

Kentucky Employees' Health Plan (KEHP)

Twenty-Fourth 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 2023 cost, utilization, and plan performance comparison to prior years and future issues outlook

Population

The KEHP administers medical benefits for approximately 295,000 people in Kentucky—that's more than one in 16 Kentuckians!

Employees, retirees, and their family members enrolled in KEHP would fill Keeneland Racetrack more than 32 times!



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

2023 KEHP by the Numbers

\$2.0 billion

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

\$5.5 million

average daily spend for medical and prescription drug claims

\$7,021

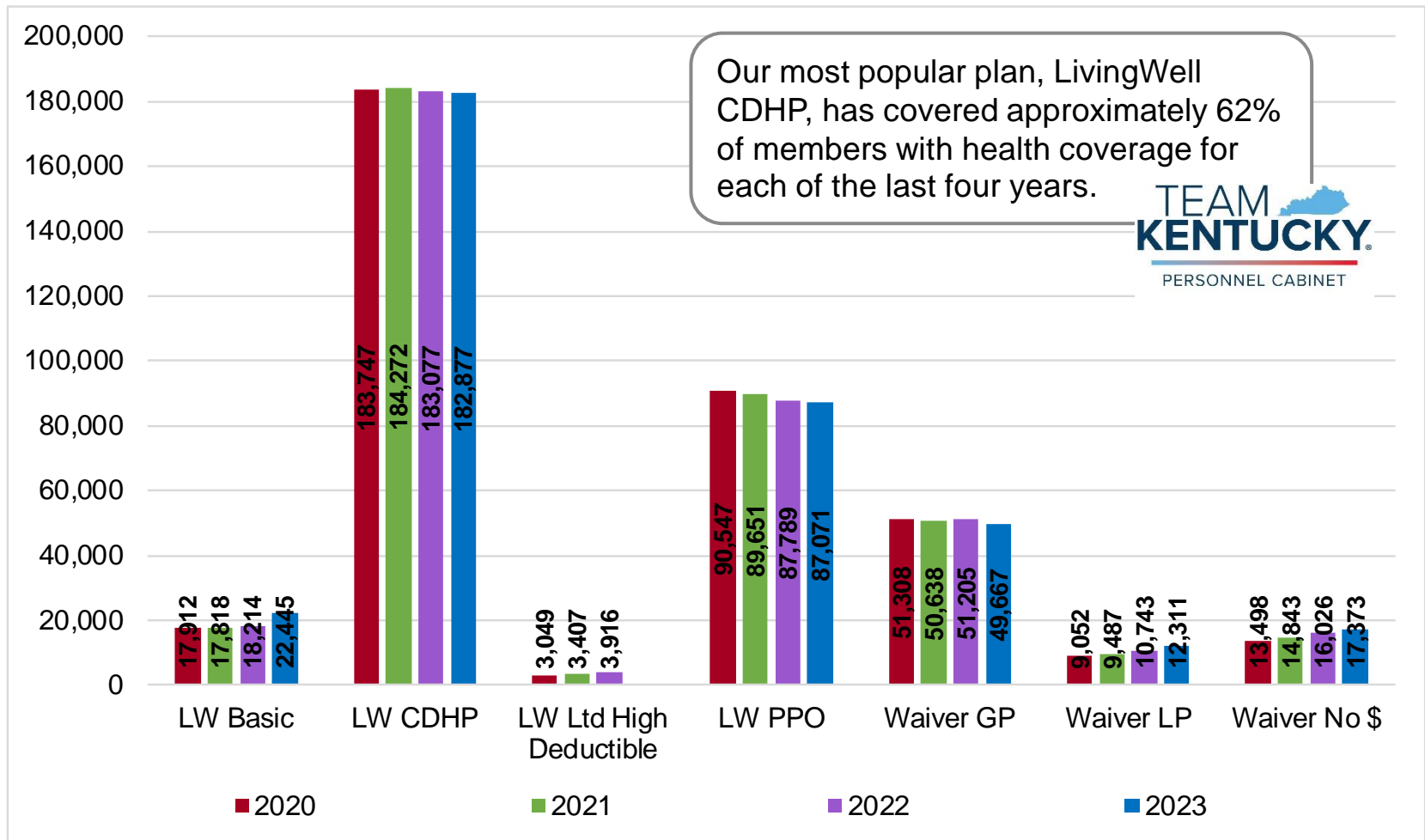
average spent on medical and prescription claims per Member

8.3 million

individual medical and prescription drug claims paid for members

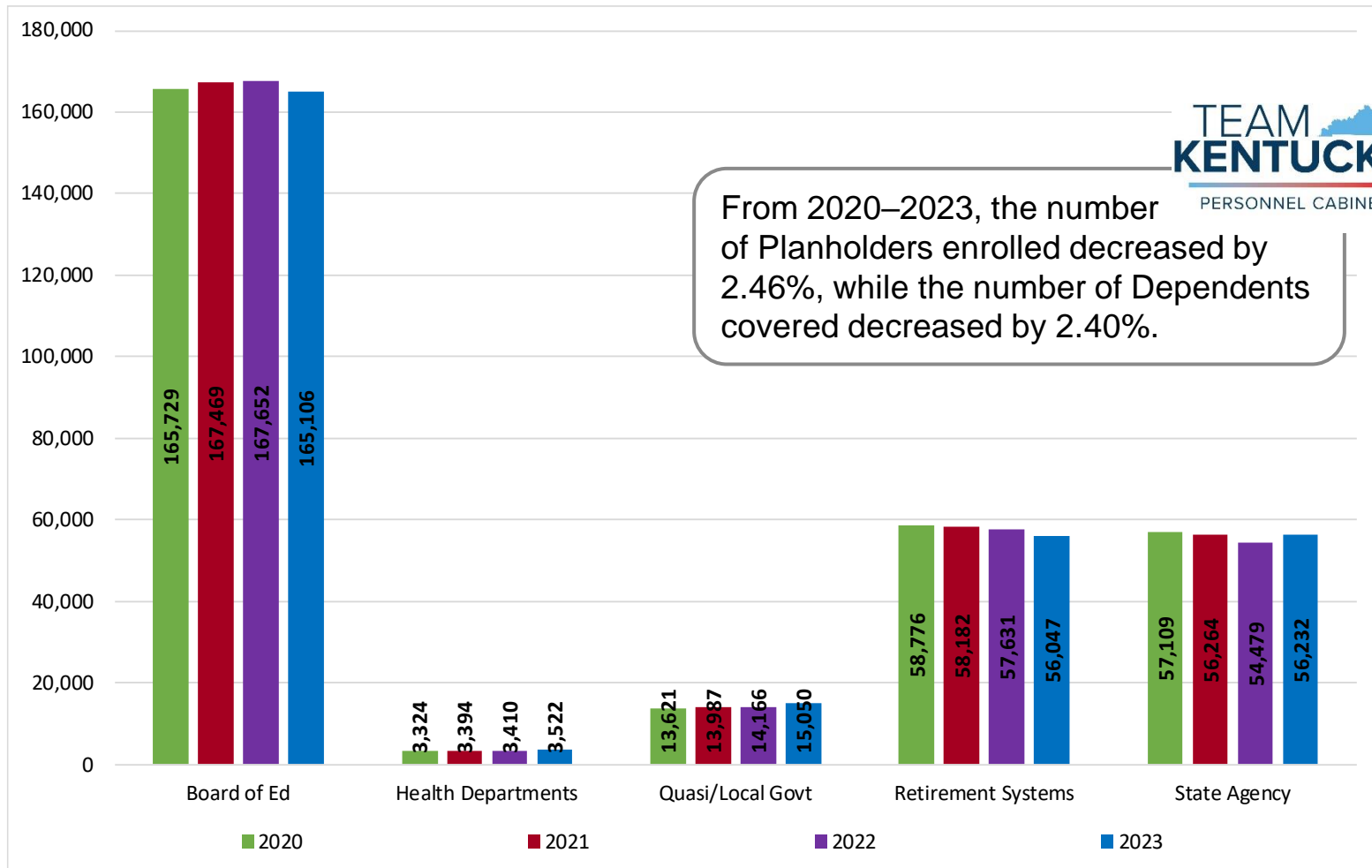
Source: KEHP enrollment and claims data aggregated by Merative

Members by Plan



Source: Enrollment data aggregated by Merative

Health Covered Members by Group

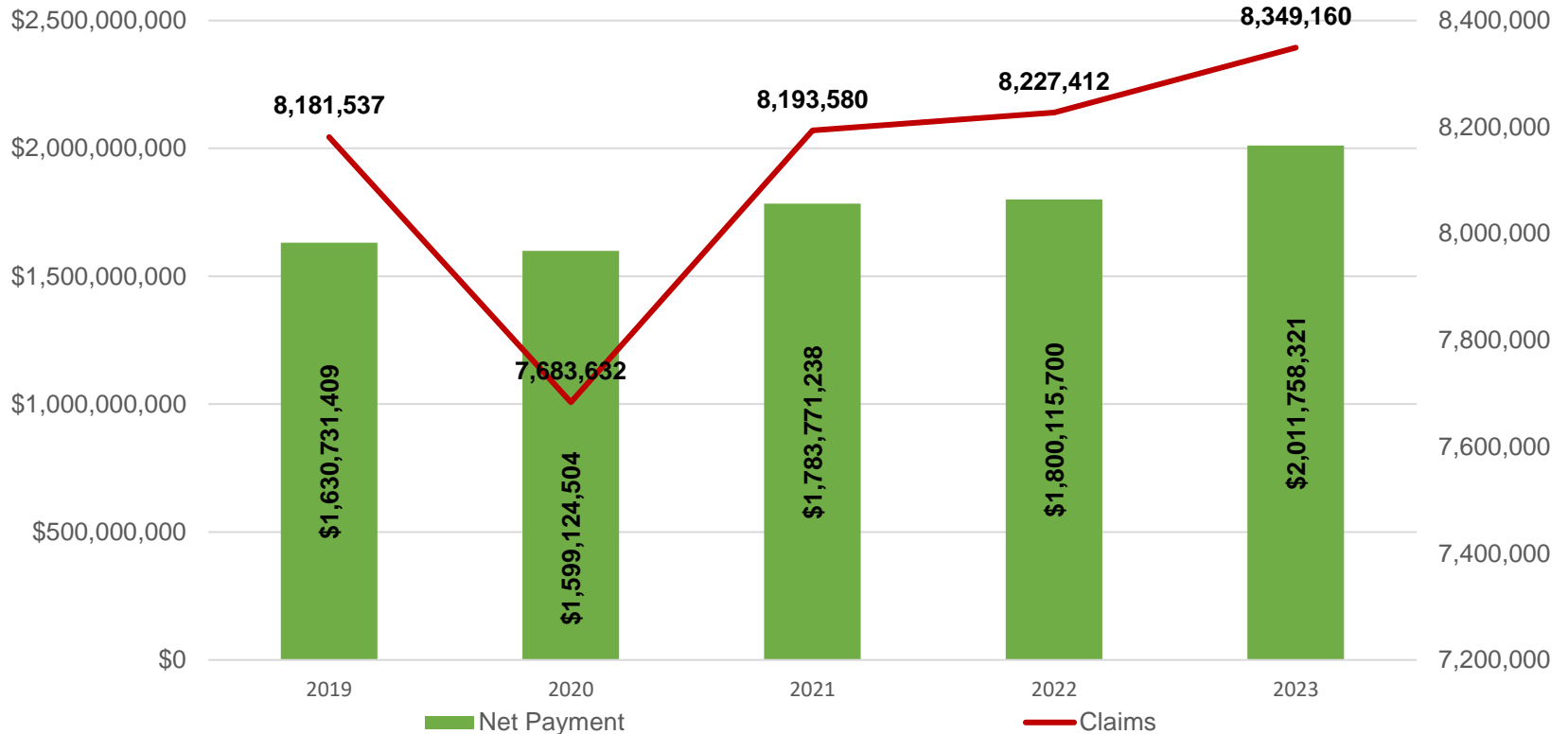


Source: Enrollment data aggregated by Merative
*Other includes COBRA, KCTCS and other small employer groups

Net Payments and Claims by Year



Average net payments per claim continue to grow over the years, from \$199.32 in 2019 to \$240.95 in 2023.

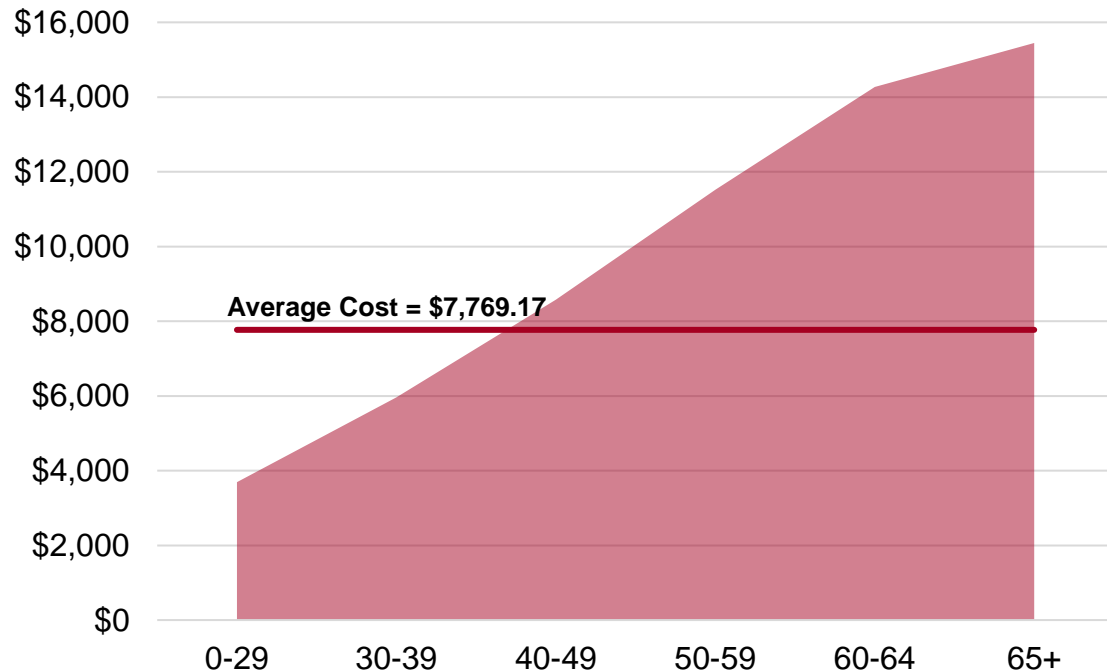


Source: Claims data aggregated by Merative

Pooling Risk

Because anyone—young or old—can have an unforeseen catastrophic health event, KEHP spreads healthcare costs across all 256,400 health plan members, keeping the plan affordable for everyone.

KEHP average annual claims cost by age group, all medical and pharmacy claims, 2023



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

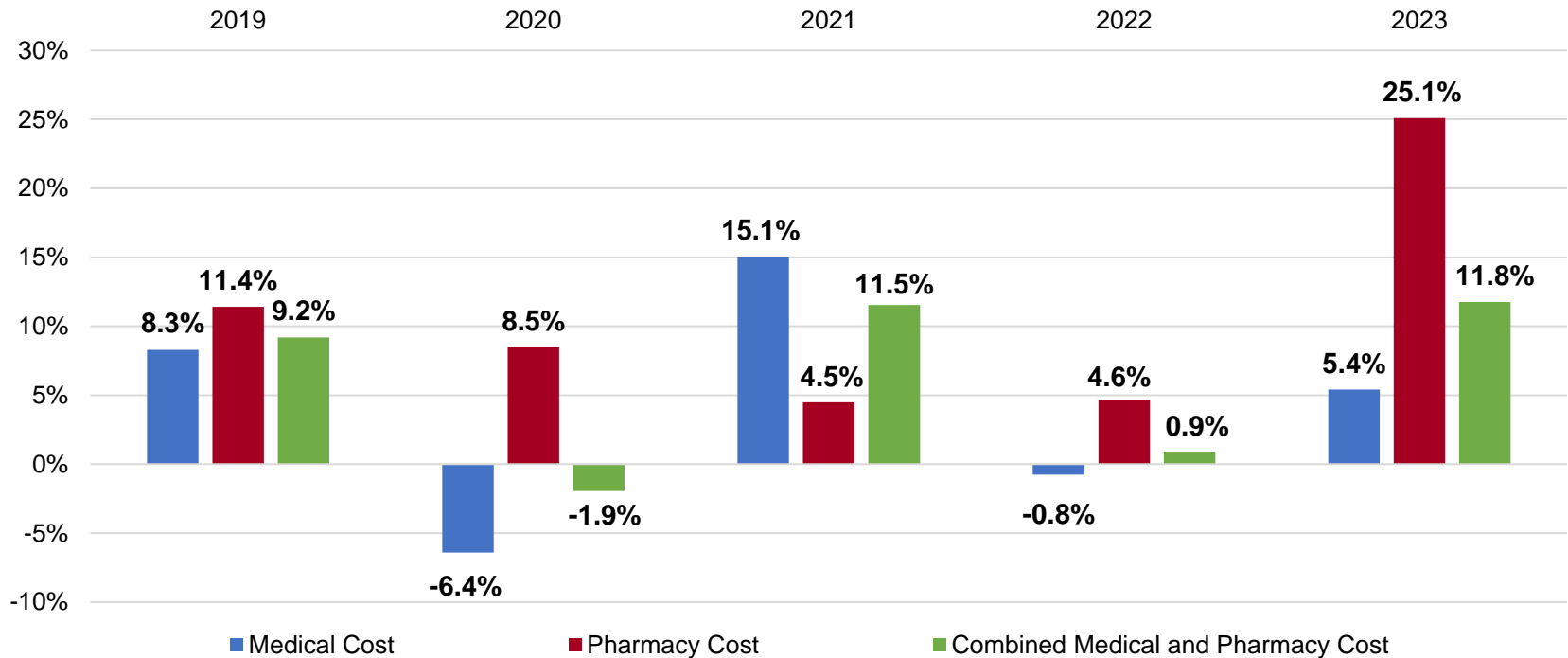


Source: KEHP claims data aggregated by Merative

Medical and Pharmacy Trends



Incurring medical costs have increased by 11.96% (\$1.141B to \$1.278B) between 2019 to 2023 while pharmacy costs increased by 48.40% (\$489M to \$726M) over that same time period.

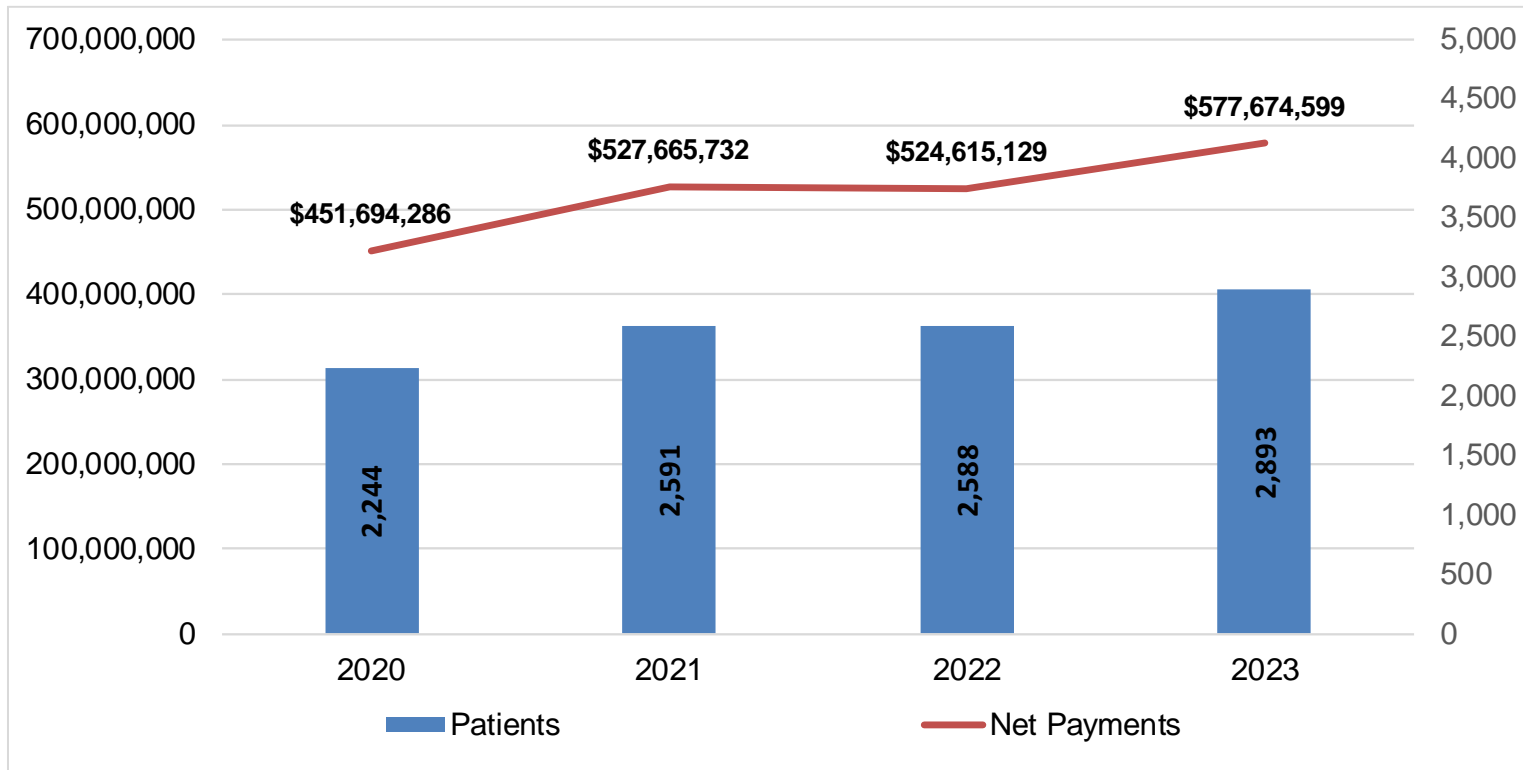


Source: KEHP claims data aggregated by Merative

High Cost Claimants

Seventeen high cost claimants had over \$1M in medical and pharmacy claims in 2023, while the remaining 2,866 high cost claimants account for claims ranging from \$100k to \$1M.

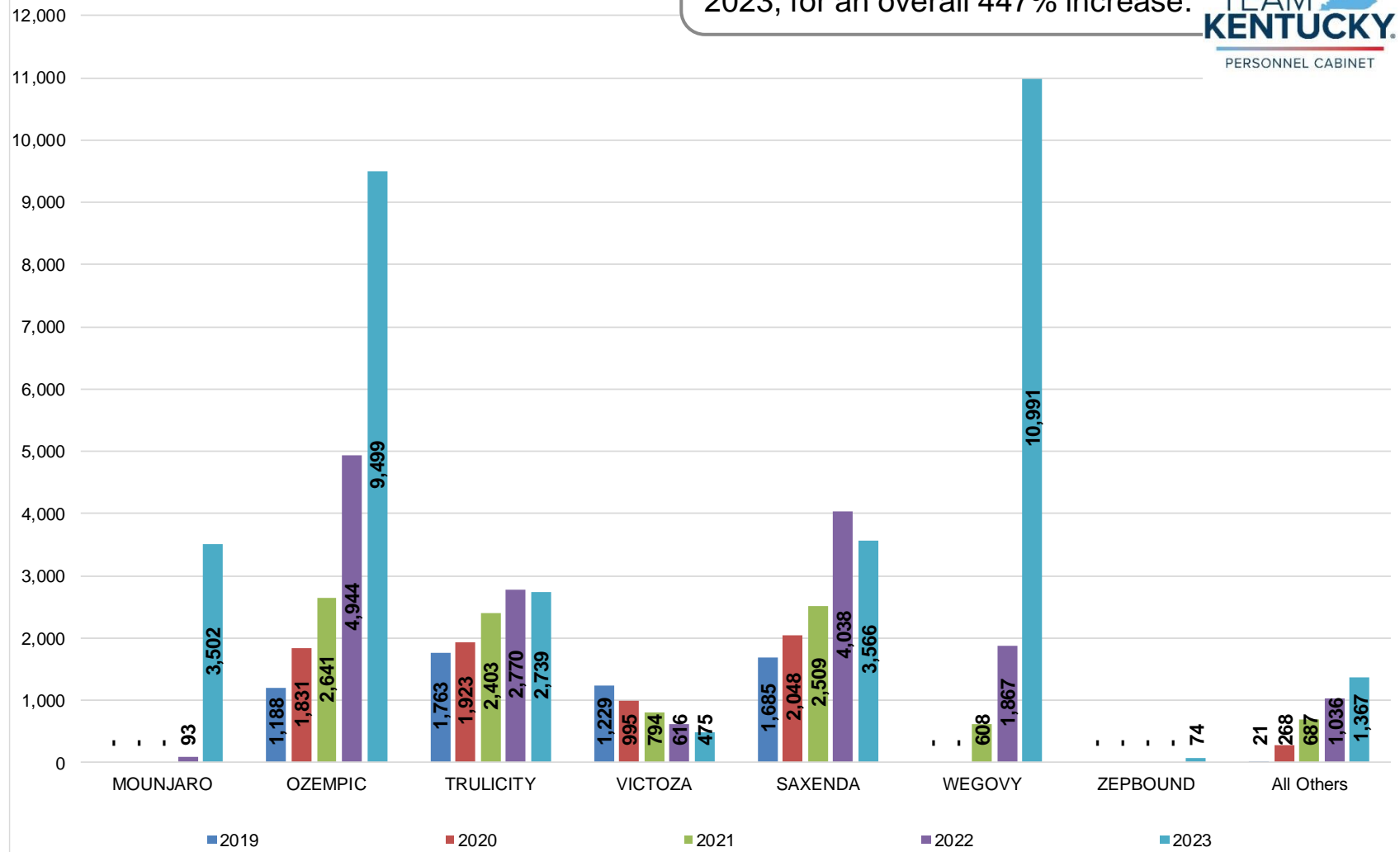
High cost claimants (\geq \$100K) continue to drive the overall cost trend.



Source: KEHP claims data aggregated by Merative

GLP-1 Patients

The total number of GLP-1 patients has increased from 5,886 in 2019 to 32,213 in 2023, for an overall 447% increase.

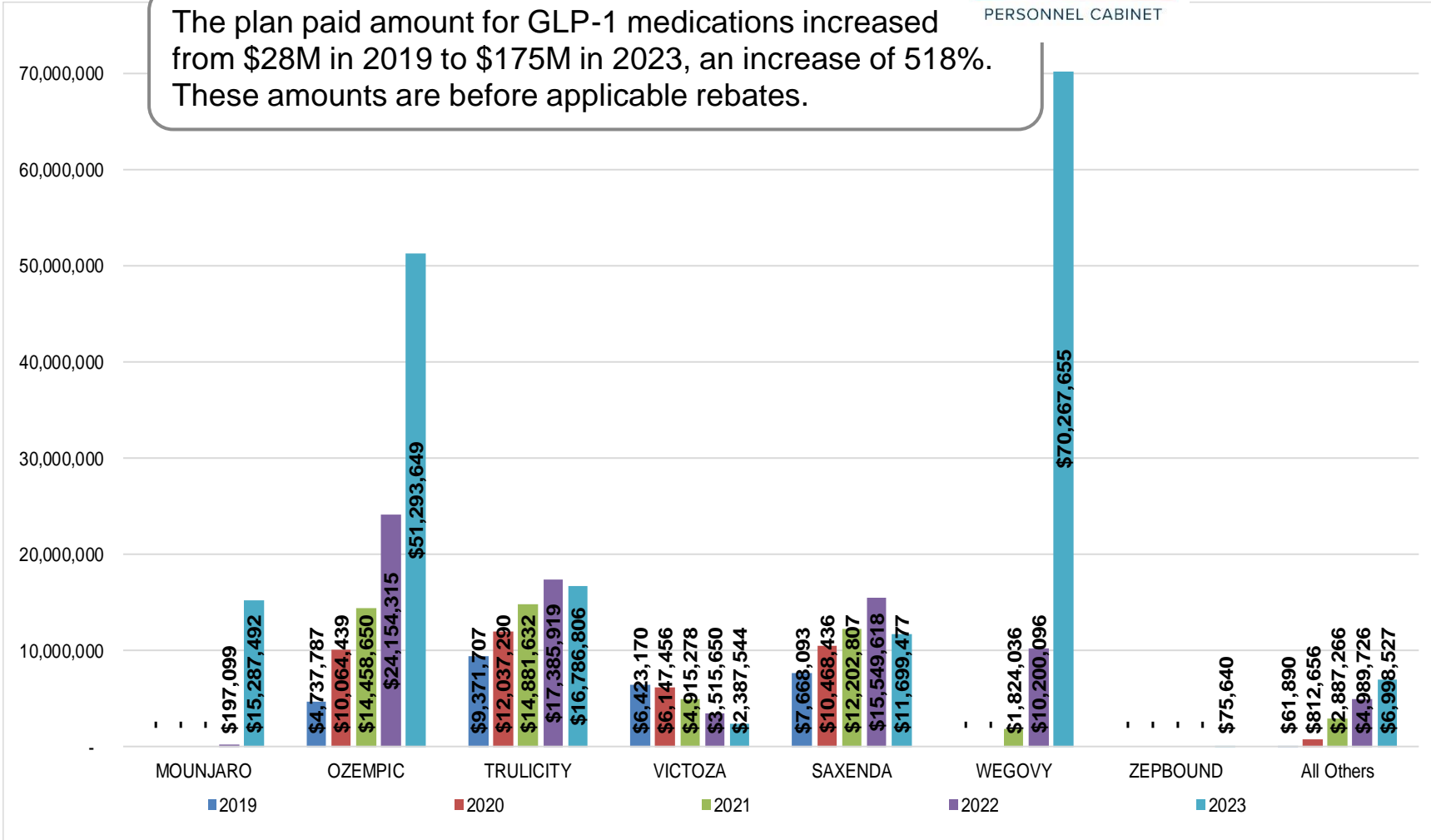


Source: KEHP claims data aggregated by Merative

GLP-1 Plan Paid Totals



The plan paid amount for GLP-1 medications increased from \$28M in 2019 to \$175M in 2023, an increase of 518%. These amounts are before applicable rebates.



Source: KEHP claims data aggregated by Merative

2023 Prescription Fills

KEHP Members filled over four million prescriptions in 2023, of which 34% were filled at Kentucky independent pharmacies.



Pharmacy Type	Total Scripts		Allowed Amount		Plan Paid		Out of Pocket	
	Scripts	%	Amount	%	Amount	%	Amount	%
Kentucky Independent Pharmacies*	1,457,006	34.32%	\$137,797,394	16.85%	\$121,157,307	16.68%	\$16,444,095	22.27%
All Other Pharmacies	2,788,315	65.68%	\$679,928,268	83.15%	\$605,203,011	83.32%	\$57,401,786	77.73%
Total	4,245,321		\$817,725,662.27		\$726,360,318.29		\$73,845,880.63	

Source: KEHP claims data aggregated by Merative

* Registered independent pharmacies with the Kentucky Board of Pharmacies accessed on 3/15/2024 and based on the registered national provider identifier.

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 2023
plans, benefits, programs, and partners

Health Plans—2023

CDHP

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

Waiver GP HRA

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

PPO

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

Waiver LP HRA

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

2023 Plan Changes

LW Limited HDHP

The LivingWell Limited High Deductible Plan (HDHP) was no longer an available plan option for members in 2023.

Castlight

KEHP began offering Castlight in April 2023. Castlight made managing health benefits simple with a one-stop portal for members to access their benefits, including paid claims, HRA/FSA balances, physician search, summary of benefits and connect with care guides.

PrudentRx

KEHP piloted the PrudentRX program to those members in the LivingWell PPO Plan. If a member enrolled in the PrudentRX program, there was no cost to the member for a specialty drug. If a member didn't join the program there was 30% coinsurance.

2023 KEHP Health Insurance Choices

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

Source: 2023 KEHP Benefits Selection Guide

2023 Drug Benefits

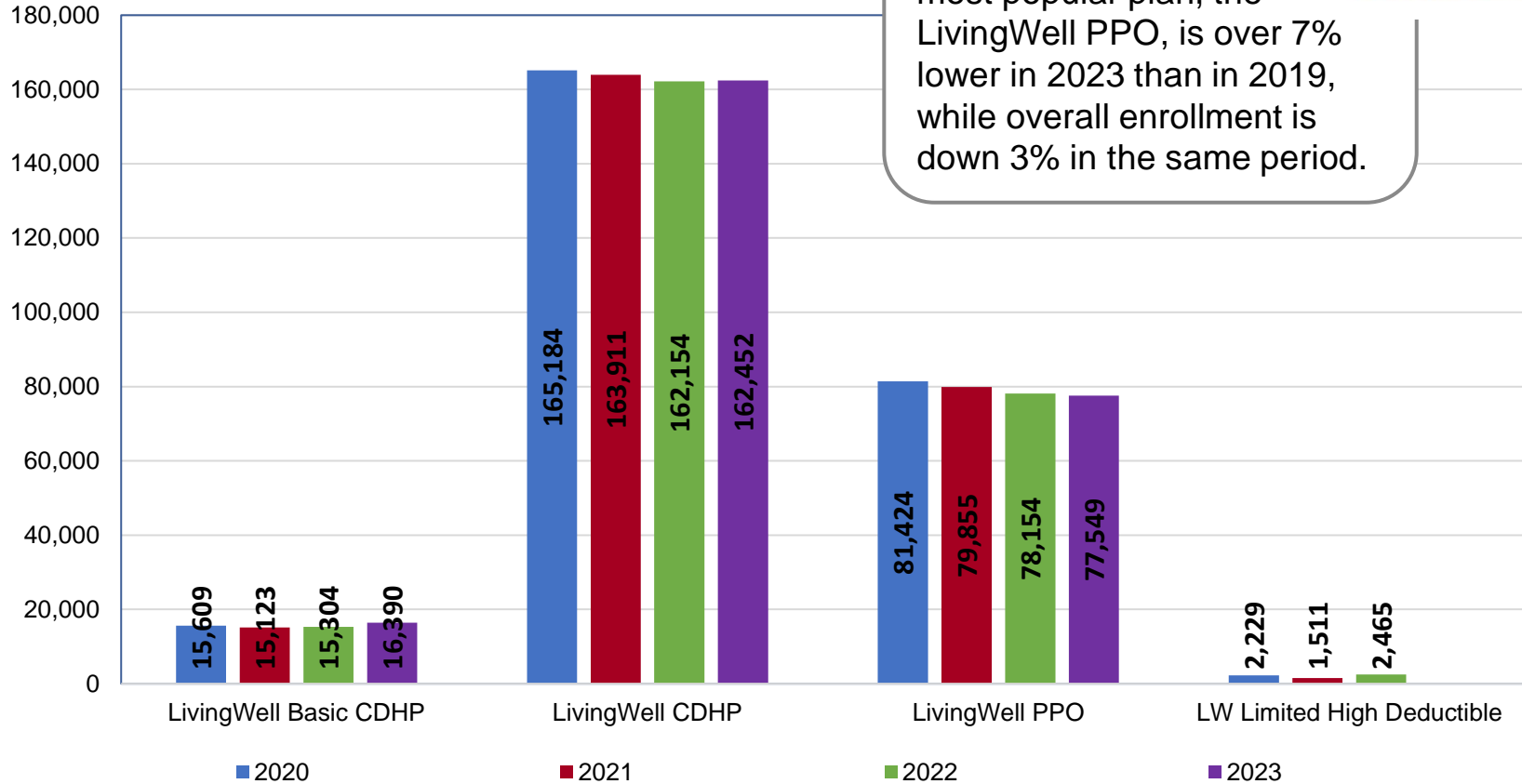
	LivingWell CDHP	LivingWell PPO	LivingWell Basic CDHP
30-Day Supply Tier 1: Generic Tier 2: Formulary	Deductible, then 20%	\$20 \$40 Zero cost share for specialty drugs for those enrolled in the PrudentRx specialty program. A 30% co-insurance for specialty drugs applied to those not enrolled.	Deductible,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

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

Source: 2023 KEHP Benefits Selection Guide

Enrollment by Plan

Enrollment in our second most popular plan, the LivingWell PPO, is over 7% lower in 2023 than in 2019, while overall enrollment is down 3% in the same period.



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

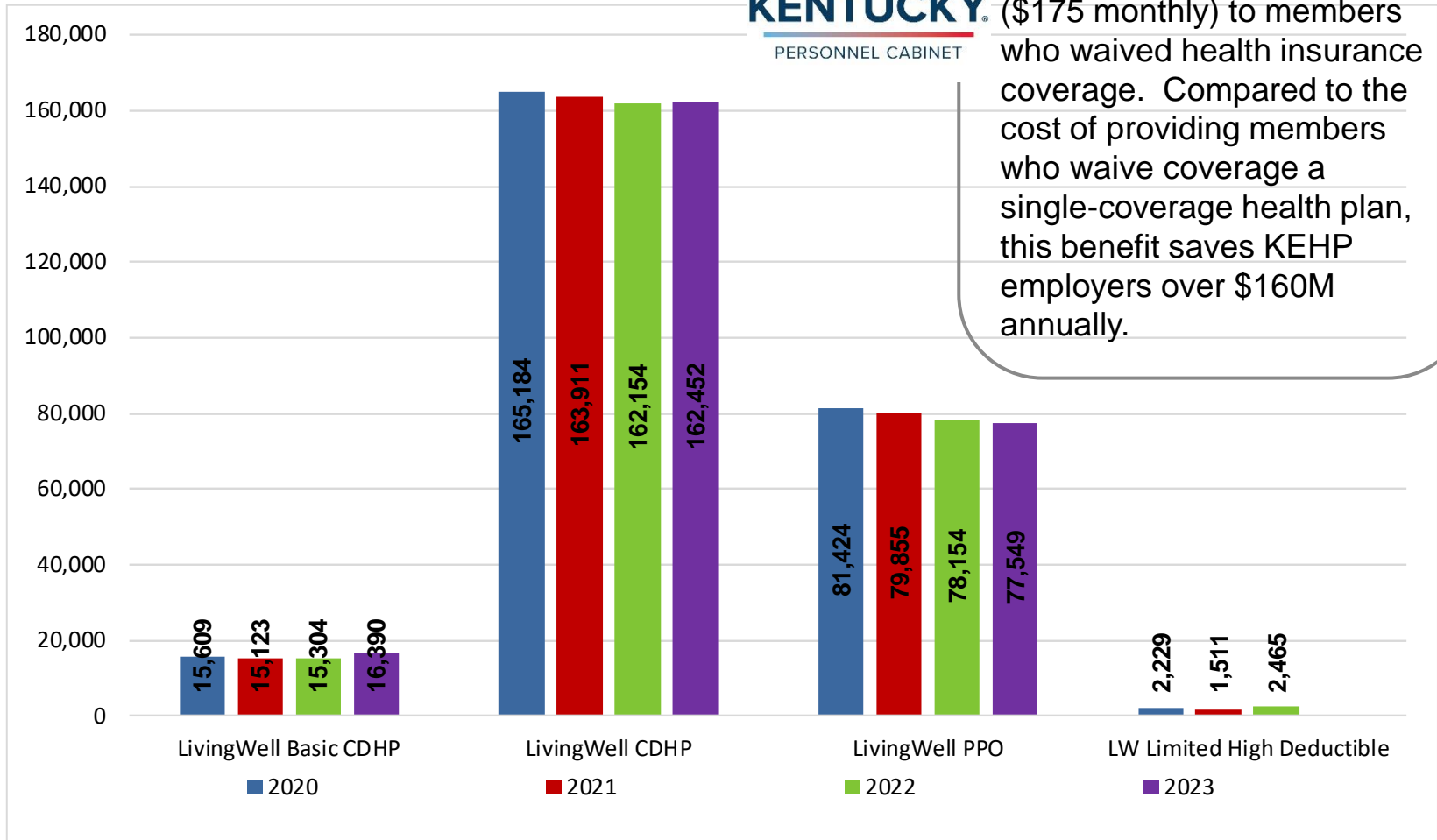
KEHP also offers a variety of innovative benefits to support members

- 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
- Castlight
- UK Healthcare Acupuncture

Waiver Plans



In 2023, KEHP provided more than \$20M 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 over \$160M annually.



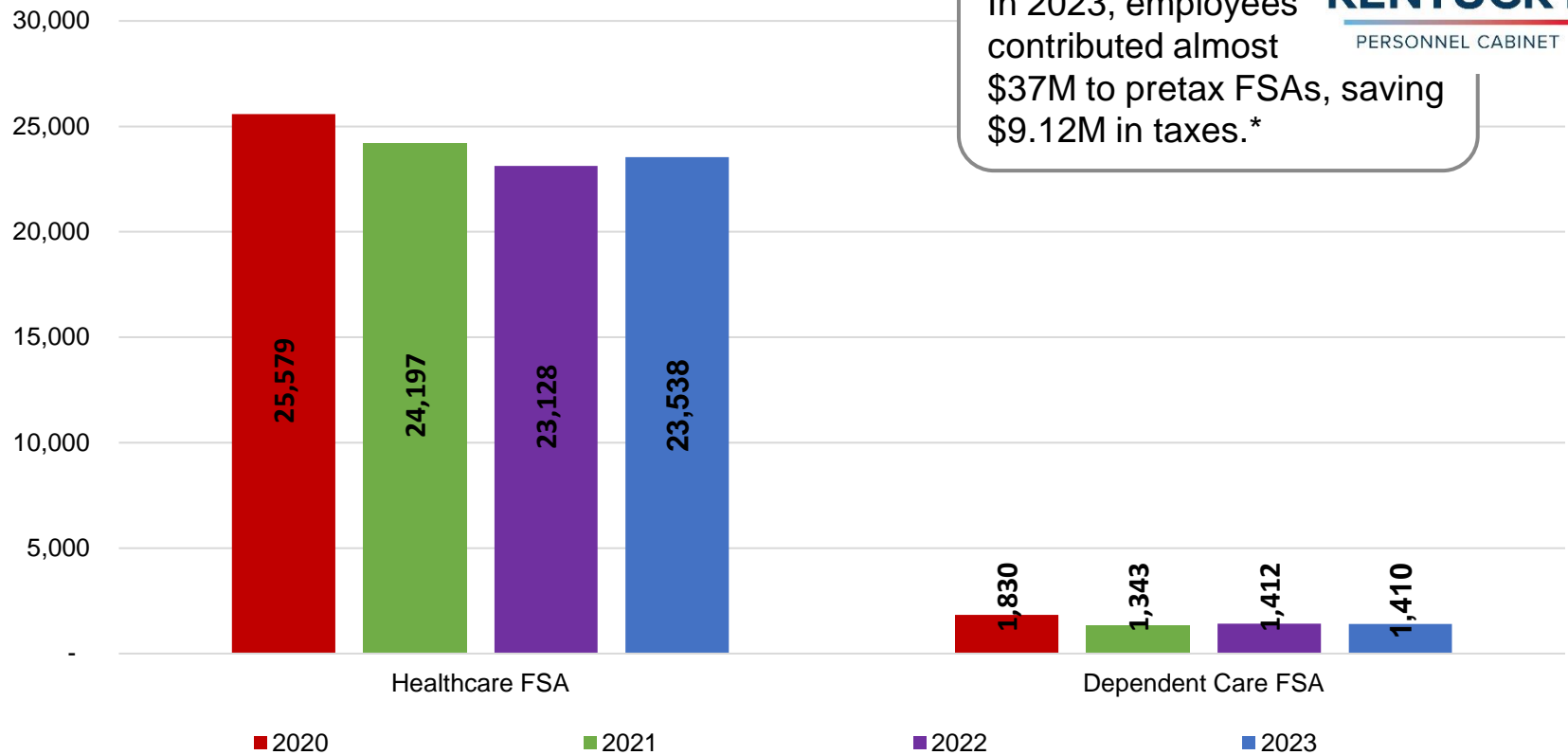
*Members not eligible for an HRA (retirees and members of agencies not participating in flex benefits).

Source: KEHP enrollment in KHRIS and WageWorks Contributions Report

FSA Plans



In 2023, employees contributed almost \$37M to pretax FSAs, saving \$9.12M in taxes.*



*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

2023 Optional Life Insurance



DEI offers five employee life insurance optional plans and eight dependent life insurance options in 2023.

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: 2023 KEHP Benefits Selection Guide

2023 Dental Insurance Plans

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

Source: 2023 KEHP Benefits Selection Guide

2023 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: 2023 KEHP Benefits Selection Guide

Who Do We Serve?

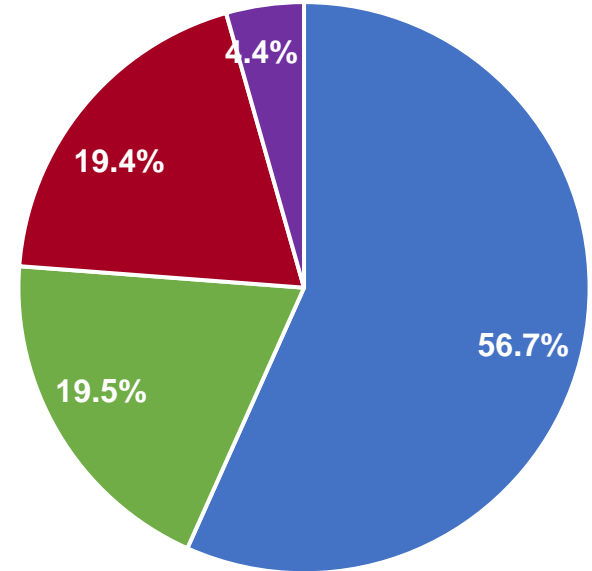
About Our Members



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 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.

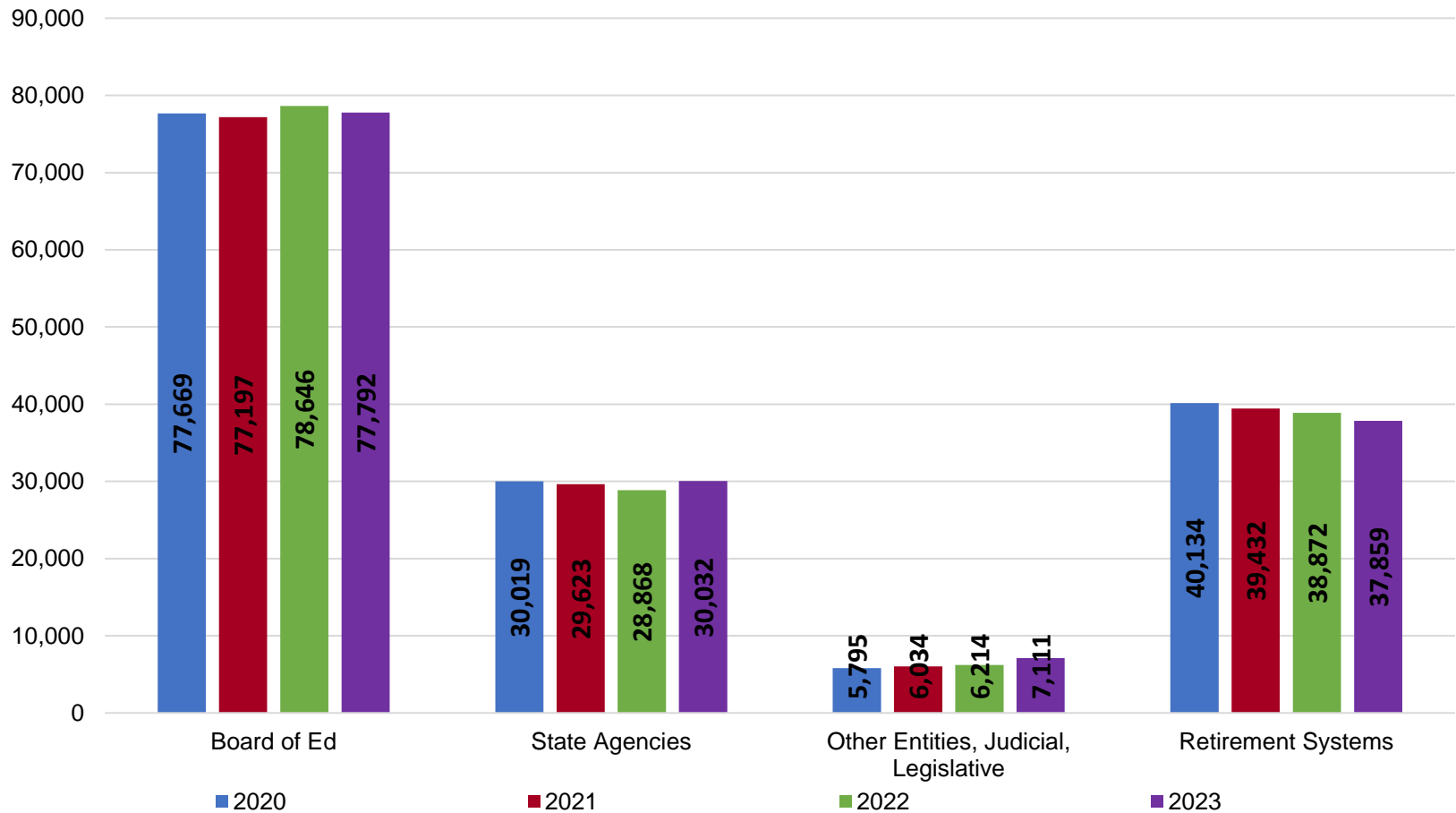


KEHP covers 6.25% of the entire state population.

■ School Boards ■ Early Retirees ■ State Agencies ■ Other

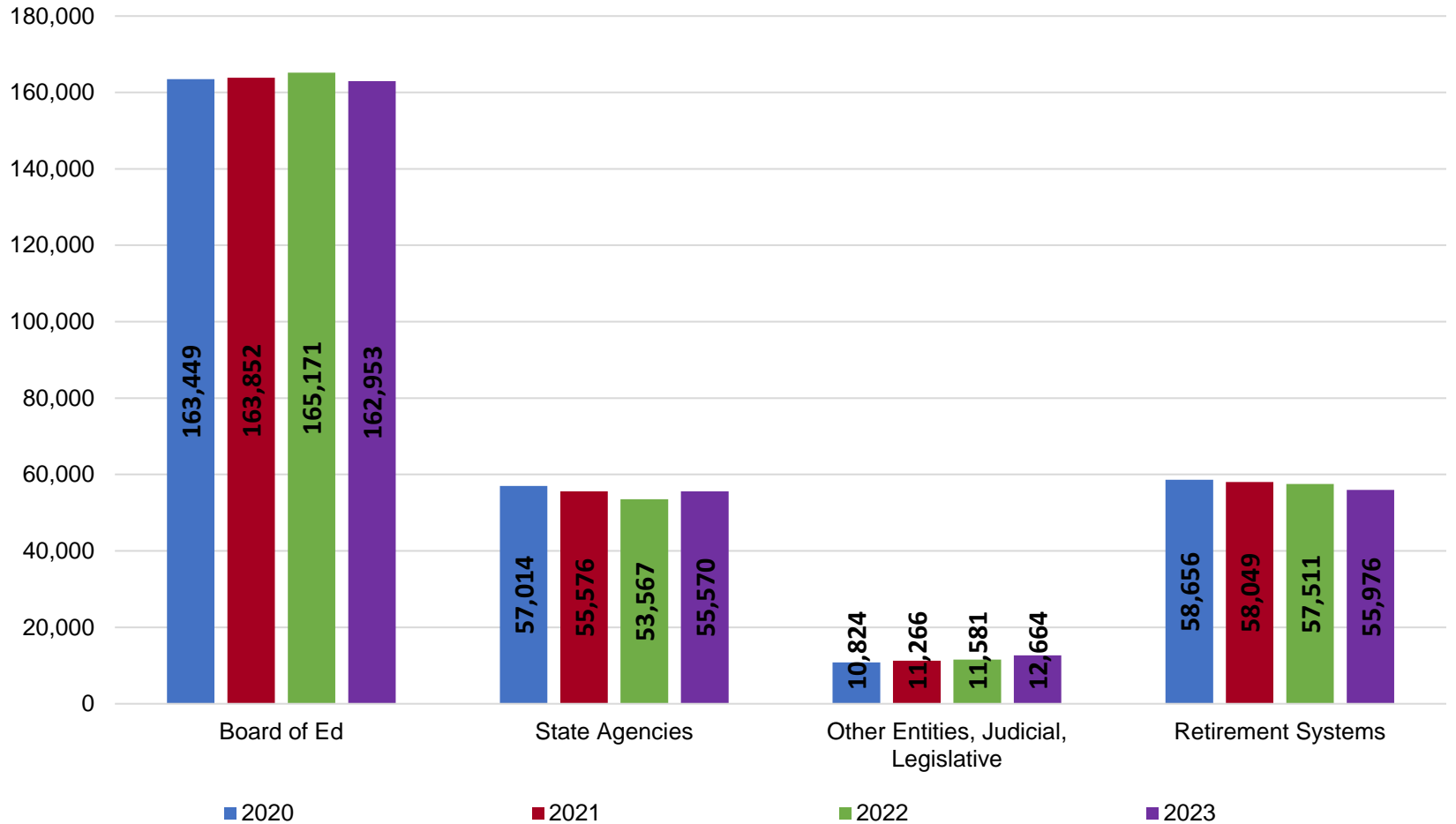
Source: KEHP enrollment in KHRIS

Planholders by Group



Source: KEHP enrollment in KHRIS

Members by Group



Source: KEHP enrollment in KHRIS

Enrollment Demographics

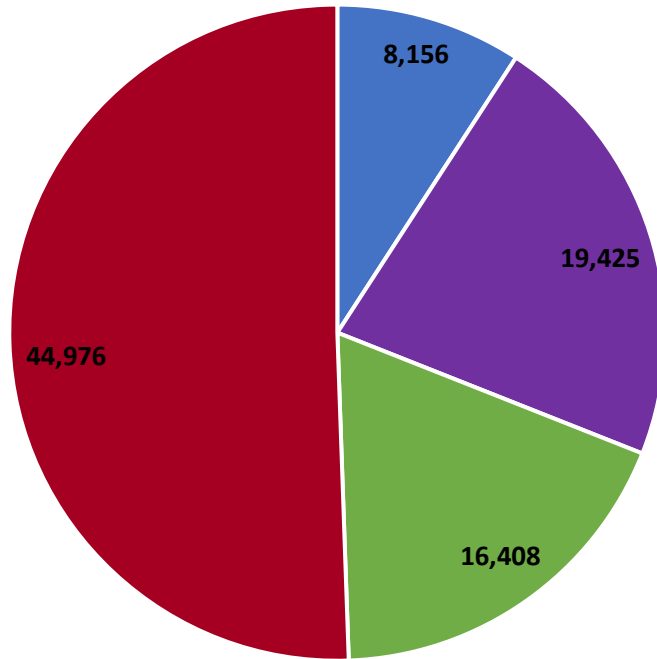
	2020	2021	2022	2023
Health Enrollment				
Planholders	153,617	152,286	152,600	152,794
Members	289,943	288,743	287,830	287,163
Average Age				
Planholders	48	48	48	48
Dependents	23	23	23	23
Demographic Splits				
Planholders Percentage Female	67%	67%	67%	67%
Planholders Percentage Male	33%	33%	33%	33%
Member to Planholder Ratio	1.89	1.90	1.89	1.88
% of Covered Adult Members who are:				
Adult Male	38%	39%	38%	38%
Adult Female	62%	61%	62%	62%
% of Covered Child Members who are:				
Child Male	51%	51%	51%	51%
Child Female	49%	49%	49%	49%

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

2023 LivingWell CDHP Planholder Demographics



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



■ Couple ■ Family ■ Parent Plus ■ Single

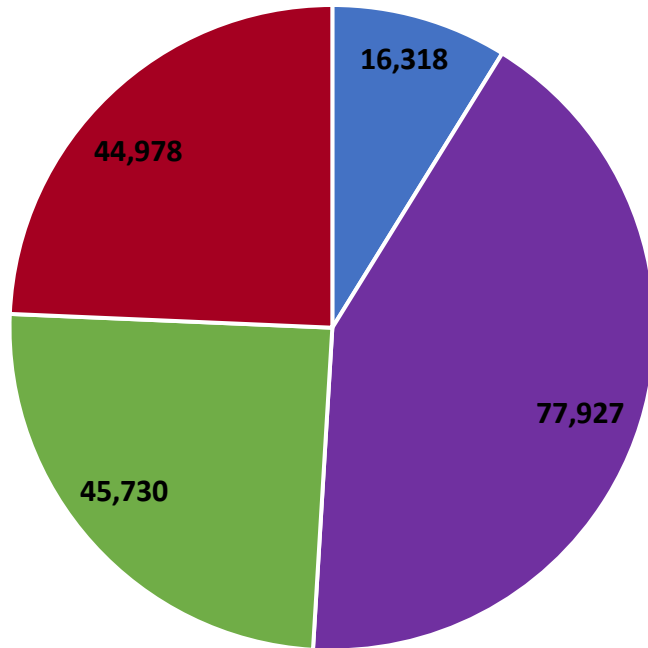
Dimensions	
Planholders Avg Age	47.4
Planholder Percentage Female	69%
Planholder Percentage Male	31%

Source: KEHP enrollment and claims data aggregated by Merative

2023 LivingWell CDHP Member Demographics



LivingWell CDHP has the highest ratio (1:1.7) of dependents to planholders of any plan.

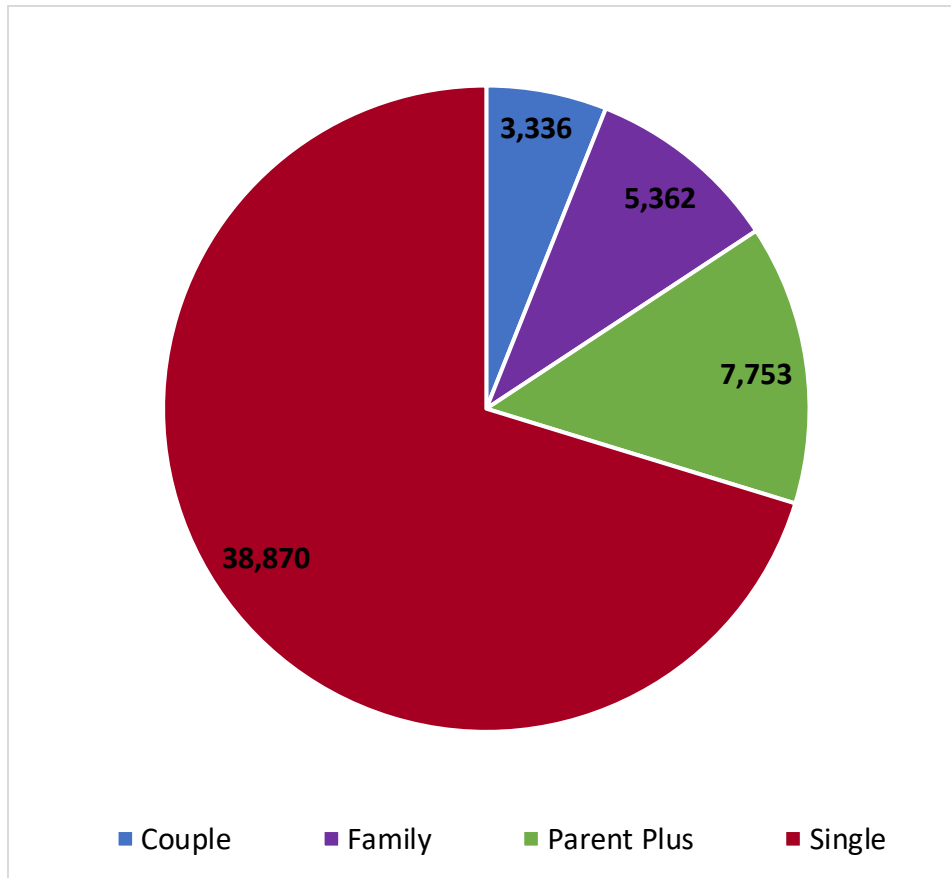


■ Couple ■ Family ■ Parent Plus ■ Single

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

Source: KEHP enrollment and claims data aggregated by Merative

2023 LivingWell PPO Planholder Demographics



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

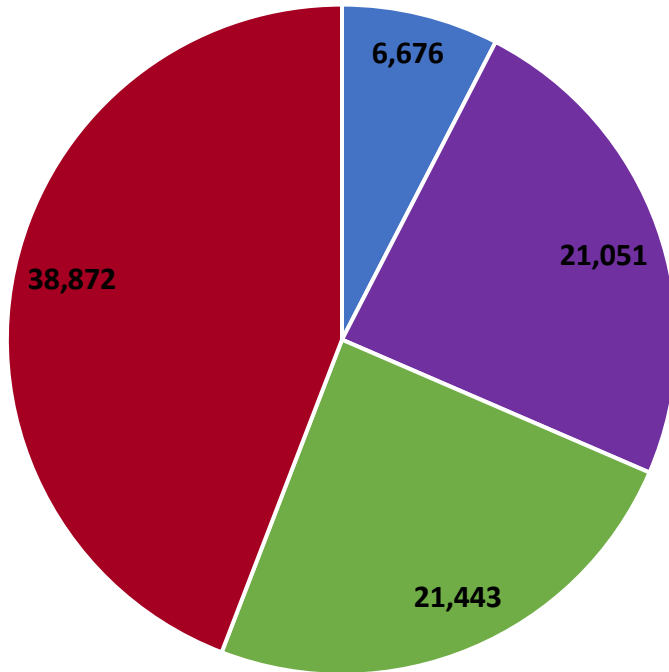
Dimensions	
Planholders Avg Age	51.4
Planholder Percentage Female	65%
Planholder Percentage Male	35%

Source: KEHP enrollment and claims data aggregated by Merative

2023 LivingWell PPO Member Demographics



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



■ Couple ■ Family ■ Parent Plus ■ Single

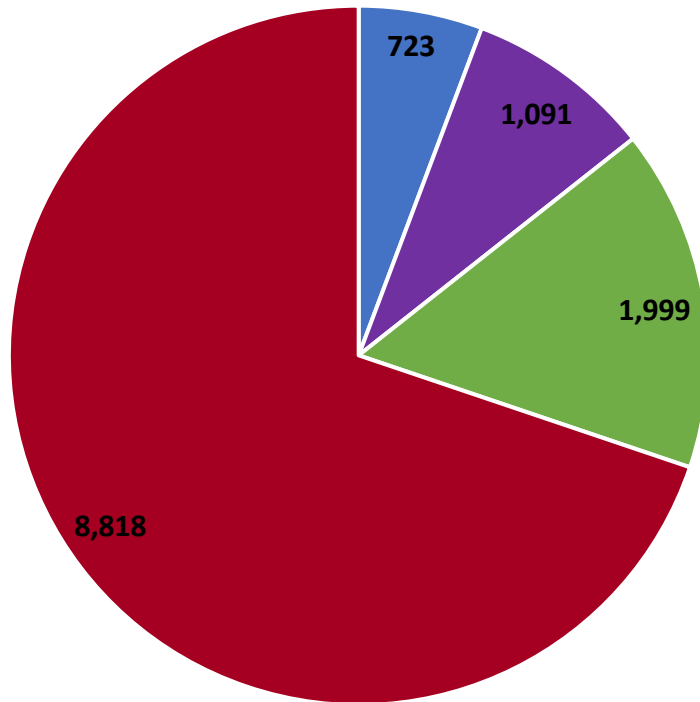
Dimensions	
Members Avg Age	41.2
Member Percentage Female	61%
Member Percentage Male	39%

Source: KEHP enrollment and claims data aggregated by Merative

2023 LivingWell Basic CDHP Planholder Demographics



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



■ Couple ■ Family ■ Parent Plus ■ Single

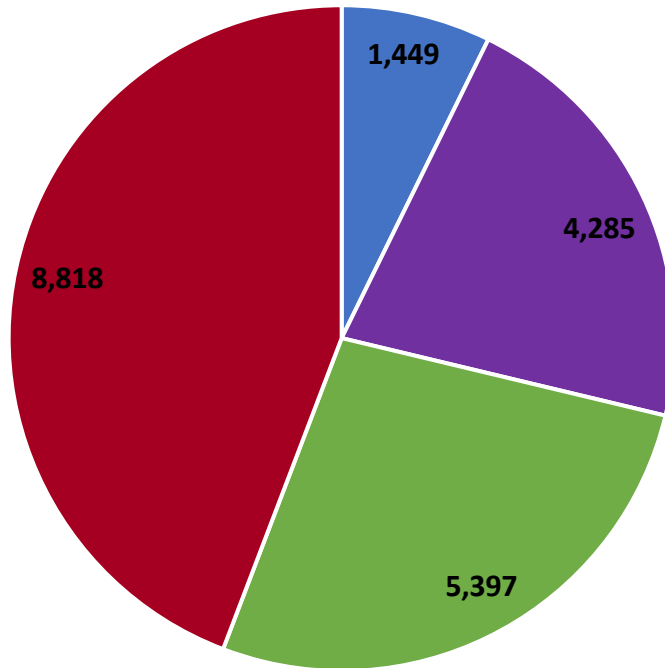
Source: KEHP enrollment and claims data aggregated by Merative

Dimensions	
Planholders Avg Age	42.6
Planholder Percentage Female	64%
Planholder Percentage Male	36%

2023 LivingWell Basic CDHP Member Demographics



LivingWell Basic CDHP has the lowest average member age.

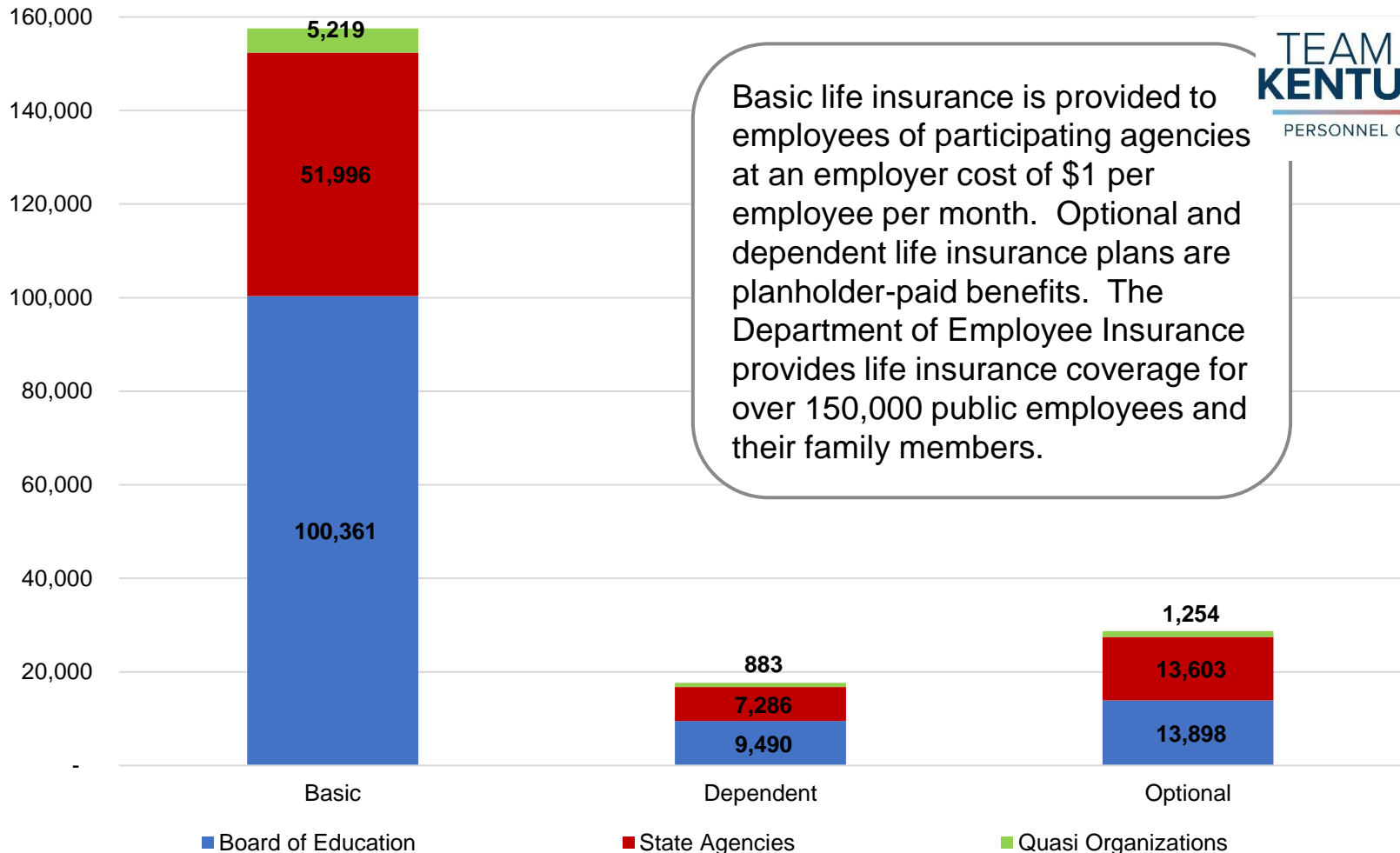


■ Couple ■ Family ■ Parent Plus ■ Single

Dimensions	
Members Avg Age	34.4
Member Percentage Female	59%
Member Percentage Male	41%

Source: KEHP enrollment and claims data aggregated by Merative

2023 Life Insurance Enrollment



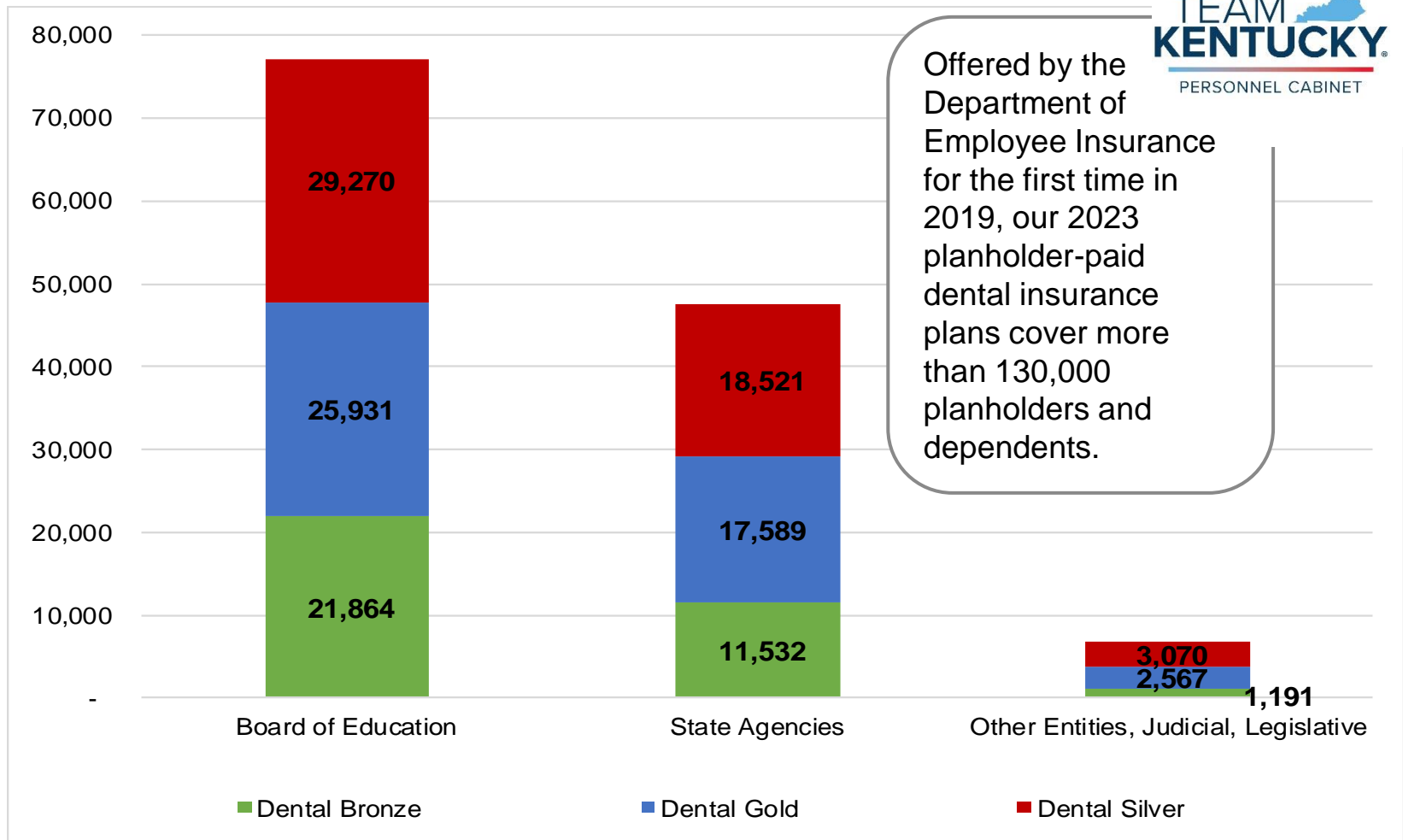
Basic life insurance is provided to employees of participating agencies at an employer cost of \$1 per employee per month. Optional and dependent life insurance plans are planholder-paid benefits. The Department of Employee Insurance provides life insurance coverage for over 150,000 public employees and their family members.

Source: KEHP enrollment in KHRIS

2023 Dental Insurance Members

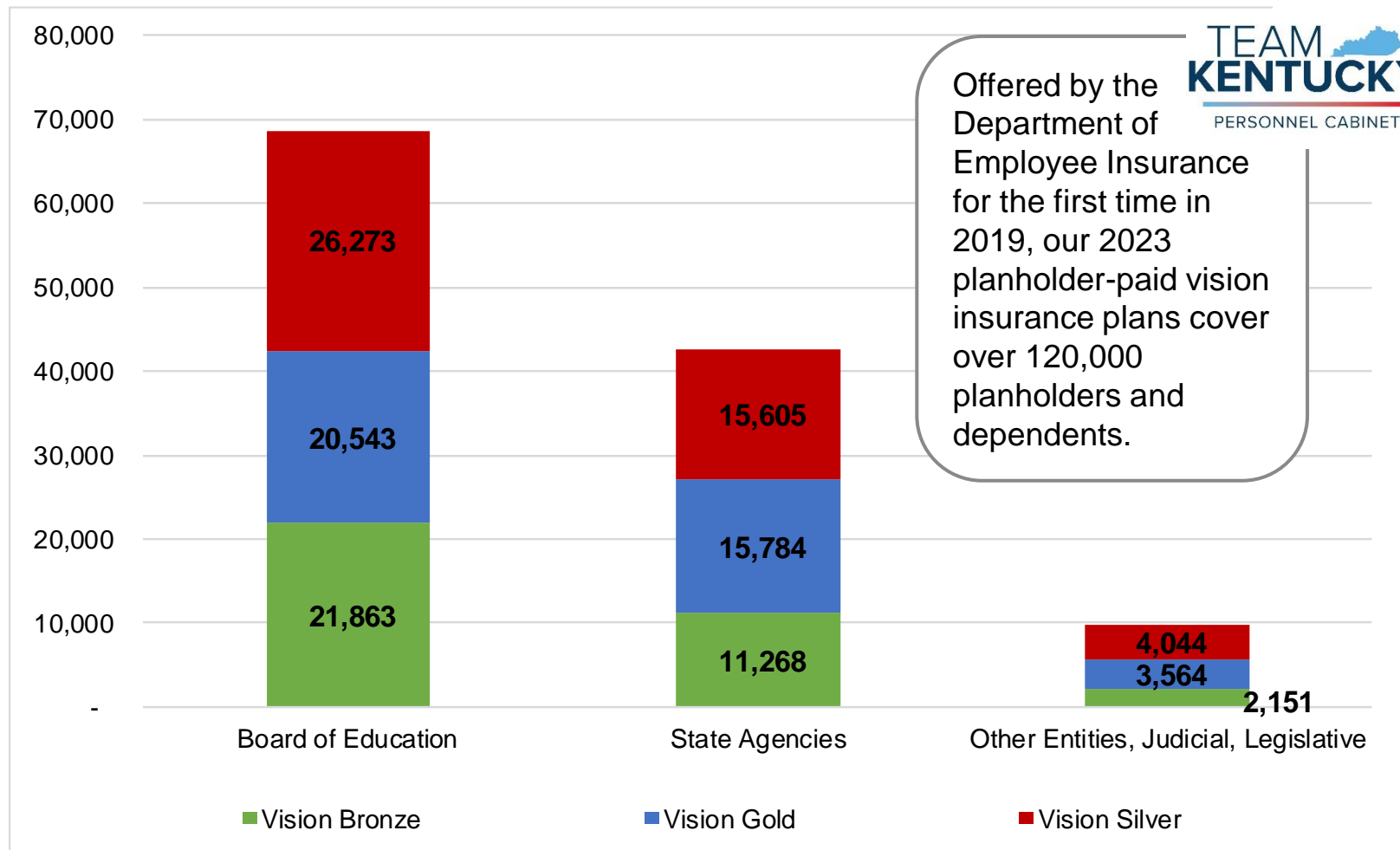


Offered by the Department of Employee Insurance for the first time in 2019, our 2023 planholder-paid dental insurance plans cover more than 130,000 planholders and dependents.



Source: KEHP enrollment in KHRIS

2023 Vision Insurance Members



Source: KEHP enrollment in KHRIS

Cost and Utilization Trends

About Our Program Experience



Overview of 2020–2023 medical and pharmacy claims, plan trends, and program performance

Claims Experience

	2020	2021	2022	2023
Allowed Cost—Medical	\$1,279,495,442.92	\$1,461,426,673.25	\$1,472,171,863.34	\$1,547,145,236.86
Allowed Cost—Rx	\$594,443,011.85	\$615,932,180.39	\$664,866,930.70	\$817,755,241.76
Total Allowed Cost	\$1,873,938,454.77	\$2,077,358,853.64	\$2,137,038,794.04	\$2,364,900,478.62
Plan Paid—Medical	\$1,068,113,958.66	\$1,228,902,642.59	\$1,219,095,232.66	\$1,282,196,672.32
Plan Paid—Rx*	\$531,004,388.58	\$554,870,218.93	\$580,623,508.67	\$726,374,349.29
Total Plan Paid	\$1,599,118,347.24	\$1,783,772,861.52	\$1,799,718,741.33	\$2,008,571,021.61

KEHP payments for Rx increased 36.79% over the 4 year period, where payments for medical only increased 20.04%.



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

Claims Experience Per Member Per Month

	2020	2021	2022	2023
Allowed Cost—Medical	\$403.20	\$467.69	\$475.37	\$499.82
Allowed Cost—Rx	\$187.32	\$197.11	\$214.69	\$264.18
Total Allowed Cost	\$590.52	\$664.80	\$690.05	\$764.00
Plan Paid—Medical	\$336.59	\$393.27	\$393.65	\$414.22
Plan Paid—Rx*	\$167.33	\$177.57	\$187.48	\$234.66
Total Plan Paid	\$503.92	\$570.84	\$581.13	\$648.88



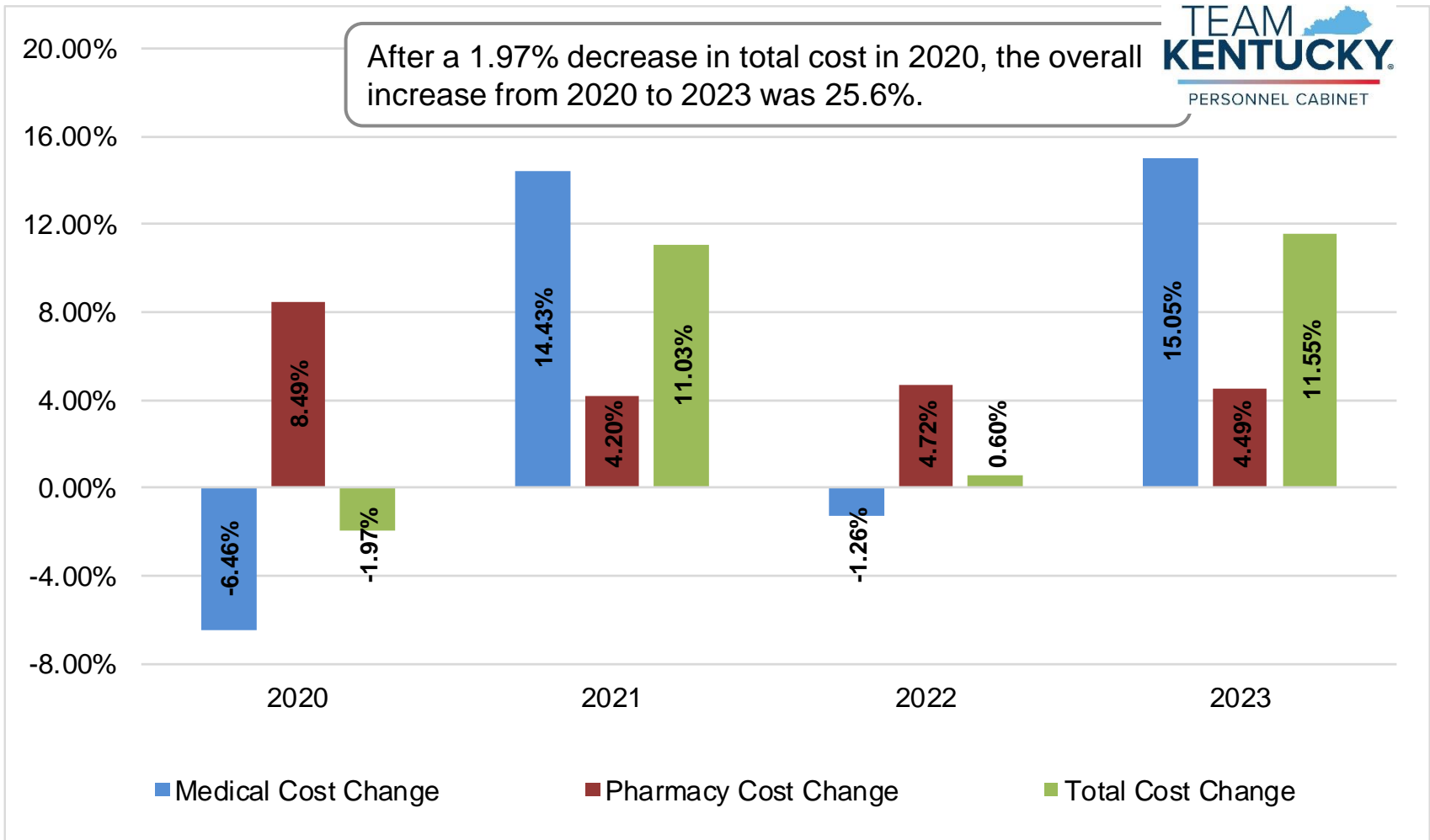
KEHP payments PMPM for Rx increased 40.24% over the 4 year period, where payments for medical PMPM only increased 23.06%.

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

Medical and Pharmacy Trends



After a 1.97% decrease in total cost in 2020, the overall increase from 2020 to 2023 was 25.6%.

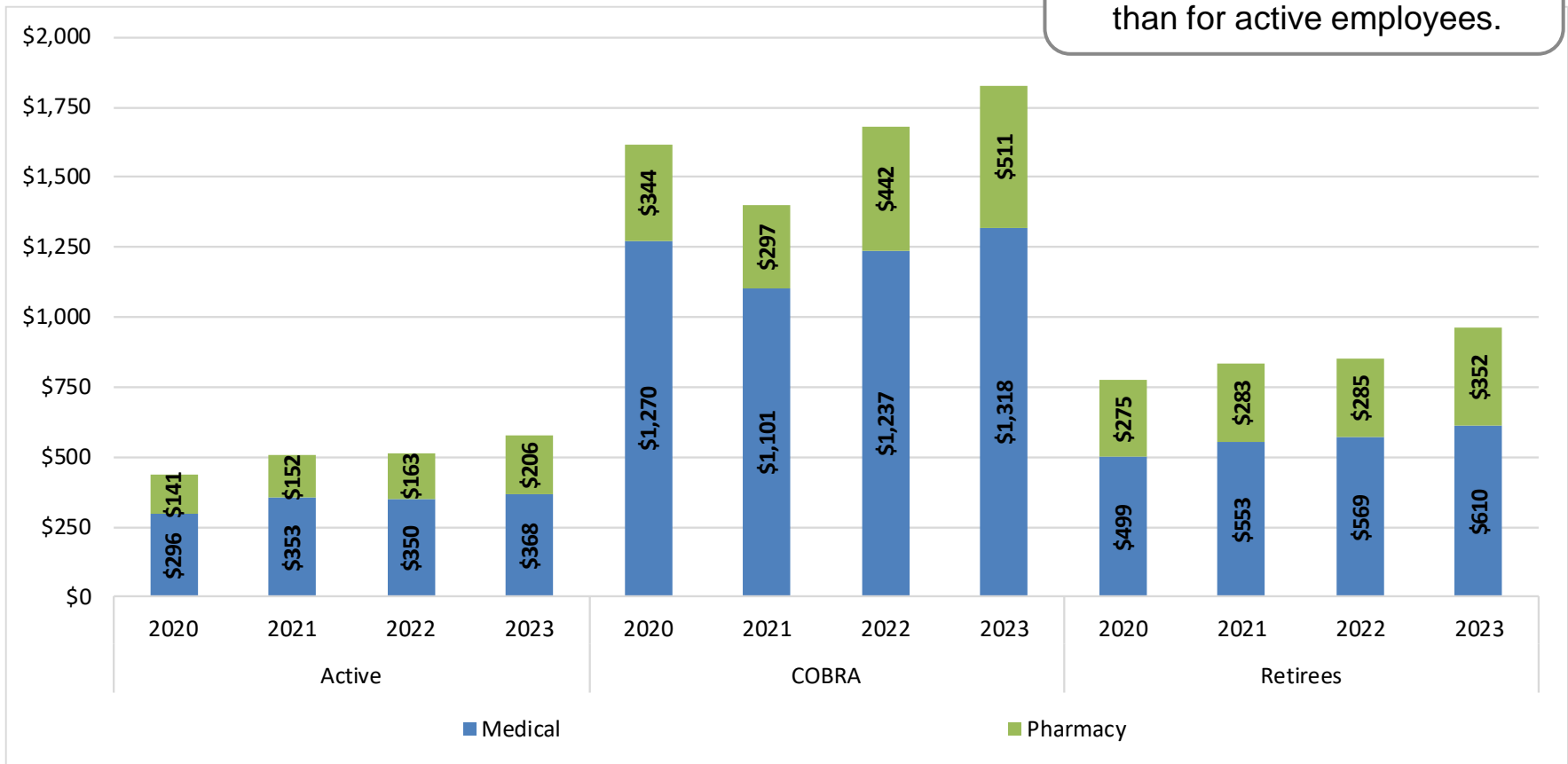


Source: KEHP enrollment and claims data aggregated by Merative

Medical and Pharmacy Claims PMPM by Member Status



In 2023, claims cost PMPM for retirees was 67% higher than for active employees.

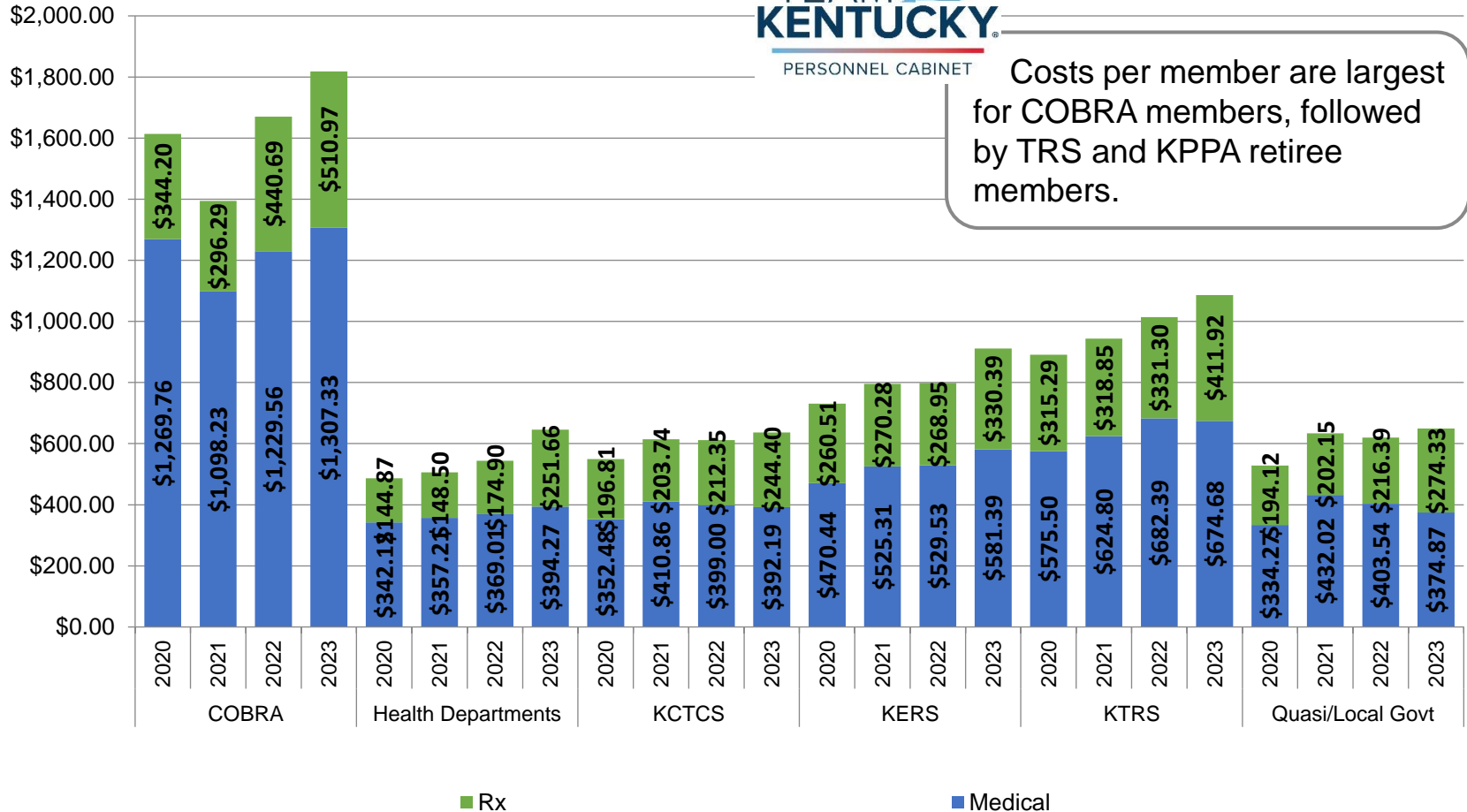


Source: KEHP enrollment and claims data aggregated by Merative

Medical and Pharmacy Claims PMPM by Group

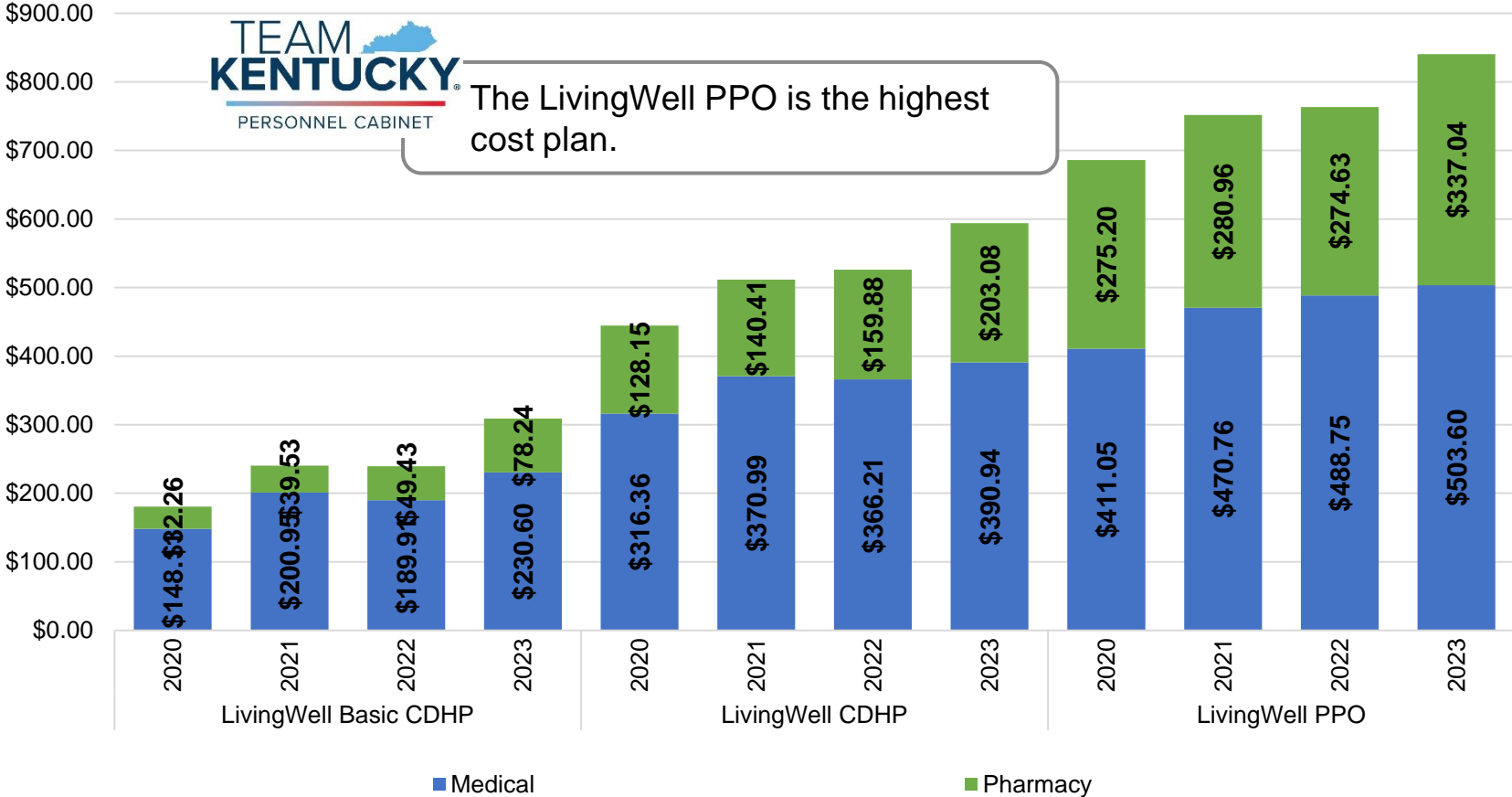


Costs per member are largest for COBRA members, followed by TRS and KPPA retiree members.



Source: KEHP enrollment and claims data aggregated by Merative

Medical and Pharmacy Claims PMPM by Plan

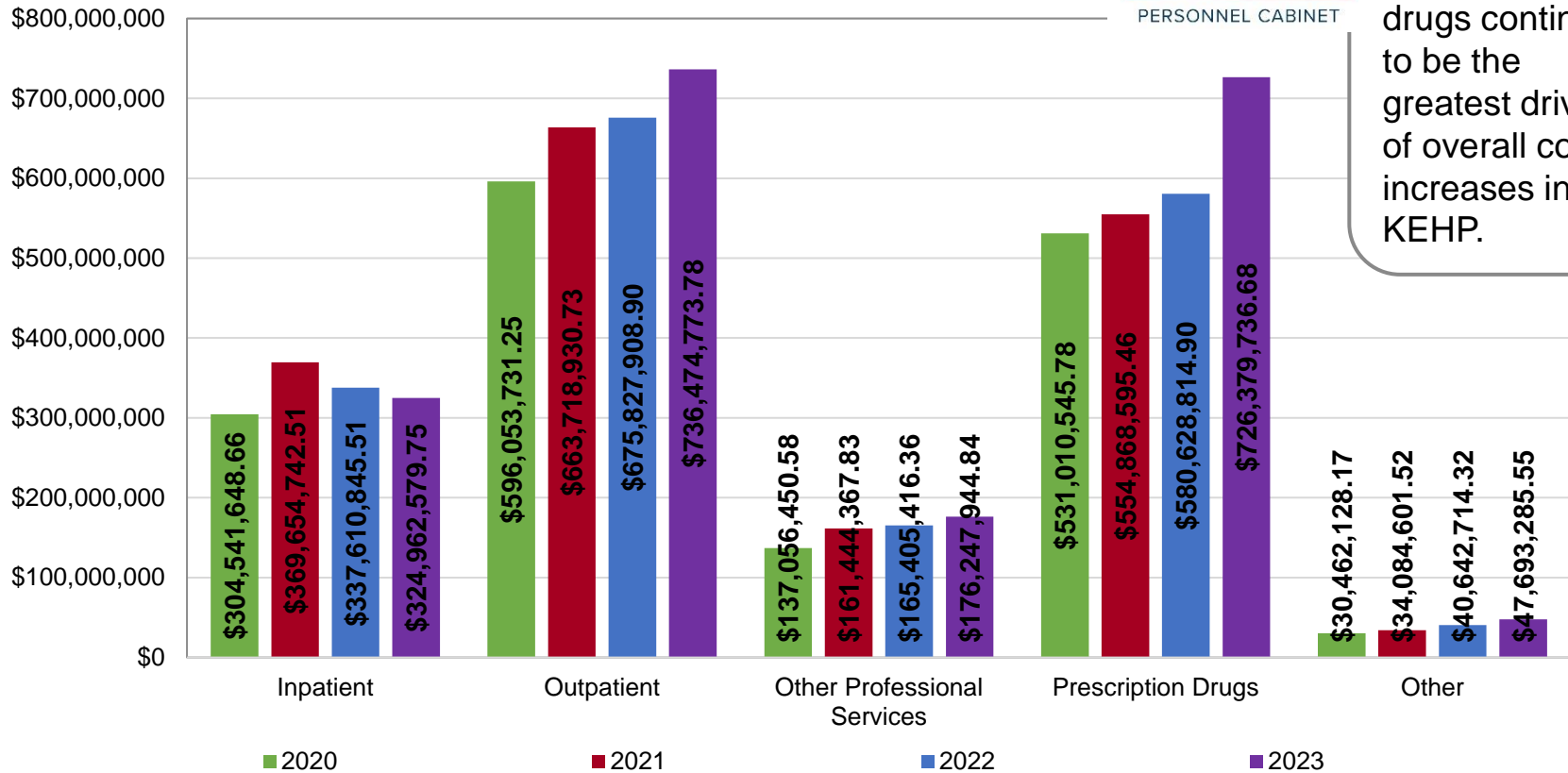


Source: KEHP enrollment and claims data aggregated by Merative

Average Medical and Pharmacy Paid Costs by Service Type



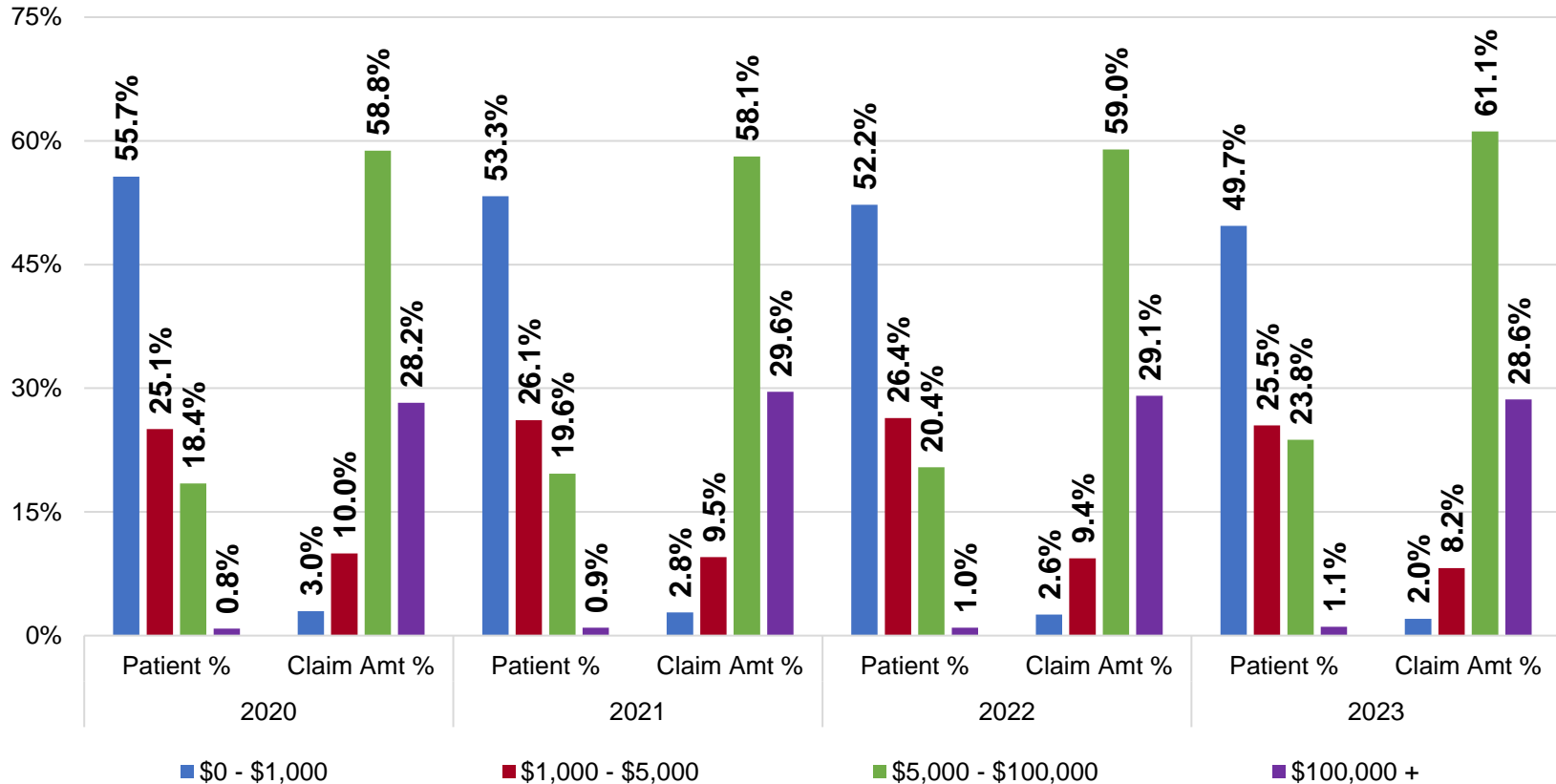
Prescription drugs continue to be the greatest driver of overall cost increases in KEHP.



Source: KEHP enrollment and claims data aggregated by Merative

Paid Claims Distribution by Amount

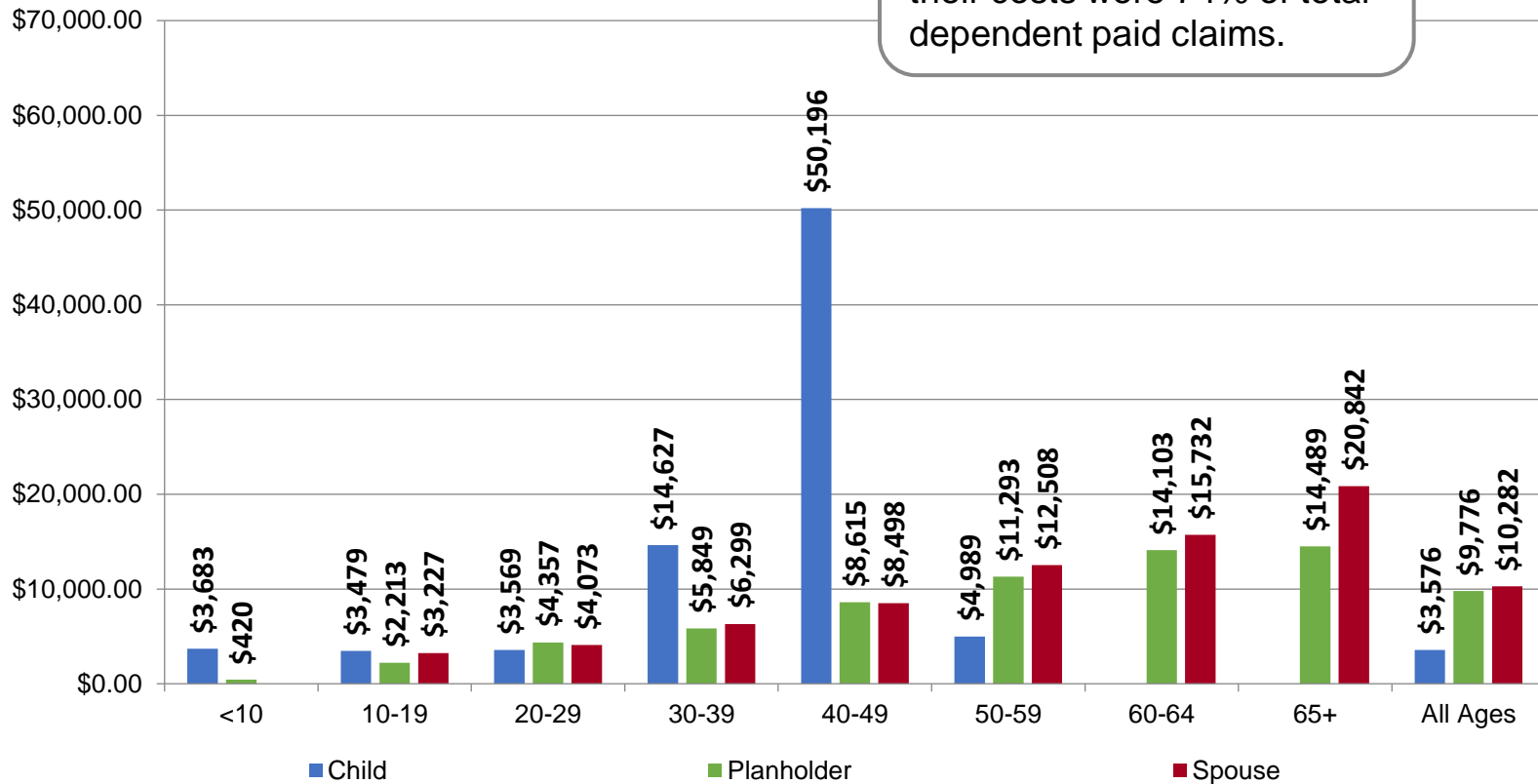
About 50% of members had net paid claims of less than \$1,000 in 2023, whereas 25% of claimants account for almost 90% of claims costs.



Source: KEHP enrollment and claims data aggregated by Merative

Planholder and Dependent Claims PMPY by Age Band

Spouses were 28% of dependent enrollment, but their costs were 74% of total dependent paid claims.



Source: KEHP enrollment and claims data aggregated by Merative

Inpatient Utilization

Inpatient Hospital Claim Utilization Statistics	2020	2021	2022	2023
Admits Per 1000	55	60	54	51
Days Per 1000 Adm Acute	249	307	264	249
Days LOS Admit	4.52	5.15	4.86	4.86
Net Pay Per Adm Acute	\$21,500.65	\$25,054.95	\$24,632.02	\$25,884.11
Net Pay Per Epis Admit	\$308.57	\$348.62	\$302.01	\$291.10
Net Pay Per Day Adm Acute	\$4,752.79	\$4,868.55	\$5,066.00	\$5,331.05
Allow Amt PMPM Adm Acute	\$104.29	\$130.90	\$117.92	\$117.01



Inpatient admissions has decreased consistently since 2021 while cost of inpatient care has varied up and down the last four years.

Source: KEHP enrollment and claims data aggregated by Merative

Outpatient Utilization

Outpatient Hospital Claim Utilization Statistics	2020	2021	2022	2023
Visits Per 1000 OP Fac Med	1,271	1,664	1,539	1,584
Svcs Per 1000 OP Med	30,425	34,653	36,235	37,524
Visits OP Fac	335,997	433,176	397,082	408,543
Svcs OP	8,045,773	9,023,695	9,351,371	9,679,536
Allowed Amount OP Events	\$222,566,029	\$249,554,320	\$255,769,446	\$274,929,841
Allow Amt PMPM OP Events	\$70.14	\$79.86	\$82.59	\$88.82

Outpatient visits have varied year to year, but Allowed Amount for Outpatient Events continues to increase year over year with the average PMPM going up 24% from 2020 to 2023.



Source: KEHP enrollment and claims data aggregated by Merative

Professional Services Utilization

Professional Claim Utilization Statistics	2020	2021	2022	2023
Visits Per 1000	5,543	6,082	5,867	5,827
Svcs Per 1000 Med	11,862	12,711	12,940	12,813
Visits Patient	1,465,777	1,583,750	1,514,262	1,503,115
Service Count	3,136,872	3,309,892	3,339,594	3,305,182
Net Payment	\$199,061,574	\$222,246,026	\$216,639,162	\$220,193,442
Allowed Amount	\$270,695,375	\$299,958,744	\$297,290,568	\$299,619,227
Allow Amt PMPM	\$85.30	\$95.99	\$96.00	\$96.79



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			
	2020	2021	2022	2023
Musculoskeletal	\$178,832,180	\$200,183,972	\$205,994,999	\$217,077,933
Circulatory	\$110,791,506	\$128,266,673	\$128,258,225	\$134,368,420
Health Status	\$108,052,978	\$125,500,311	\$120,740,681	\$124,159,808
Digestive	\$85,031,931	\$98,740,338	\$95,840,031	\$106,906,709
Myeloproliferative Diseases	\$89,909,010	\$85,079,885	\$91,418,883	\$102,841,139
Nervous	\$71,533,684	\$74,112,439	\$73,543,078	\$87,055,180
Skin, Breast	\$50,227,815	\$51,653,561	\$52,013,476	\$57,277,603
Ear, Nose, Mouth & Throat	\$33,604,484	\$38,010,584	\$44,523,535	\$52,906,594
Respiratory	\$53,225,797	\$95,811,518	\$68,968,660	\$50,385,531
Kidney	\$41,380,323	\$42,172,082	\$45,185,516	\$48,272,345

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	2020	2021	2022	2023	2020 - 2023 % Change
Cancer	\$74,012,180	\$75,700,169	\$72,520,111	\$80,219,805	8.39%
Osteoarthritis	\$46,056,137	\$49,065,092	\$51,652,339	\$52,992,669	15.06%
Chronic Back/Neck Pain	\$46,072,218	\$48,440,318	\$52,955,862	\$52,517,249	13.99%
Coronary Artery Disease	\$29,289,257	\$35,001,357	\$31,679,200	\$34,516,681	17.85%
Diabetes	\$17,682,676	\$20,482,734	\$19,248,392	\$18,582,550	5.09%
Hypertension, Essential	\$10,095,492	\$10,637,316	\$12,398,490	\$14,956,916	48.15%
Overweight/Obesity	\$10,965,849	\$13,165,907	\$14,192,179	\$12,088,108	10.23%
Asthma	\$2,815,251	\$2,761,105	\$3,322,306	\$3,567,312	26.71%
Chronic Obstruc Pulm Dis(COPD)	\$1,715,742	\$1,612,271	\$1,559,948	\$1,727,629	0.69%
Congestive Heart Failure	\$1,237,376	\$1,599,275	\$2,439,213	\$1,754,376	41.78%

While the total cost of chronic conditions decreased by 7.9% in 2020 due to the pandemic, and it increased by 7.7% in 2021, 1.4% in 2022 and 4.2% in 2023 with an overall increase from 2020 to 2023 13.7%.



Source: KEHP enrollment and claims data aggregated by Merative

Paid Claims by Member Type

Relationship	Medical Plan Cost			
	2020	2021	2022	2023
Planholders	\$1,075,579,958	\$1,184,468,134	\$1,201,021,229	\$1,356,531,971
Spouse	\$272,010,783	\$307,656,977	\$300,294,512	\$343,150,134
Child	\$251,533,764	\$291,646,155	\$299,323,463	\$313,340,761

Relationship	Medical Plan Cost PMPM			
	2020	2021	2022	2023
Planholders	\$631	\$711	\$725	\$816
Spouse	\$653	\$745	\$737	\$857
Child	\$239	\$279	\$290	\$303

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			
	2020	2021	2022	2023
Active Employees	\$754,867,645	\$888,054,264	\$872,005,681	\$919,496,695
Retirees	\$308,541,767	\$336,420,869	\$343,364,253	\$362,246,440

Status	Medical Plan Cost PMPM			
	2020	2021	2022	2023
Active Employees	\$295.93	\$353.37	\$350.28	\$368.01
Retirees	\$498.56	\$553.16	\$568.56	\$610.49

Medical claims cost PMPM for retirees has averaged 62% higher than active employees over the last four years.



Source: KEHP enrollment and claims data aggregated by Merative

KEHP Pharmacy Benefits Detailed Experience



- Total allowed pharmacy PMPM cost increased by 19.5% from 2022 to 2023 even though the number of scripts only increased by 0.6%.
- KEHP's retail pharmacy generic substitution rate has slowly increased from 98.07% in 2020 to 99.07% in 2023.
- The number of scripts PMPM increased slightly from 1.19 in 2020 to 1.24 in 2023.
- The Net Pay PMPM increased from \$167.33 in 2020 to \$264.20 in 2023.

Aggregate Pharmacy Benefits Costs

	2020	2021	2022	2023
Total Eligible Members	287,665	286,425	285,508	285,440
Total Number of Scripts	4,123,228	4,177,297	4,218,709	4,245,801
Scripts Per Member	14.33	14.58	14.78	14.87
Total Plan Paid	\$531,010,545.78	\$554,868,623.82	\$580,666,443.37	\$726,418,618.37
Total Member Paid	\$61,737,572.13	\$61,067,650.62	\$63,841,472.38	\$73,858,069.80
Total Allowed Cost	\$594,446,134.22	\$615,936,274.44	\$664,915,597.08	\$817,809,781.14
Plan Paid PMPM	\$167.33	\$177.57	\$187.50	\$234.67
Member Paid PMPM	\$19.46	\$19.54	\$20.61	\$23.86
Total Allowed Cost PMPM	\$187.32	\$197.11	\$214.70	\$264.20

The increase in pharmacy claims is driven mostly by the cost per script. While the number of scripts increased slightly every year, the average plan paid per script has increased from \$167 in 2020 to \$235 in 2023.



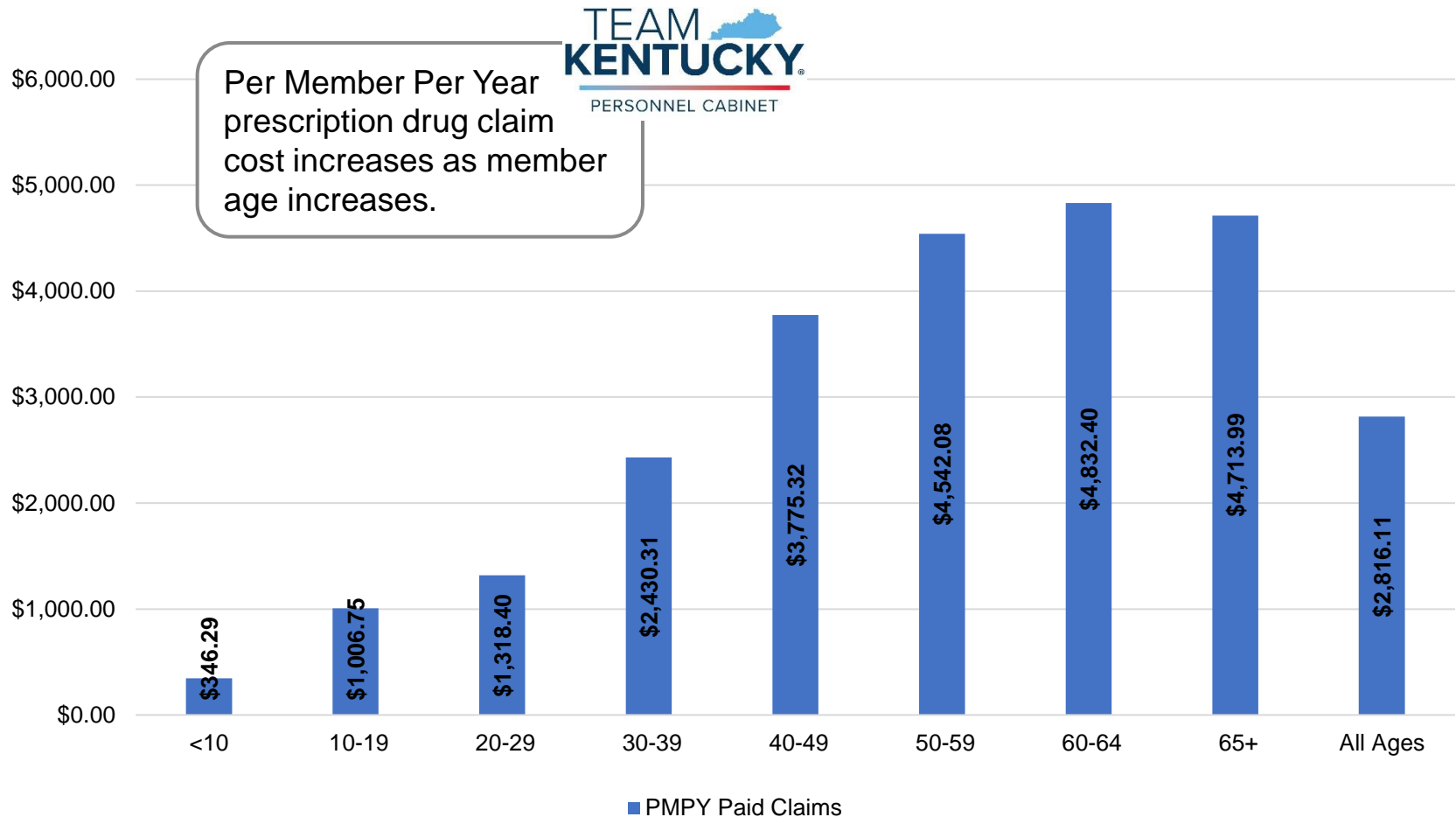
Source: KEHP enrollment and claims data aggregated by Merative

Aggregate Medication Benefits Costs

	2020	2021	2022	2023
Member Cost per Claim	\$13.64	\$13.49	\$13.08	\$15.90
Retail Member Cost per Claim	\$10.51	\$10.38	\$10.50	\$12.98
Mail Member Cost per Claim	\$144.03	\$150.44	\$94.64	\$128.80
Specialty Member Cost per Claim	\$581.29	\$581.29	\$581.29	\$581.29
Total Member Cost Share	10.42%	9.91%	9.91%	9.23%
Retail Member Cost Share	11.81%	11.51%	11.73%	10.70%
Mail Member Cost Share	10.42%	9.91%	9.91%	9.23%
Specialty Member Cost Share	7.13%	7.13%	7.13%	7.13%
Generic Utilization				
Generic Dispensing Rate	77.81%	76.73%	72.79%	76.82%
Generic Substitution Rate	98.07%	98.35%	98.25%	99.07%
Mail Order Utilization	2.35%	2.22%	3.06%	2.52%

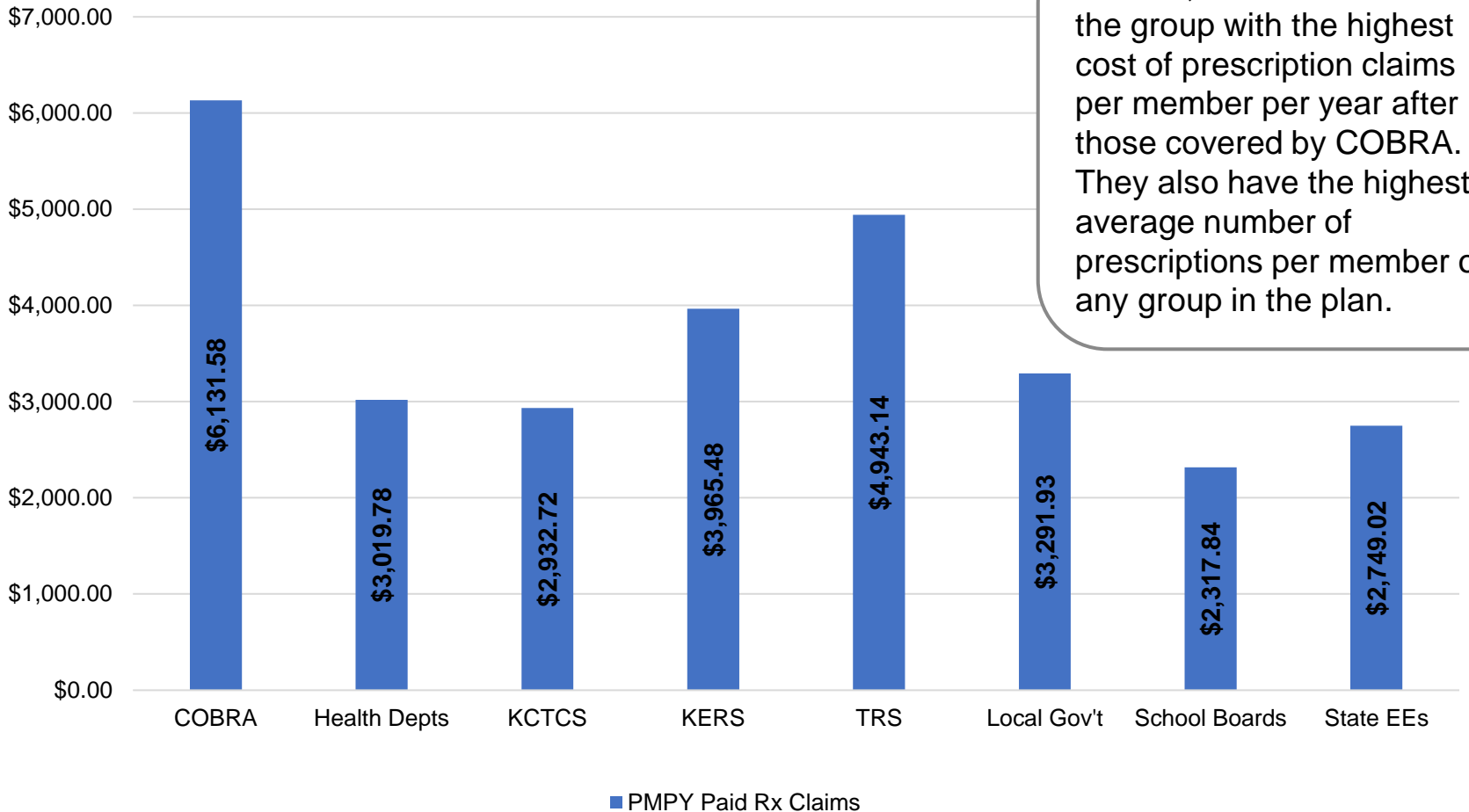
Source: KEHP enrollment and claims data aggregated by Merative

Cost of Prescriptions by Age Band



Source: KEHP enrollment and claims data aggregated by Merative

Cost of Prescriptions by Group



In 2023, TRS retirees were the group with the highest cost of prescription claims per member per year after those covered by COBRA. 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	2023 Rank	Total Plan Cost				Number of Scripts			
		2020	2021	2022	2023	2020	2021	2022	2023
WEGOVY	1		\$1,824,036	\$10,200,096	\$70,258,981		1,489	8,228	57,515
OZEMPIC	2	\$10,064,439	\$14,458,650	\$24,154,315	\$51,293,836	10,048	13,839	24,191	53,254
HUMIRA	3	\$38,971,122	\$42,694,037	\$38,559,756	\$42,459,542	5,076	5,052	4,901	4,597
STELARA	4	\$17,309,579	\$23,165,504	\$25,319,915	\$27,635,980	942	1,140	1,280	1,270
SKYRIZI	5	\$4,680,395	\$7,403,157	\$9,412,956	\$17,666,229	314	451	610	999
TRULICITY	6	\$12,037,290	\$14,881,632	\$17,385,919	\$16,789,214	12,995	14,830	17,191	16,513
MOUNJARO	7			\$199,860	\$15,288,456			204	15,610
JARDIANCE	8	\$7,500,737	\$10,037,685	\$12,367,392	\$15,023,289	10,544	13,022	15,136	17,253
DUPIXENT	9	\$5,778,624	\$8,442,666	\$9,230,268	\$14,412,882	2,106	2,948	3,498	4,458
FARXIGA	10	\$9,759,878	\$10,367,417	\$11,655,349	\$13,323,709	13,566	13,777	15,025	16,795

Source: KEHP enrollment and claims data aggregated by Merative

Top 10 Therapeutic Classes

Therapeutic Class	Total Plan Cost				Number of Scripts			
	2020	2021	2022	2023	2020	2021	2022	2023
Hormones & Synthetic Subst	\$151,559,645	\$155,532,725	\$182,519,737	\$279,040,200	718,374	689,087	713,017	771,011
Immunosuppressants	\$116,165,582	\$135,914,276	\$135,889,834	\$168,391,527	21,278	22,386	23,683	25,843
Central Nervous System	\$60,720,512	\$54,172,766	\$54,829,208	\$59,488,055	1,051,464	1,039,016	1,036,855	1,043,711
Antineoplastic Agents	\$29,036,283	\$36,313,055	\$40,168,413	\$40,935,001	18,127	18,294	18,230	18,929
Cardiovascular Agents	\$29,077,016	\$28,311,931	\$25,528,899	\$28,111,359	783,547	754,760	742,945	733,147
Misc Therapeutic Agents	\$29,085,653	\$27,024,306	\$24,855,057	\$23,511,737	51,357	49,457	48,672	48,128
Diagnostic Agents	\$3,394,371	\$3,055,332	\$17,827,219	\$20,464,381	39,106	37,875	98,258	90,480
Respiratory Tract Agents	\$15,822,507	\$17,192,154	\$17,034,798	\$18,787,378	96,023	87,307	96,296	94,201
Gastrointestinal Drugs	\$19,369,905	\$15,526,543	\$14,498,013	\$17,140,365	192,213	188,438	205,471	203,677
Blood Form/Coagul Agents	\$13,774,635	\$14,137,512	\$14,529,450	\$16,456,634	40,930	37,440	35,562	36,503

Source: KEHP enrollment and claims data aggregated by Merative

Retail Pharmacy Benchmarked Utilization Statistics

Key Statistic	KEHP		Peer
	2022	2023	2023
Member Cost Percentage	10.2%	9.4%%	7.0%
Generic Fill Rate	85.6%	85.6%	84.4%
Generic Substitution Rate	98.1%	98.8%	98.6%
Mail Subscription Rate	1.7%	1.6%	4.3%
Specialty Percentage of Allowed Cost	41.9%	38.8%	46.5%
Specialty Plan Allowed Cost PMPM	\$86.60	\$99.61	\$108.92

In 2023, 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

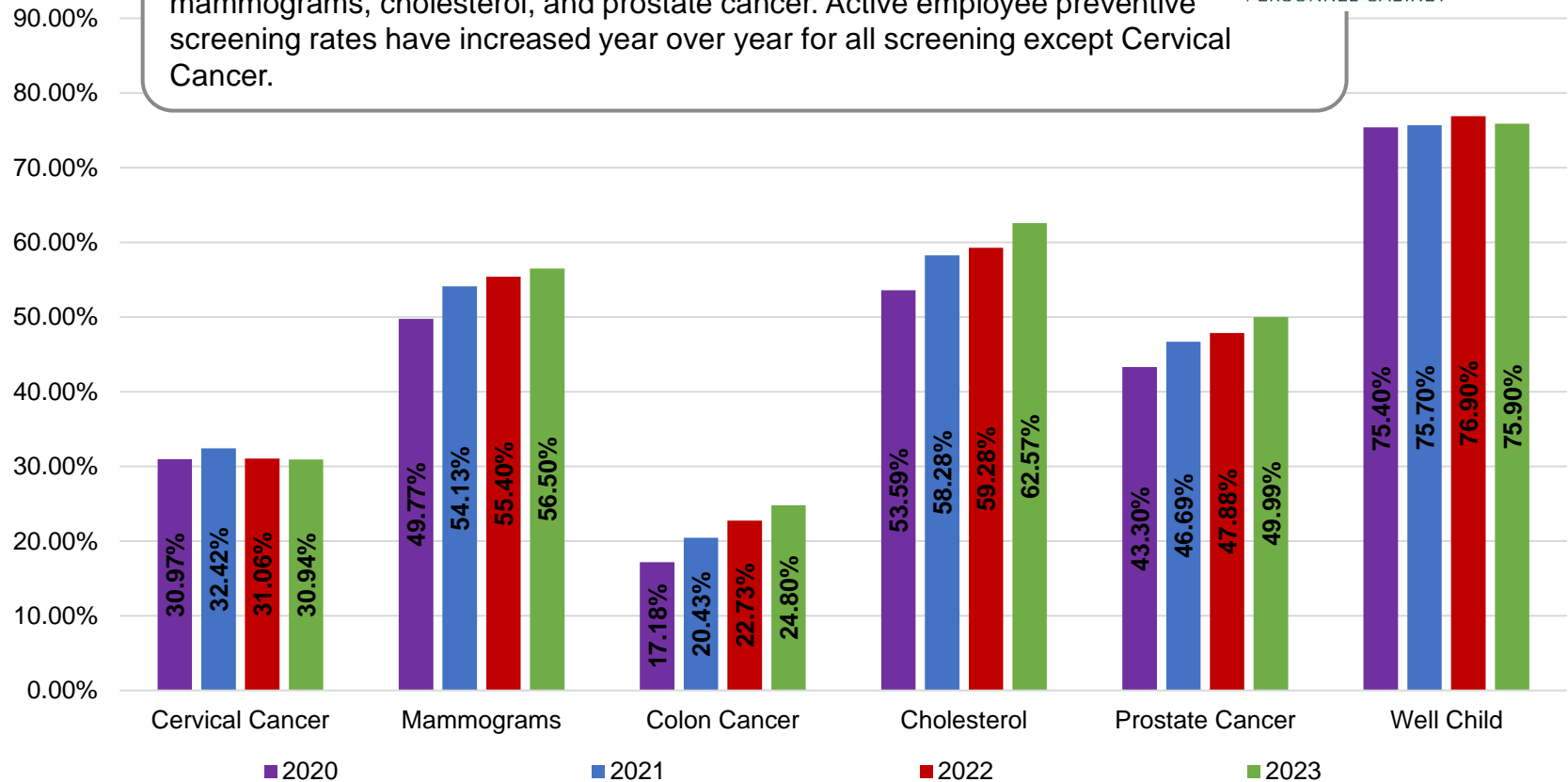
Year	Drug	2023 Utilization					
		Members	Total Scripts	Plan Cost	Member Cost	Total	
Losing Patent Protection	2024	Victoza	462	2,184	\$2,387,202	\$110,532	\$2,497,735
		Sprycel	16	133	\$1,810,565	\$40,523	\$1,851,088
		Emflaza	3	30	\$396,528	\$3,486	\$400,014
		Myrbetriq	104	453	\$272,184	\$34,574	\$306,758
		Rayos	1	15	\$73,105	\$463	\$73,568
		All Others	25	105	\$105,556	\$10,958	\$116,514
		Total	611	2,920	\$5,045,140	\$200,537	\$5,245,678
	2025	Saxenda	3,449	10,142	\$11,700,708	\$1,580,977	\$13,281,686
		Xarelto	1,972	10,118	\$7,577,724	\$877,318	\$8,455,042
		Tradjenta	890	4,076	\$2,985,144	\$201,097	\$3,186,240
		Jynarque	10	102	\$1,812,053	\$27,306	\$1,839,359
		Tasigna	4	18	\$226,535	\$22,764	\$249,299
		All Others	185	845	\$744,382	\$58,407	\$802,789
		Total	6,437	25,301	\$25,046,546	\$2,767,868	\$27,814,414

Source: CVS Rx Insights, 2022 Plan Review

Preventive Care Screening Utilization Active Employees



Active employees have lower screening compliance rates than retirees for mammograms, cholesterol, and prostate cancer. Active employee preventive screening rates have increased year over year for all screening except Cervical Cancer.

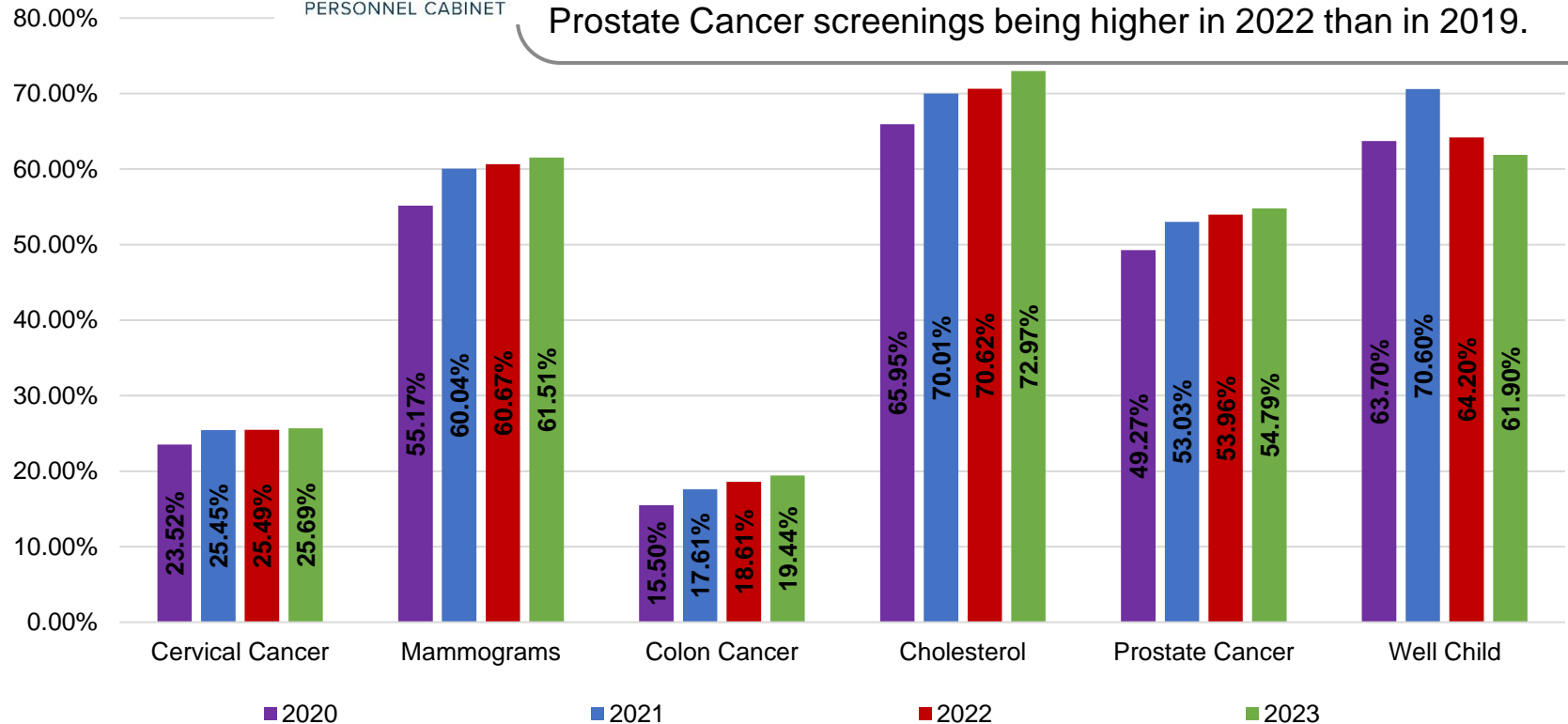


Source: KEHP enrollment and claims data aggregated by Merative

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	2021			2022			2023		
	Referral	Engaged	Rate	Referral	Engaged	Rate	Referral	Engaged	Rate
Case Management	62,016	8,805	14.2%	63,095	8,946	14.2%	58,565	7,280	12.4%
Behavioral Health	1,189	381	32.0%	805	279	34.7%	1,445	16	0.01%
Future Moms	99	67	67.7%	83	51	61.4%	77	36	46.8%

Case management referrals and engagement rates decreased by almost 7% in 2023. Conversely, behavioral health referrals decreased by 32% and the engagement rate increased by 79.5% in 2023, higher than in 2021 as well. Future Moms referrals continue to decrease and the engagement rate decreased in 2023 beyond the program norm of 66.4%.



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

HEDIS Measures

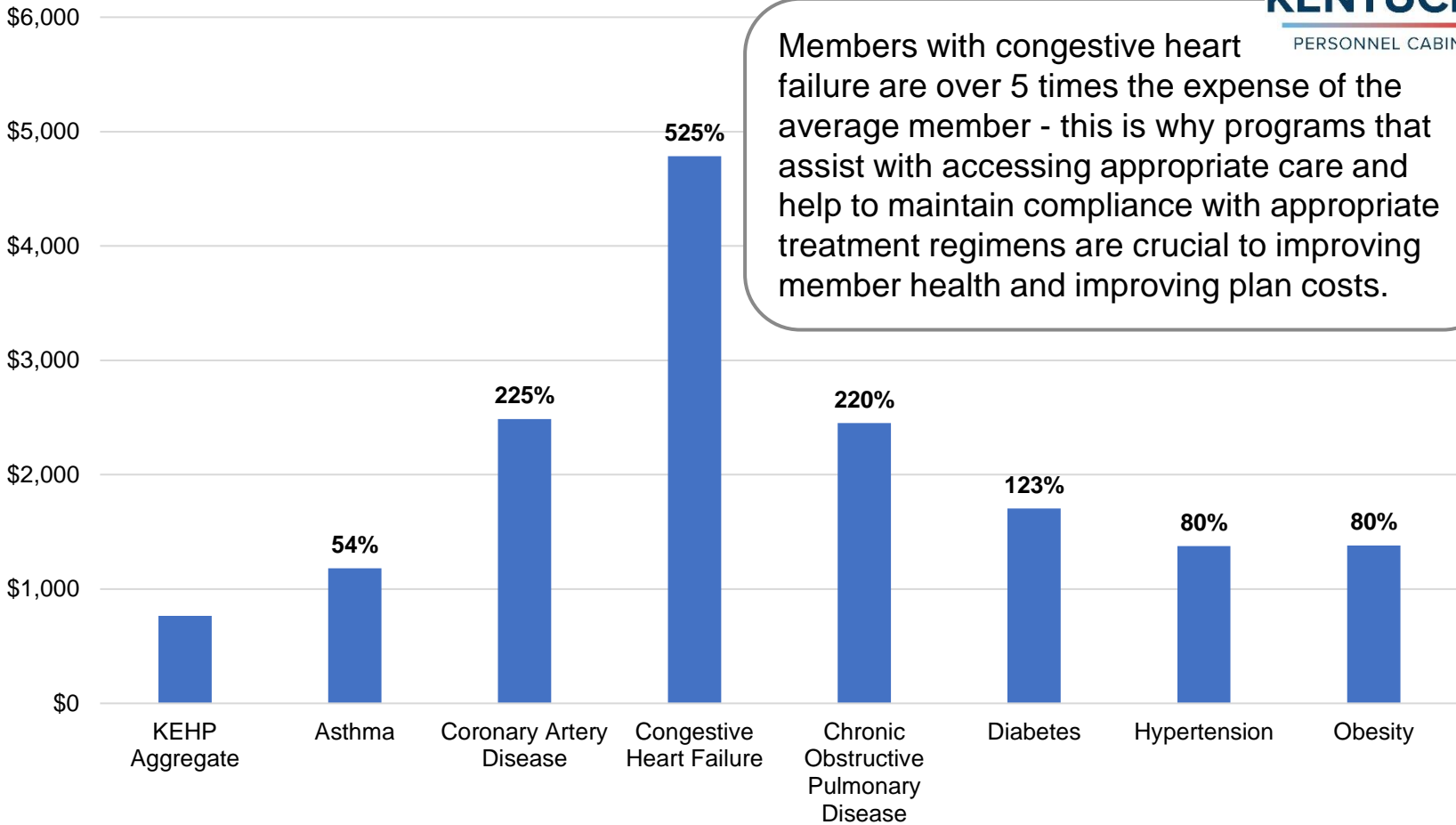
HEDIS Measures	2022	2023
Acute Bronchitis wo Antibiotics 1st Rate	35%	37%
Access Prevent Amb Care Total Rate	97%	97%
Members Access Prevent Amb Care Rate	97%	97%
Influenza Childhood Vaccine Rate	62%	50%
MMR Vaccine Rate	93%	91%
High Risk Meds Use Except for Approp Diag Rate	2%	2%
Statin Adherence w ASCVD Total Rate	79%	79%
Statin Adherence w Diabetes Rate	77%	76%

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



Source: KEHP enrollment and claims data aggregated by Merative

Chronic Disease States PMPM



Members with congestive heart failure are over 5 times the expense of the average member - this is why programs that assist with accessing appropriate care and help to maintain compliance with appropriate treatment regimens are crucial to improving member health and improving plan costs.

Source: KEHP enrollment and claims data aggregated by Merative

Comparison of Selected Population Health Statistics for the Commonwealth

	KY	US	Year
Life Expectancy	73.5	77	2020
Flu Vaccination Rate	45.10%	47.20%	2023-2024
Influenza Deaths Per 1 Million	35.6	17.7	2022
Pneumonia Deaths Per 1 Million	160.6	122.7	
Adults Reporting Mental Illness in the Past Year	23.80%	23.10%	2021-2022
Adults Reporting Serious Mental Illness in the Past Year	7.10%	5.90%	
Adults Reporting Unmet Need for Mental Health Treatment in the Past Year	6.70%	6.20%	2018-2019
Teens Ages 12-17 Reporting a Major Depressive Episode in the Past Year	19.50%	20.20%	2021-2022
Adults 18+ Reporting a Major Depressive Episode in the Past Year	9.70%	8.60%	
Adults Reporting Unmet Need for Mental Health Treatment	6.70%	6.20%	2018-2019
Individuals Reporting Alcohol Dependence or Abuse in the Past Year, Teens Ages 12-17	3.00%	3.30%	2021-2022
Individuals Reporting Alcohol Dependence or Abuse in the Past Year, Adults Ages 18+	9.60%	11.30%	
Past Year Opioid Use Disorder	3.80%	2.10%	
Drug Overdose Death Rate (per 100,000 population),	53.2	32.6	2022
Opioid Overdose Death Rate (Age-Adjusted) per 100,000 population	41.8	25	
Primary Care Percent of Need Met	41.00%	47.00%	2024
Dental Care Percent of Need Met	13.90%	32.40%	
Mental Health Care Percent of Need Met	28.30%	26.80%	

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



*Red shading = KY experience is poorer than the U.S.
Source: Kaiser Family Foundation, www.kff.org/statedata/

KEHP Benchmarked Results



- KEHP's cost per planholder per year compares favorably to the Public Sector, but higher than the Private Sector.
- KEHP's risk score is 174 in 2023, up from 169 in 2022.
- KEHP has a higher prevalence of chronic illness than both the Public Sector and Private Sector populations except Depression, compared to the Public Sector only.
- KEHP has the lowest admission rate for Asthma, COPD, Congestive Heart Disease, Diabetes, Hypertension and Osteoarthritis; and the highest admission rate for Coronary Artery Disorder (CAD) and Depression.
- Across the inpatient quality metrics, KEHP had higher numbers for Avoidable Admissions per 1000, and Patient Complications per 1000.

Key Demographic Benchmarks

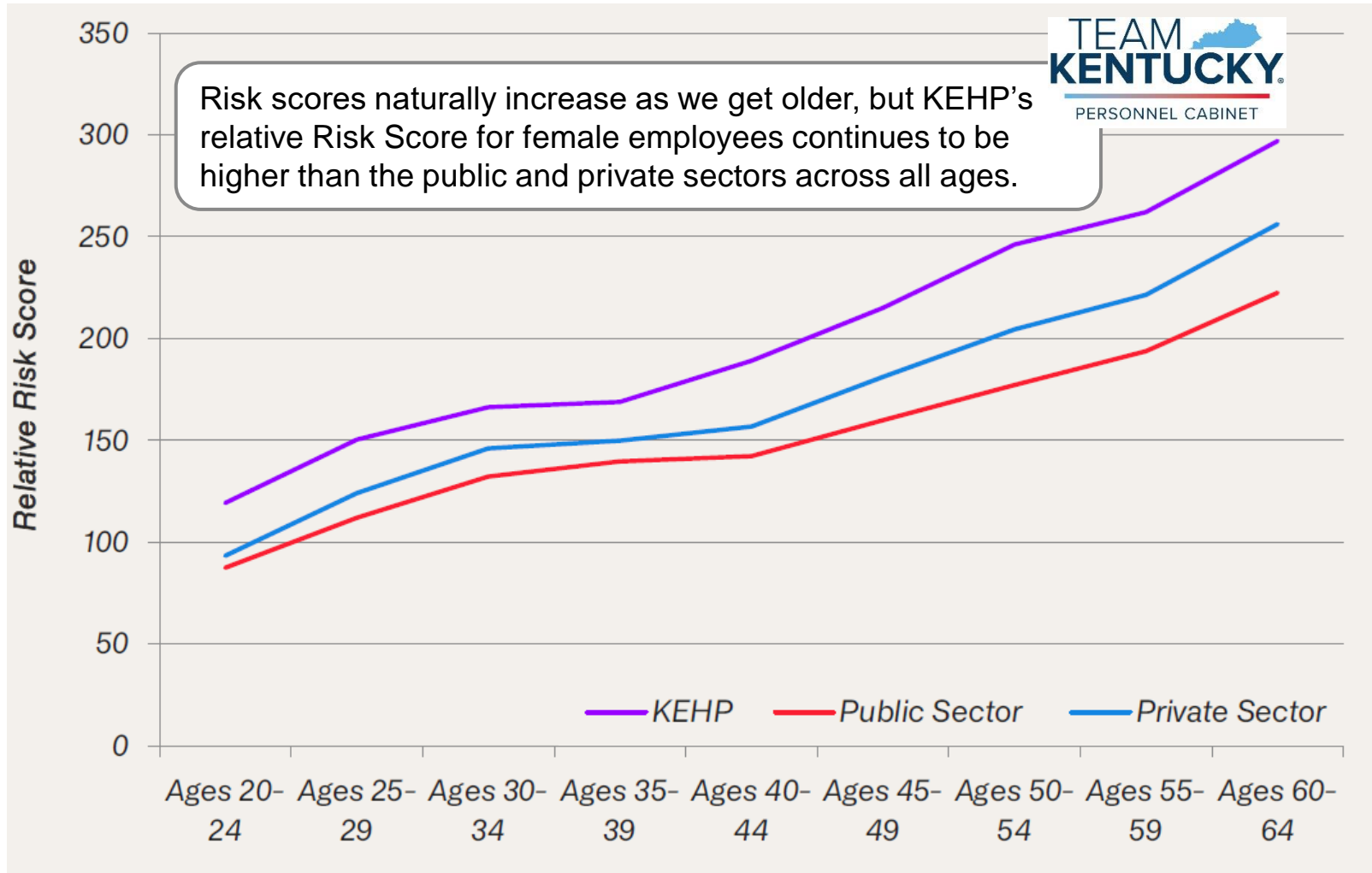
	KEHP	Public Sector	Private Sector
Average Member Age	35.9	36.1	33.8
Average Family Size	1.9	2.1	2.1
Member % Female	58%	56%	51%

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



Source: Merative Benchmark Report

Risk by Age, Female Cohort

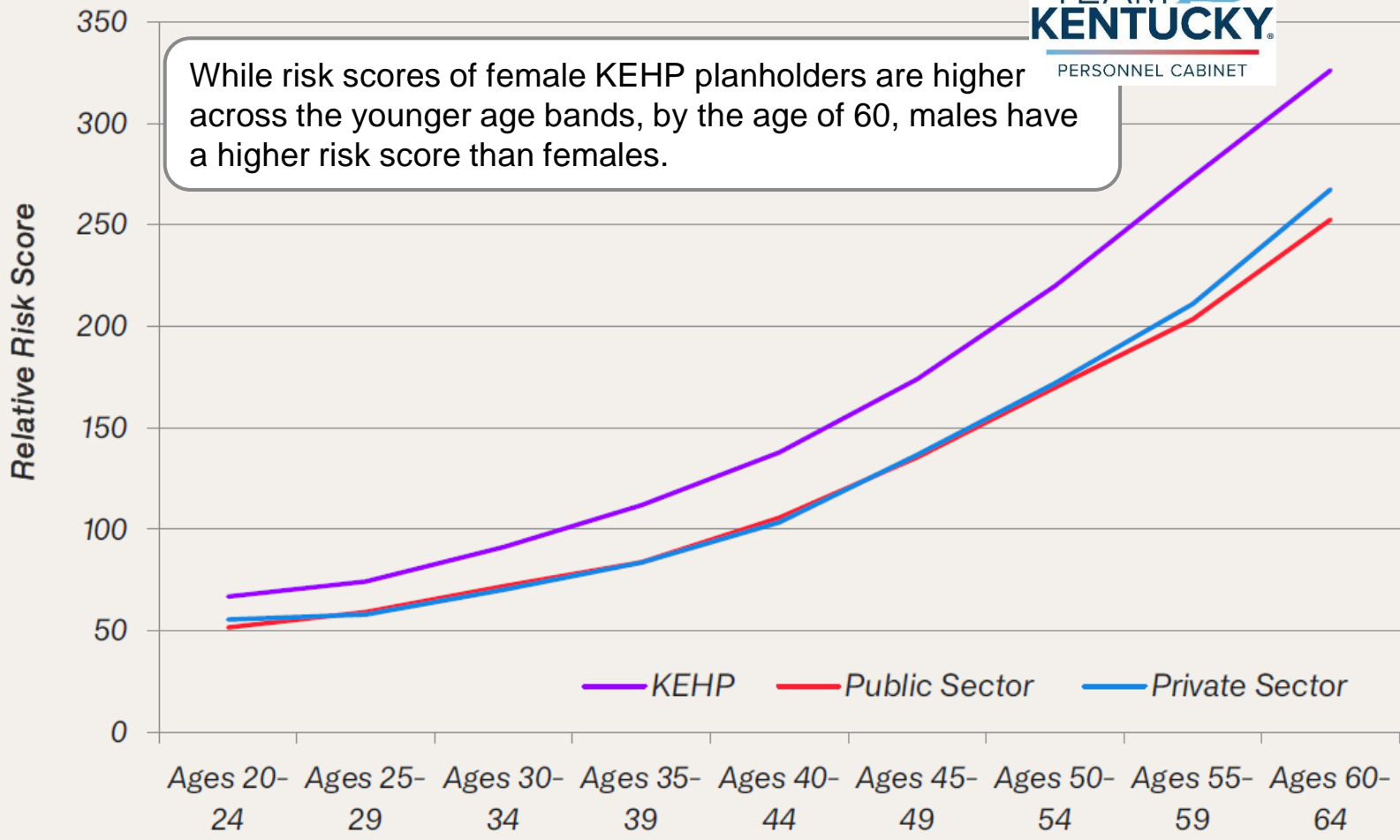


Source: Merative Benchmark Report

Risk by Age, Male Cohort

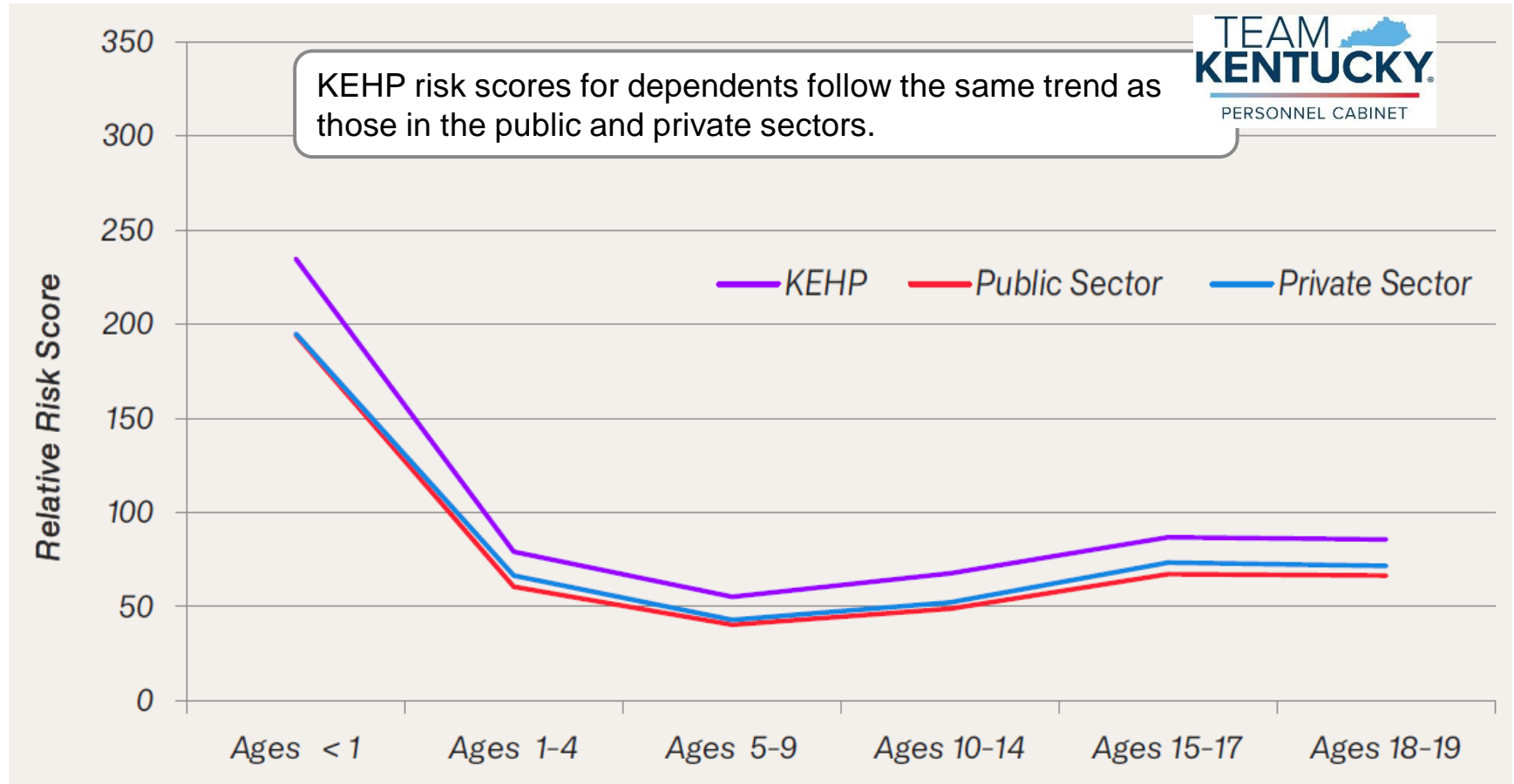


While risk scores of female KEHP planholders are higher across the younger age bands, by the age of 60, males have a higher risk score than females.



Source: Merative Benchmark Report

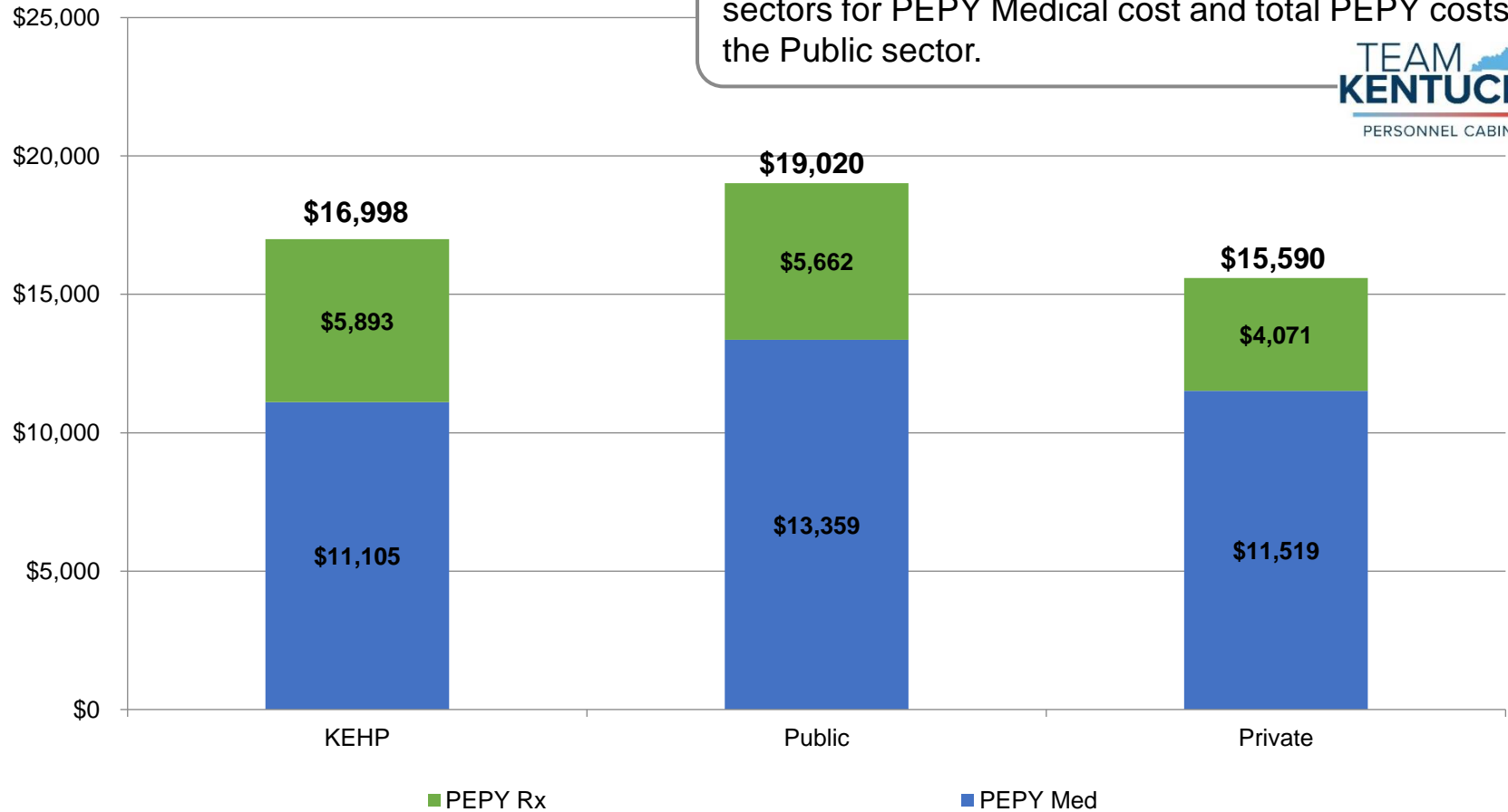
Risk by Age, Children & Other Dependents



Source: Merative Benchmark Report

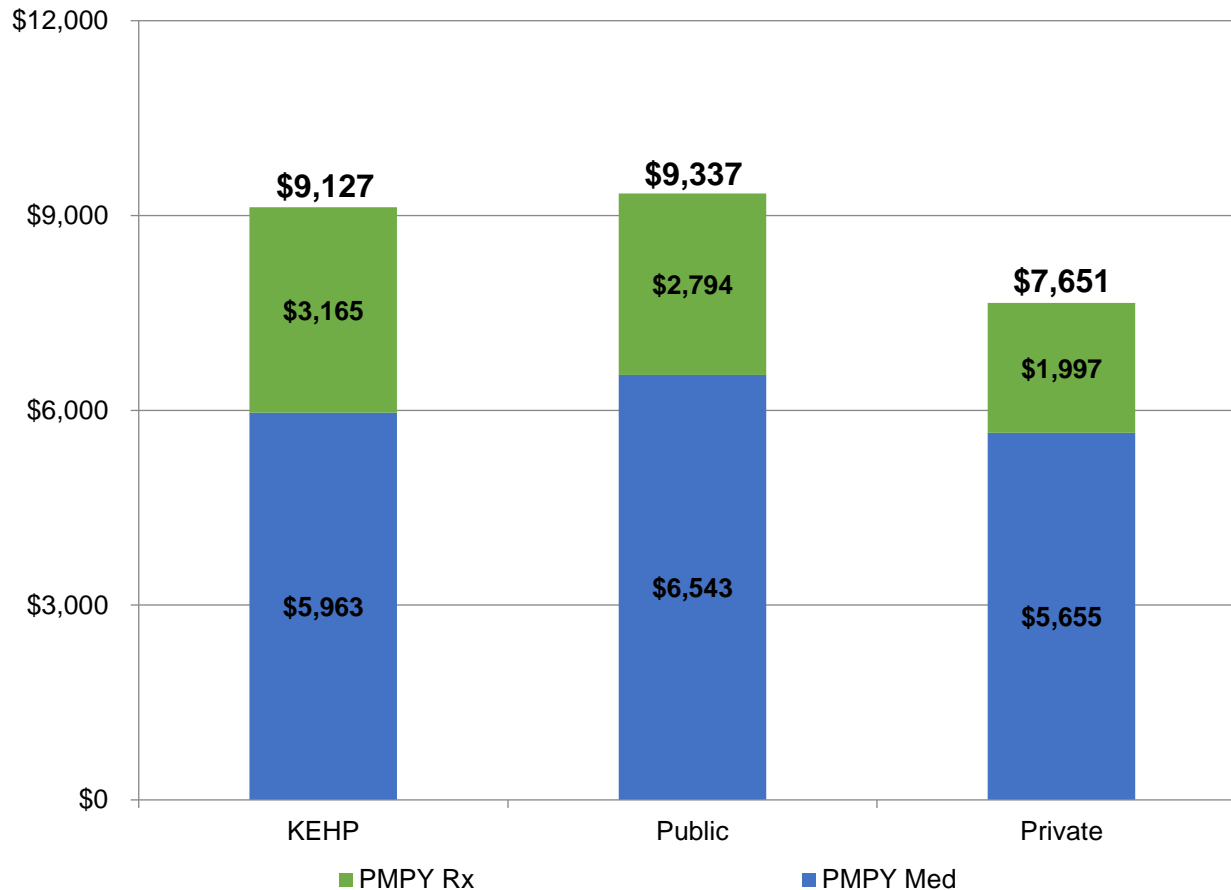
KEHP Cost PEPY Compared to Public and Private Sectors

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



Source: Merative Benchmark Report

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



When dependents are added, KEHP is 2.3% less expensive than the public sector and 16.2% higher than the private sector on a PMPY basis for combined medical and drug costs. KEHP is 12% and 37% 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	2.57%	1.72%	0.85	2.00%	0.56
Coronary Artery Disorder	2.21%	1.34%	0.87	1.65%	0.56
Chronic Obstructive Pulmonary Disease	0.91%	0.41%	0.5	0.52%	0.4
Congestive Heart Failure	0.44%	0.30%	0.13	0.43%	0.01
Diabetes	15.30%	7.91%	7.39	10.28%	5.02
Depression	7.28%	6.22%	1.06	7.67%	-0.38
Hypertension	19.02%	10.46%	8.56	14.82%	4.2
Low Back Disorder	13.38%	7.58%	5.8	9.90%	3.48
Obesity	8.22%	2.51%	5.7	2.78%	5.44
Osteoarthritis	8.17%	4.76%	3.41	6.27%	1.9
Anxiety Disorder	10.38%	7.23%	3.15	5.58%	4.81
Bipolar Disorder	0.86%	0.85%	0.02	0.69%	0.17
HIV Infection	0.11%	0.22%	-0.11	0.24%	-0.13
Rheumatoid Arthritis	1.02%	0.79%	0.23	0.67%	0.35

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



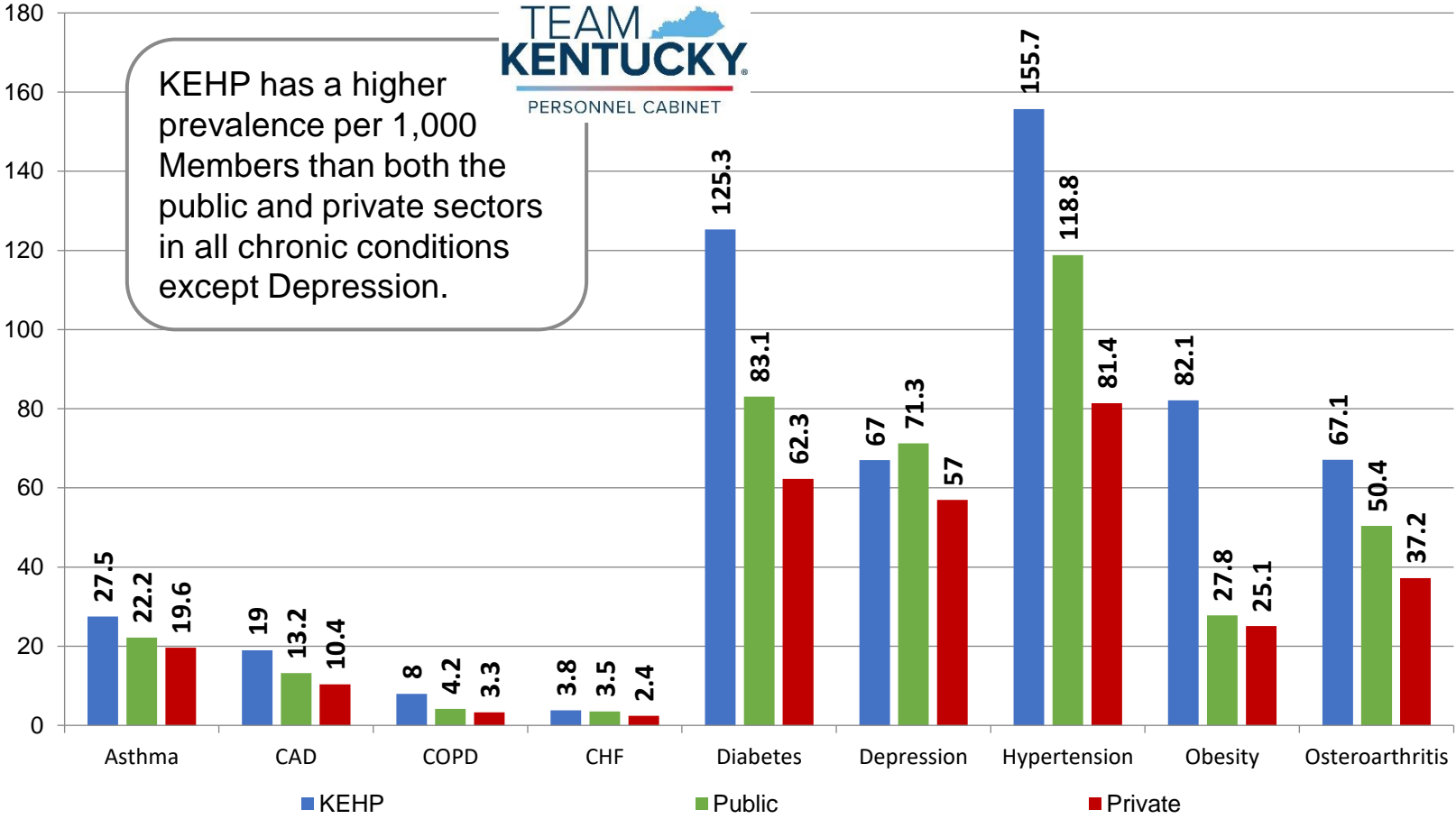
*Dark Red shading = KY experience is poorer than the State & Local Government and Private Sector employer groups.

*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.

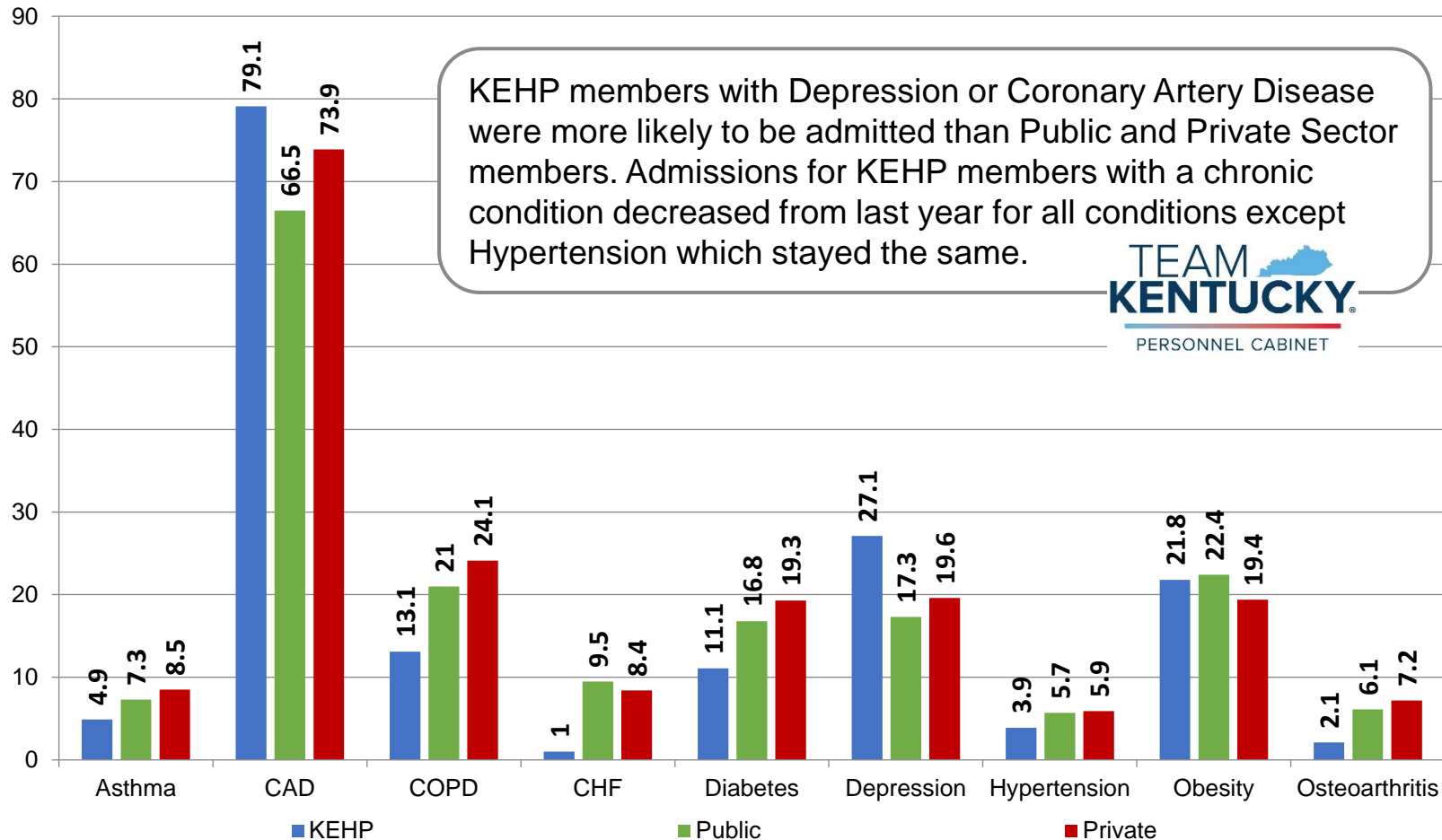
Source: Merative Benchmark Report

Chronic Condition Prevalence Per 1,000 Members



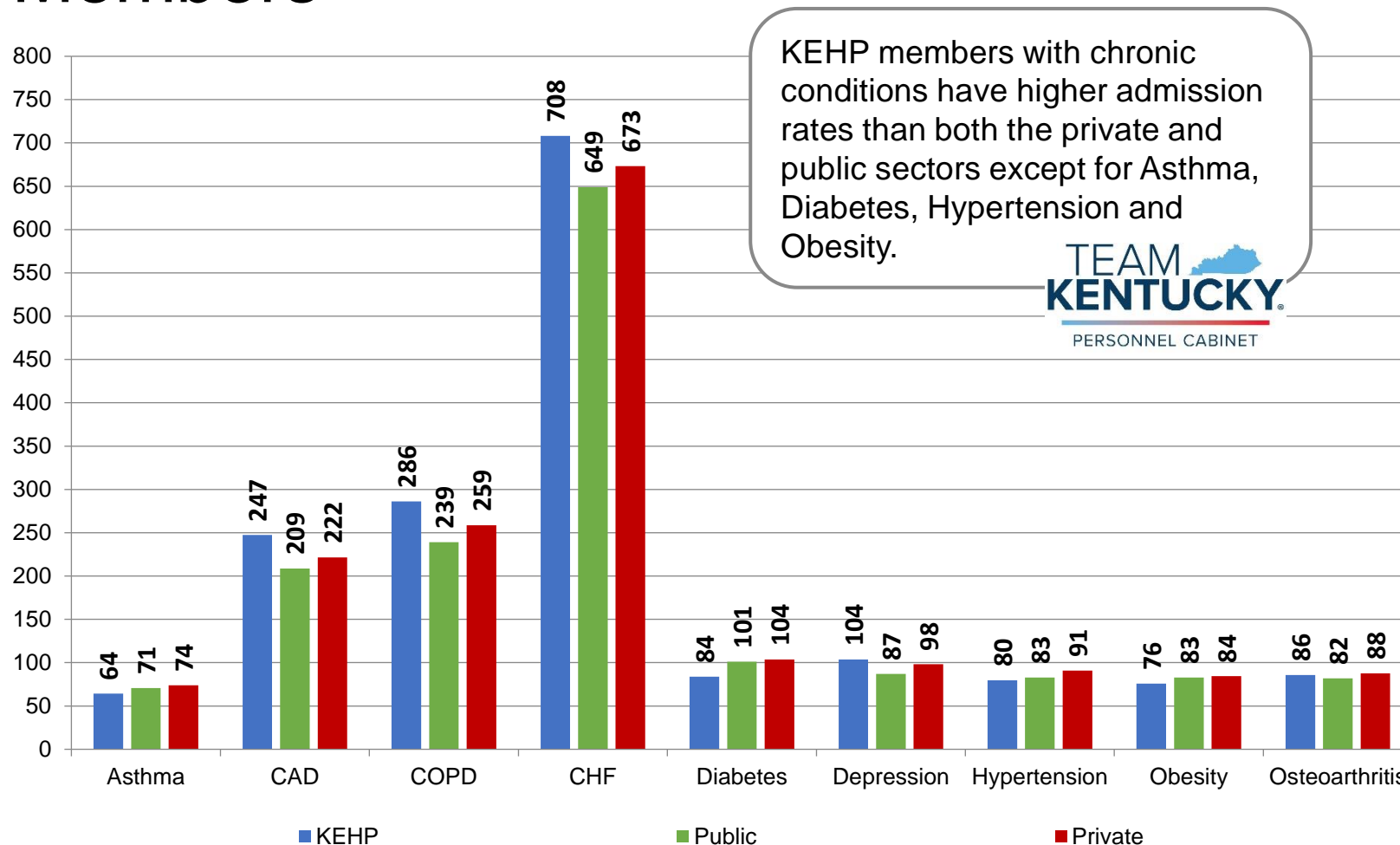
Source: Merative Benchmark Report

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



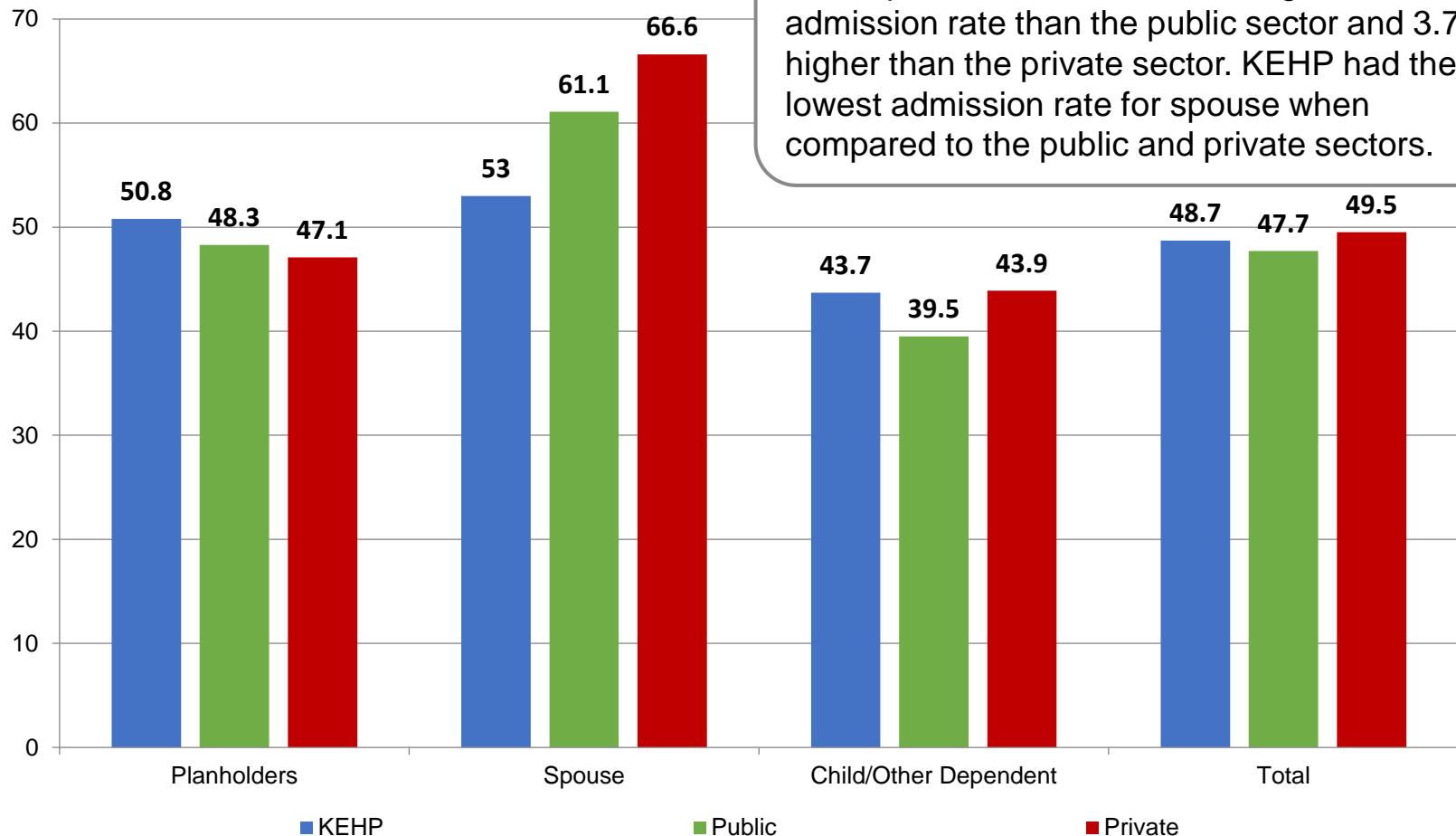
Source: Merative Benchmark Report

Admissions for Chronic Condition Per 1,000 Members



Source: Merative Benchmark Report

Admissions Per 1,000 Members by Relationship

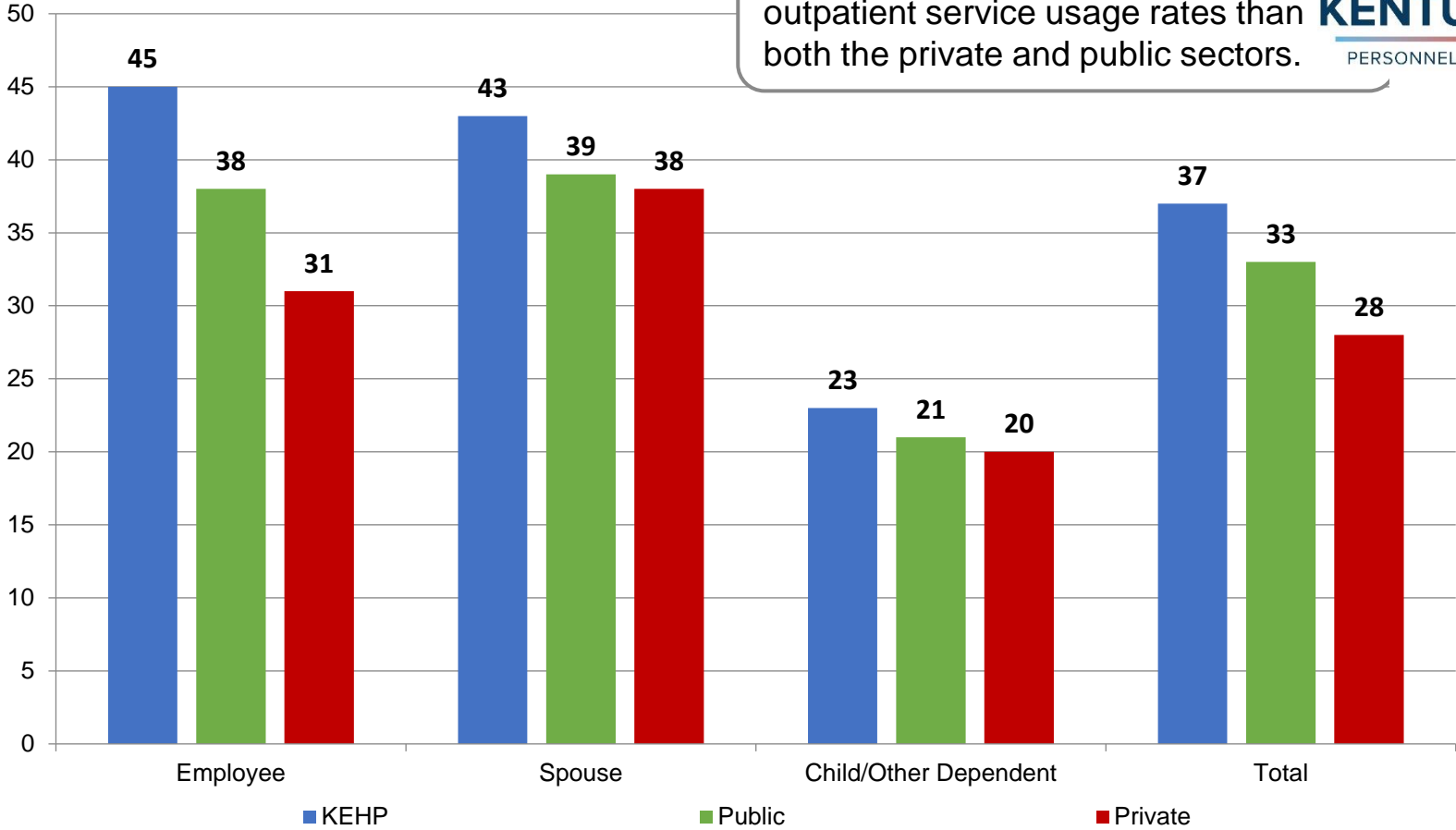


KEHP planholders had a 1.5% higher admission rate than the public sector and 3.7% higher than the private sector. KEHP had the lowest admission rate for spouse when compared to the public and private sectors.

Source: Merative Benchmark Report

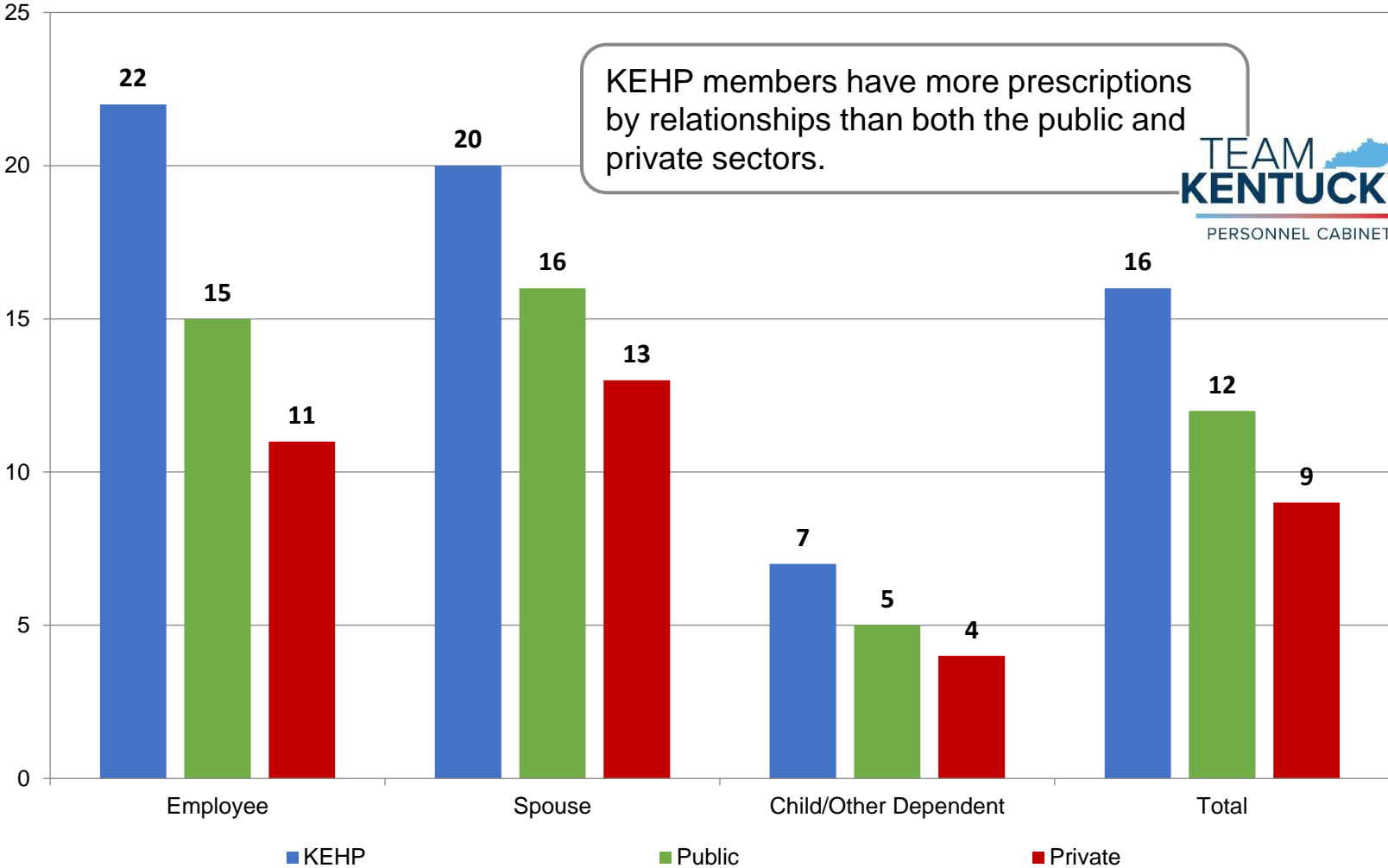
Outpatient Services Per Member by Relationship

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



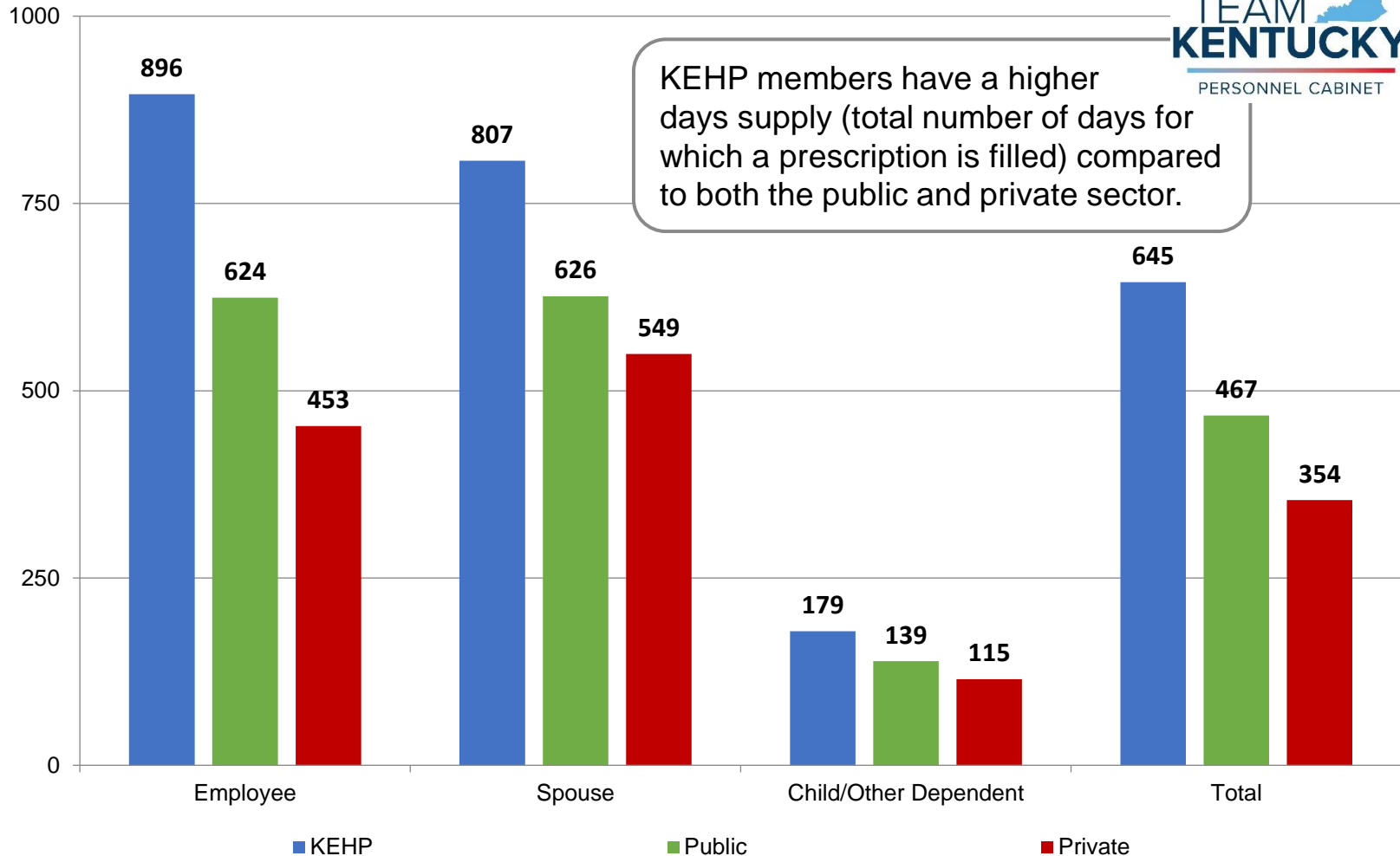
Source: Merative Benchmark Report

Scripts Per Member by Relationship



Source: Merative Benchmark Report

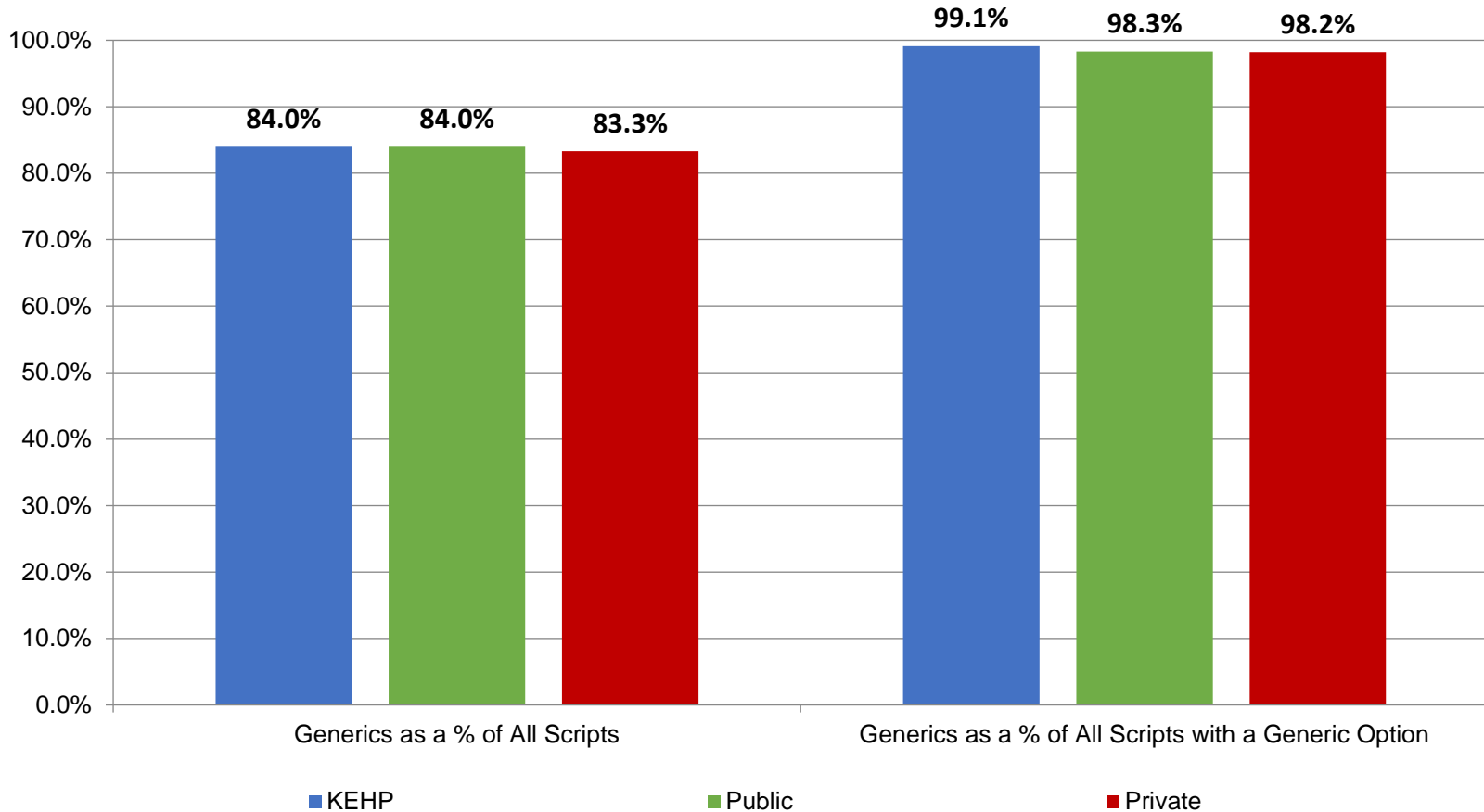
Days Supply PMPY by Relationship



Source: Merative Benchmark Report

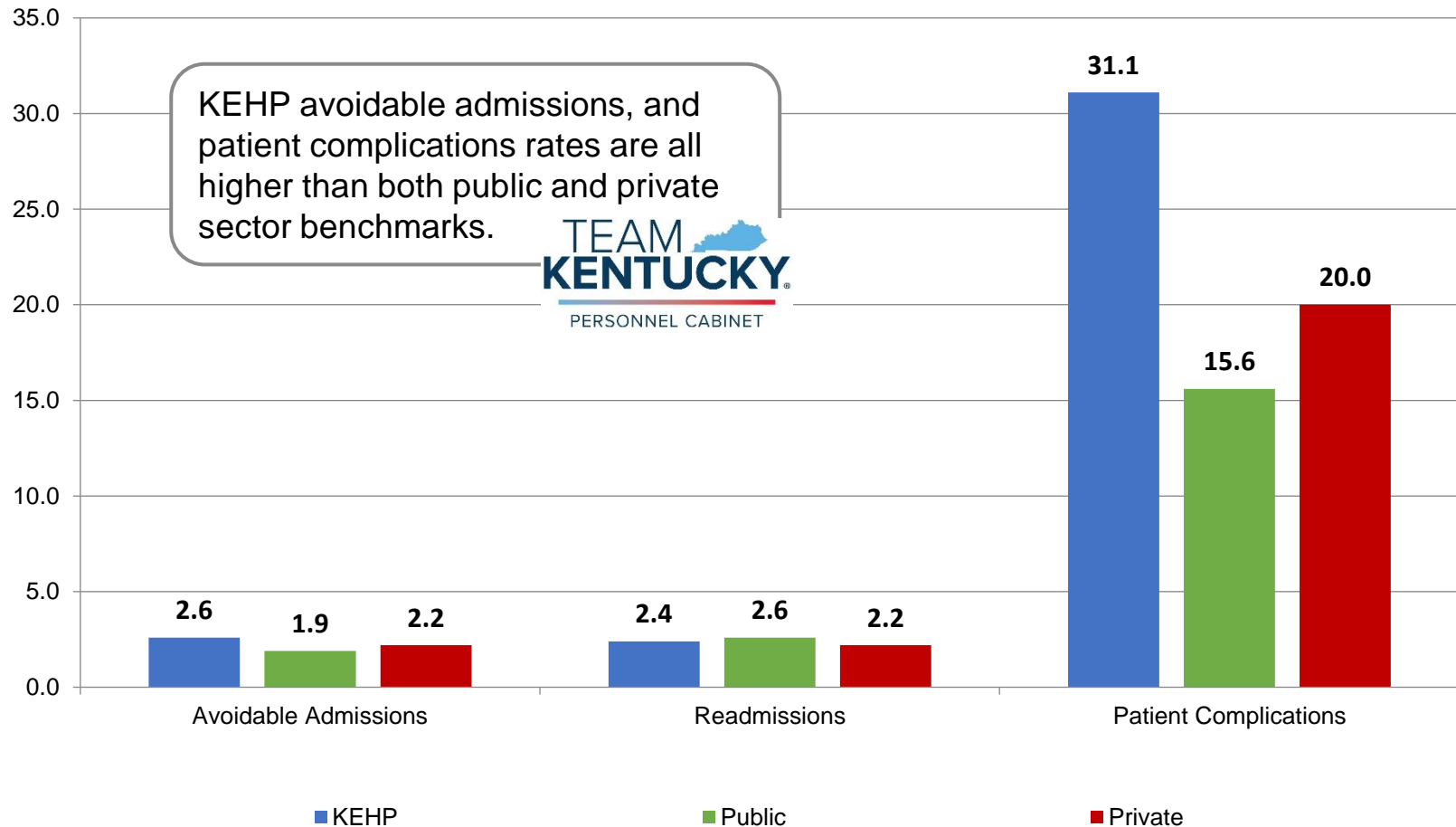
Generic Versus Brand Scripts

KEHP has the highest (or equal) generic dispensing rate and drug efficiency rate, versus both 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 (KGHIB) Recommendations



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

Board Recommendations for Plan Years 2023–2025

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

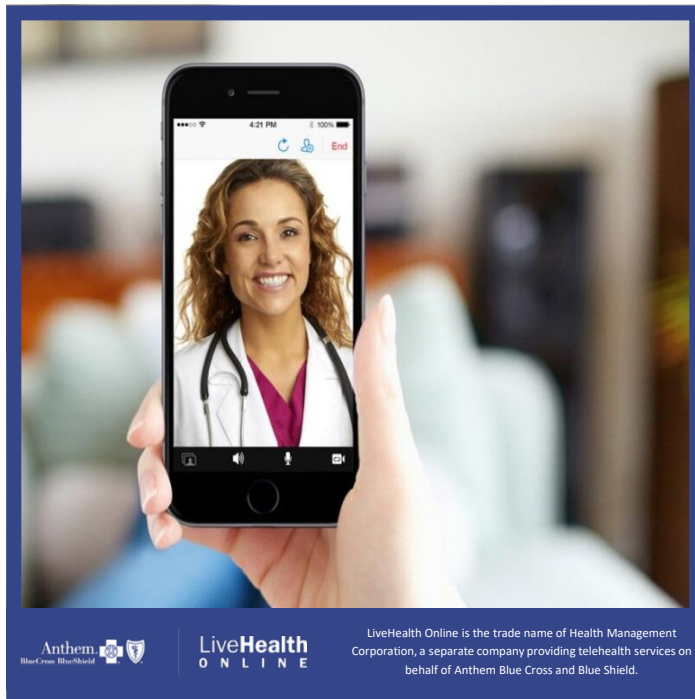
Provide State-of-the-Art Benefits While Maintaining Reasonable Premiums



Telehealth

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

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



LiveHealth Online

Doctor's care at the speed of life.

MEDICAL

LiveHealth Online

BEHAVIORAL HEALTH

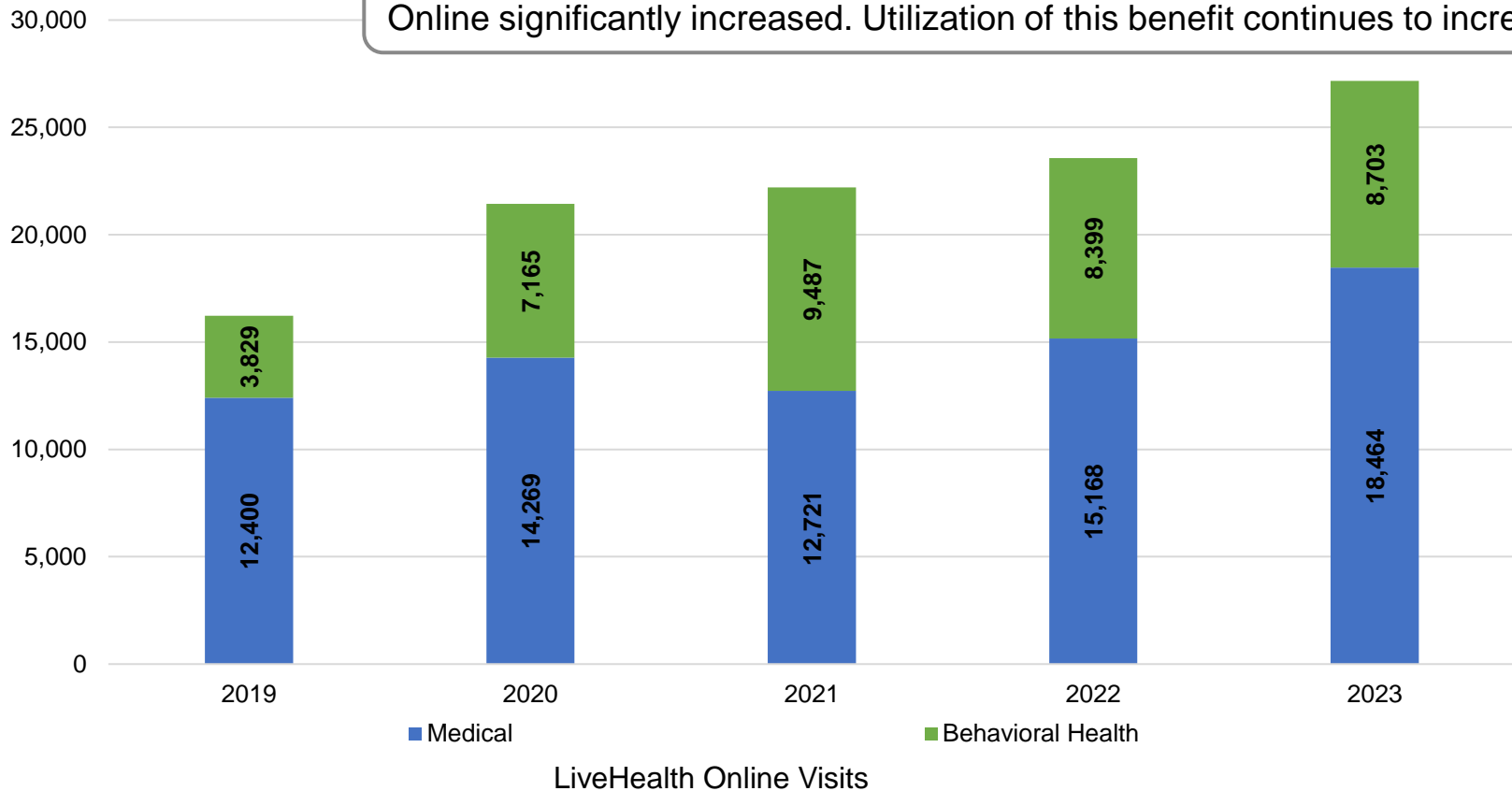
Provide State-of-the-Art Benefits While Maintaining Reasonable Premiums

LiveHealth Online Medical



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

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



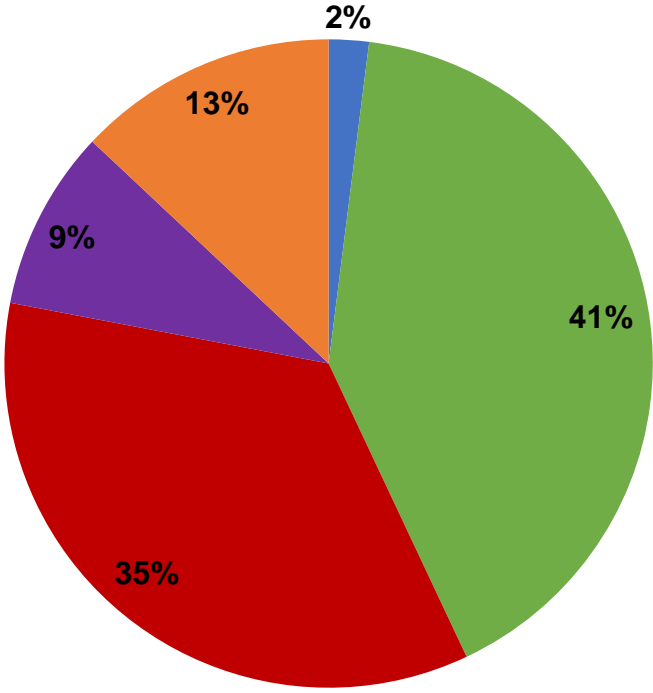
Source: Anthem 2022 LHO Utilization Report to KEHP

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



Measurable Cost Savings

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



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

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

Source: Anthem LHO Utilization Report to KEHP

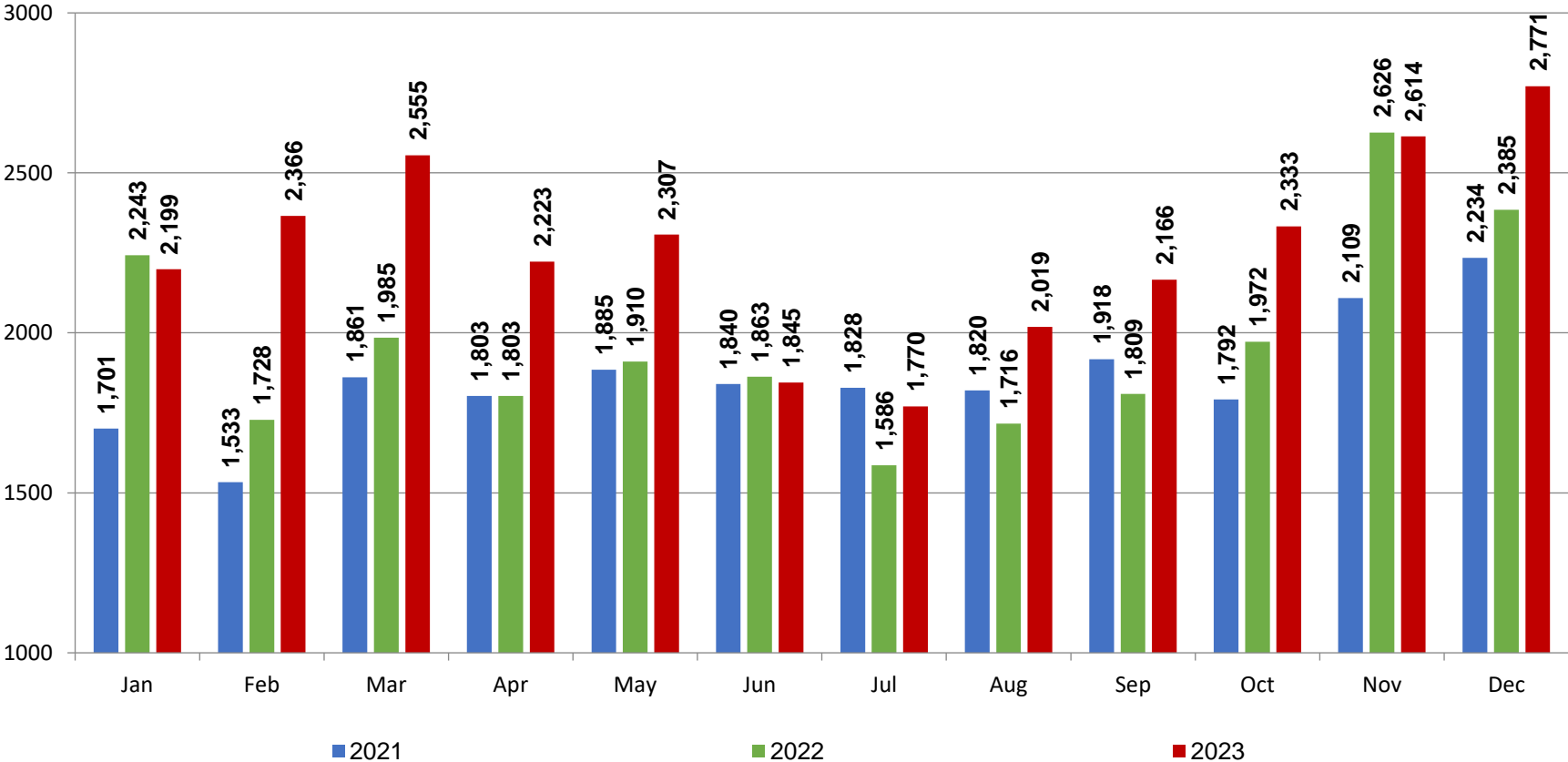
Provide State-of-the-Art Benefits While Maintaining Reasonable Premiums

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

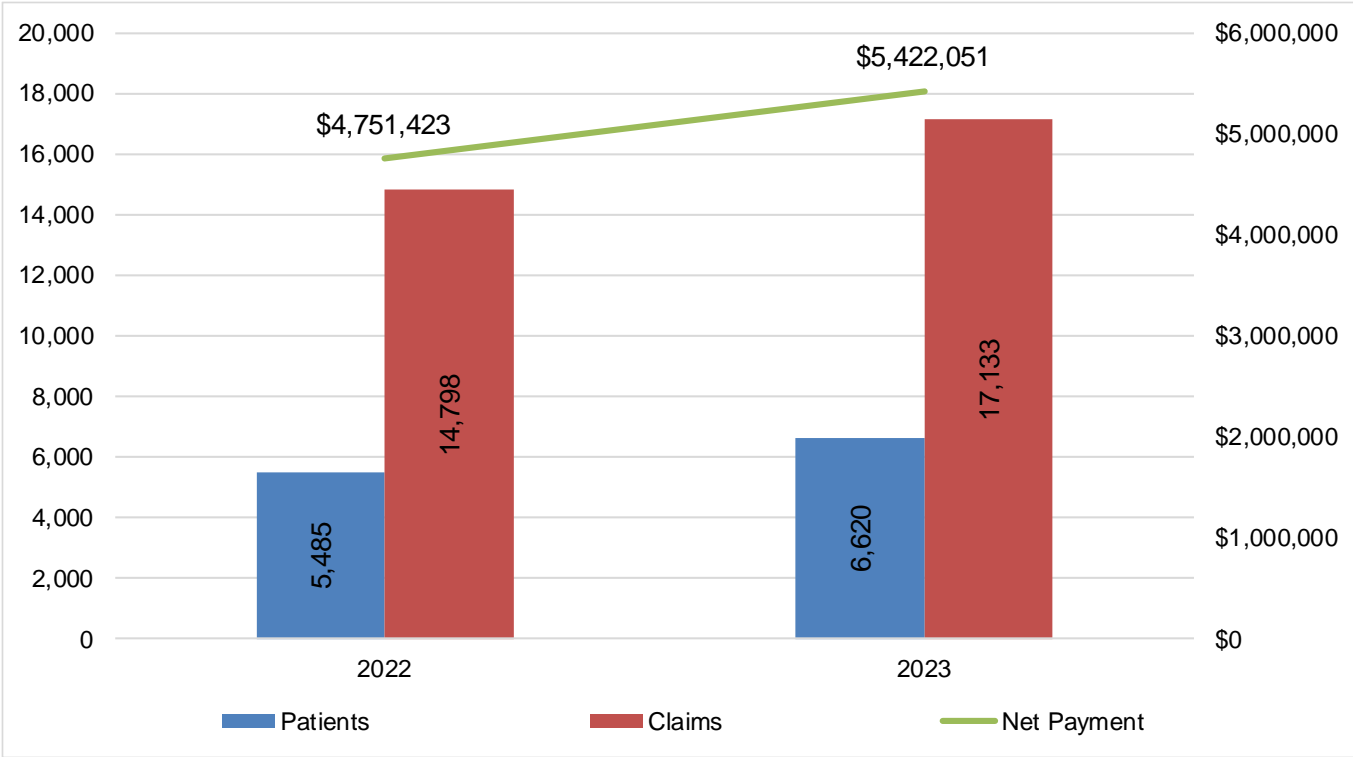
Offer Benefits That Meet the Needs of a Diverse Workforce

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

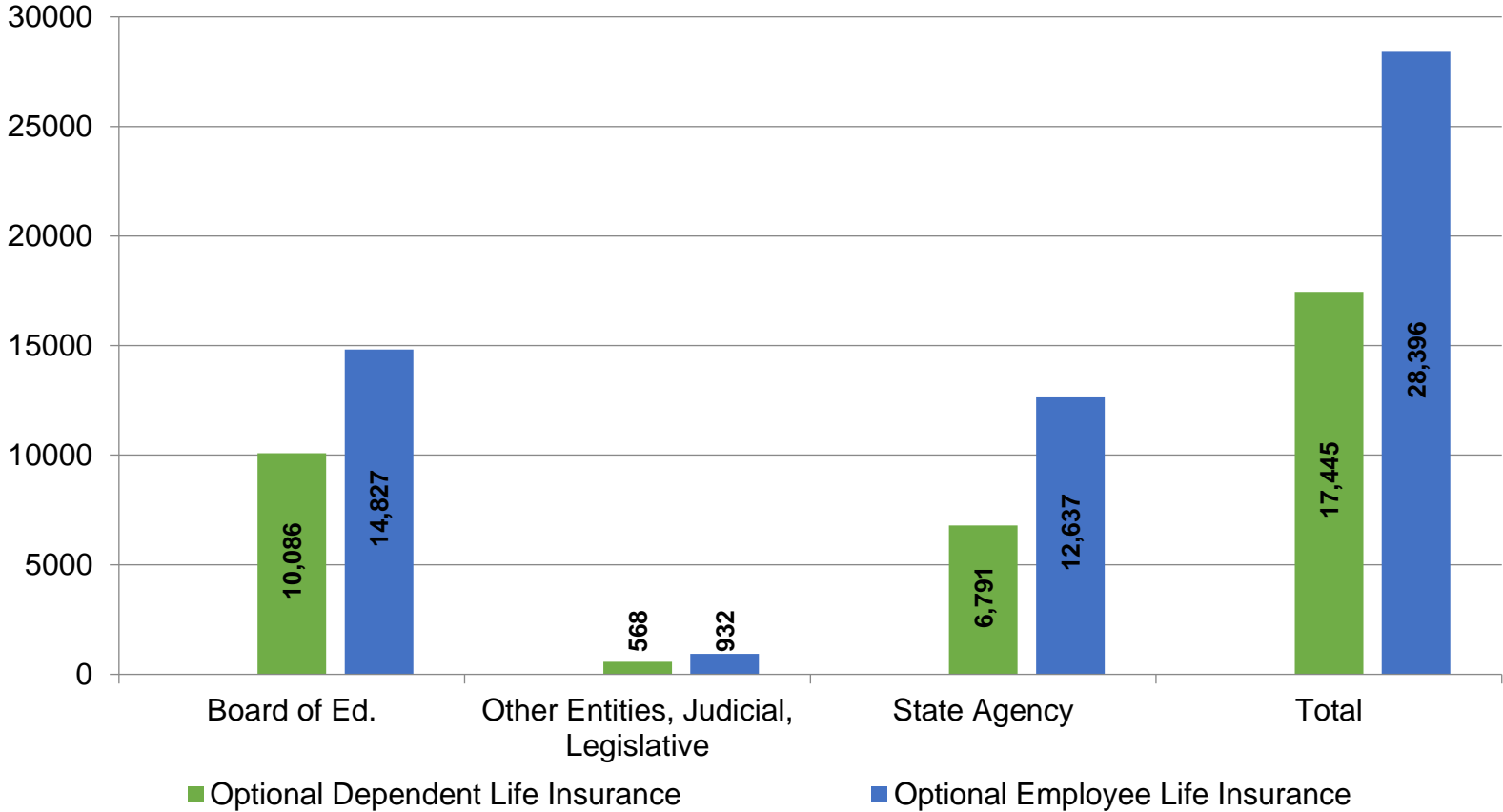


Offer Benefits That Meet the Needs of a Diverse Workforce

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



Offer Benefits That Meet the Needs of a Diverse Workforce



Source: KHRIS

Offer Benefits That Meet the Needs of a Diverse Workforce

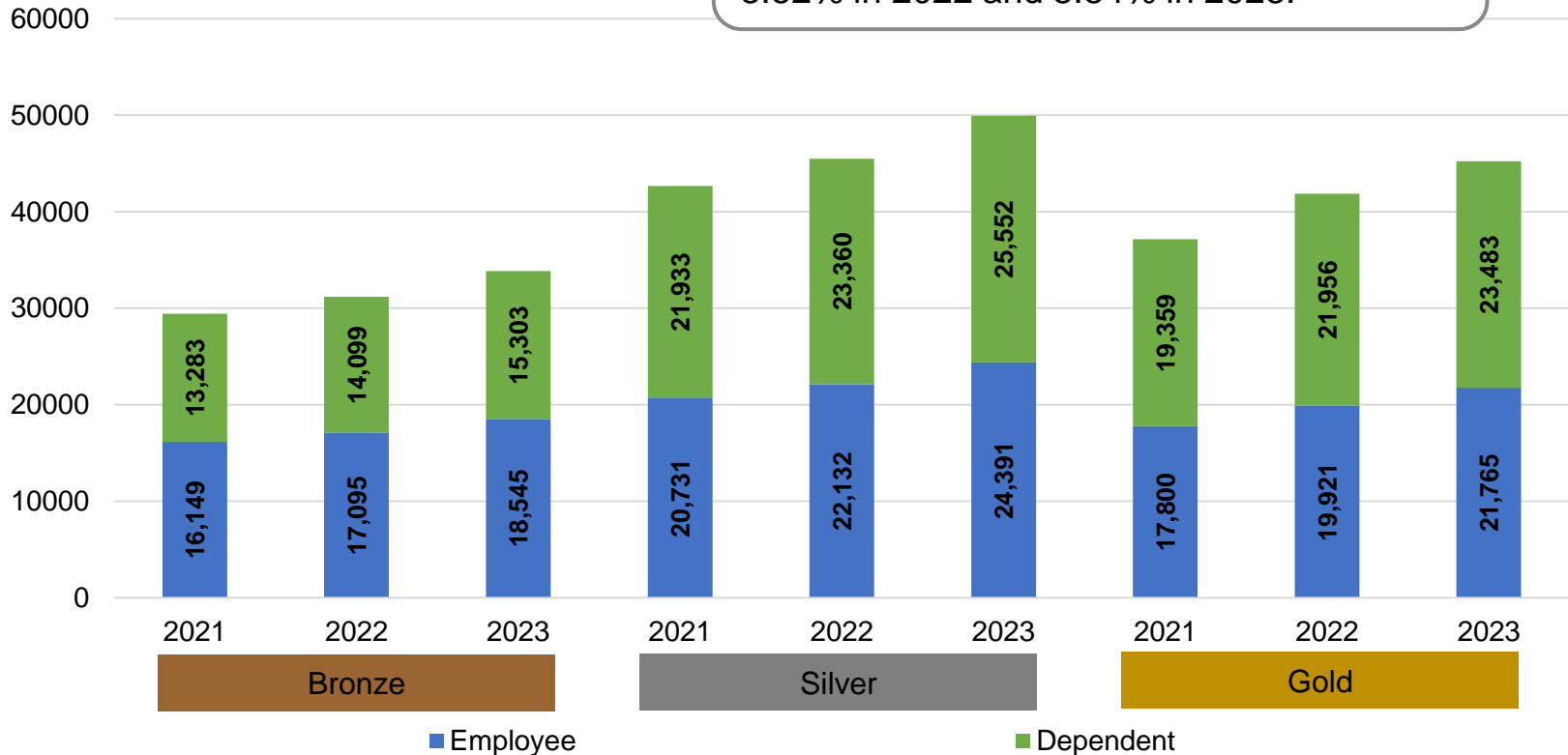
Life Insurance Paid Claims 2023

Life Plan	Covered Claims	Covered Amount	Paid Claims	Paid Amount
Basic	194	\$3,870,000	161	\$3,190,910
Basic AD&D	22	\$440,000	8	\$160,000
Optional Life	44	\$2,265,000	39	\$2,070,000
Optional AD&D	3	\$60,000	1	\$25,000
Dependent Life - SP	73	\$1,770,000	63	\$1,990,000
Dependent Life - CH	5	\$40,000	3	\$25,000
Total	341	\$8,445,000	275	\$7,424,648

Offer Benefits That Meet the Needs of a Diverse Workforce

The number of members covered by optional dental insurance increased by 8.52% in 2022 and 8.84% in 2023.

Dental Insurance Enrollment by Plan



Source: KHRIS

Offer Benefits That Meet the Needs of a Diverse Workforce

Dental Insurance Claims Paid

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

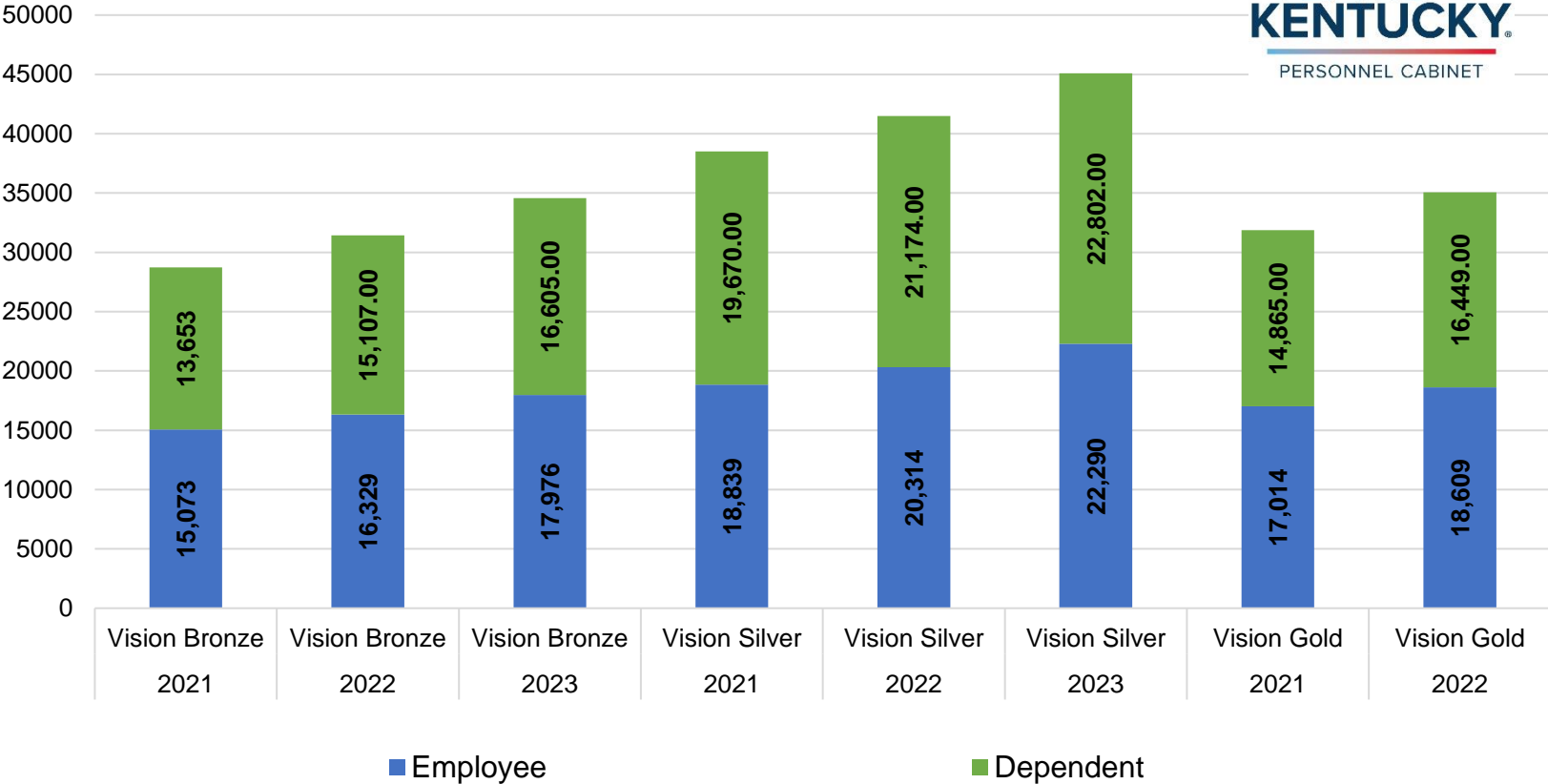
Source: KEHP-Anthem Partnership Meeting Report, December

Offer Benefits That Meet the Needs of a Diverse Workforce

The number of members covered by optional vision insurance increased by 8.9% in 2022 and 10.1% in 2023.



Vision Insurance Enrollment by Plan



Source: KHRIS

Offer Benefits That Meet the Needs of a Diverse Workforce

Vision Insurance Claims Paid

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

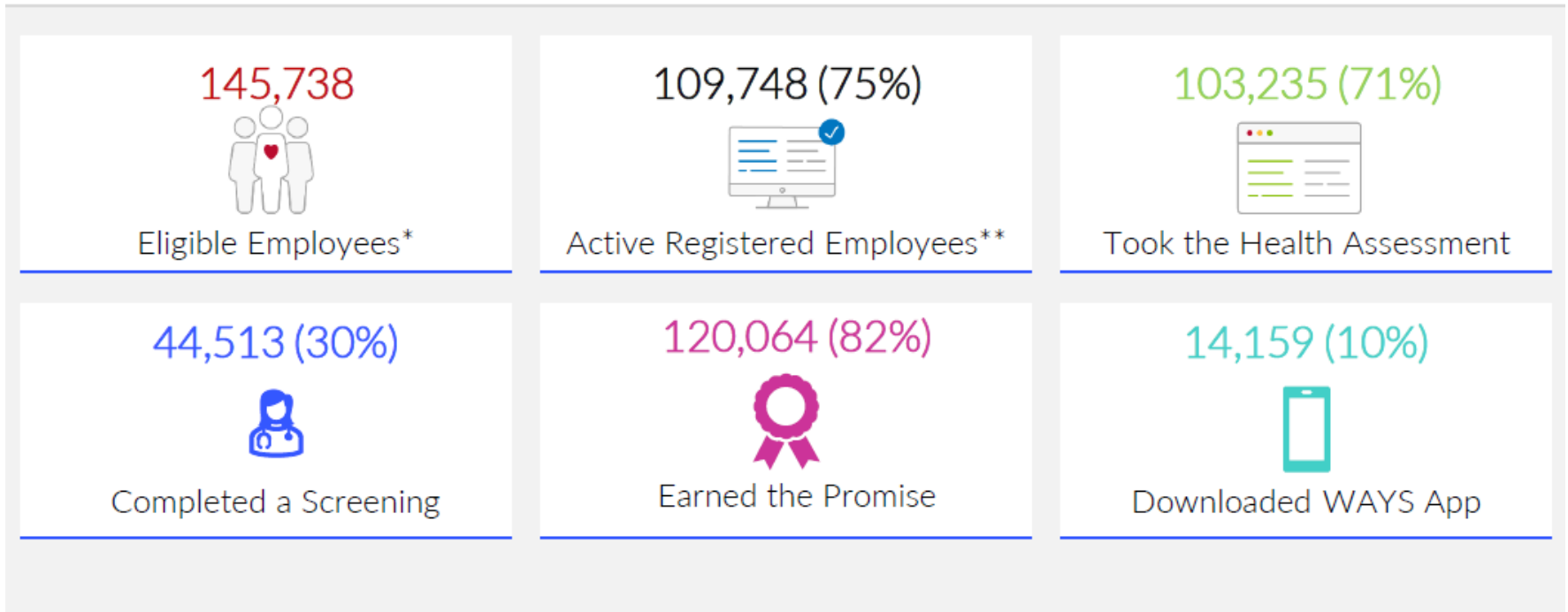
Source: KEHP-Anthem Partnership Meeting Report

Improve Member Health and Wellbeing

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

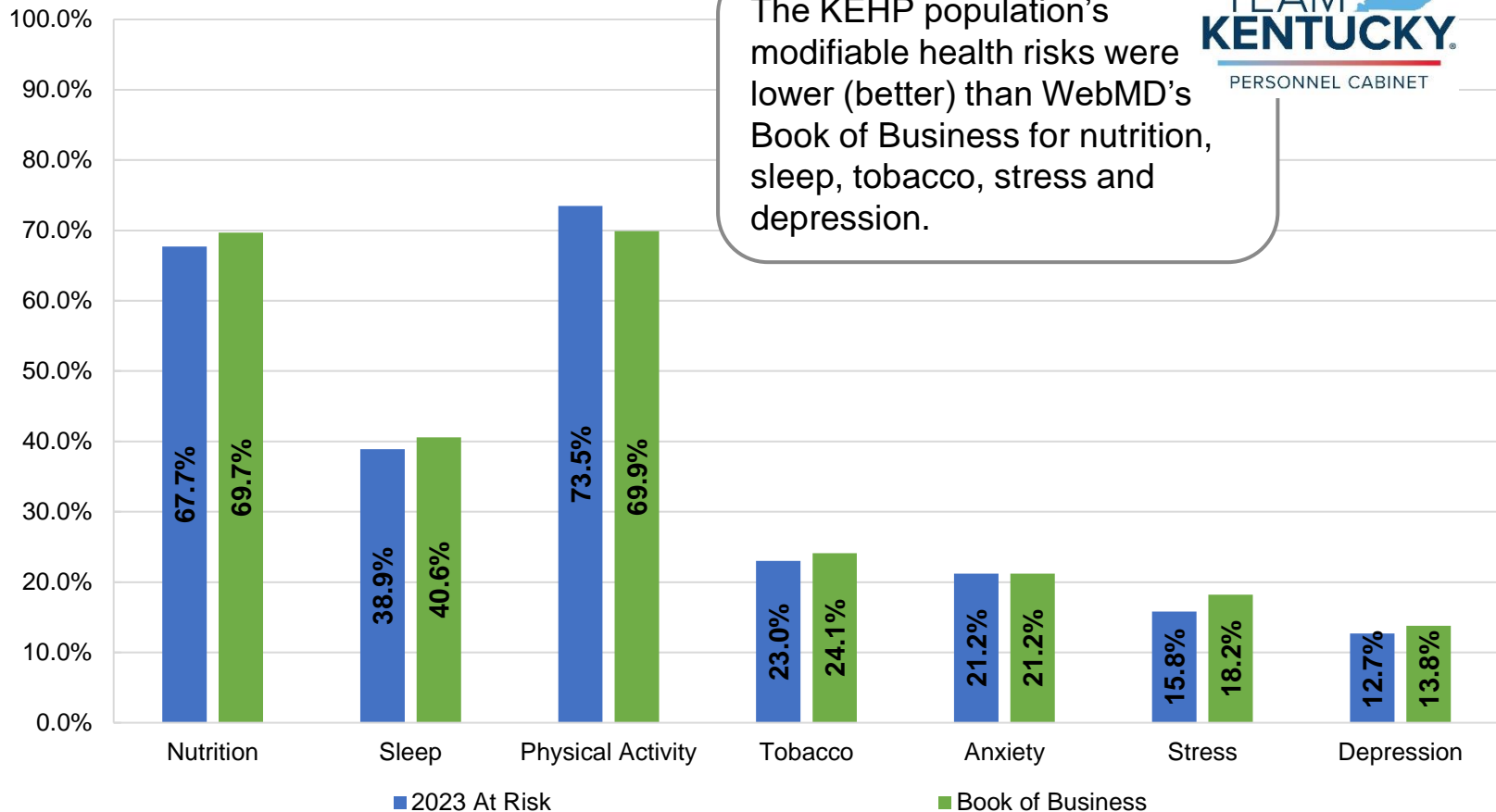
Improve Member Health and Wellbeing

2023 | LivingWell Promise



Improve Member Health and Wellbeing

Modifiable Health Risk Prevalence



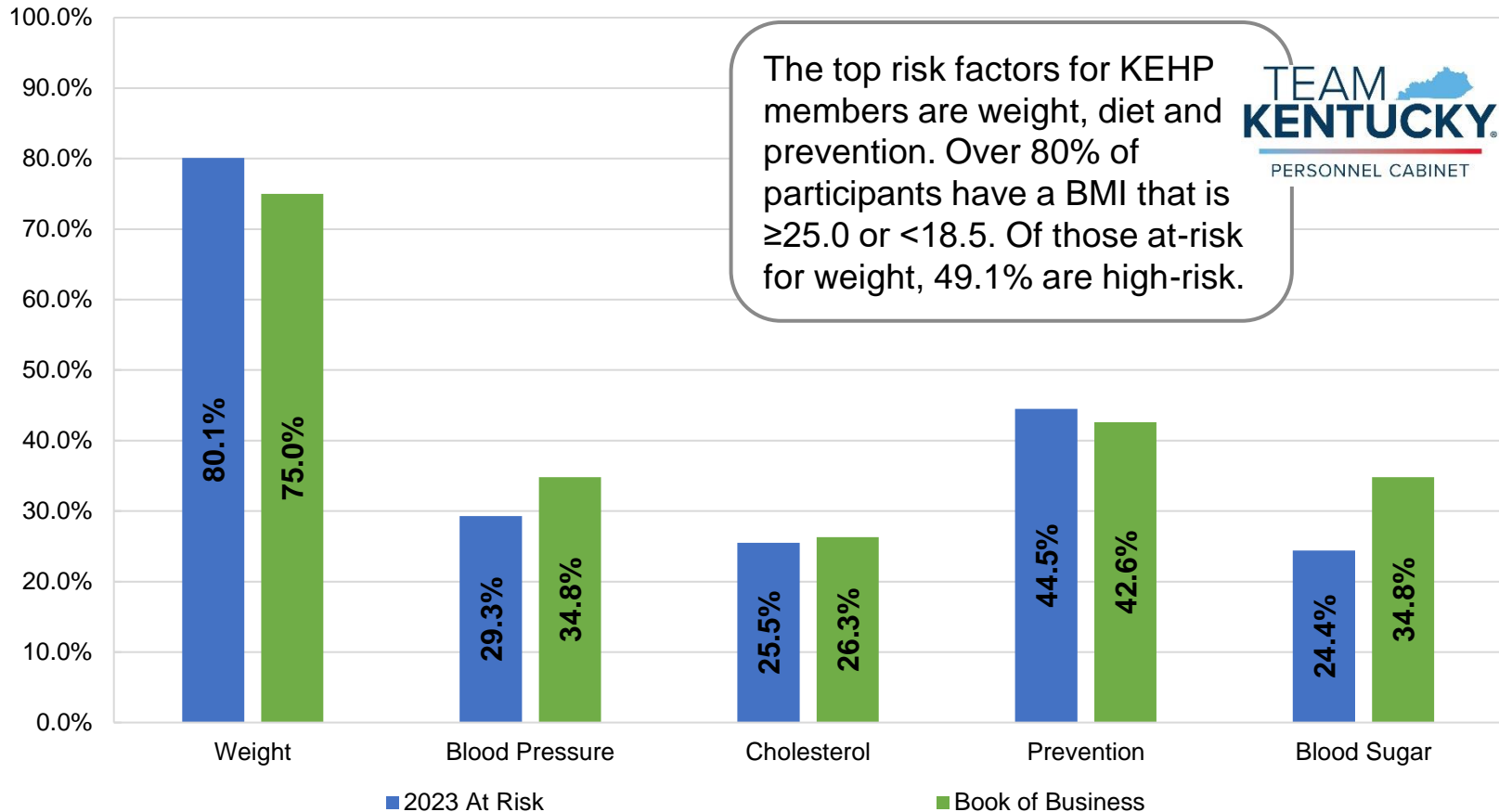
The KEHP population's modifiable health risks were lower (better) than WebMD's Book of Business for nutrition, sleep, tobacco, stress and depression.



Source: WebMD Report

Improve Member Health and Wellbeing

Clinical Risk Prevalence - Health Assessment



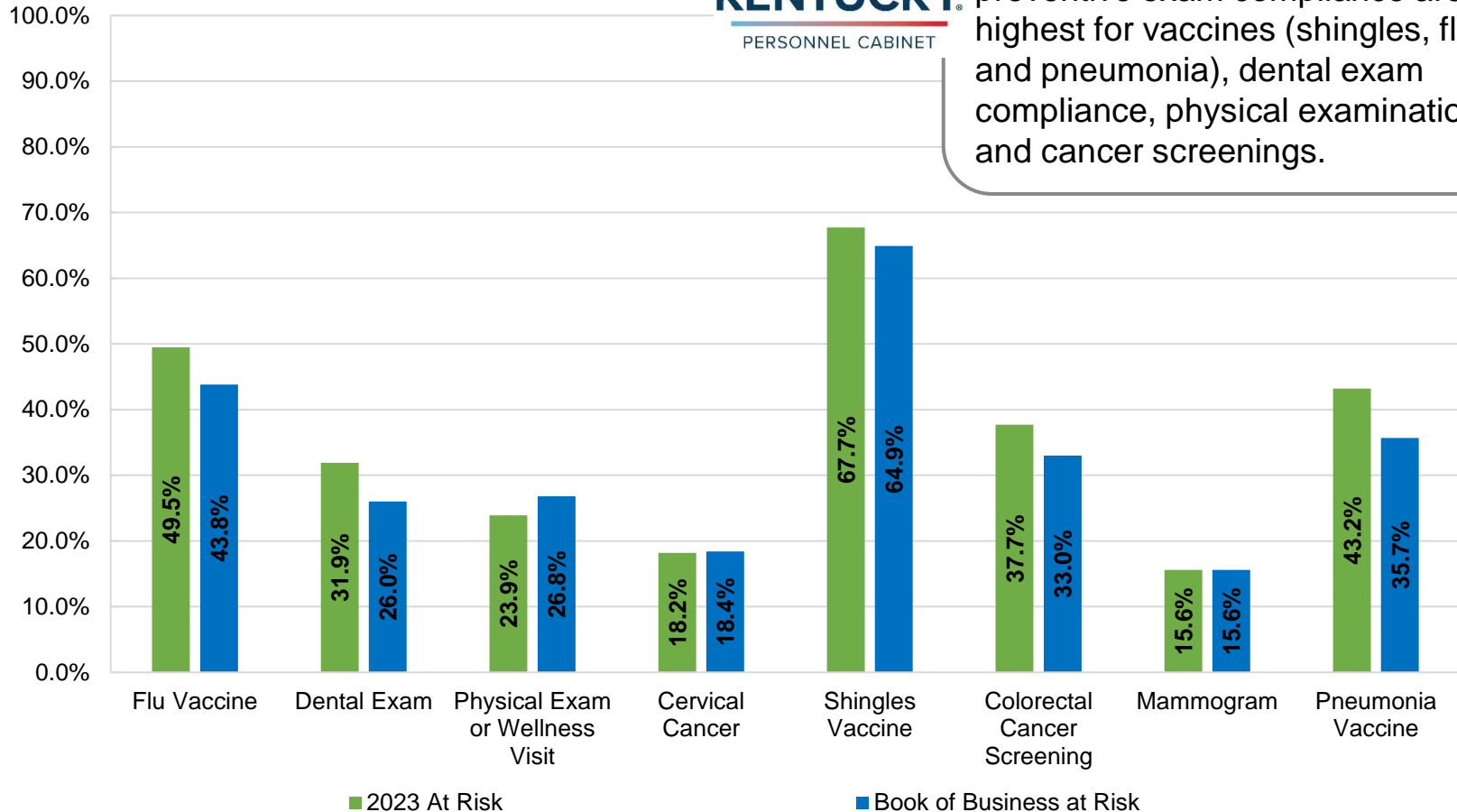
Source: WebMD Report

Improve Member Health and Wellbeing

Preventive 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 Member Health and Wellbeing

Biometric Screening Summary

Screening Value	% of Participants Within Recommended Range	Definition
Blood Pressure	32.0%	Less than 120/80
BMI	20.0%	Normal 18.5-24.9
Glucose	66.1%	Fasting \leq 99(mg/dL) Non-Fasting \leq 139 (mg/dL)
Total Cholesterol	75.7%	Optimal \leq 199 (mg/dL)
HDL Cholesterol	60.0%	Optimal 60+ (mg/dL)
LDL Cholesterol	82.8%	Optimal (Fasting) \leq 99
Triglycerides	71.4%	Optimal (Fasting) \leq 149

Source: WebMD Report

Provide the Tools to Manage Chronic Disease Conditions

Value Benefits for Diabetes, COPD, Asthma and Hypertension

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

Provide the Tools to Manage Chronic Disease Conditions

Why Weight Kentucky

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



Implement Actuarial Recommendation to Establish Plan Reserves

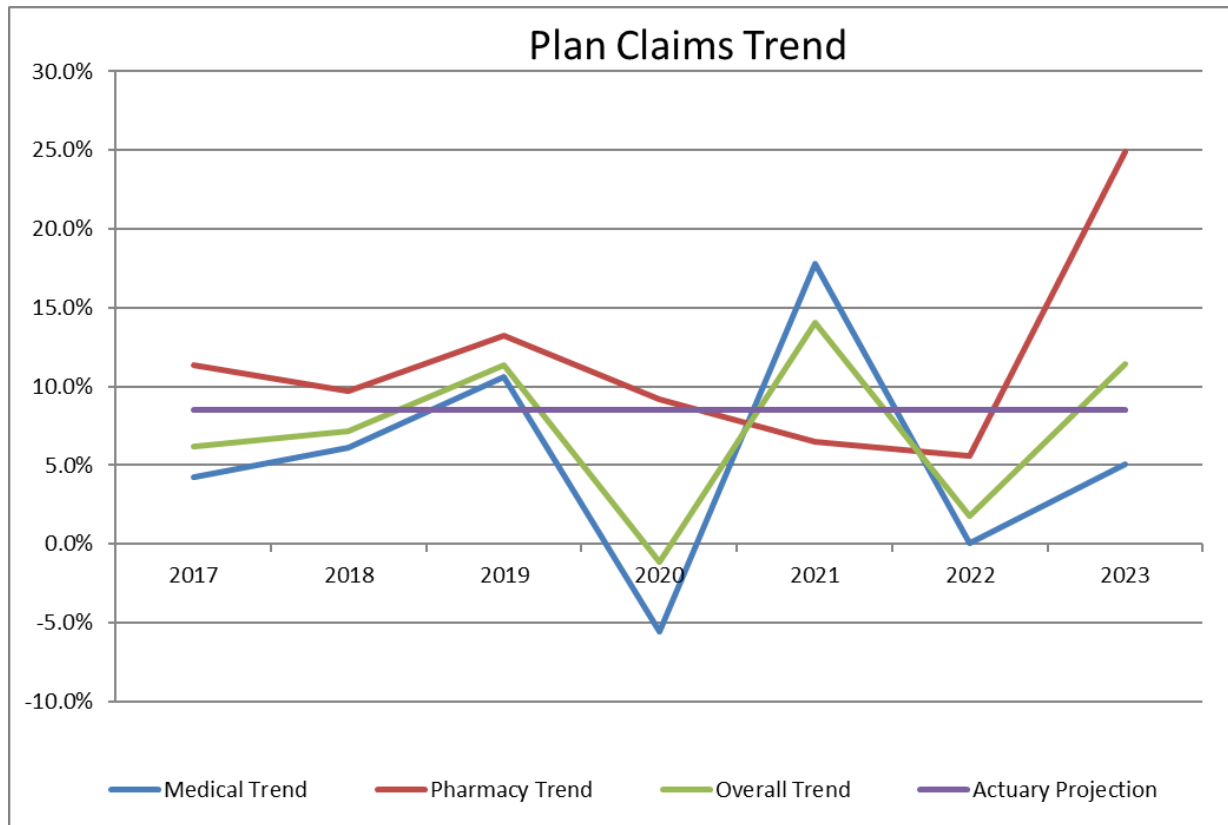
- Through judicious contracting, plan design, budgeting, and claims control practices, KEHP maintained financial discipline and budget management. This has permitted the plan to maintain premium increases for employees and employers far below claims inflation rates.
- Per statute, each plan year must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

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	2023
EE Contribution Increase	0%	3%	0%	3%	3%	3%	0%
ER Contribution Increase	0%	1%	0%	0%	3%	3%	10%

Source: Aon Q2 2023 Financial Projection, August 2023

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

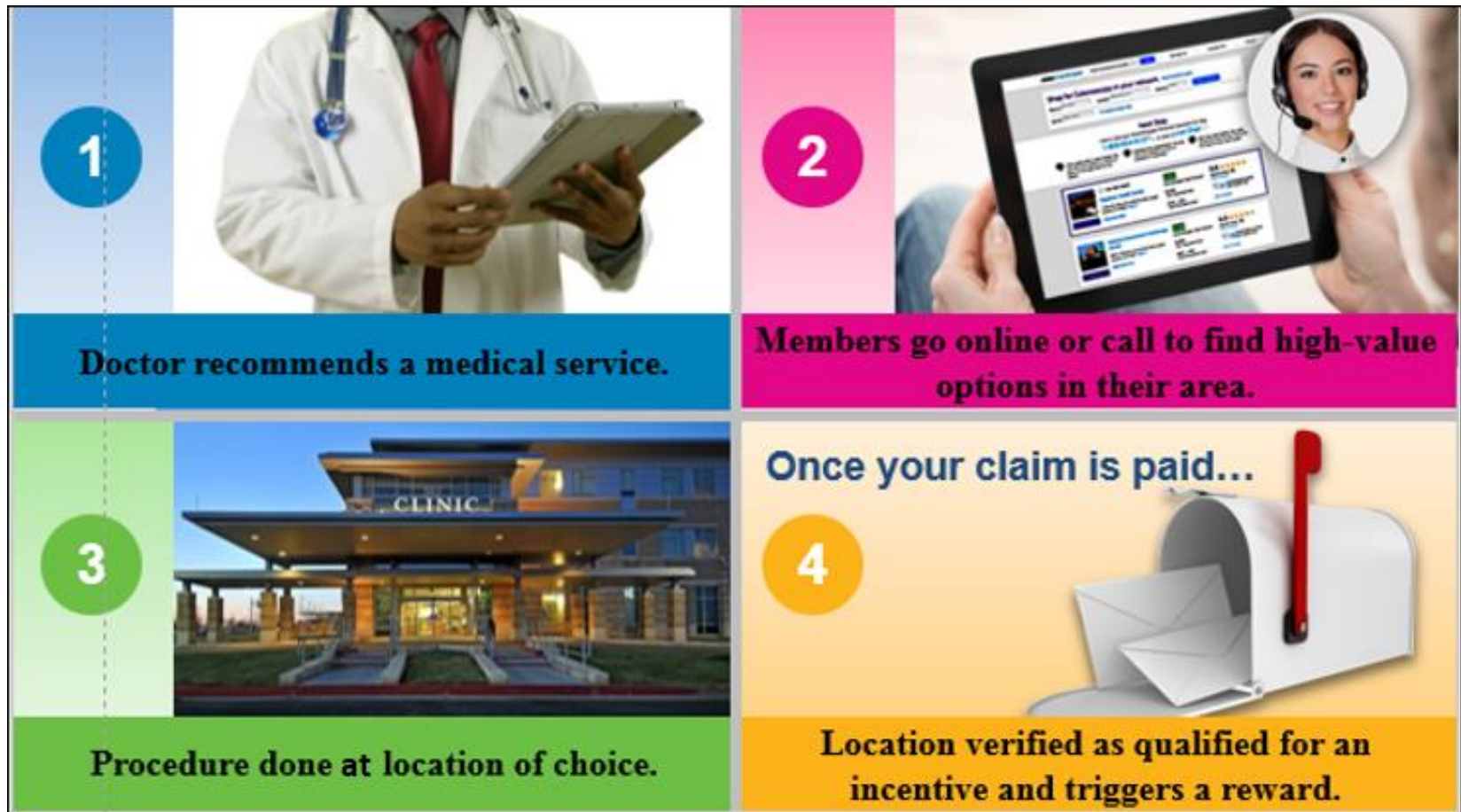
- SmartShopper is a program that helps KEHP members be savvy medical consumers by offering choices when it comes to healthcare services.
- SmartShopper tells our members how much a test or procedure costs at different in-network facilities in their area.
- When our members choose a cost-effective option,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

2023 SmartShopper Savings

\$6.36M

Total claims savings

\$810,335

Incentives sent to members

\$624

Average claim savings per incentive



18%

Activation rate

77%

Activated shopping rate

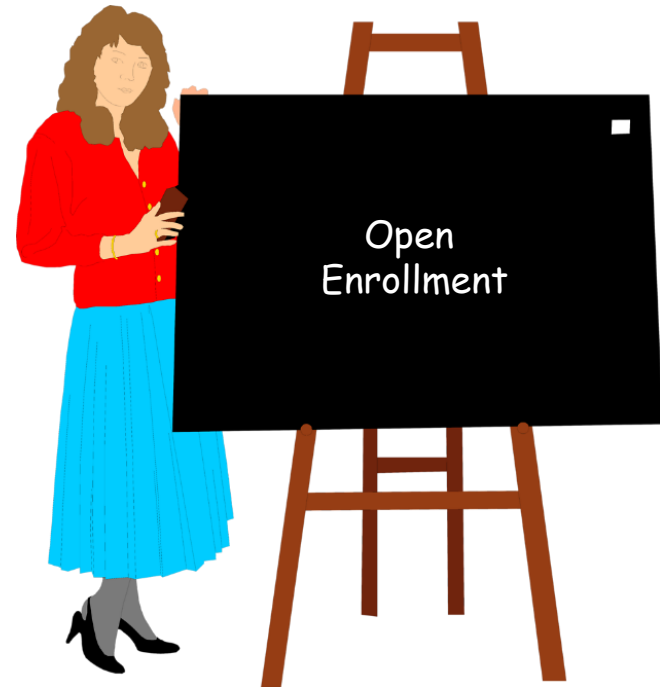
60%

Shop conversion rate

Source: SmartShopper Performance Report, December 2023

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 the Department of Employee Insurance 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.

10412-6067/MENCL BY 06/22

TEAM KENTUCKY
PERSONNEL CABINET | Kentucky EmployeesSM
Health Plan

Help Employees Understand KEHP Programs and Tools Available

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

KENTUCKY PERSONNEL
State employee and benefit participant team members extranet site

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Kentucky Employees' Health Plan

Managing your health, made simple.

Castlight brings your insurance benefits, providers and healthcare spend together. Register for Castlight today.

Castlight TEAM KENTUCKY PERSONNEL CABINET MyBENEFITS

[Click Here for More Info](#)

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

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

Glossary

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

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

CHF: Congestive heart failure.

Claimants: Need definition

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

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

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

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

COPD: Chronic obstructive pulmonary disease.

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

Single: coverage for only the employee or retiree

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

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

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

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

Glossary

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

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

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

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

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

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

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

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

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

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

Incurred Cost: A health questionnaire.

KEHP: Kentucky Employees’ Health Plan.

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

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

Net Payment: Need definition

Glossary

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

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

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

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

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

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

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

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

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

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

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

Rx: Refers to prescriptions.

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

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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.