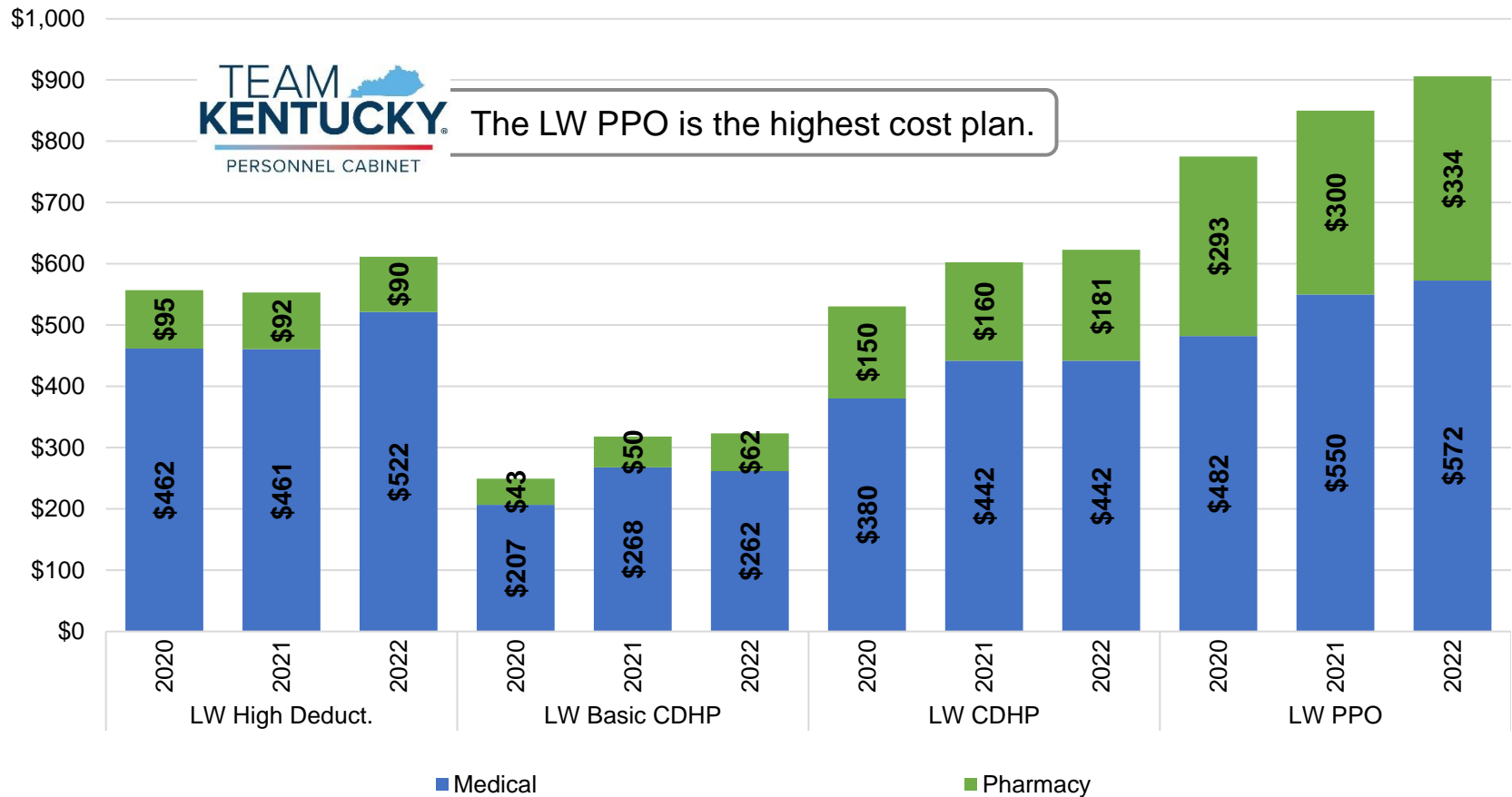
Source: KEHP enrollment and claims data aggregated by Merative

Medical and Pharmacy Claims PMPM by Employee Group



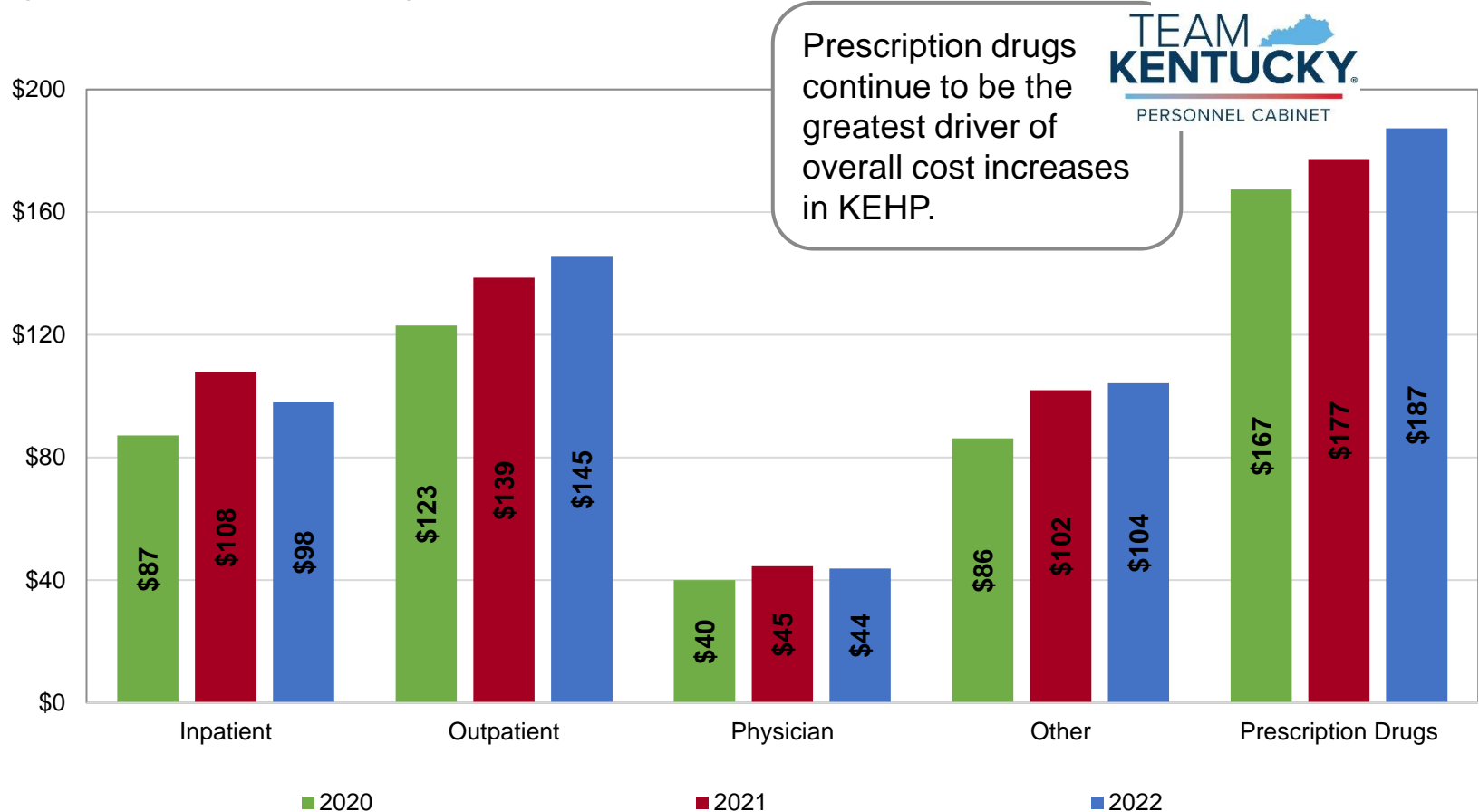
Source: KEHP enrollment and claims data aggregated by Merative

Medical and Pharmacy Claims PMPM by Plan



Source: KEHP enrollment and claims data aggregated by Merative

Average Medical and Pharmacy Paid Costs by Service Type and Member



Source: KEHP enrollment and claims data aggregated by Merative

Paid Claims by Service Cost as a Percentage of Total Costs

	2020	2021	2022
Inpatient	17.30%	18.92%	16.93%
Outpatient	24.42%	24.30%	25.13%
Physician	7.94%	7.81%	7.57%
Other	17.11%	17.88%	18.00%
Prescription Drugs	33.22%	31.09%	32.37%

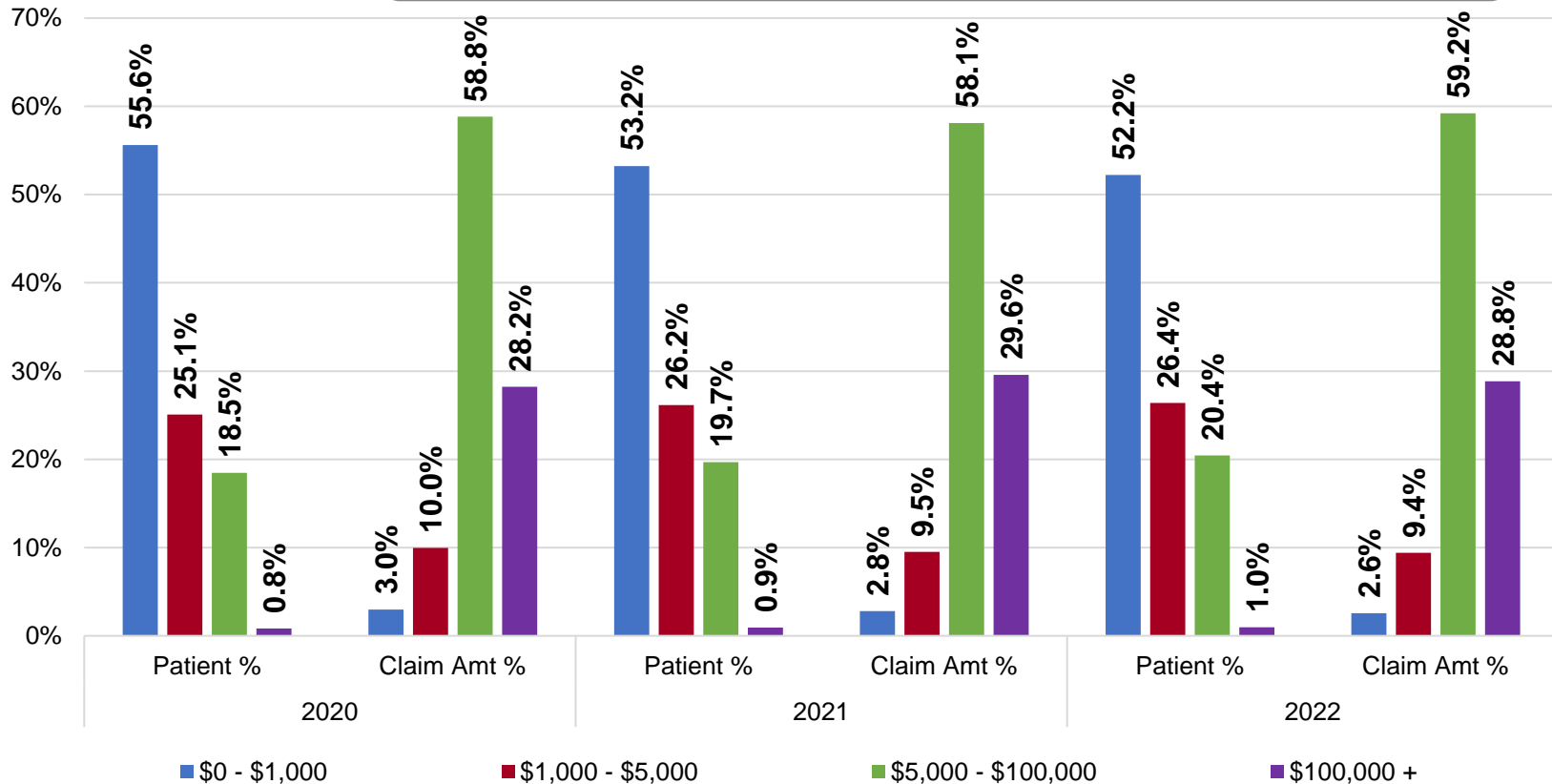
Prescription drug claims and outpatient claims comprise the largest portion of the total claims.



Source: KEHP enrollment and claims data aggregated by Merative

Paid Claims Distribution by Amount

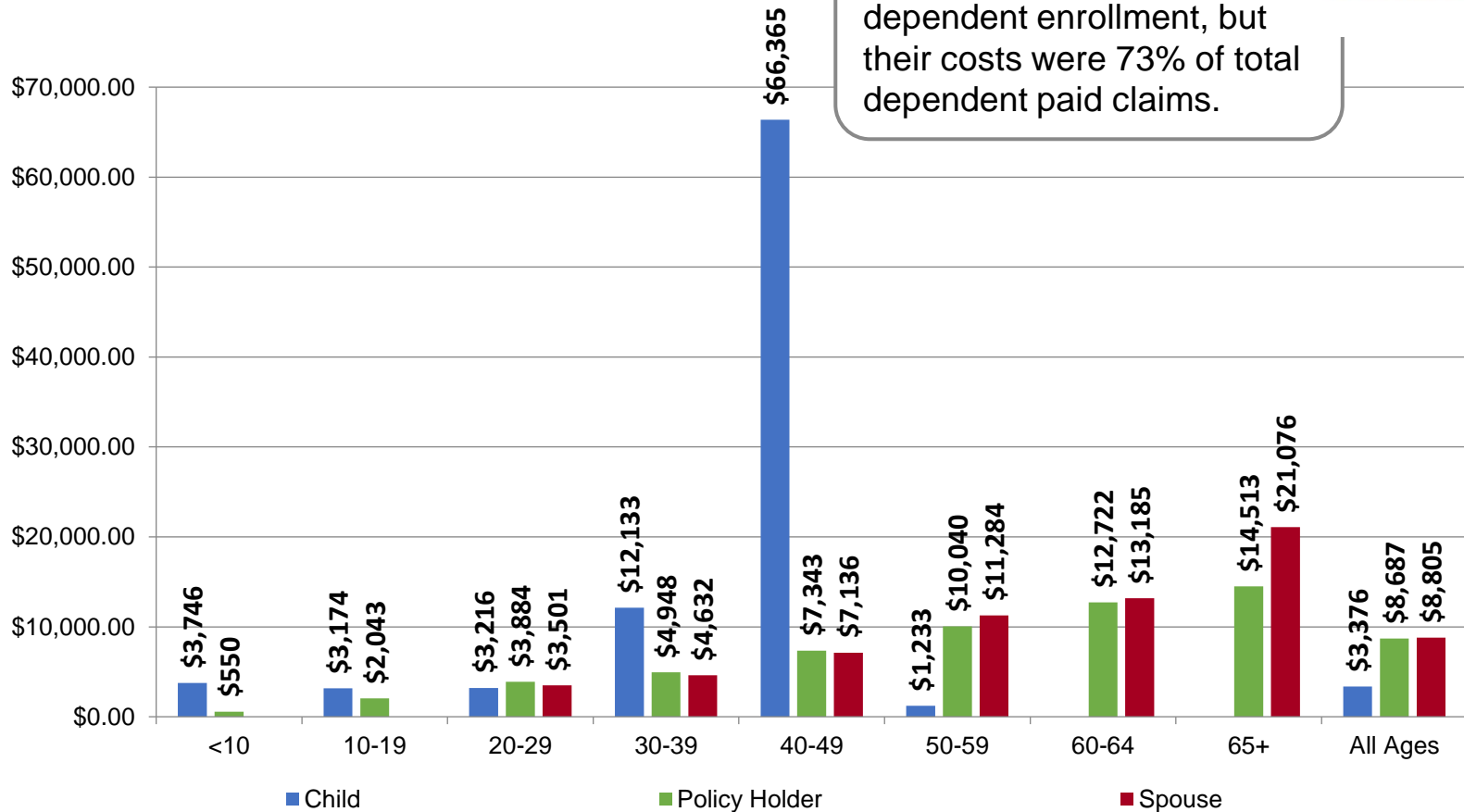
About 53% of members had net paid claims of less than \$1,000 in 2021, whereas 21% of claimants account for 88% of claims costs.



Source: KEHP enrollment and claims data aggregated by Merative

Employee and Dependent Claims PMPY by Age Band

Spouses were 29% of dependent enrollment, but their costs were 73% of total dependent paid claims.



Source: KEHP enrollment and claims data aggregated by Merative

Inpatient Utilization

Inpatient Hospital Claim Utilization Statistics	2019	2020	2021	2022
Admits Per 1000	63	55	60	53
Days Per 1000 Adm Acute	283	249	306	257
Days LOS Admit	4.50	4.52	5.13	4.81
Net Pay Per Adm Acute	\$21,773.91	\$21,486.07	\$24,969.82	\$24,665.76
Net Pay Per Epis Admit	\$318.71	\$303.50	\$341.96	\$290.56
Net Pay Per Day Adm Acute	\$4,840.95	\$4,749.38	\$4,864.63	\$5,125.61
Allow Amt PMPM Adm Acute	\$120.52	\$104.18	\$130.37	\$116.09



Both inpatient admissions and cost of inpatient care rebounded, in 2021, after the first year of the pandemic and decreased slightly in 2022.

Source: KEHP enrollment and claims data aggregated by Merative

Outpatient Utilization

Outpatient Hospital Claim Utilization Statistics	2019	2020	2021	2022
Visits Per 1000 OP Fac Med	1,384	1,270	1,661	1,525
Svcs Per 1000 OP Med	33,564	30,397	34,639	36,184
Visits OP Fac	364,963	335,818	432,531	393,658
Svcs OP	8,853,251	8,038,483	9,020,009	9,338,130
Allowed Amount OP Events	\$249,780,864	\$222,552,977	\$249,547,942	\$255,288,168
Allow Amt PMPM OP Events	\$78.91	\$70.13	\$79.86	\$82.43



Both outpatient visits and cost rebounded in 2021, after the first year of the pandemic. 2022 visits were slightly down, but continue the upward trend from 2019 and 2020.

Source: KEHP enrollment and claims data aggregated by Merative

Professional Services Utilization

Professional Claim Utilization Statistics	2019	2020	2021	2022
Visits Per 1000	6,121	5,540	6,079	5,845
Svcs Per 1000 Med	13,287	11,858	12,708	12,910
Visits Patient	1,614,561	1,465,150	1,583,023	1,508,399
Service Count	3,504,810	3,135,668	3,309,160	3,331,666
Net Payment	\$226,120,511	\$199,042,985	\$222,234,002	\$215,623,216
Allowed Amount	\$302,478,893	\$270,680,984	\$299,937,135	\$295,848,150
Allow Amt PMPM	\$95.56	\$85.30	\$95.99	\$95.53



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.

Source: KEHP enrollment and claims data aggregated by Merative

Utilization by Top 10 Major Diagnostic Category

Major Diagnostic Category	Total Plan Costs			
	2019	2020	2021	2022
Musculoskeletal	\$196,620,685	\$178,815,292	\$200,221,273	\$206,701,567
Circulatory	\$133,821,354	\$110,501,177	\$127,936,842	\$126,987,328
Health Status	\$106,082,116	\$108,043,518	\$125,495,789	\$120,421,919
Digestive	\$98,454,720	\$85,020,044	\$98,656,300	\$95,914,585
Myeloproliferative Diseases	\$72,386,929	\$89,896,156	\$84,979,783	\$88,452,719
Nervous	\$74,309,309	\$71,523,636	\$73,971,720	\$73,108,304
Respiratory	\$47,458,103	\$53,193,452	\$95,800,576	\$68,365,798
Skin, Breast	\$50,713,407	\$50,225,351	\$51,653,609	\$52,056,280
Metabolic	\$40,930,143	\$39,233,647	\$45,738,744	\$47,071,405
Kidney	\$47,362,333	\$41,367,646	\$42,101,290	\$44,881,349

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



Source: KEHP enrollment and claims data aggregated by Merative

Plan Cost by Chronic Conditions

Clinical Condition	2019	2020	2021	2022	2019 - 2022 % Change
Cancer	\$76,480,457	\$74,035,631	\$75,757,688	\$71,676,215	-6.28%
Osteoarthritis	\$50,737,219	\$46,057,254	\$49,067,037	\$51,518,798	1.54%
Chronic Back/Neck Pain	\$48,787,368	\$46,075,729	\$48,404,250	\$53,188,049	9.02%
Coronary Artery Disease	\$33,329,172	\$29,044,260	\$34,946,694	\$31,508,253	-5.46%
Diabetes	\$17,777,136	\$17,679,964	\$20,482,483	\$18,979,313	6.76%
Hypertension, Essential	\$14,176,524	\$10,095,519	\$10,491,935	\$12,292,401	-13.29%
Overweight/Obesity	\$11,389,713	\$10,965,849	\$13,163,743	\$14,160,736	24.33%
Asthma	\$2,872,048	\$2,816,361	\$2,755,650	\$3,319,626	15.58%
Chronic Obstruc Pulm Dis(COPD)	\$2,590,994	\$1,715,916	\$1,598,379	\$1,519,310	-41.36%
Congestive Heart Failure	\$2,241,181	\$1,233,819	\$1,597,586	\$2,428,783	8.37%

While the total cost of chronic conditions decreased by 7.9% in 2020 due to the pandemic, and increased by 7.7% in 2021, the overall increase from 2019 to 2022 was only 0.08%.



Source: KEHP enrollment and claims data aggregated by Merative

Paid Claims by Member Type

Relationship	Medical Plan Cost			
	2019	2020	2021	2022
Employees	\$1,092,799,814	\$1,075,406,300	\$1,183,060,052	\$1,198,791,308
Spouse	\$265,129,780	\$271,753,513	\$307,310,545	\$298,836,126
Child	\$272,801,815	\$251,509,328	\$291,430,763	\$294,884,553

Relationship	Medical Plan Cost PMPM			
	2019	2020	2021	2022
Employees	\$636	\$631	\$710	\$724
Spouse	\$645	\$653	\$744	\$734
Child	\$264	\$239	\$279	\$285

Spouses remain the most expensive group to cover. Spouses have been found to be between 1.4% and 5% more expensive than employees/retirees on a per member per month basis over the last four years.



Source: KEHP enrollment and claims data aggregated by Merative

Paid Claims by Planholder Type

Status	Medical Plan Cost			
	2019	2020	2021	2022
Active Employees	\$805,575,898	\$754,465,540	\$887,564,261	\$865,564,557
Retirees	\$331,580,064	\$308,497,738	\$335,856,902	\$342,127,547

Status	Medical Plan Cost PMPM			
	2019	2020	2021	2022
Active Employees	\$318.09	\$295.78	\$353.17	\$347.70
Retirees	\$526.85	\$498.49	\$552.24	\$566.51

Medical claims cost PMPM for retirees has ranged between 56% to 69% higher than for active employees over the last four years.



Source: KEHP enrollment and claims data aggregated by Merative

KEHP Pharmacy Benefits Detailed Experience



- Total allowed pharmacy PMPM cost increased by 8.3% in 2020, 5.05% in 2021 and 11.48% in 2022—despite the decrease by 3.82% in number of scripts PMPM filled between 2019 and 2022.
- KEHP's retail pharmacy generic dispensing rate has slowly decreased from 98.3% in 2019 to 98.1% in 2022.
- The number of scripts PMPM decreased slightly from 1.38 in 2019 to 1.36 in 2022, while the Net Pay PMPM increased from \$154.64 in 2019 to \$187.34 in 2022.

Aggregate Pharmacy Benefits Costs

	2019	2020	2021	2022*
Total Eligible Members	291,798	287,665	286,425	285,508
Total Number of Scripts	4,375,442	4,123,039	4,160,717	4,208,277
Scripts Per Member	14.99	14.33	14.53	14.74
Total Plan Paid	\$489,477,493.09	\$531,001,318.07	\$554,002,832.23	\$580,167,766.99
Total Member Paid	\$56,465,513.67	\$61,739,824.94	\$60,928,285.15	\$99,240,151.85
Total Allowed Cost	\$547,625,295.73	\$594,439,159.32	\$614,931,117.38	\$679,407,918.84
Plan Paid PMPM	\$154.64	\$167.33	\$177.29	\$187.34
Member Paid PMPM	\$17.84	\$19.46	\$19.50	\$32.04
Total Allowed Cost PMPM	\$173.01	\$187.32	\$196.79	\$219.38

The increase in pharmacy claims is driven mostly by the cost per script. While the number of scripts increased slightly in 2021 and 2022 the average plan paid per script has increased from \$155 in 2019 to \$187 in 2022.



*PrudentRx prescription savings started in 2022. These savings are currently included in the member cost data, making them appear artificially high.

Source: KEHP enrollment and claims data aggregated by Merative

Aggregate Medication Benefits Costs

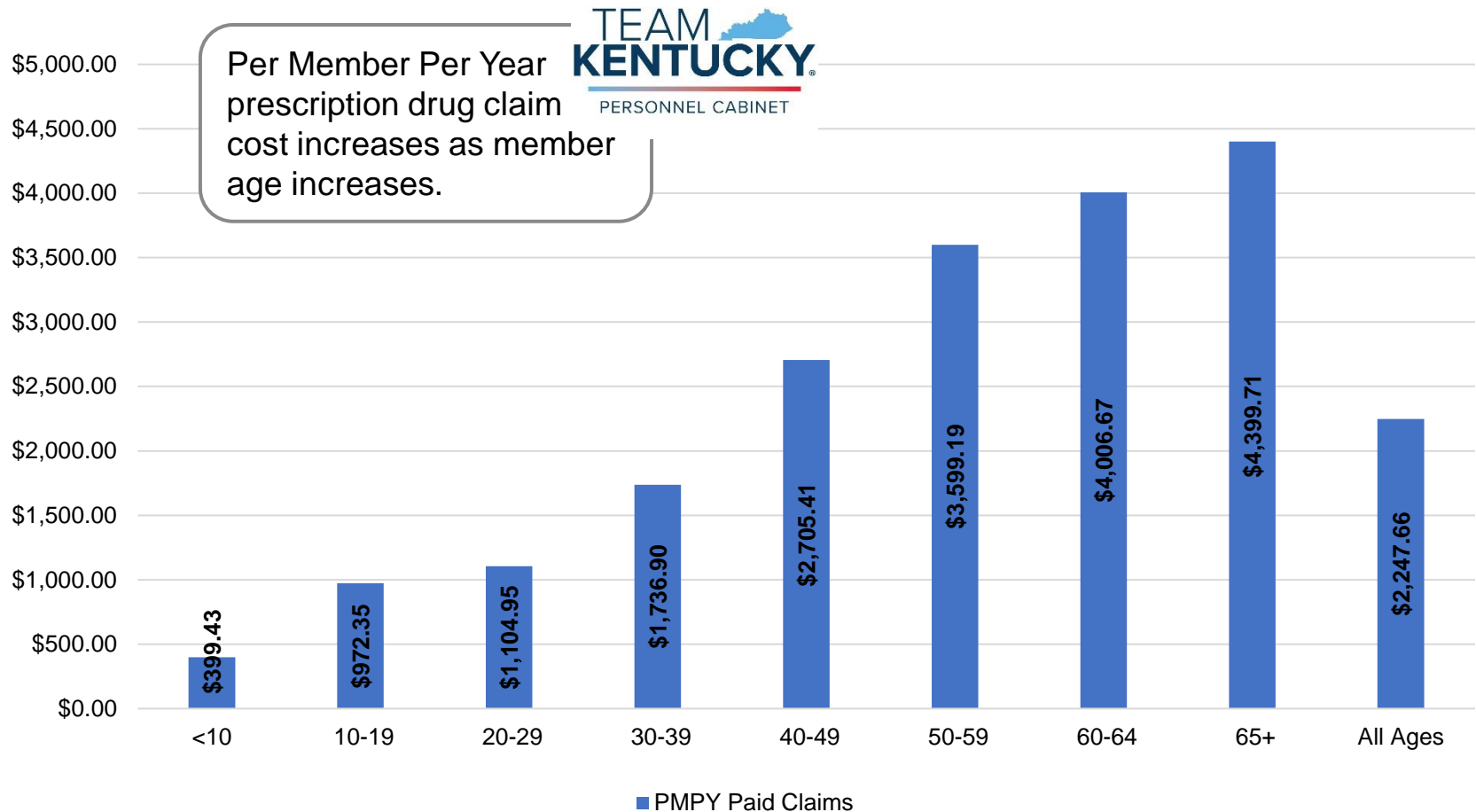
	2019	2020	2021	2022
Member Cost per Claim	\$11.98	\$13.65	\$13.74	\$12.33**
Retail Member Cost per Claim	\$9.59	\$10.18	\$10.23	\$11.19
Mail Member Cost per Claim	\$23.61	\$27.02	\$31.39	\$69.70
Specialty Member Cost per Claim	\$425.21	\$562.80	\$526.30	\$711.80*
Total Member Cost Share	10.3%	10.4%	9.9%	14.6%
Retail Member Cost Share	12.7%	12.2%	12.0%	12.7%
Mail Member Cost Share	7.3%	7.5%	6.7%	14.3%
Specialty Member Cost Share	6.0%	7.5%	6.8%	17.8%
Generic Utilization				
Generic Dispensing Rate	79.6%	77.8%	77.9%	75.2%
Generic Substitution Rate	98.5%	98.1%	98.4%	98.2%
Mail Order Utilization	2.3%	2.4%	2.3%	3.0%

*PrudentRx prescription savings started in 2022. These savings are currently included in the member cost data, making them appear artificially high.

** Calculated not using Specialty Member Cost because it is currently artificially high.

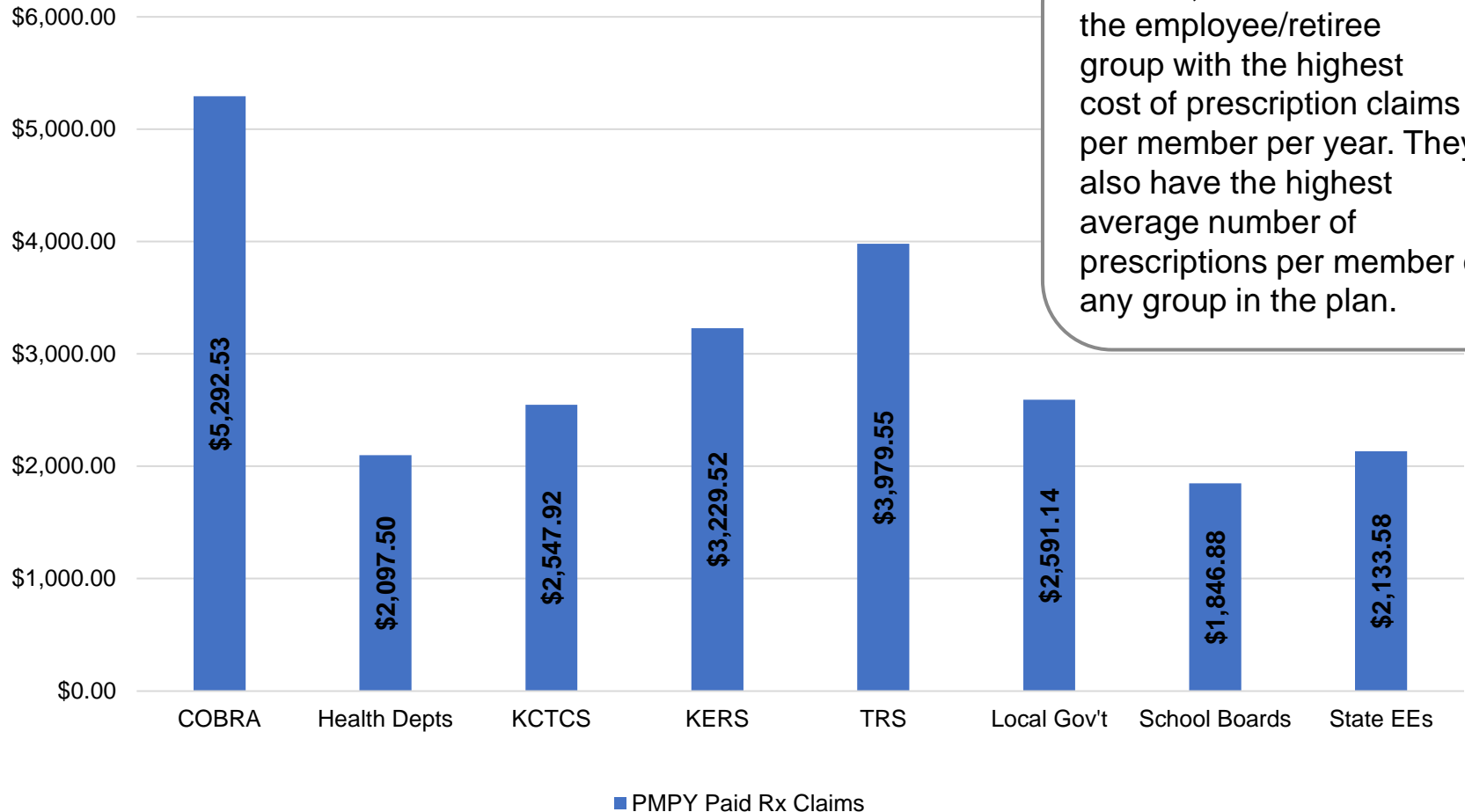
Source: KEHP enrollment and claims data aggregated by Merative

Cost of Prescriptions by Age Band



Source: KEHP enrollment and claims data aggregated by Merative

Cost of Prescriptions by Group



In 2022, TRS retirees were the employee/retiree group with the highest cost of prescription claims per member per year. They also have the highest average number of prescriptions per member of any group in the plan.

Source: KEHP enrollment and claims data aggregated by Merative

Top 10 Drugs for KEHP

Drug	2022 Rank	Total Plan Cost				Number of Scripts			
		2019	2020	2021	2022	2019	2020	2021	2022
Humira	1	\$35,624,114	\$38,971,122	\$42,584,856	\$38,329,669	4,756	5,076	5,040	6,580
Stelara	2	\$13,654,720	\$17,309,579	\$23,046,920	\$25,248,279	800	942	1,137	1,802
Ozempic	3	\$4,989,877	\$10,064,439	\$14,438,144	\$24,100,649	5,532	10,048	13,816	24,128
Trulicity	4	\$10,117,323	\$12,037,290	\$14,814,227	\$17,353,472	11,717	12,995	14,747	17,155
Saxenda	5	\$8,225,248	\$10,468,436	\$12,202,807	\$15,549,618	7,021	8,436	9,695	13,215
Jardiance	6	\$4,939,096	\$7,499,223	\$10,013,972	\$12,337,074	7,743	10,541	12,984	15,090
Farxiga	7	\$9,520,795	\$9,759,878	\$10,350,519	\$11,637,025	14,112	13,566	13,745	14,986
Trikafta	8	\$1,040,092	\$7,039,608	\$9,369,069	\$10,452,065	44	301	401	520
Wegovy	9			\$1,824,036	\$10,201,365			1,489	8,229
Enbrel	10	\$35,624,114	\$38,971,122	\$42,584,856	\$38,329,669	4,756	5,076	5,040	6,580

Source: KEHP enrollment and claims data aggregated by Merative

Top 10 Therapeutic Classes

Therapeutic Class	Total Plan Cost				Number of Scripts			
	2019	2020	2021	2022	2019	2020	2021	2022
Hormones & Synthetic Subst	\$136,923,366	\$151,404,621	\$155,071,954	\$182,126,982	745,397	717,838	686,249	709,188
Immunosuppressants	\$99,670,783	\$116,159,816	\$135,635,690	\$135,492,726	19,304	21,276	22,344	29,464
Central Nervous System	\$57,116,642	\$60,720,183	\$54,049,008	\$54,703,228	1,050,919	1,051,415	1,034,211	1,030,119
Antineoplastic Agents	\$24,177,922	\$29,036,280	\$36,312,762	\$40,156,379	17,713	18,126	18,254	18,849
Cardiovascular Agents	\$28,758,406	\$29,075,780	\$28,291,258	\$25,917,703	803,070	783,468	752,773	740,483
Misc Therapeutic Agents	\$30,865,121	\$29,085,652	\$27,020,926	\$24,850,675	54,460	51,347	49,351	49,307
Respiratory Tract Agents	\$11,512,491	\$15,822,502	\$17,188,500	\$17,013,386	118,669	96,022	86,894	95,897
Anti-Infective Agents	\$18,523,938	\$17,028,171	\$16,119,029	\$15,898,404	435,713	325,256	331,858	388,158
Blood Form/Coagul Agents	\$12,039,152	\$13,773,437	\$14,122,927	\$14,503,833	41,490	40,926	37,382	35,496
Gastrointestinal Drugs	\$17,910,780	\$19,369,385	\$15,503,477	\$14,466,801	211,254	192,203	187,151	204,394

Source: KEHP enrollment and claims data aggregated by Merative

Retail Pharmacy Benchmarked Utilization Statistics

Key Statistic	KEHP		Peer
	2021	2022	2022
Member Cost Percentage	9.9%	10.1%	7.6%
Generic Fill Rate	84.3%	85.6%	83.7%
Generic Substitution Rate	98.3%	98.1%	98.1%
Mail Subscription Rate	1.7%	1.7%	4.6%
Specialty Percentage of Allowed Cost	43.3%	41.8%	47.0%
Specialty Plan Allowed Cost PMPM	\$84.62	\$86.44	\$95.74

In 2022, KEHP's member cost share is more than 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 lower than the benchmark.



Source: CVS Rx Insights, 2022 Plan Review

Drugs Losing Patent Protection

Year	Drug	Utilizers	Total Scripts	Projected Savings			
				2023	2024	2025	Total
2023	Aubagio	28	194	\$801,629	\$1,701,874	\$1,804,838	\$4,308,341
	Vyvanse	392	2,402	\$ 200,928	\$1,822,982	\$2,281,371	\$4,305,281
	Latuda	140	820	\$ 648,245	\$1,430,625	\$1,577,121	\$3,655,992
	Forteo	32	181	\$347,647	\$632,623	\$670,897	\$1,651,167
	Trokendi Xr	116	488	\$ 280,632	\$475,077	\$508,808	\$1,264,518
	All Other	324	1,478	\$343,575	\$829,216	\$877,993	\$2,050,784
2024	Victoza	340	1,785		\$533,789	\$3,530,692	\$4,064,481
	Sprycel	3	20		\$71,309	\$756,229	\$827,538
	Isentress	11	15		\$8,925	\$22,716	\$31,642
	Onglyza	5	19		\$4,551	\$8,600	\$13,151
	Alphagan P	5	16		\$2,732	\$5,738	\$8,470

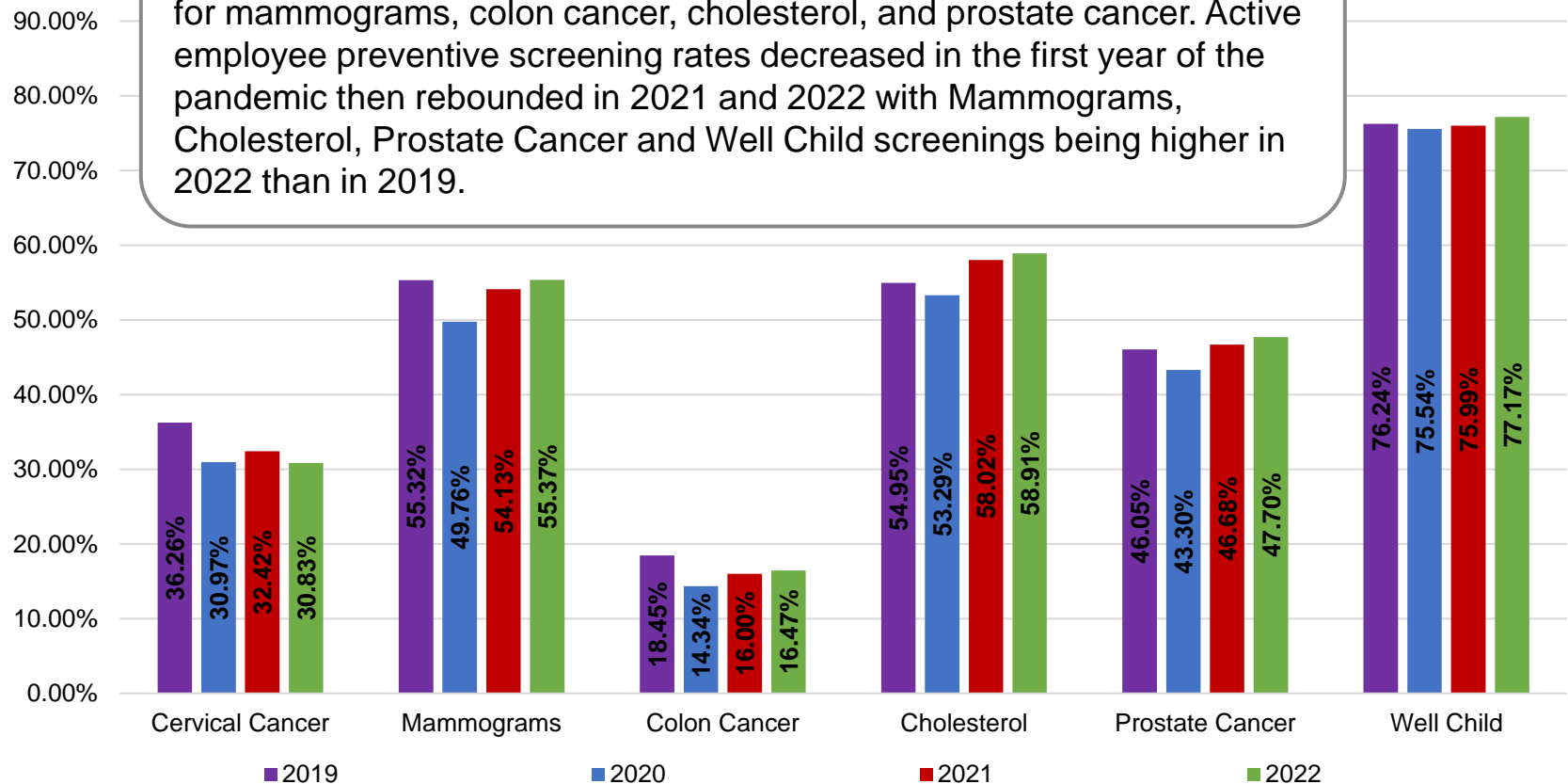
Projected savings for drugs coming off of patent protection is expected to exceed \$2.6M in 2023 and \$7.5M in 2024.



Source: CVS Rx Insights, 2022 Plan Review

Preventive Care Screening Utilization Active Employees

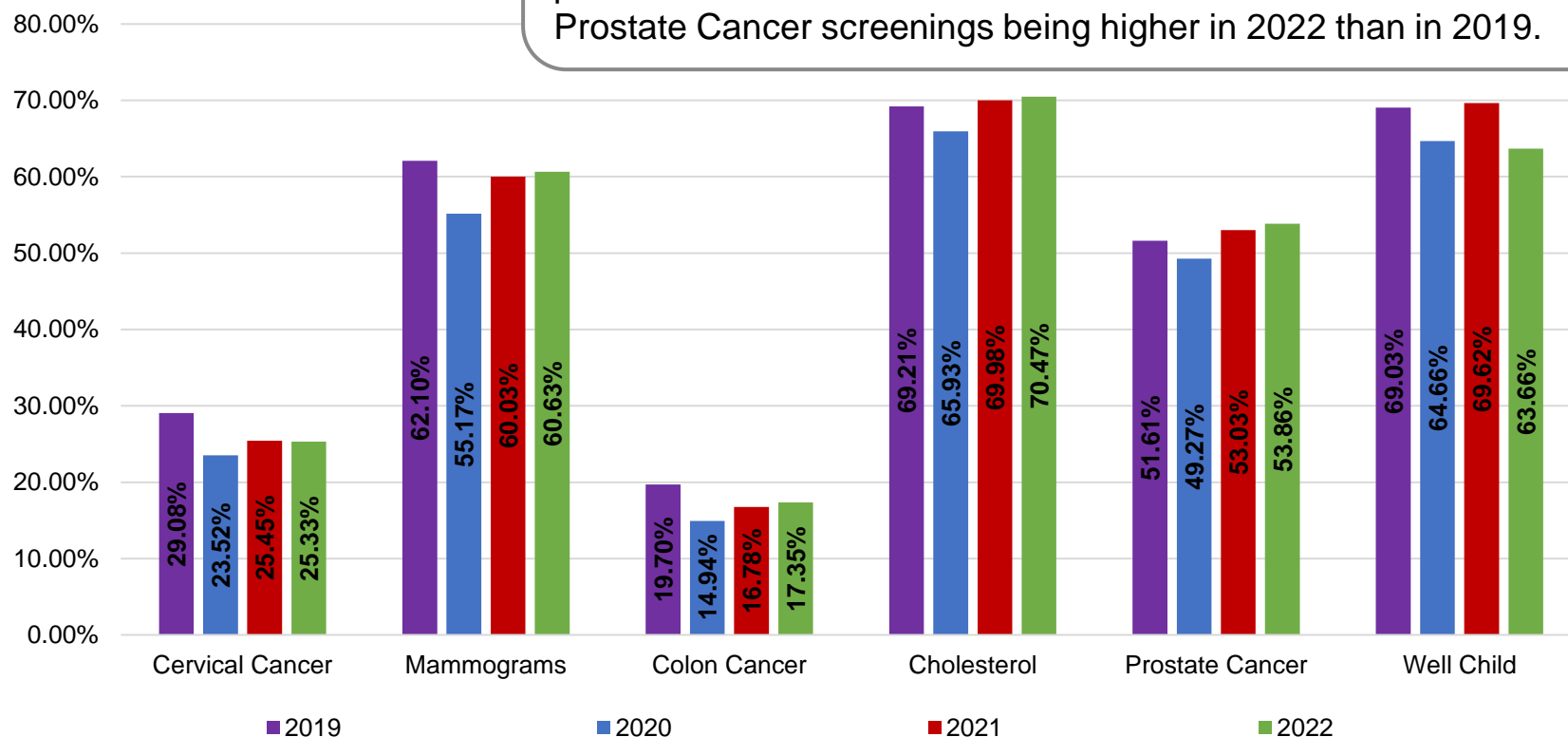
Active employees have lower screening compliance rates than retirees for mammograms, colon cancer, cholesterol, and prostate cancer. Active employee preventive screening rates decreased in the first year of the pandemic then rebounded in 2021 and 2022 with Mammograms, Cholesterol, Prostate Cancer and Well Child screenings being higher in 2022 than in 2019.



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 and 2022 with Cholesterol and Prostate Cancer screenings being higher in 2022 than in 2019.



Source: KEHP enrollment and claims data aggregated by Merative

Engagement in Special Outreach Programs

Anthem	2020			2021			2022		
	Referral	Engaged	Rate	Referral	Engaged	Rate	Referral	Engaged	Rate
Case Management	59,817	9,833	16%	62,016	8,805	14.2%	63,095	8,946	14.2%
Behavioral Health	1,132	501	44%	1,189	381	32.0%	805	279	34.7%
Future Moms	134	86	64%	99	67	67.7%	83	51	61.4%

Case management referrals and engagement rates increased by almost 2% 2022. Conversely, behavioral health referrals decreased by 32% and the engagement rate decreased by 27% in 2022. Future Moms referrals continue to decrease and the engagement rate decreased in 2022.



Source: Anthem Q4 2022 Clinic Update Integrated Health Model

HEDIS Measures

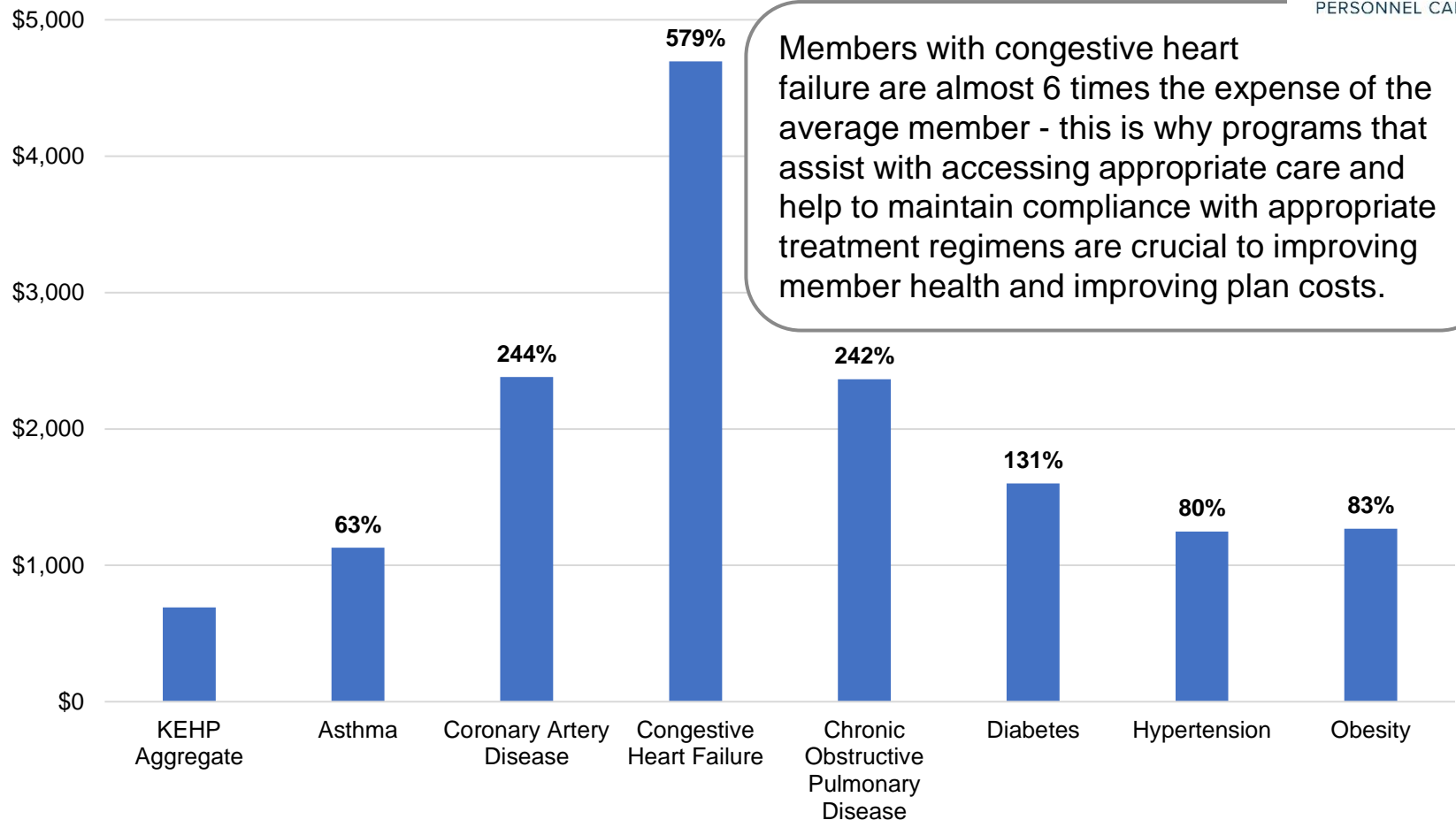
HEDIS Measures	2021	2022
Acute Bronchitis wo Antibiotics 1st Rate	31%	36%
Access Prevent Amb Care Total Rate	97%	97%
Members Access Prevent Amb Care Rate	97%	97%
Influenza Childhood Vaccine Rate	68%	62%
MMR Vaccine Rate	92%	93%
High Risk Meds Use Except for Approp Diag Rate	2%	2%
Statin Adherence w ASCVD Total Rate	80%	78%
Statin Adherence w Diabetes Rate	77%	76%

All indicators were stable or improved in 2022 except the Influenza Childhood Vaccine Rate and the Statin Adherence Rates.



Source: KEHP enrollment and claims data aggregated by Merative

Chronic Disease States PMPM



Source: KEHP enrollment and claims data aggregated by Merative

Comparison of Selected Population Health Statistics for the Commonwealth

	KY (Current)*	US Total
Life Expectancy	73.5	77
Flu Vaccination Rate	48.50%	51.40%
Influenza and Pneumonia deaths per 100,000 Population	13.8	10.5
Pneumonia Deaths per 100,000 Population	13.6	10.4
Adults Reporting Mental Illness in the Past Year, 2018-2019	22.50%	19.90%
Adults Reporting Serious Mental Illness in the Past Year	5.80%	4.90%
Adults Reporting Unmet Need for Mental Health Treatment in the Past Year, 2018-2019	6.70%	6.20%
Adolescents Reporting a Major Depressive Episode in the Past Year, 2018-2019	14.30%	15.00%
Individuals Reporting Alcohol Dependence or Abuse in the Past Year, 2018-2019, Teens Ages 12-17	1.70%	1.60%
Individuals Reporting Alcohol Dependence or Abuse in the Past Year, 2018-2019, Adults Ages 18+	5.40%	5.70%
Past Year Opioid Use Disorder	1.50%	0.70%
Drug Overdose Death Rate (per 100,000 population),	55.6	32.4
Opioid Overdose Death Rates and All Drug Overdose Death Rates per 100,000 Population (Age-Adjusted),	44.8	24.7
Primary Care Percent of Need Met	51.85%	47.24%
Dental Care Percent of Need Met	16.66%	31.75%
Mental Health Care Percent of Need Met	24.20%	27.70%



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

KEHP Benchmarked Results



- KEHP's cost per employee per year compares favorably to the Public Sector as well as the Private Sector
- KEHP's risk score is 169 this year
- KEHP has a higher prevalence of chronic illness than both the Public Sector and Private Sector populations except Depression
- KEHP has the lowest admission rate for Asthma and Diabetes, and the highest admission rate for CHF
- Across all inpatient quality metrics, i.e., Avoidable Admissions per 1000, Readmissions per 1000, and Patient Complications per 1000, KEHP compared unfavorably to the Public and Private Sector norms

Key Demographic Benchmarks

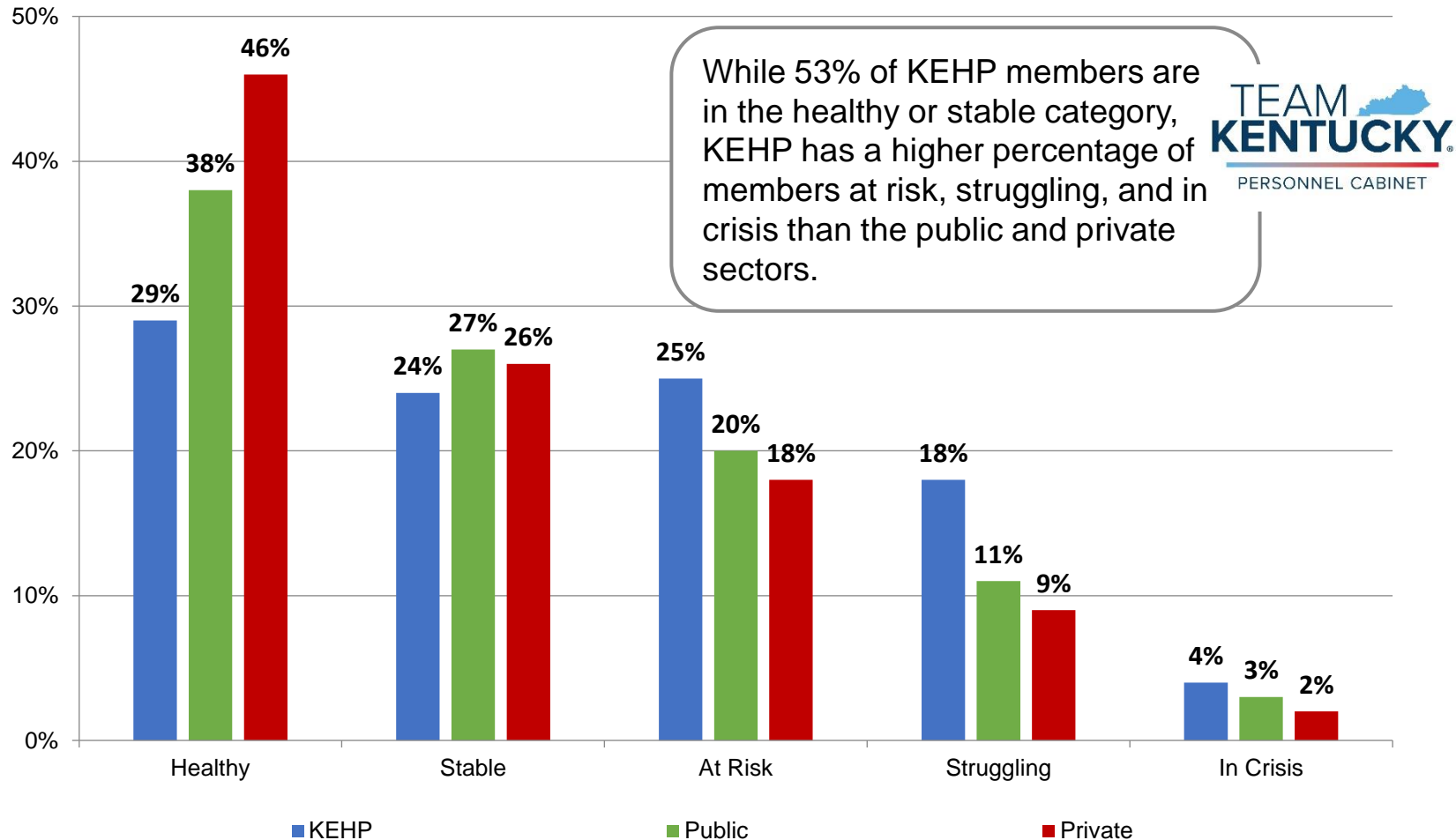
	KEHP	Public Sector	Private Sector
Average Member Age	36.6	36.4	33.6%
Average Family Size	1.9	2.0	2.1
Employee % Female	58%	56%	51%

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

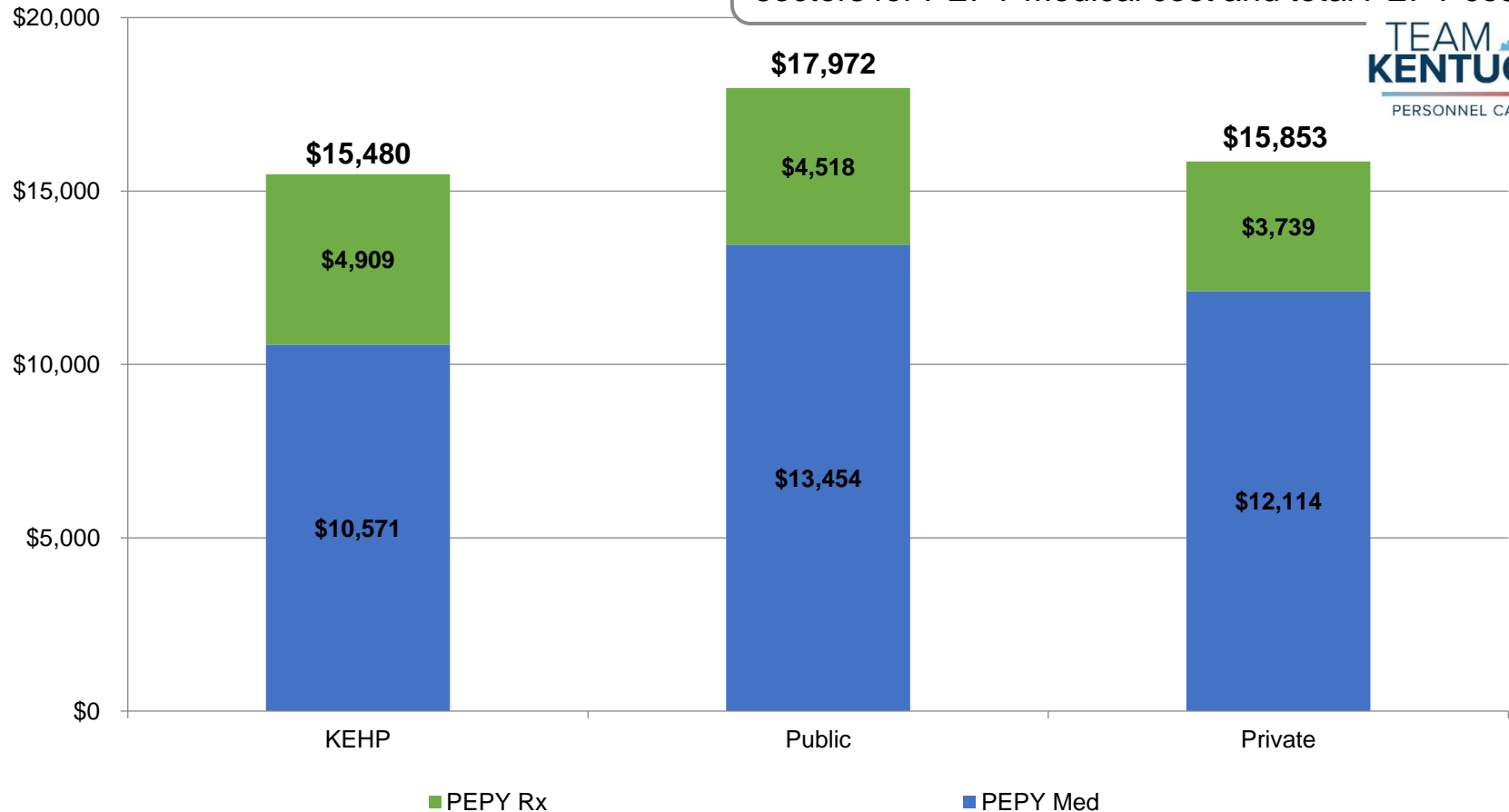
Health Risk by Category



Source: Merative Benchmark Report

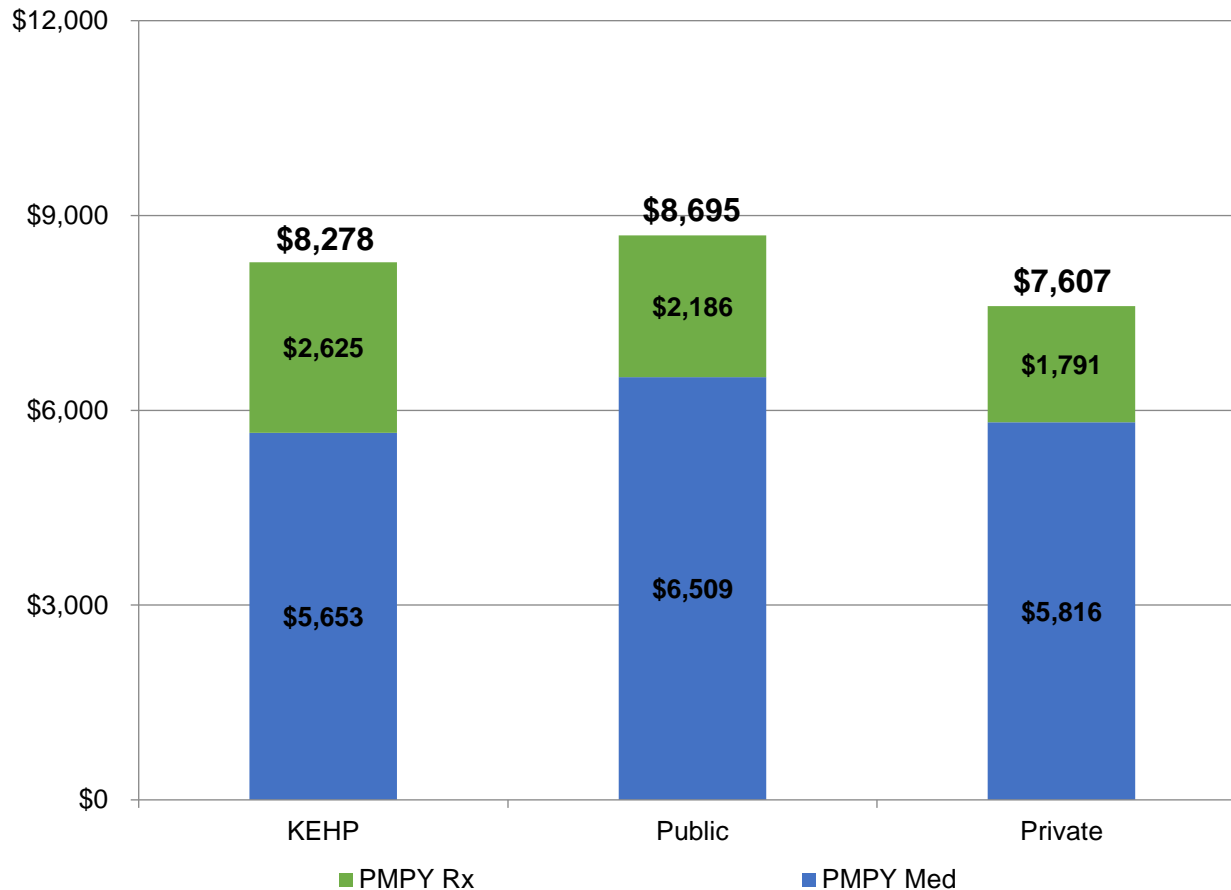
KEHP Cost PEPY Compared to Public and Private Sectors

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



Source: Merative Benchmark Report

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



When dependents are added, KEHP is 0.5% less expensive than the public sector and 9% higher than the private sector on a PMPY basis for combined medical and drug costs. KEHP is 20% and 47% 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	2.35%	1.66%	0.68	1.83%	0.51
Coronary Artery Disorder	2.07%	1.31%	0.73	1.66%	0.41
Chronic Obstructive Pulmonary Disease	0.87%	0.43%	0.44	0.54%	0.33
Congestive Heart Failure	0.40%	0.29%	0.11	0.43%	-0.03
Diabetes	13.64%	7.63%	6.00	9.77%	3.87
Depression	6.86%	6.03%	0.83	7.22%	-0.36
Hypertension	18.68%	10.50%	8.18	15.07%	3.61
Low Back Disorder	12.95%	7.78%	5.17	9.97%	2.98
Obesity	4.67%	2.29%	2.37	2.39%	2.27
Osteoarthritis	7.78%	4.66%	3.12	6.01%	1.77
Anxiety Disorder	9.52%	6.70%	2.82	5.23%	4.29
Bipolar Disorder	0.85%	0.81%	0.04	0.66%	0.19
HIV Infection	0.11%	0.21%	-0.10	0.24%	-0.12
Rheumatoid Arthritis	1.03%	0.78%	0.25	0.67%	0.36

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



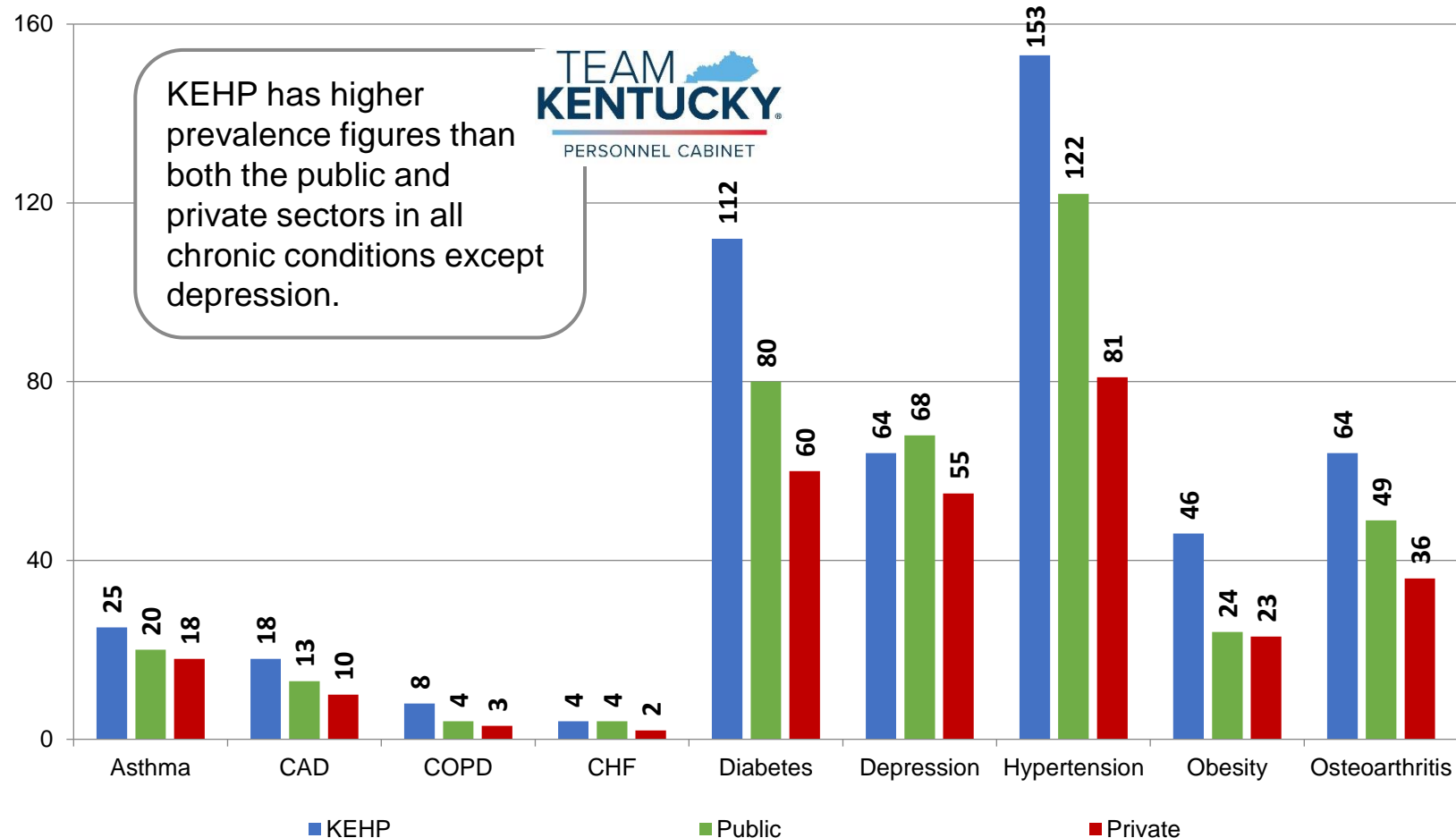
*Dark Red shading = KY experience is poorer than the State & Local Government and Private Sector employer groups.

*Light Red shading = KY experience is poorer than the State & Local Government employer groups.

*Green shading = KY experience is better than the State & Local Government and Private Sector employer groups.

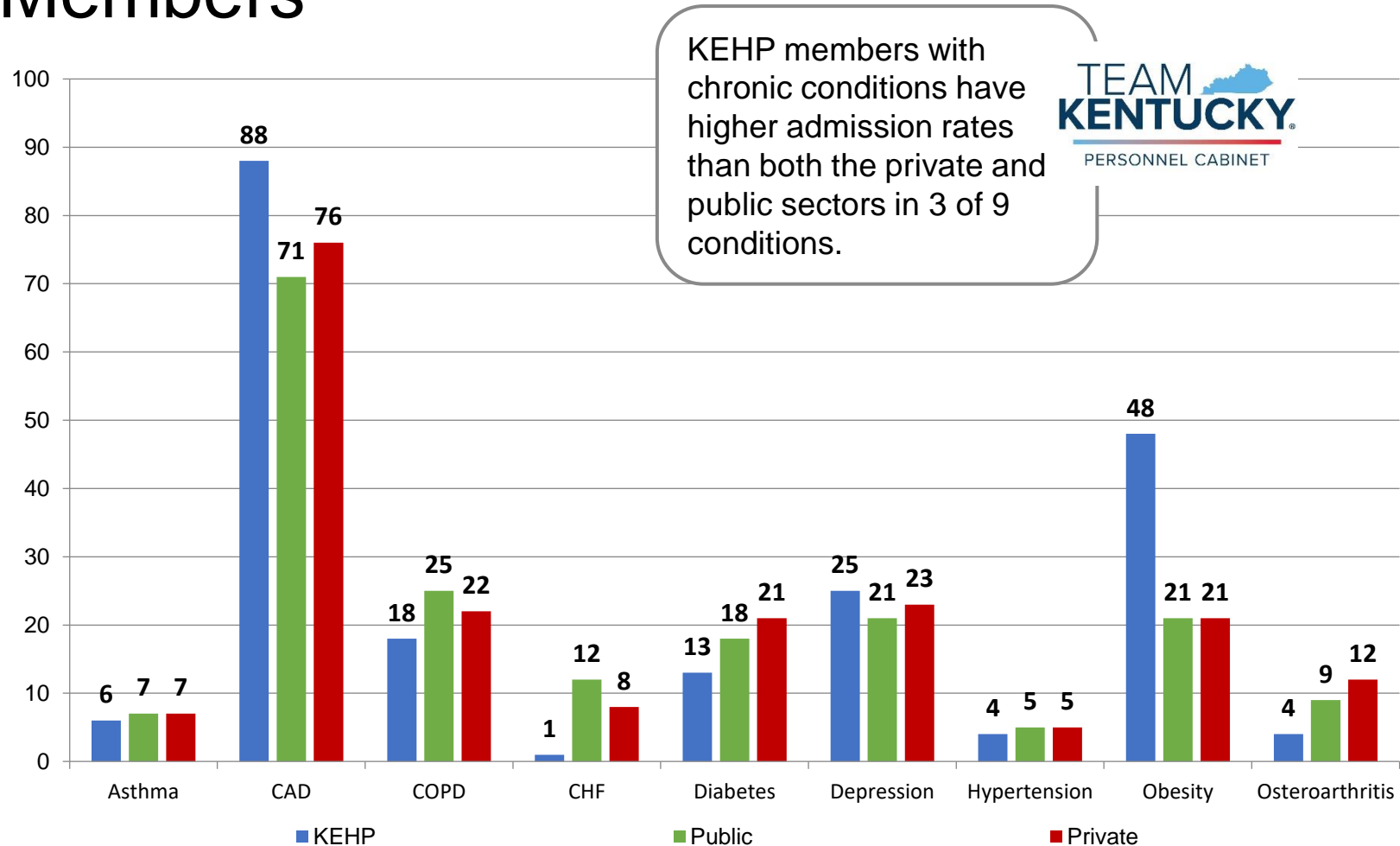
Source: Merative Benchmark Report

Chronic Condition Prevalence Per 1,000 Members



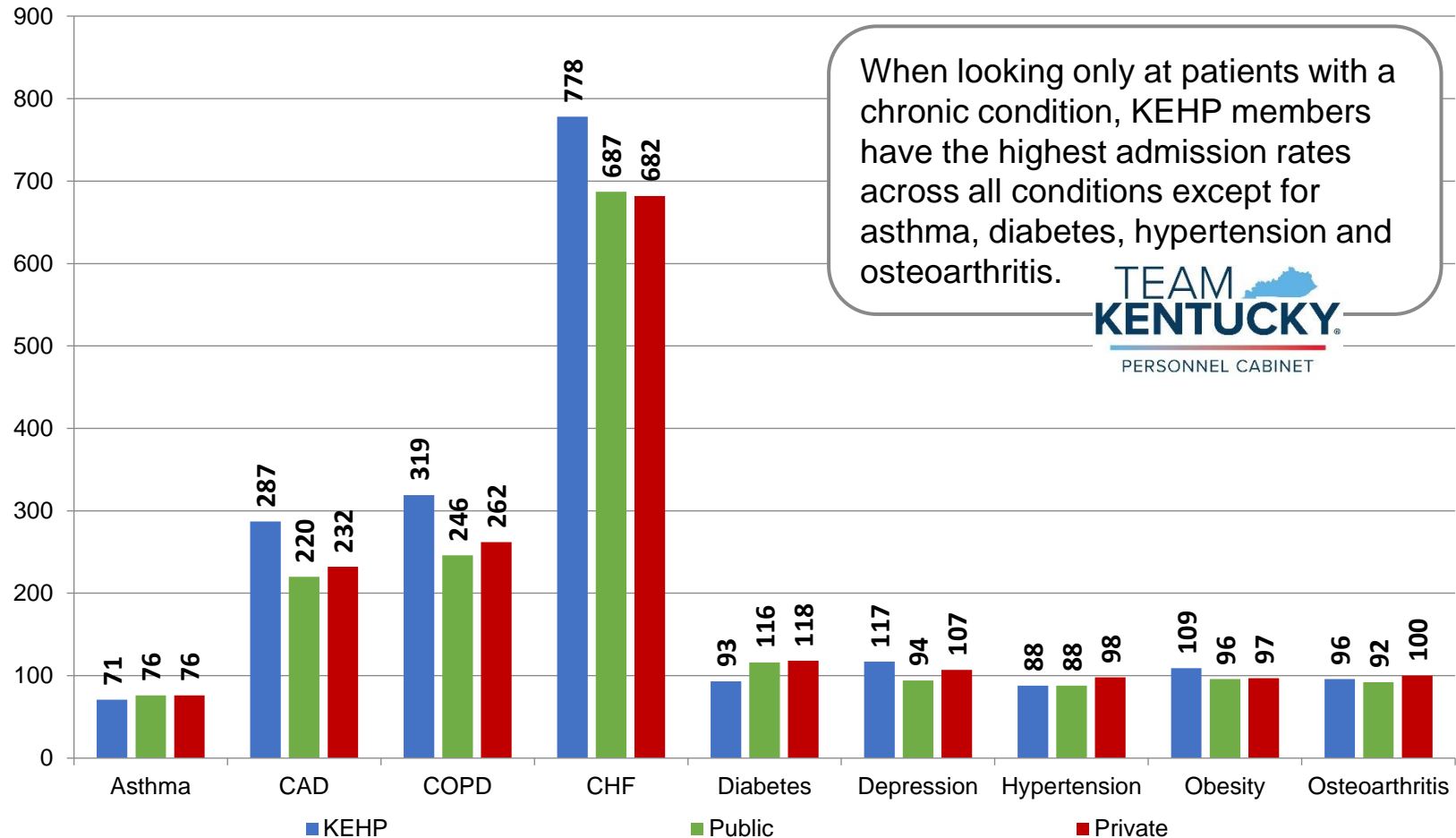
Source: Merative Benchmark Report

Admissions for Chronic Condition Per 1,000 Members



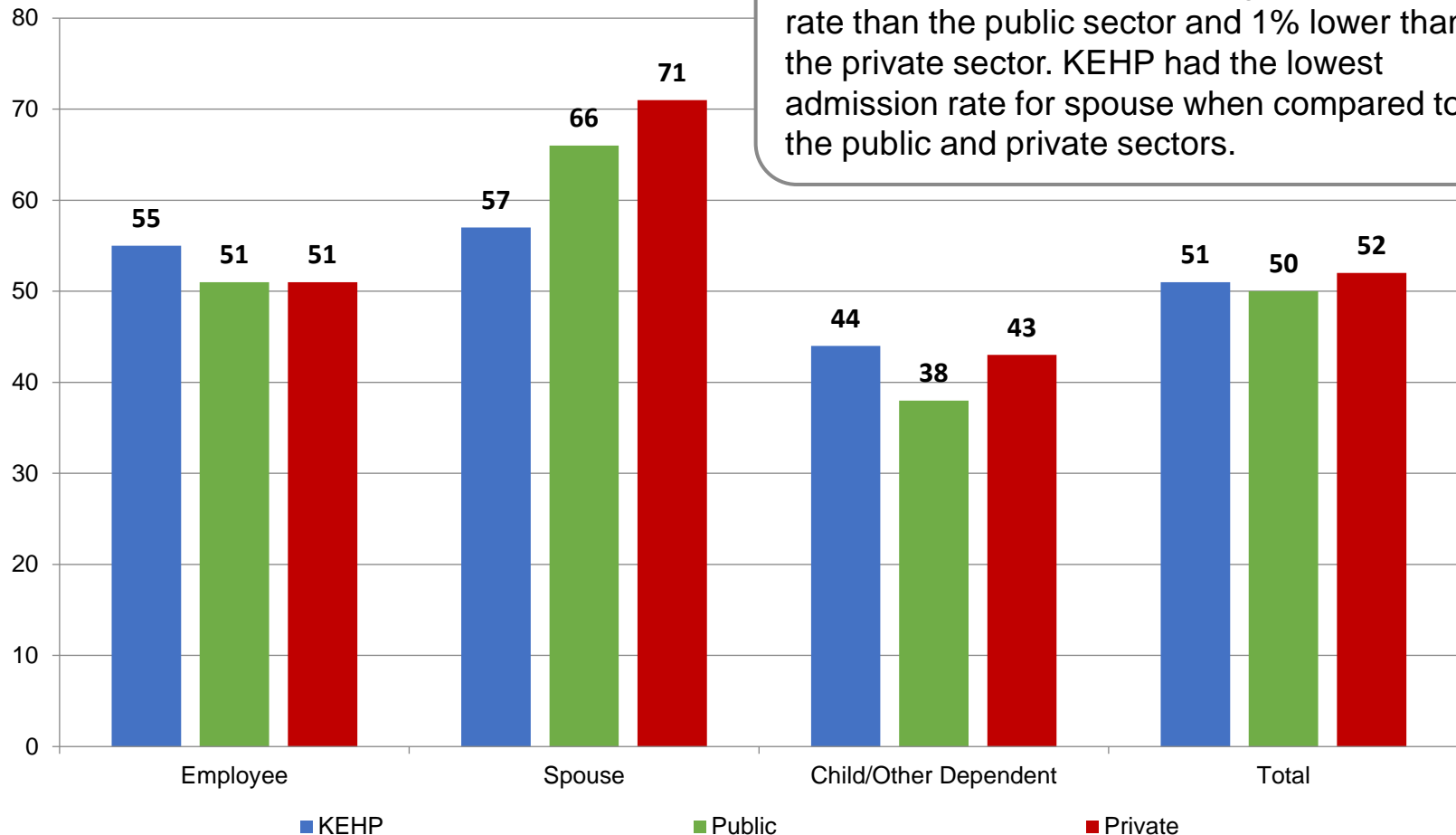
Source: Merative Benchmark Report

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



Source: Merative Benchmark Report

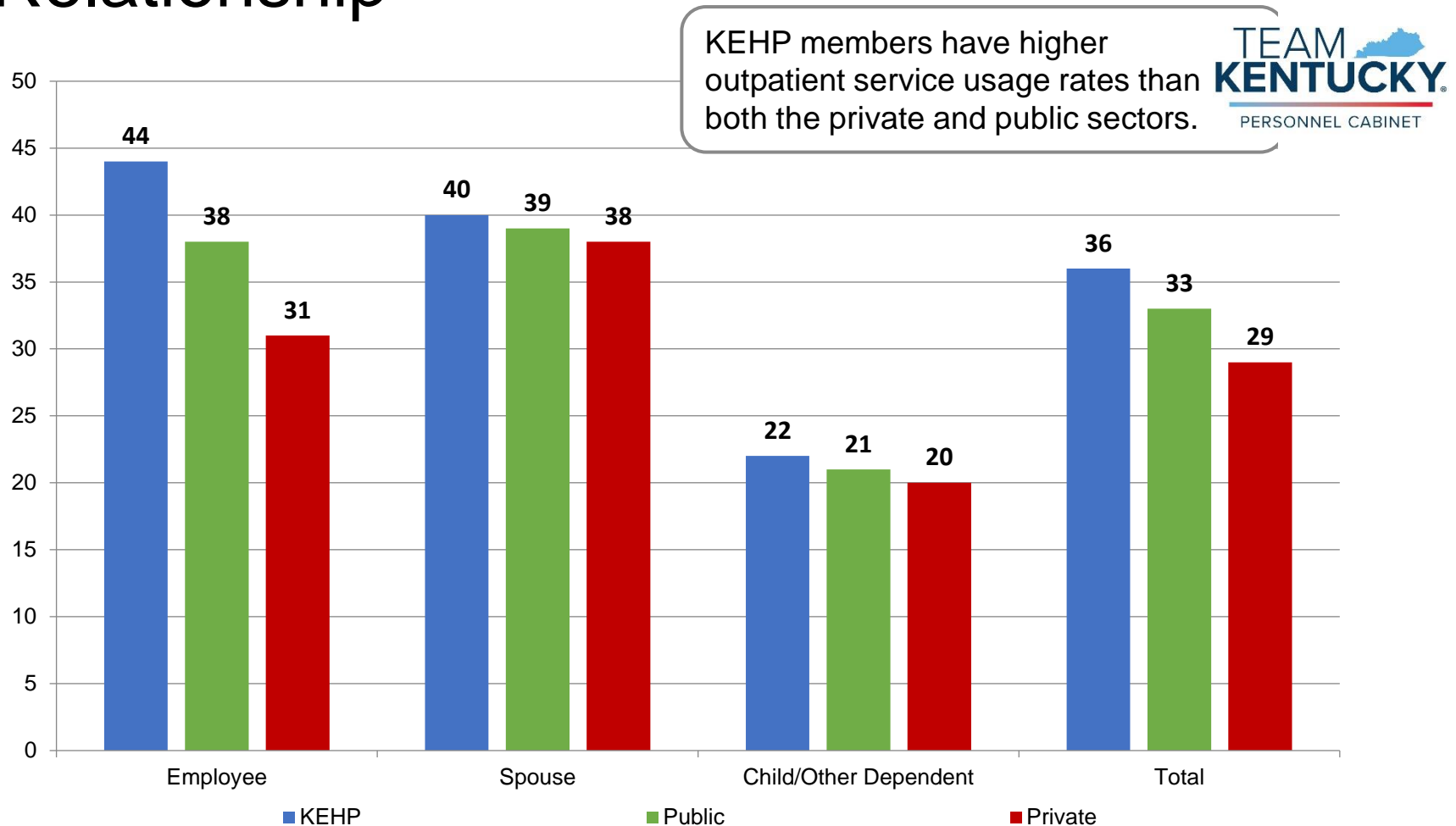
Admissions Per 1,000 Members by Relationship



KEHP employees had a 1% higher admission rate than the public sector and 1% lower than the private sector. KEHP had the lowest admission rate for spouse when compared to the public and private sectors.

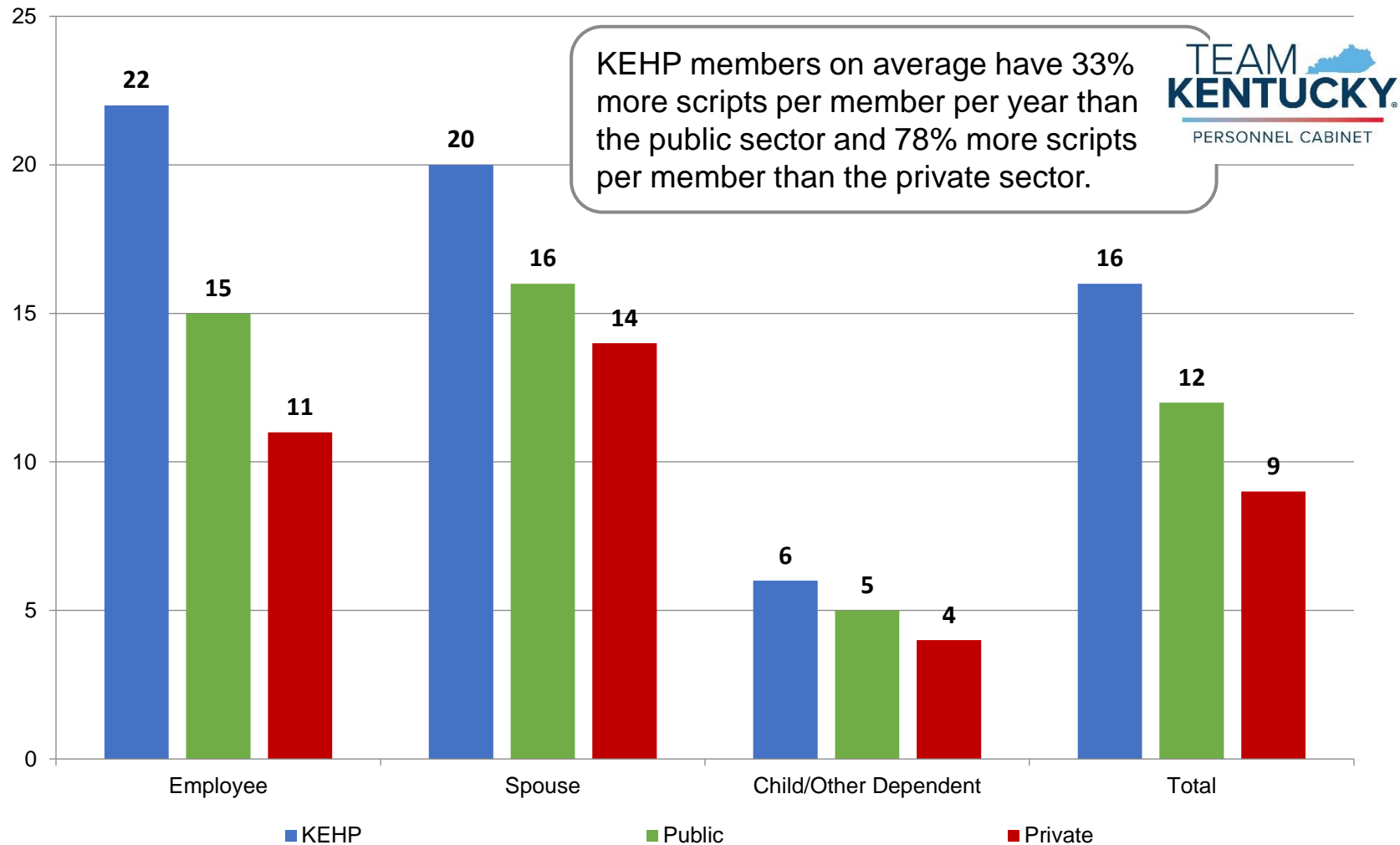
Source: Merative Benchmark Report

Outpatient Services Per Member by Relationship



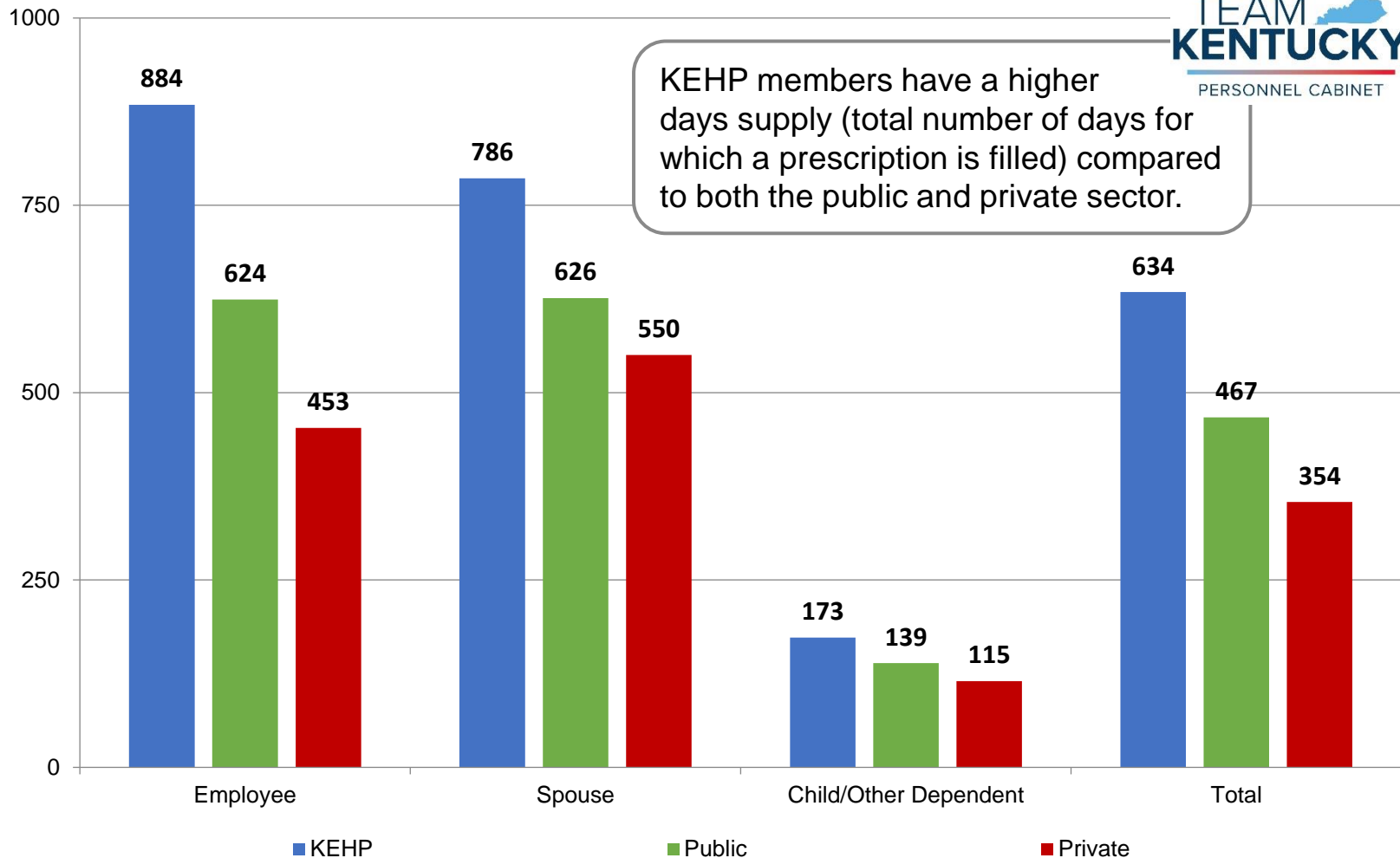
Source: Merative Benchmark Report

Scripts Per Member by Relationship



Source: Merative Benchmark Report

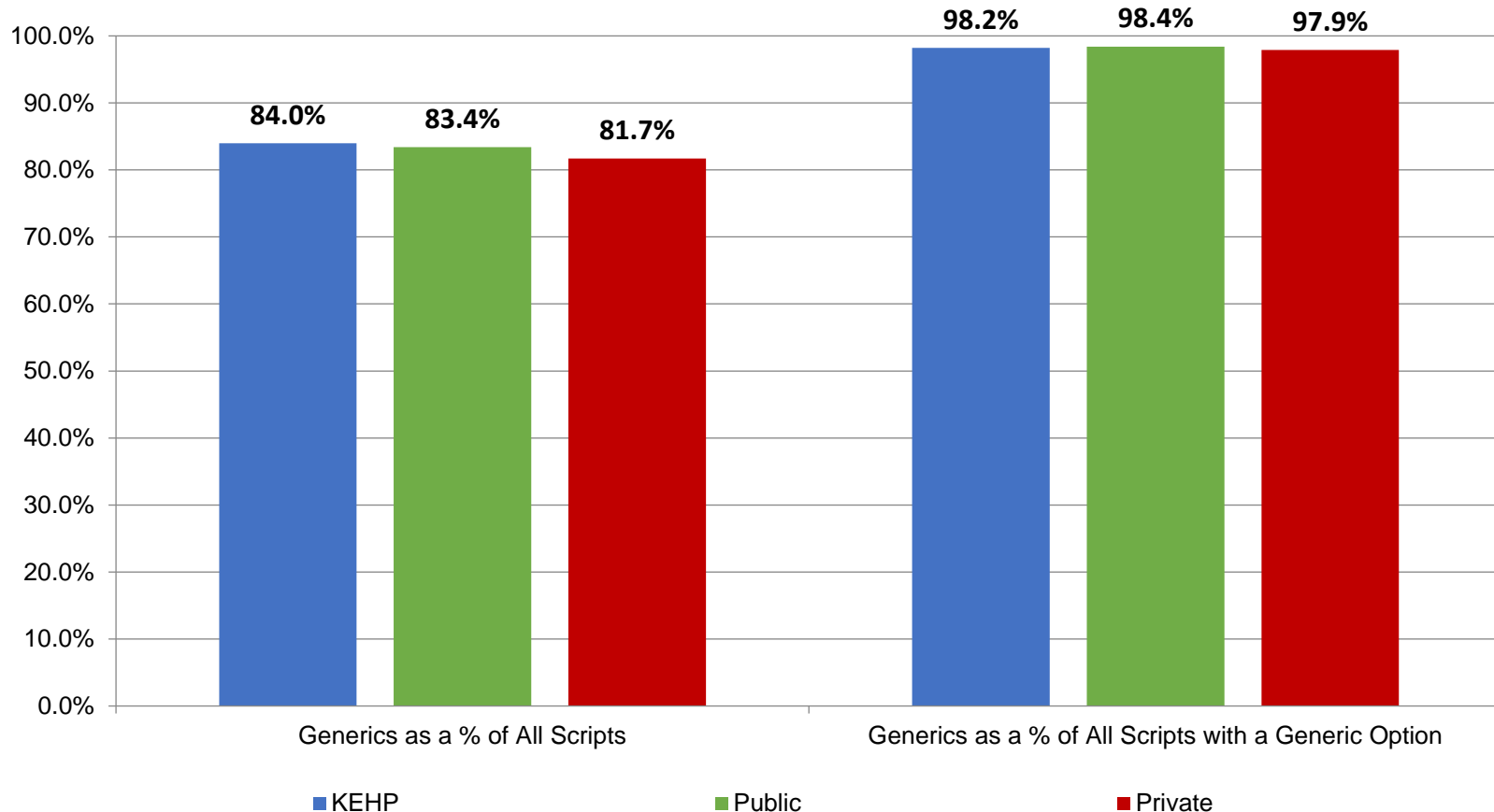
Days Supply PMPY by Relationship



Source: Merative Benchmark Report

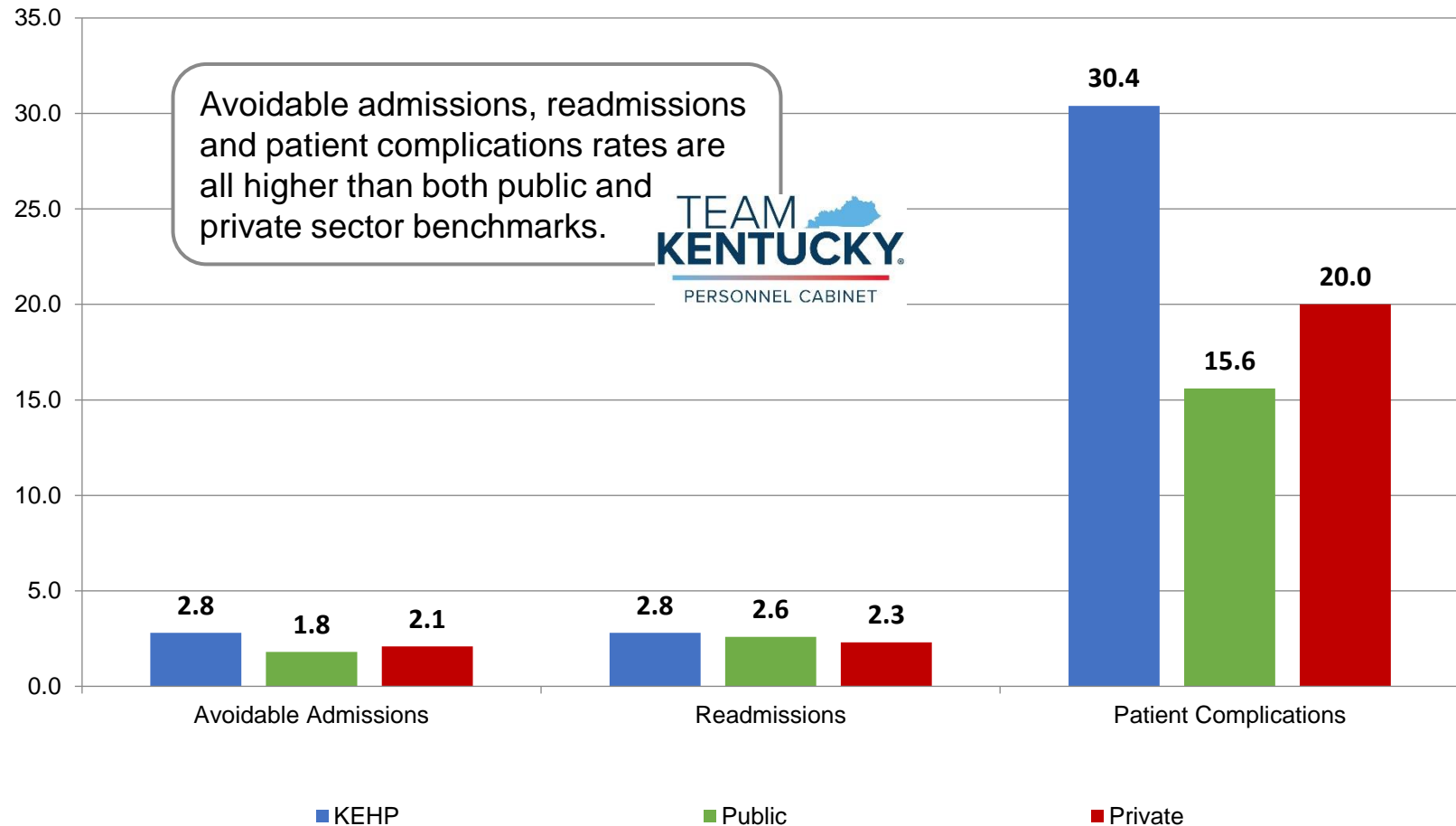
Generic Versus Brand Scripts

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



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

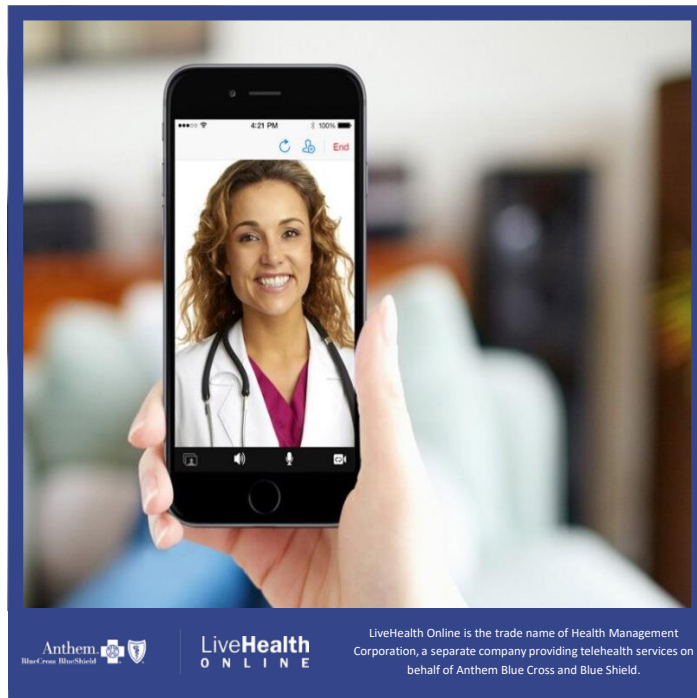
Provide State-of-the-Art Benefits While Maintaining Reasonable Premiums



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 lactation 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.

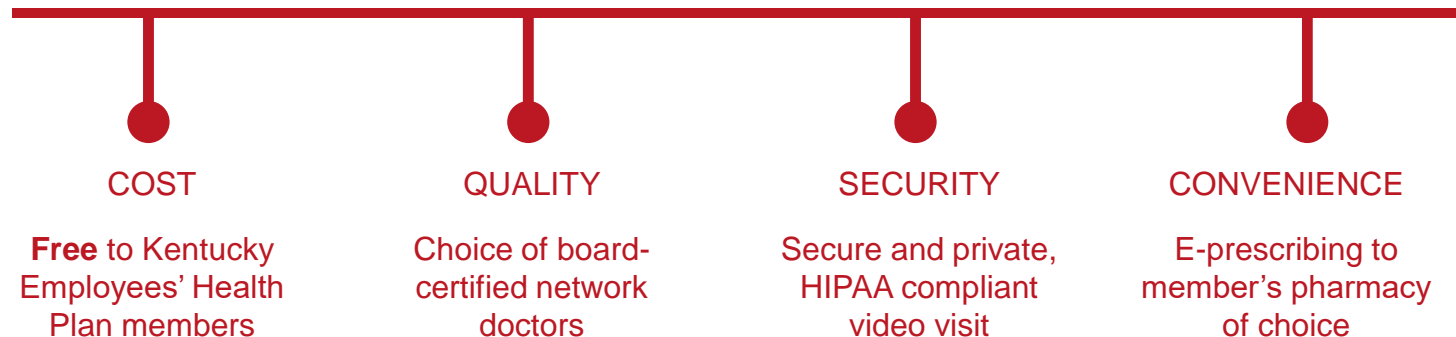
MEDICAL

LiveHealth Online

BEHAVIORAL HEALTH

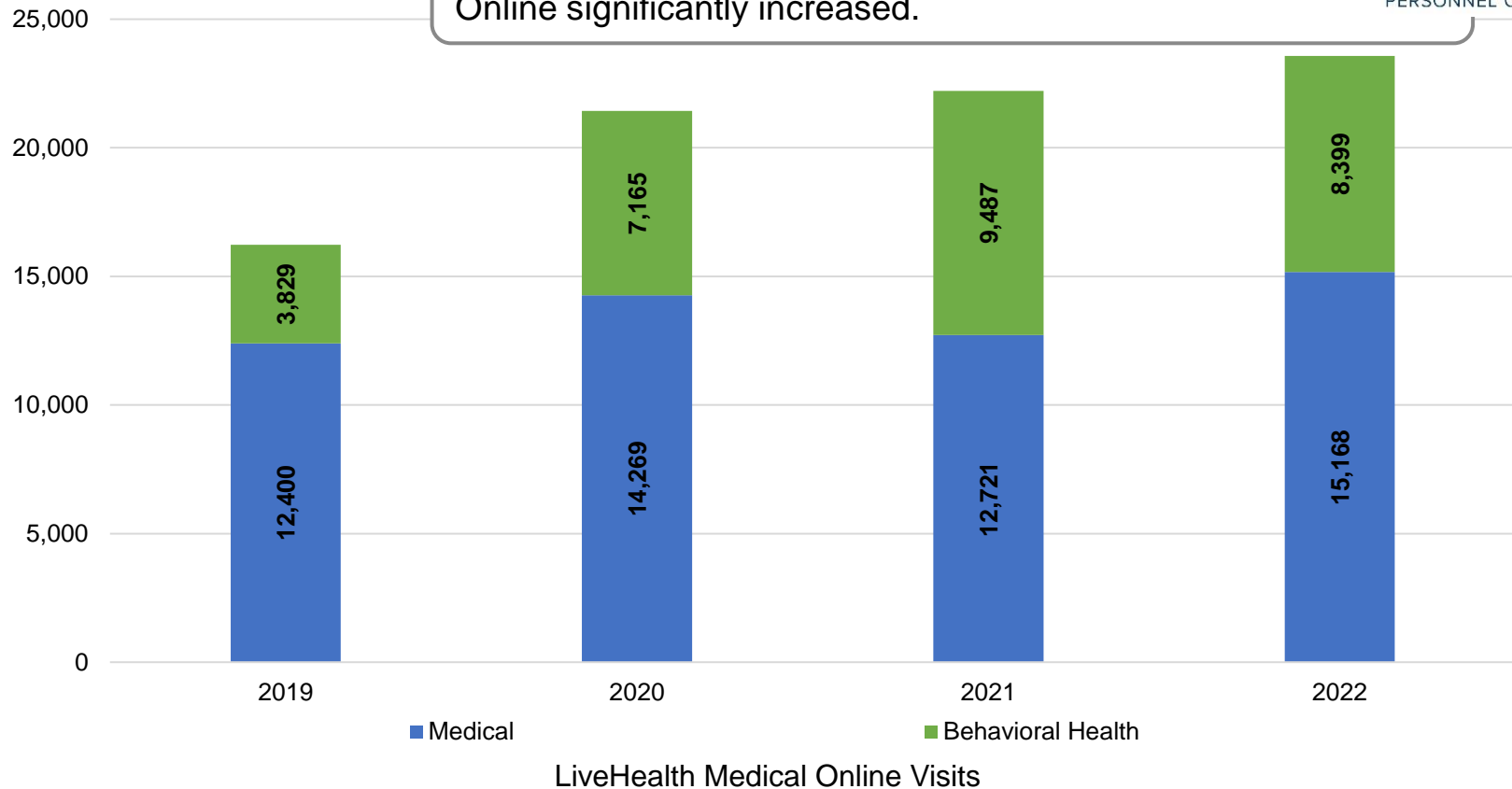
Provide State-of-the-Art Benefits While Maintaining Reasonable Premiums

LiveHealth Online Medical



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

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



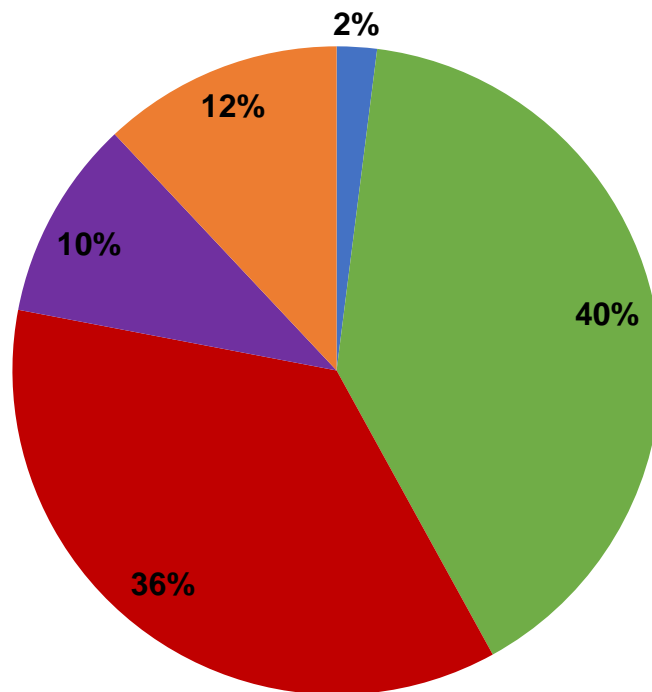
Source: Anthem 2022 LHO Utilization Report to KEHP

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, 48,122 KEHP Members registered with LiveHealth Online, for a total of 110,707 visits, resulting in more than \$19.2 M in total cost of care savings.

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

Source: Anthem LHO Utilization Report to KEHP

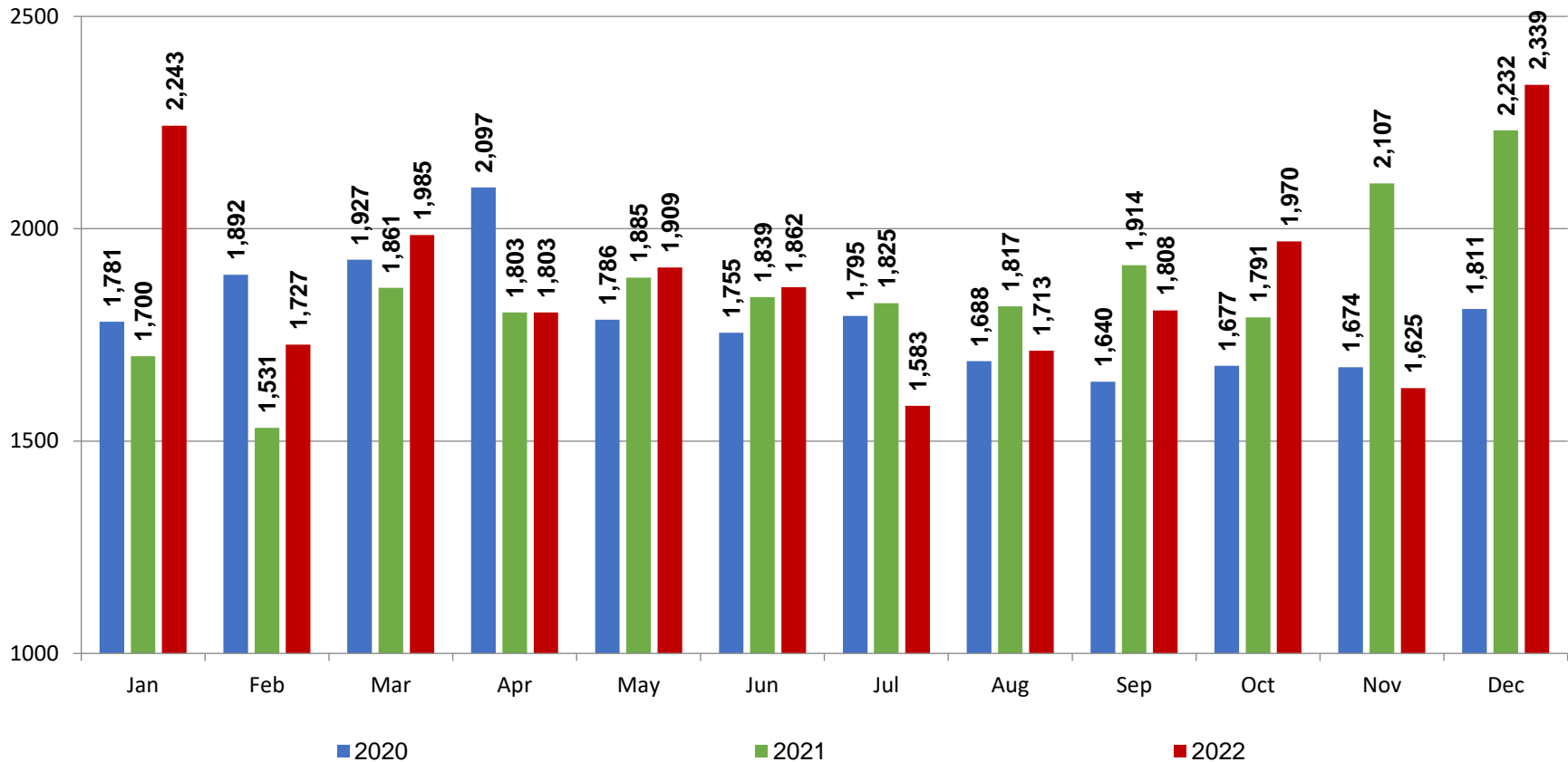
Provide State-of-the-Art Benefits While Maintaining Reasonable Premiums

LiveHealth Online Behavioral Health



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

LiveHealth Online Visits



Source: Anthem 2022 LHO Utilization Report to KEHP

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

RethinkCare

- RethinkCare is a **free** benefit to support those caring for children and teenagers with learning, social 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 24/7 NurseLine, Future Moms (to be renamed Building Healthy Families), Tobacco Cessation, Substance Abuse Disorder Support Line, and Hinge Health, we work to provide valuable benefits to the Commonwealth's public employees and retirees.
- The Personnel Cabinet has also expanded the range of optional benefits offered by including dental and vision insurance plans in 2019.

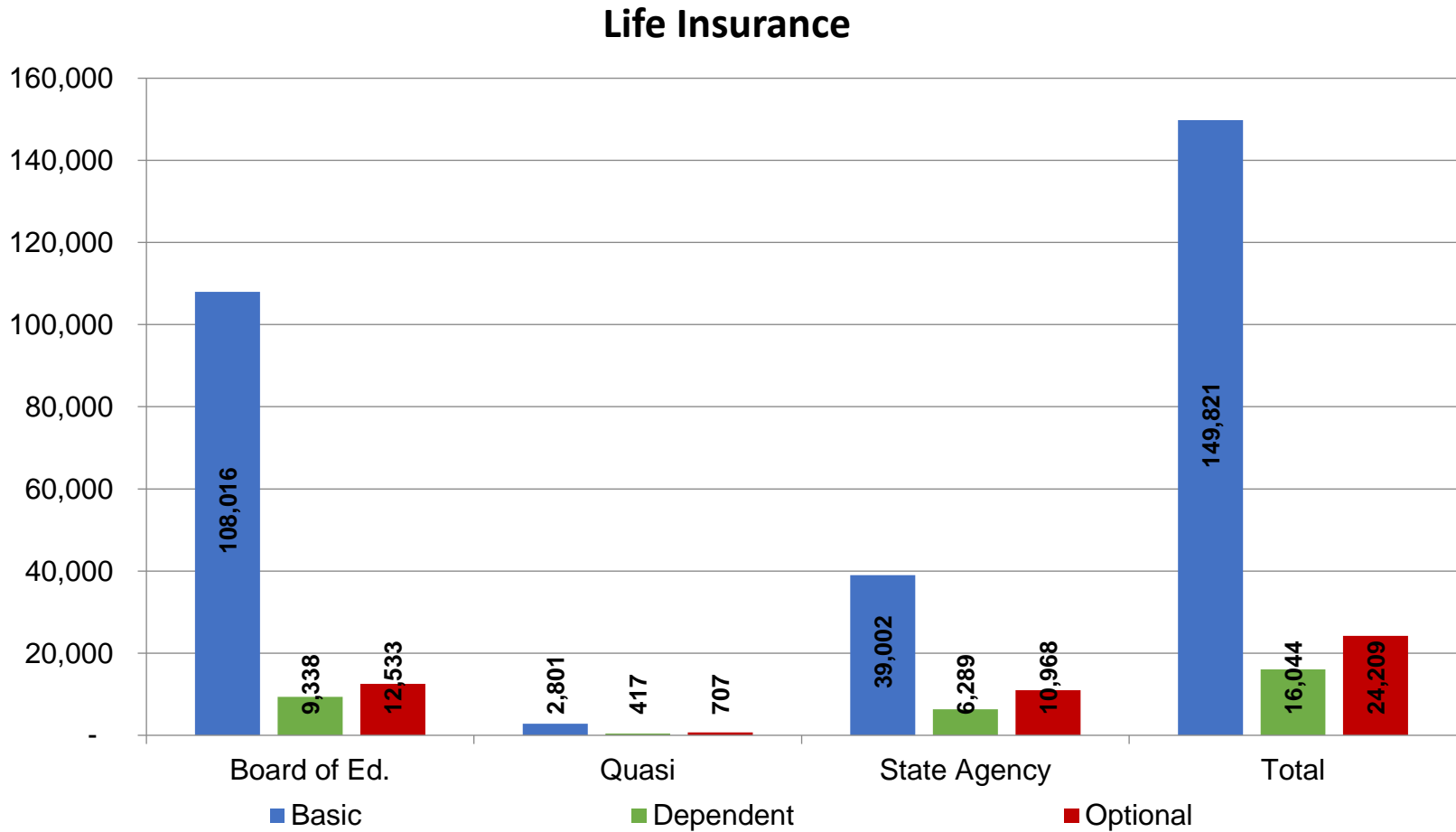


Offer Benefits That Meet the Needs of a Diverse Workforce

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.
- 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.
- Tobacco Cessation
 - KEHP has many resources available, including nicotine replacement therapies.
- 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.
- Hinge Health
 - Hinge Health is a virtual exercise therapy program designed to address back, knee, hip, neck, or shoulder pain. It's convenient and fits members' schedules — it can be done anywhere, at any time.

Offer Benefits That Meet the Needs of a Diverse Workforce



Source: KHRIS

Offer Benefits That Meet the Needs of a Diverse Workforce

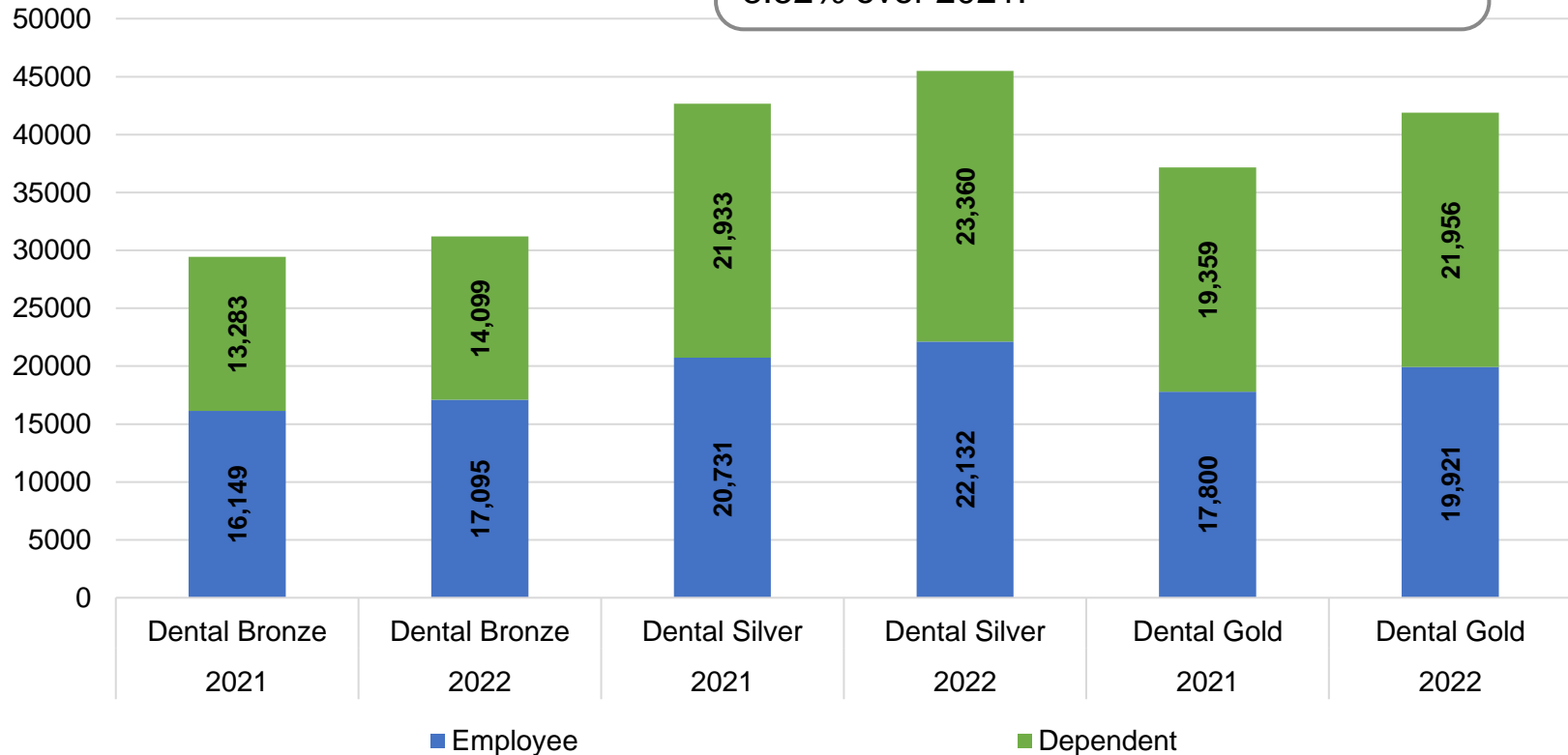
Life Insurance Paid Claims 2022

Life Plan	Covered Claims	Covered Amount	Paid Claims	Paid Amount
Basic	213	\$4,260,000	184	\$3,645,648
Basic AD&D	14	\$280,000	5	\$104,000
Optional Life	47	\$2,770,000	40	\$2,195,000
Optional AD&D	1	\$10,000	0	\$0
Dependent Life - SP	78	\$1,760,000	67	\$1,460,000
Dependent Life - CH	3	\$20,000	3	\$20,000
Total	356	\$9,100,000	299	\$7,424,648

Offer Benefits That Meet the Needs of a Diverse Workforce

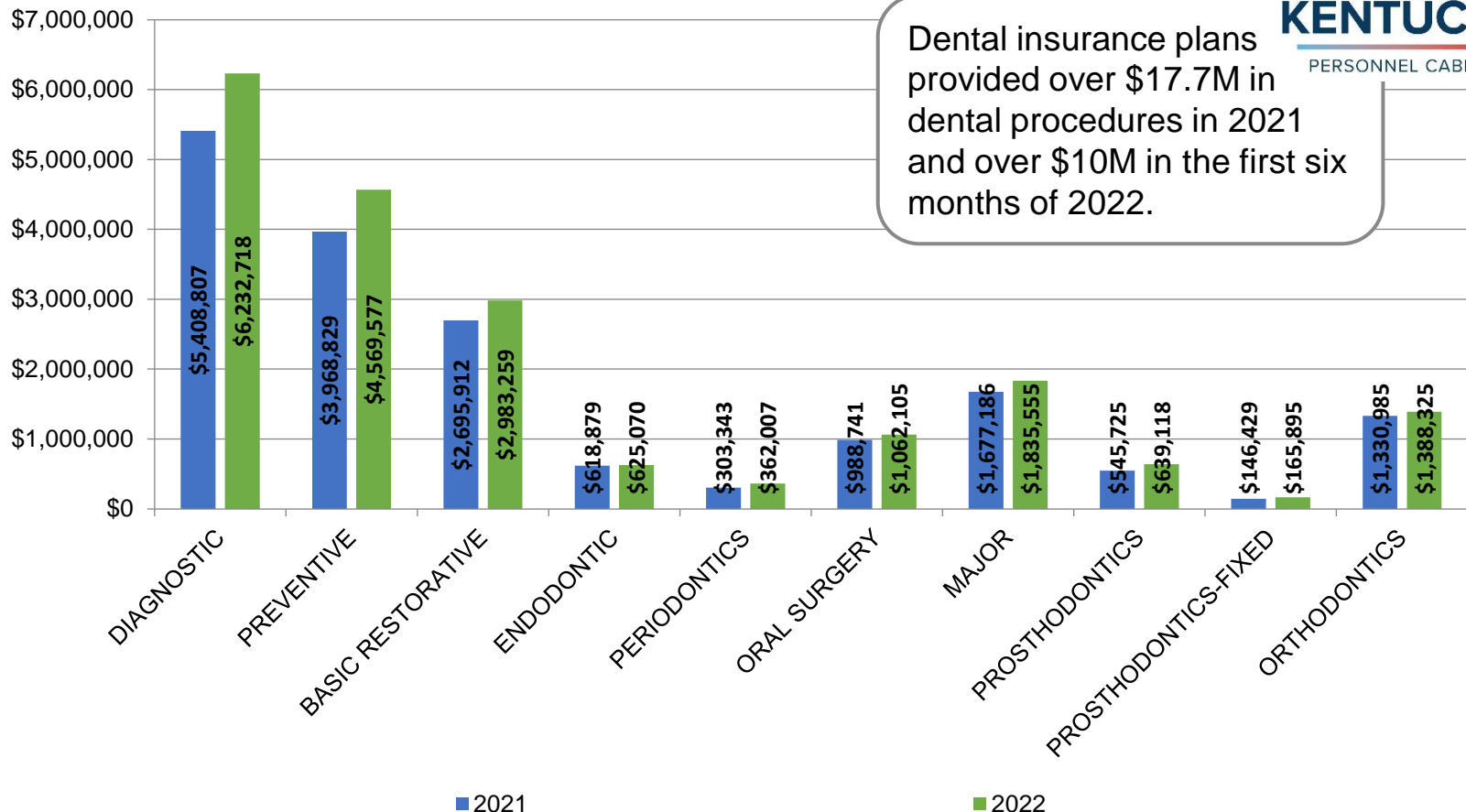
Dental Insurance Enrollment by Plan

In 2022, the number of members covered by dental insurance increased by 8.52% over 2021.



Source: KHRIS

Offer Benefits That Meet the Needs of a Diverse Workforce



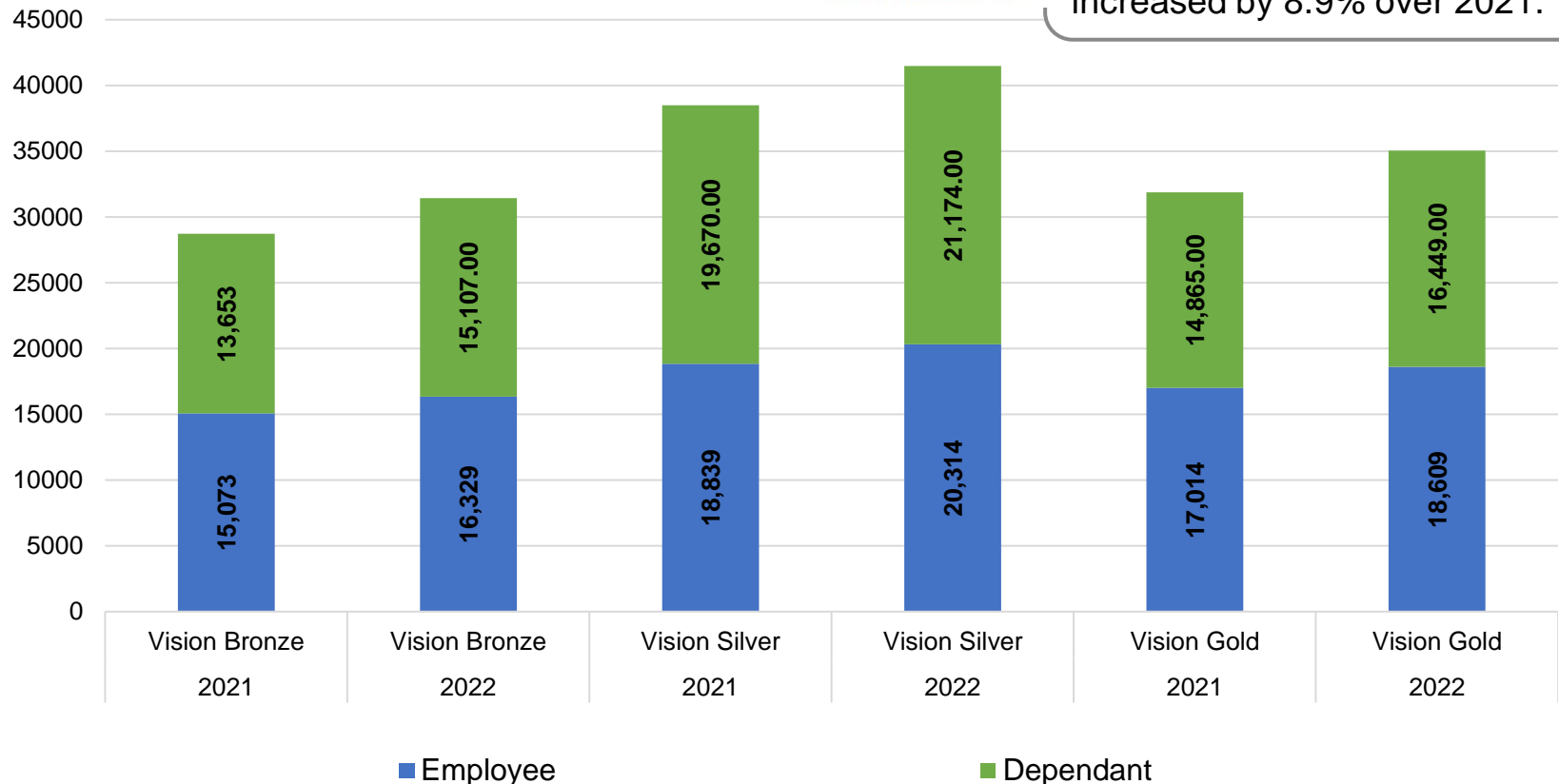
Source: KEHP-Anthem Partnership Meeting Report, December

Offer Benefits That Meet the Needs of a Diverse Workforce



In 2022, the number of members covered by vision insurance increased by 8.9% over 2021.

Vision Insurance Enrollment by Plan



Source: KHRIS

Offer Benefits That Meet the Needs of a Diverse Workforce

Vision Insurance Claims Paid

Reporting Period	Exams	Paid Amount Exams	Eyewear	Paid Amount Eyewear	Contact Lenses	Paid Amount Contacts	Total Paid Amt
Jan	4,036	\$159,241	2,630	\$319,417	1,457	\$233,308	\$711,966
Feb	2,971	\$117,378	2,044	\$244,912	1,008	\$161,413	\$523,703
Mar	2,980	\$114,471	1,985	\$223,515	963	\$156,309	\$494,294
Apr	3,277	\$129,931	2,026	\$242,135	1,015	\$161,034	\$533,100
May	3,106	\$122,554	1,847	\$221,685	1,064	\$162,081	\$506,320
Jun	3,180	\$123,404	1,698	\$194,094	1,023	\$160,683	\$478,181
Jul	3,504	\$140,177	1,981	\$235,656	979	\$156,891	\$532,724
Aug	4,862	\$196,566	2,574	\$305,850	1,175	\$184,846	\$687,261
Sep	2,287	\$91,649	1,279	\$154,129	656	\$108,558	\$354,336
Oct	3,210	\$128,157	1,789	\$215,241	977	\$148,851	\$492,249
Nov	2,608	\$104,552	1,501	\$180,698	692	\$111,939	\$397,188
Dec	2,446	\$96,898	1,440	\$174,854	674	\$101,600	\$373,351
Total	38,367	\$1,524,978	22,604	\$2,712,184	11,610	\$1,847,513	\$6,084,675

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.

Improve Employee Health and Wellbeing

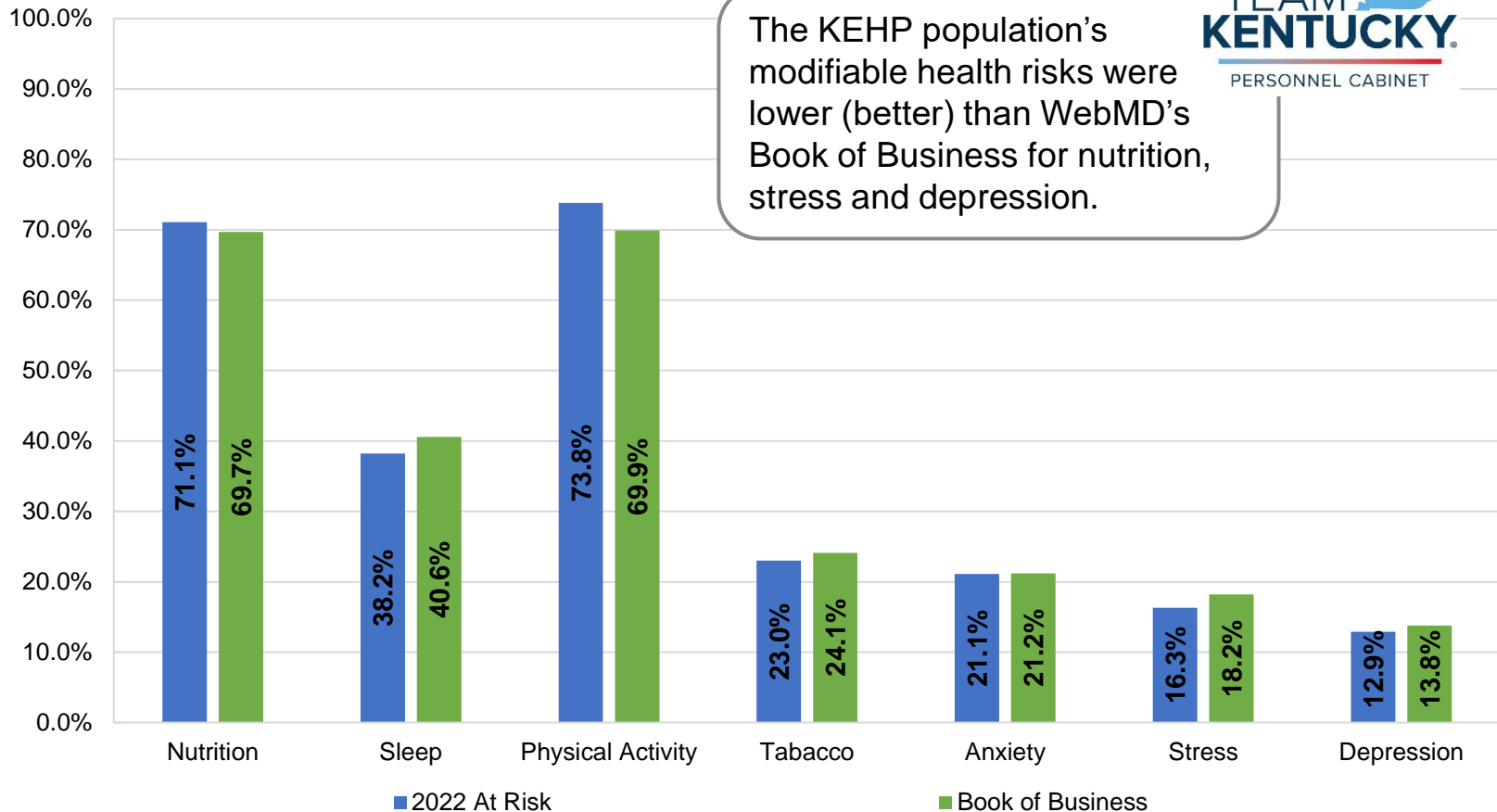
Wellness Participation Cascade	2021		2022	
Eligible*	178,017		151,054	
Employees Required to Complete Promise	145,559	81.8%	138,996	77.6%
Health Assessment (% of required employees)	119,727	67.3%	98,663	71.0%
Biometric Screening (% of required employees)	33,353	18.7%	37,246	27.0%
Earned Promise (% of registered users)	128,516	88.3%	121,340	87.0%
Daily Habits (% of registered users)	23,273	13.1%	27,438	25.4%
Health Coaching Engaged (% Health Coaching Enrolled)	24,314	20.5%	18,720	18.0%
Health Coaching 3+ Sessions (% of Health Coaching Engaged)	7,684	31.6%	5,749	31.0%

*Total eligible, includes individuals who were ever enrolled in medical benefits

Source: WebMD & 2022 Report

Improve Employee Health and Wellbeing

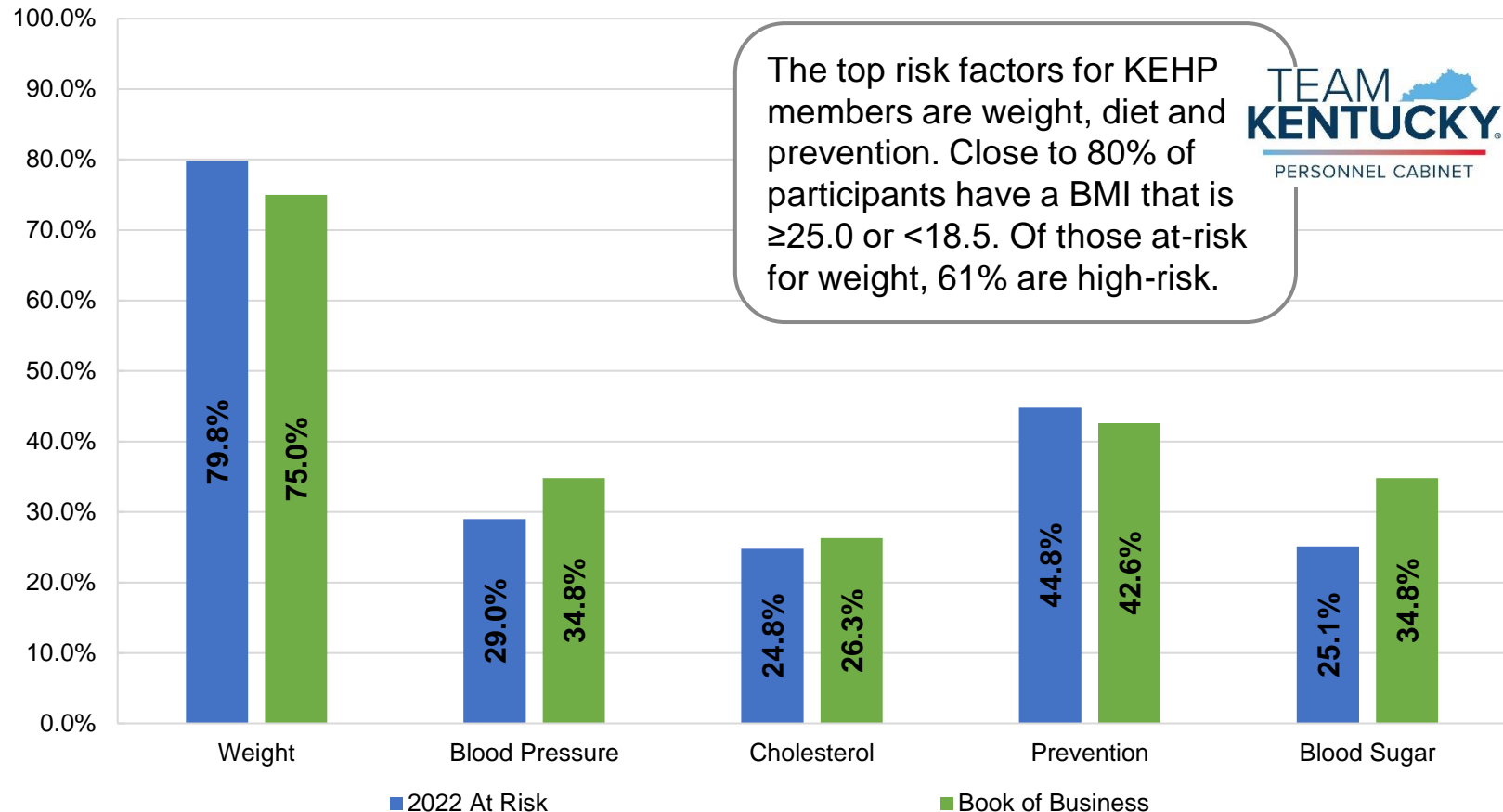
Modifiable Health Risk Prevalence



Source: WebMD Report

Improve Employee Health and Wellbeing

Clinical Risk Prevalence - Health Assessment



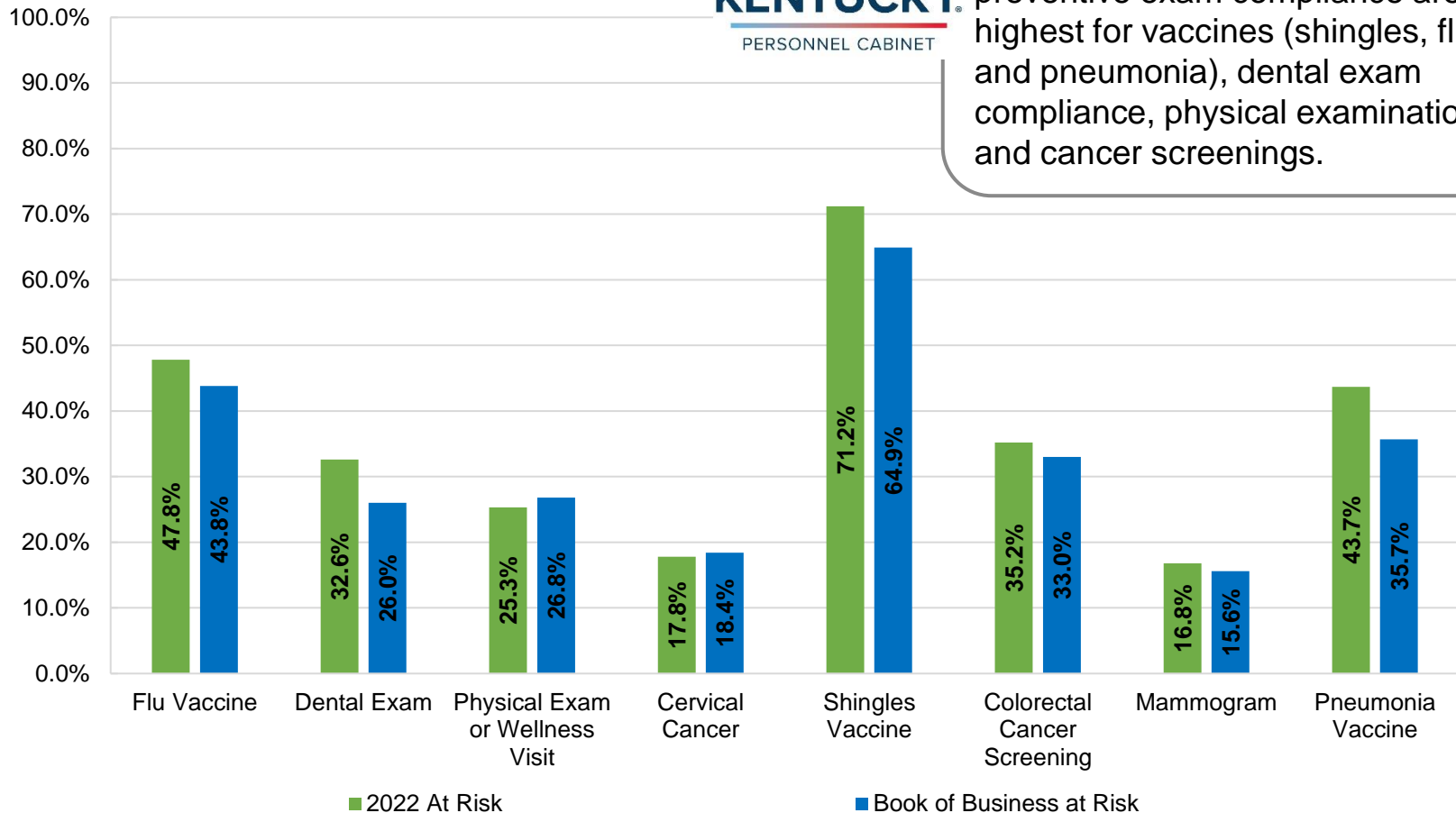
Source: WebMD Report

Improve Employee Health and Wellbeing

Preventative Exam Risk Prevalence



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



Source: WebMD Report

Improve Employee Health and Wellbeing

Biometric Screening Summary

Screening Value	% of Participants Within Recommended Range	Definition
Blood Pressure	32.9%	Less than 120/80
BMI	21.2%	Normal 18.5-24.9
Glucose	59.0%	Fasting \leq 99(mg/dL) Non-Fasting \leq 139 (mg/dL)
Total Cholesterol	71.5%	Optimal \leq 199 (mg/dL)
HDL Cholesterol	59.5%	Optimal 60+ (mg/dL)
LDL Cholesterol	79.7%	Optimal (Fasting) \leq 99
Triglycerides	69.6%	Optimal (Fasting) \leq 149

Source: WebMD Report

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 expanded the Value Benefit to include COPD and asthma.
- KEHP also offers weight management programs, a diabetes prevention program, behavioral health programs and substance abuse programs to combat addiction.



Provide the Tools to Manage Chronic Disease Conditions

Value Benefits for Diabetes, COPD, 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

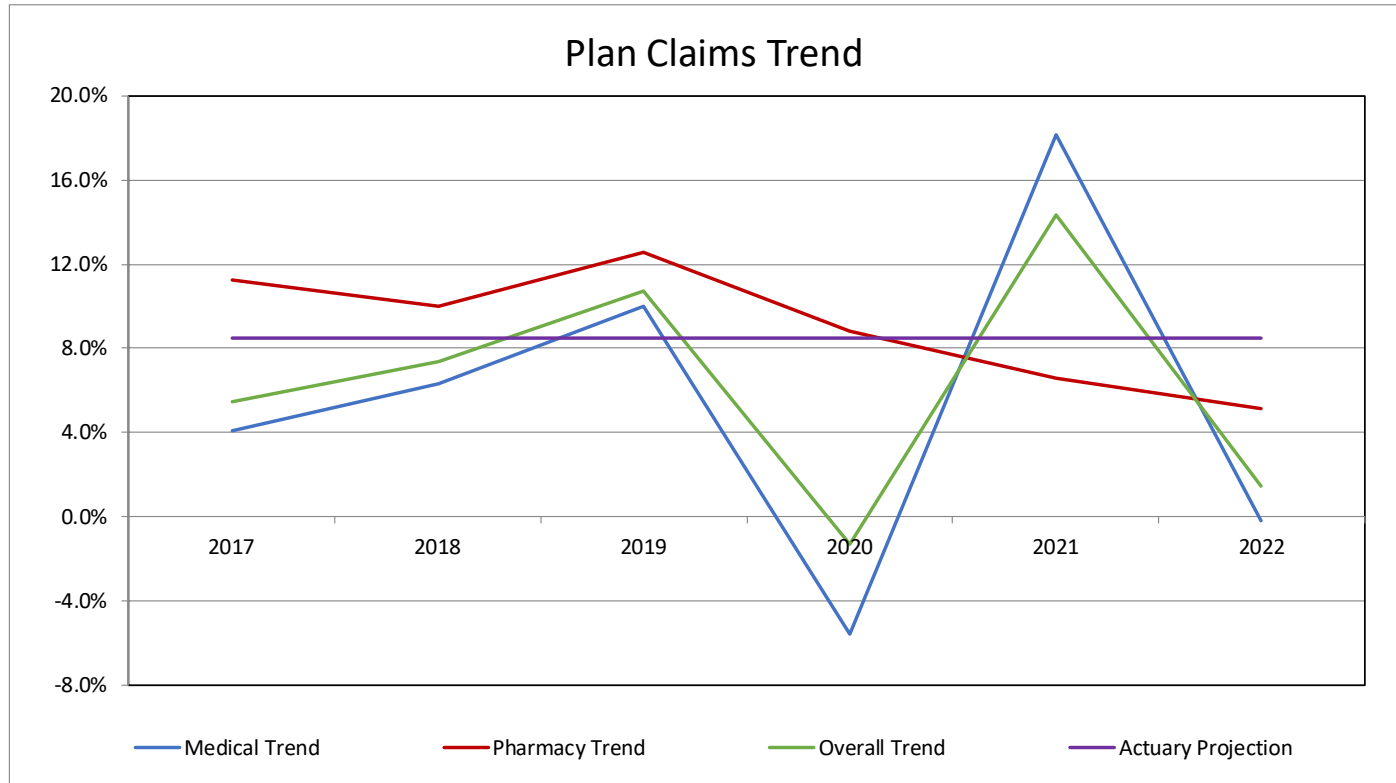
- Through judicious contracting, plan design, budgeting, and claims control practices, KEHP maintained financial discipline and budget management. This has permitted the plan to maintain premium increases (1.98%) for employees and employers, far below claim inflation (3%).
- As of December 2022, \$1 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
2022	5%/10% (in/out of network) coinsurance increase to LW PPO and LW CDHP	\$9.0M
2022	\$5/\$10 Rx copay (30 day/90 day supply) generic tier Rx copay increase to LW PPO plan	\$3.5M
2022	Implemented Prudent Rx, Enhanced SGM and savings due to Rx Market check	\$31.8M
2021	New two-tier prescription Value Formulary for all plans	\$34M
2021	Prescription co-pay increase by \$5 for LivingWell PPO	\$6.1M
2021	Specialist visit co-pay increase by \$5 for LivingWell PPO	\$0.60
2021	Increased employer premium by 3%	\$43.5M
2021	Increased employee premiums by average of \$6.02	\$5.9M
2020	Increased deductibles and out-of-pocket maximums	\$30M
2020	Increased employee premiums	\$8M
2020	Cancelled Anthem's Enhanced Personal Healthcare Model	\$6M
2020	Lowered cap for Waiver HRAs to \$5,000	\$2M
2020	CVS market check	\$24M
2019	Increased employee premiums for LW CDHP couple and family levels	\$2M
2019	Implemented two-tier formulary: generic and brand for LW Basic and Limited HD Plan	\$0.6M
2019	Lowered cap for Waiver HRAs to \$6,000	\$2M

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%

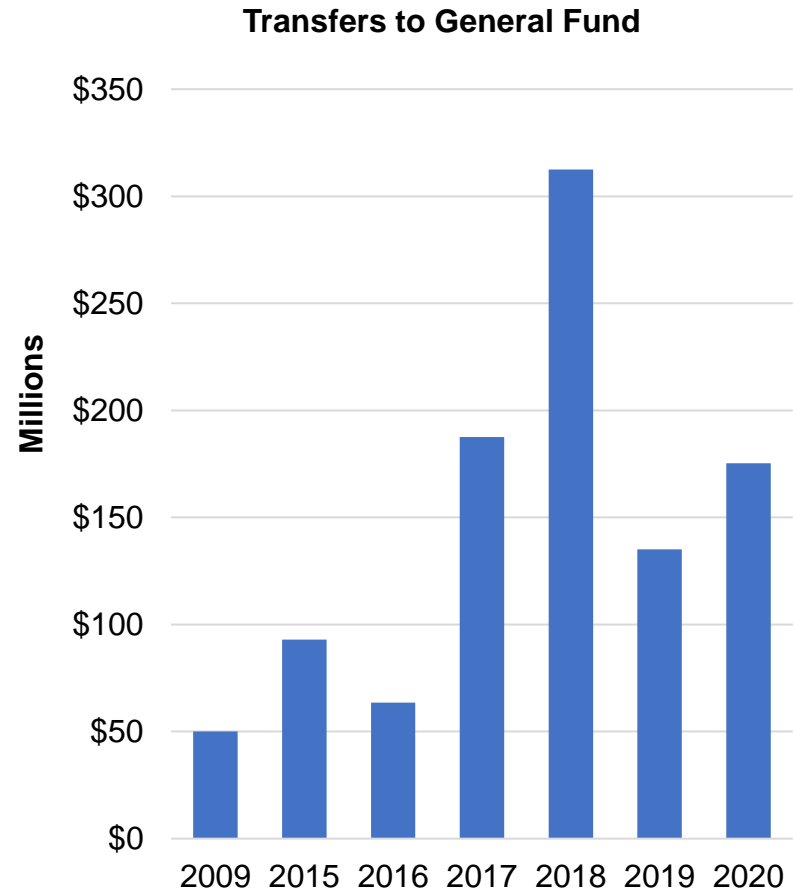
Source: Aon Q2 2023 Financial Projection, August 2023

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.



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.
- Programs like LiveHealth Online, the SmartShopper transparency program, Hinge Health, and PrudentRx, point members to a more appropriate site, method of care and cost-effective care.



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

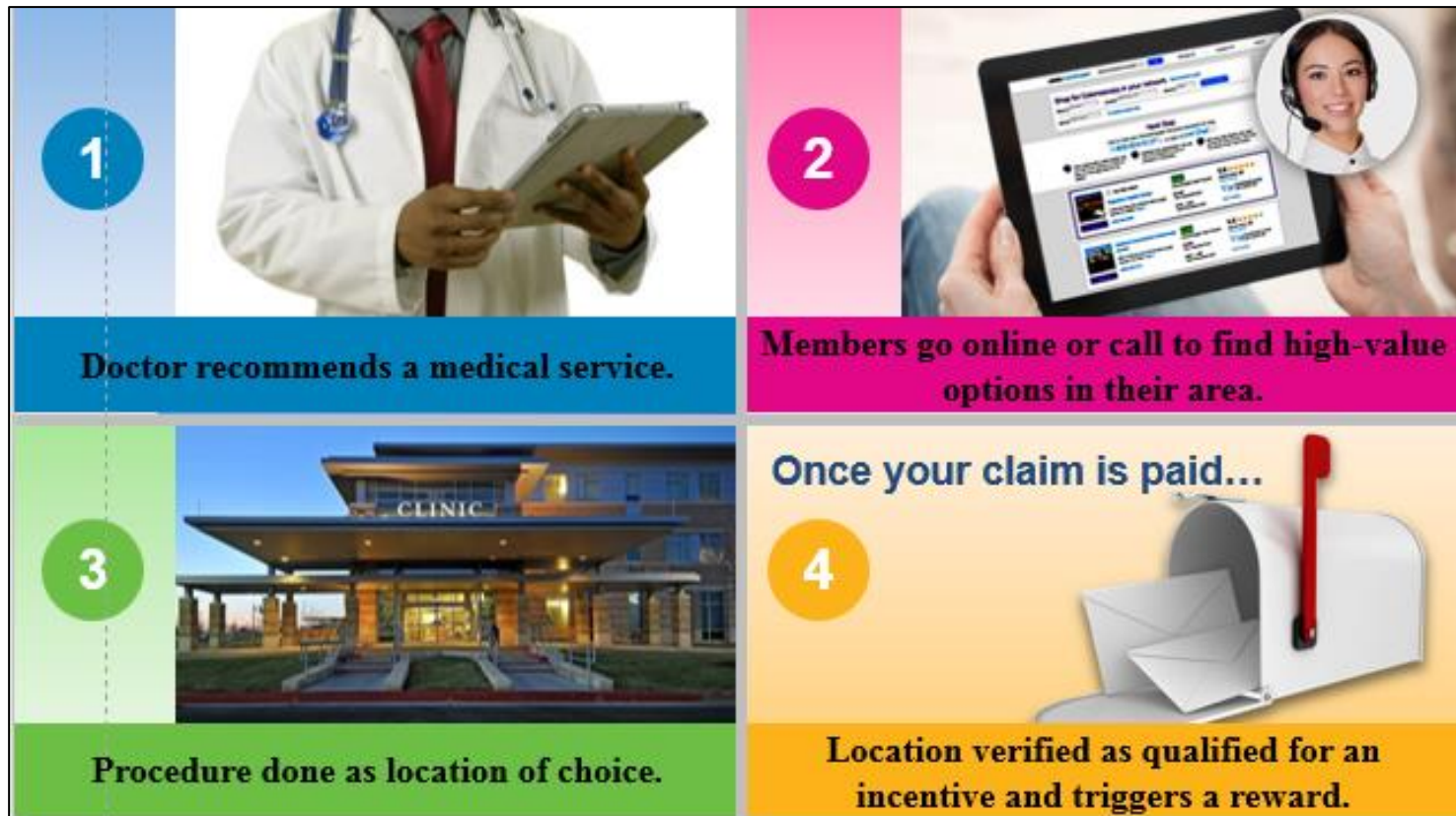
- SmartShopper is a program that helps KEHP members be savvy medical consumers by offering choices when it comes to healthcare services.
- SmartShopper tells our members how much a test or procedure costs at different in-network facilities in their area.
- When our members choose a cost-effective option,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

SmartShopper®



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

How SmartShopper Works



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

SmartShopper Savings*

\$22.53M

Total claims savings

\$3.96M

Incentives sent to members

\$574

Average claim savings per incentive



17%

Activation rate

78%

Activated shopping rate

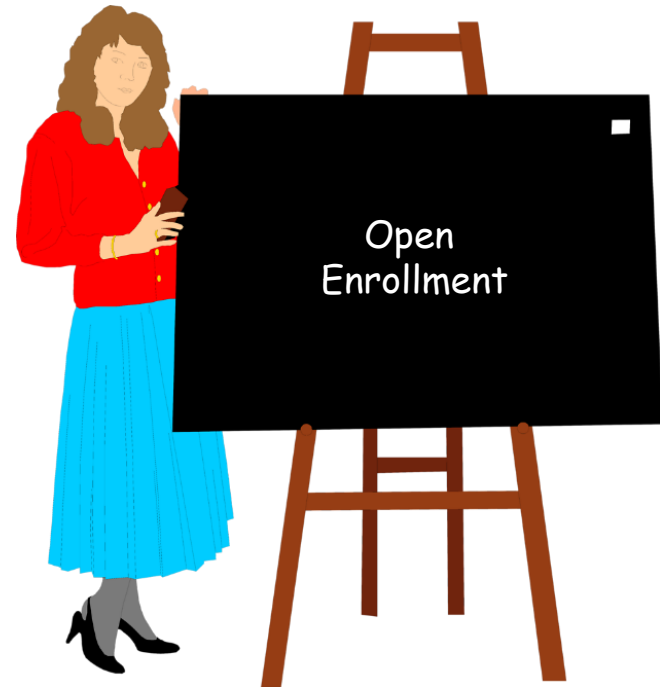
59%

Shop conversion rate

Source: SmartShopper Performance Report, December 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.
- In 2022 KEHP began delivering educational content via a podcast series on diabetes.



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.

Blaze your own path to wellness

Your 2023 Benefits Selection Guide
from the Personnel Cabinet

Open enrollment is October 10 – October 28, 2022.

LivingWell Promise for 2023:
All planholders must take the online WebMD health assessment or complete a biometric screening.

This Benefits Selection Guide is published annually, before Open Enrollment, to help you make benefit choices. This guide can be used throughout 2023 for new employees and when there is a qualifying event that permits a benefit change.

TEAM KENTUCKY
Kentucky Employees' Health Plan
PERSONNEL CABINET

104125-KICKMENT23 BY 06/22

Help Employees Understand KEHP Programs and Tools Available

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

The screenshot shows the Kentucky Personnel website. At the top, the logo reads "KENTUCKY PERSONNEL" with the tagline "State employee and benefit participant team members extranet site". A search bar is on the right. A dark blue navigation bar contains links: Benefits, Resources, Services, Find a Job, News, MyPURPOSE, and KHRIS. Below this, a breadcrumb trail says "Home > Health Insurance". The main heading is "Kentucky Employees' Health Plan". A subheading reads "Managing your health, made simple." Below this, text states: "Castlight brings your insurance benefits, providers and healthcare spend together. Register for Castlight today." To the right are logos for Castlight, TEAM KENTUCKY PERSONNEL CABINET, and MyBENEFITS. A blue button says "Click Here for More Info". At the bottom, there is a grid of four categories: Plan Options (LivingWell CDHP, LivingWell PPO, LivingWell Basic CDHP), Programs and Services (LivingWell, Livingwell Health Clinics, SmartShopper, LiveHealth Online, Castlight), Resources (Enrolling or Changing Coverage, Benefits Selection Guide, Docs, Forms and Legal Notices, Transparency in Coverage Files, Diabetes Prevention Program), and KEHP Information (KEHP Vendors, Board & Committee Information, Historical Information, Retiree Resources).

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 OnlineCastlight	<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 Resources

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

Glossary

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

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.

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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.

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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.

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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.