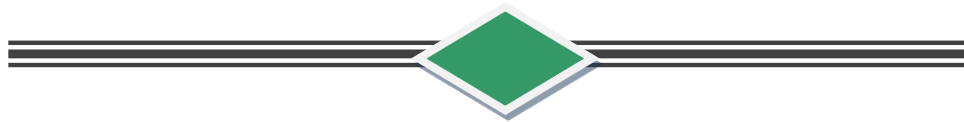
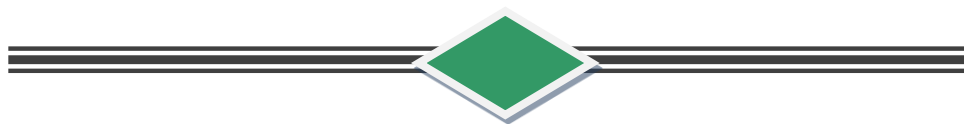


# KANSAS STATE EMPLOYEES HEALTH CARE COMMISSION



## ANNUAL REPORT



PLAN YEAR  
2018

**Kansas State Employees Health Care Commission  
2018 Annual Report**

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## EXECUTIVE SUMMARY

- Beginning with Plan Year 2015, the Health Care Commission made the decision to reduce the fund balance and the health insurance plan's fund balance has been significantly reduced over the last five years and plan member cost shares have increased. For Plan Year (PY) 2019, including the additional employer and employee contributions, the opinion of the State Employee Health Plan (SEHP) actuaries is that the SEHP fund should have sufficient funds to pay the health care expenses for a self-funded plan covering approximately 85,000 lives for PY 2019.
- Active employee Open Enrollment was held from October 1 through October 31. There were 38,395 employees who utilized the online Open Enrollment system for State employees to review their health plan coverage and save their health plan elections for PY 2018. Twenty-three (23) Open Enrollment meetings were held for employees in ten (10) cities, and fifty-eight (58) online Open Enrollment webinars for state employees and Non State public employees were held. Staff estimates that approximately 11,800 employees attended these meetings.
- For PY 2018 and 2019, employees have five (5) plan design options from which to choose: Plan A is a traditional Preferred Provider Organization (PPO); Plan C and Plan N are Qualified High Deductible Health Plans (QHDHPs); and Plan J and Plan Q are PPOs designed to promote member consumerism. All health Plan options are administered by both health plan administrators: Aetna and Blue Cross and Blue Shield of Kansas. Plan C and Plan N members are eligible to elect a Health Savings Account (HSA) or a Health Reimbursement Account (HRA).
- Beginning in PY 2018, the HealthQuest (HQ) Rewards premium incentive increased from \$240 to \$480 per year. To earn the premium incentive discount for PY 2018, employees and covered spouses needed to complete the health assessment questionnaire worth ten (10) credits and earn an additional 30 credits by participating in health and wellness activities. Approximately 43 percent of employees earned the incentive for PY 2019 and 90% of the employees earned one or more credits during the plan year. Beginning in PY 2019, completing the health assessment questionnaire is optional. Employees and covered spouses can elect how they wish to earn their forty (40) credits to receive the premium incentive discount.

## BACKGROUND

The Kansas State Employees Health Care Commission (HCC) was created by the 1984 Legislature through the enactment of K.S.A. 75-6501 et seq. to “develop and provide for the implementation and administration of a state health care benefits program. . . . [It] may provide benefits for persons qualified to participate in the program for hospitalization, medical services, surgical services, nonmedical remedial care and treatment rendered in accordance with a religious method of healing and other health services.” Under K.S.A. 75-6504(b), the HCC is authorized to “negotiate and enter into contracts with qualified insurers, health maintenance organizations and other contracting parties for the purpose of establishing the state health care benefits program.”

The HCC is composed of five (5) members and met six (6) times during 2018. The Secretary of Administration and the Commissioner of Insurance serve as members of the HCC as mandated by statute, while the Governor appoints the other three members. K.S.A. 75-6502 requires one member to be a representative of the general public, one member to be a current state employee in the classified service, and one member to be a retired state employee from the classified service. The 2018 HCC members were:

**Sarah Shipman**, Chair and Secretary of Administration  
**J. Scott Day**, representative from the general public  
**Steve Dechant**, retired employee from the classified service  
**Kenneth Selzer**, Commissioner of Insurance  
**Heather Young**, active employee from the classified service

An Employee Advisory Committee (EAC) assists the HCC. It is composed of 21 members, 18 of whom are active employees and 3 who participate through Direct Bill. Members are selected on the basis of geographic location, agency, gender, age, and plan participation in order to ensure a balanced membership representing a broad range of employee and Direct Bill member interests. Each member serves a three (3) year term. (See Exhibit A.) The EAC met two (2) times during 2018.

Effective July 1, 2011, the staff that administer the State Employee Health Plan (SEHP) became part of the Division of Health Care Finance within the Kansas Department of Health and Environment (KDHE). The Director of the State Employee Health Benefits Program (SEHBP) reports to the Director of the Division of Health Care Finance. The SEHP is responsible for bringing recommendations to the HCC and with carrying out the operation of the SEHP according to HCC policy. SEHP staff prepared this report. Segal Consulting provided the actuarial and consulting services for the health plan.

## I. SUMMARY OF CHANGES AND OTHER ACTIVITIES IN PLAN YEAR 2018

This section provides a summary of improvements, changes, and other activities in the State Employee Health Plan (SEHP) that occurred or took effect in Plan Year (PY) 2018 (i.e., calendar year 2018). The summary includes a record of the HCC's contracting activities during the year and an overview of the enrollment trends during 2018. The HealthQuest program is highlighted separately in Section III of this report. The impact of these plan changes on SEHP finances in 2018 and in future years is summarized in Section IV.

### HEALTH PLAN ADMINISTRATION

Beginning with Plan Year (PY) 2008, the SEHP self-insures all of the active employee medical products. PY 2018 represents the eleventh full plan year of self-funding all the active employee medical plans. This was the first year of the HCC's three-year contract with each vendor for administrative services. The following vendors provided administrative and network services for the SEHP for PY 2018:

- Aetna (Plans A & C)
- Blue Cross and Blue Shield of Kansas (Plans A & C)

The SEHP Membership Administration Portal (MAP) for enrollment and membership allows for all enrollment activities to be done online. Both Active employees and Direct Bill members utilized the web portal for making their annual open enrollment selections. The MAP system is designed to improve the efficiency of the enrollment process. The portal also provides human resource officers enhanced resources for viewing, tracking, reporting and updating employee records.

### HEALTH PLAN CHANGES

The HCC voted to increase the employee contributions for the health plan by seven point seven (7.7) percent. In addition to the seven point seven (7.7) percent increase, the HCC voted to reduce further the premium subsidies provided for covered spouses, resulting in a 31.7 percent increase on the employee contribution for the member and spouse and family tiers.

In addition to the increased employee contributions, the HCC approved increases in the employee Out of Pocket Maximums on Plans A and C:

- **Plan A –**
  - The combined medical and pharmacy Out of Pocket Maximum increased \$500 for single to \$6,250 and \$1,000 for family to \$12,500.
- **Plan C –**
  - The combined medical and pharmacy Out of Pocket Maximum increased \$500 for single to \$5,500 and \$1,000 for family to \$11,000.

The HCC also voted to add three new plan design options: Plans J, N and Q. The following is a summary of the new plan designs. Plans J and Q are eligible to earn the HealthQuest Rewards payments into a Health Reimbursement Account (HRA). Plan N is a Qualified High Deductible Health Plan (QHDHP) so members can earn the HealthQuest Rewards payments into either an HRA or a Health Savings Account (HSA). Complete plan design and benefit information for all plans, as well as the health plan comparison chart, are located on the web at: <http://www.kdheks.gov/hcf/sehp/default.htm>.

- **Plan J –**

<b>PPO Network Benefits Medical &amp; Pharmacy</b>	
Deductible	\$500/\$1,000
Medical Coinsurance	25%
Pharmacy	Same as Plan C
Coinsurance	20%/40%/65%
<b>Out of Pocket (OOP) Max</b>	
Medical & Pharmacy	\$7,350/\$14,700

- **Plan N –**

<b>PPO Network Benefits Medical &amp; Pharmacy</b>	
Deductible	\$2,750/\$5,500
Medical Coinsurance	35%
Pharmacy Coinsurance	Same as Plan C 20%/40%/65%
<b>Out of Pocket (OOP) Max</b>	
Medical & Pharmacy	\$6,650/\$13,300

Plan N is a QHDHP so employees enrolled in Plan N elect either an HRA or an HSA. The annual employer contribution into the HRA or HSA is lower on Plan N than on Plan C, which is also a QHDHP. Employees enrolled in Plan N are not required to make an annual HSA contribution in order to receive the employer funding. Employees enrolled in member only coverage are eligible to receive an employer contribution of a total of \$500. Employees enrolled in member and children coverage receive an employer contribution of \$875. Employees enrolled in member and spouse or family coverage receive an employer contribution of \$625. Contributions are paid to employees on the same quarterly payment schedule as Plan C.

- **Plan Q –**

<b>PPO Network Benefits Medical &amp; Pharmacy</b>	
Deductible	\$500/\$1,000
Medical Coinsurance	50%
Pharmacy Coinsurance	Same as Plan C 20%/40%/65%
<b>Out of Pocket (OOP) Max</b>	
Medical & Pharmacy	\$6,650/\$13,300

### **Medicare Plans for Direct Bill Members**

Direct Bill members with Medicare had the option of two fully insured Medicare Part C Advantage Plans from Coventry, or the Blue Cross and Blue Shield of Kansas Medicare Supplement Plan C insured product, Kansas Senior Plan C. Senior Plan C is available with or without the fully insured Aetna Medicare Part D prescription drug plan.

### **OPEN ENROLLMENT FOR PLAN YEAR 2018**

Active employee Open Enrollment was held from October 1 through October 31. This was the first year for an engaged employee Open Enrollment (OE). The enrollment period was October 1 through October 31. Staff presented onsite at nine (9) personnel officer meetings across the state to State agencies and Public Employer Groups prior to the start of OE. Twenty-two (22) webinars called “First Look” were done during August and September, providing employees an initial opportunity to hear about the 2018 benefit information. During OE, staff presented at eighty-five (85) onsite meetings for employees in thirty-five (35) cities. Staff and the health plan vendor partners also provided plan information during thirty-seven (37) webinars for State employees and the Public Employer Group employees. Staff estimates that approximately 9,000 employees attended these onsite meetings and 9,266 attended the webinars. Staff assisted members and human resource staff with questions from 780 emails received at the benefits email address during OE.

During the OE period, 41,278 State and Public Employer Group employees utilized the online OE system to review their health plan coverage and save their elections for Plan Year 2018. A total of 704 employees (623 employees from the State agencies and 81 from the Public Employer Groups) did not actively engage in the enrollment process and were enrolled in Plan N with an HRA for 2018. This was the first year for employees to elect one of the three new plans (J, N or Q).

Final enrollment numbers as of November 30, 2017, for State and Non State active employees were as follows:

Vendor	Plan A	Plan C	Plan J	Plan N	Plan Q	Waived
Aetna	1,104	626	46	129	11	
Blue Cross and Blue Shield of Kansas	19,710	15,295	447	2,071	158	
Waived Coverage						4,773
Total	20,814	15,921	493	2,200	169	4,773

**ADDITIONAL HEALTH PLAN OFFERINGS**

**Dental Coverage**

The value based dental plan design continues to promote the use of preventive services and has resulted in the plan experiencing a positive trend of over seventy-two (72) percent of covered members receiving at least one preventive office visit or cleaning each year. Members who have their routine exams and cleanings are rewarded with less out-of-pocket cost if they need restorative services.

Vendor	Elected	Waived
Delta Dental	38,664	5,706

**Preferred Lab Services**

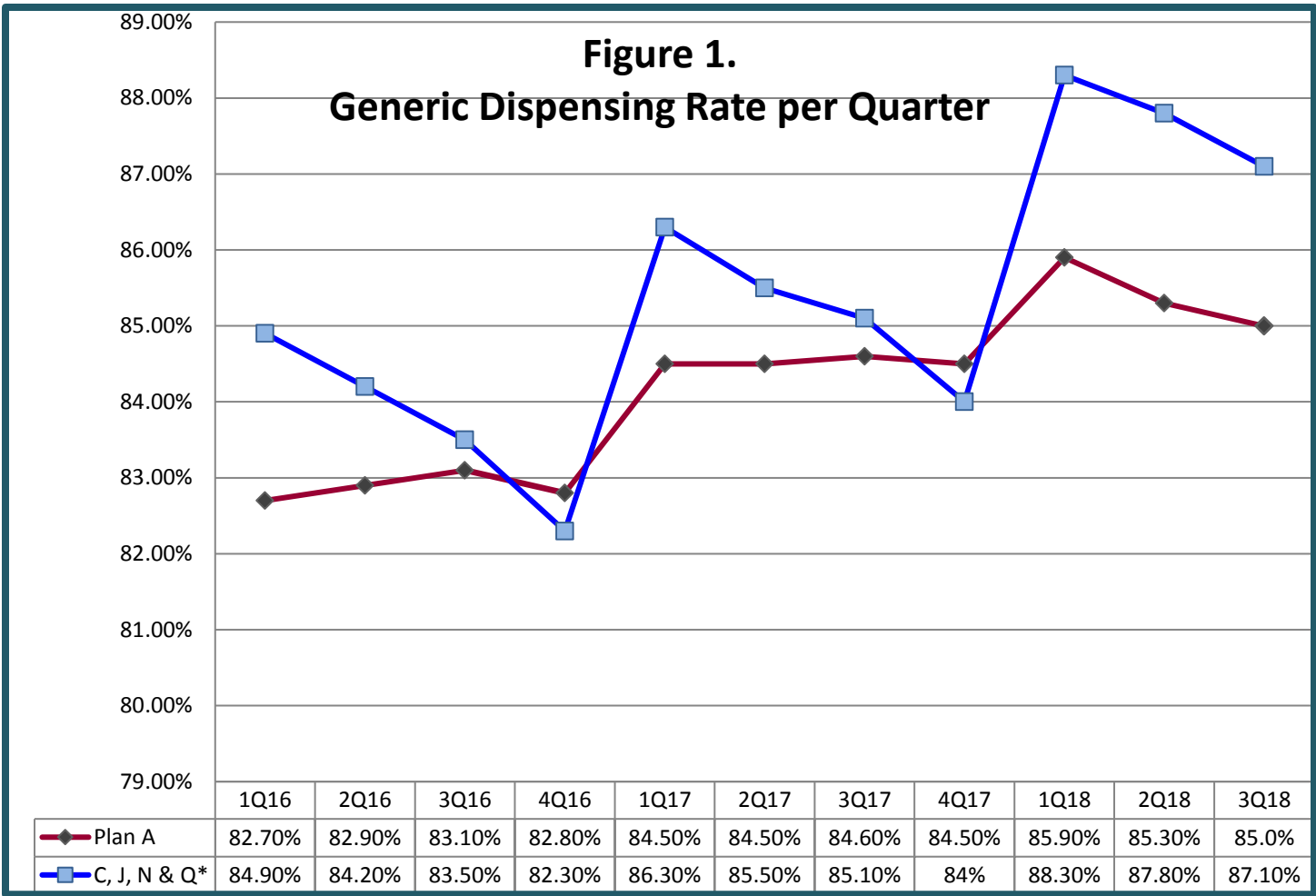
The SEHP has negotiated discount pricing arrangements with two preferred labs vendors. The two (2) preferred lab vendors available to members are: Quest Labs offers a statewide and nationwide preferred lab network and Stormont-Vail Healthcare, Inc. is the regional preferred lab vendor. Members on Plan A have the option of using a preferred lab vendor for covered lab services and, the covered lab charges are paid at 100 percent by the plan. The negotiated discount pricing offered by the preferred lab vendors result in a cost savings to the health plan and the member.

For Plans C, J, N and Q the benefit works differently due in part to federal guidelines that govern qualified high deductible health plans (QHDHPs) like Plan C and N. For Plan C, J, N and Q members that use either of the preferred lab vendors for covered lab work will receive the negotiated discount pricing for covered lab services while in the deductible phase. Once the deductible has been satisfied, covered lab services provided by a preferred lab vendor are paid at 100% by the plan

The preferred lab benefit is optional. Members have coverage for covered lab services when provided by another lab providers subject to the applicable plan deductible and coinsurance.

**Prescription Drug Coverage**

The HCC continued its multi-tiered coinsurance plan design for the prescription drug plan. The plan design encourages and rewards cost-effective consumer purchasing through a coinsurance plan design. On Plan A, prescription drugs are not subject to the deductible. Members pay coinsurance for their prescriptions and this accumulates toward the combined medical and pharmacy out of pocket maximum. On Plans C, J, N and Q prescriptions are treated like any other medical service and are subject to the plan's combined medical and pharmacy deductible. After the deductible is satisfied, the same coinsurance tiers as Plan A apply to purchases and accumulates toward the combined medical and pharmacy out of pocket maximum. Through proactive plan management, increased consumer awareness, and the introduction of several new generic products, the generic dispensing rate has continued to be above eighty (80) percent each year. (See Figure 1.)



\*The data represented as the blue line in PY 2016 and 2017 is for Plan C only. In 2018, the blue line represents Plans C, J, N and Q data. Plans J, N and Q were new plan offerings in 2018.

**Smart Shopper**

The Vitals Smart Shopper program for all active BCBS members starting June 1, 2018. The health plan worked with BCBS and Vitals to identified medical procedures where shopping for the service can greatly reduce the cost of care saving the health plan and the member money. For those identified services, when a member calls a SmartShopper Personal Assistant for shopping help or visits the BCBS website and searches for a high quality reasonably priced provider before they have the service done, they may be eligible for a cash reward for shopping. For more information on the Smart Shopper program visit, go to: [http://www.kdheks.gov/hcf/sehp/download/State\\_of\\_Kansas\\_Steps.pdf](http://www.kdheks.gov/hcf/sehp/download/State_of_Kansas_Steps.pdf).

**Premium Billing**

Effective July 1, 2016, premium billing for the Non State Public Employer Groups and the Direct Bill members was done by SEHP staff using the Membership Administration Portal (MAP).

**Long Term Care Insurance**

The SEHP offers a Voluntary Group Long Term Care (LTC) Insurance Program through LifeSecure Insurance Company. The program is offered to State of Kansas benefits-eligible active employees, retired employees, and their family members. The long term care insurance is entirely employee-paid coverage.

**Section 125 Plan**

The SEHP implemented a Section 125 Pre-Tax Premium Option in July 1986. Employees have the option to have their health care premiums deducted from their paycheck using a pre-tax option. This pre-tax deduction reduces the employee's taxable income and



reduces the amount of FICA tax owed by the State. Over ninety-seven (97) percent of active employees with group health insurance participate in this option.

The SEHP established Health Care Flexible Spending Accounts (HCFSA) and Dependent Care Flexible Spending Accounts (DCFSA) effective February 1, 1991. In 2011, a limited purpose Flexible Spending Account (FSA) program was added for employees enrolled in Plan C and N are Qualified High Deductible Health Plan (QHDHP). As QHDHP when the member selects the HSA option with Plan C and N, under federal law they are only eligible for the limited purpose FSA. The limited purpose FSA provides QHDHP members with an HSA the ability to set aside money on a pre-tax basis for eligible anticipated out-of-pocket expenses for dental and vision claims. The administration of the flexible spending accounts is through NueSynergy located in Leawood, KS.

Flexible Spending Accounts (FSAs) require an annual election, and 5,119 State employees elected a medical FSA, Plan C members elected 1,682 limited purpose FSAs, and 1,495 members elected a dependent care FSA.

Members completing their 2018 health benefit elections online were able for the first time to enroll in the voluntary insurance plans offered by Metropolitan Life for Accidental Injury, Critical Illness and Hospital Indemnity. The premiums for these voluntary plans are entirely paid by the employee.

The enrollment in each policy was:

- Accidental Injury 6,567
- Critical Illness 4,437
- Hospital Indemnity 3,890

**Voluntary Vision Insurance**

Voluntary vision insurance is offered to all enrolled SEHP members through Surency Life and Health, a Kansas-based company wholly owned by Delta Dental of Kansas. The premiums for the voluntary vision insurance is entirely paid by the member. Enrollment in the voluntary vision plan for Active and Non State Members:

<u>Coverage Level</u>	<u>Enrolled</u>
Basic Plan	9,795
Enhanced Plan	22,303
<b>Total Enrolled</b>	<b>32,098</b>

Direct Bill enrollment in the voluntary vision plan:

<u>Coverage Level</u>	<u>Enrolled</u>
Basic Plan	1,343
Enhanced Plan	4,069
<b>Total Enrolled</b>	<b>5,412</b>

**NON STATE PUBLIC EMPLOYERS**

K.S.A. 75-6506(c) authorizes the Kansas State Employees Health Care Commission to designate by rules and regulations the inclusion of public schools and certain local governmental entities into the SEHP. The following chart shows the enrollment by type of eligible group as of January 1, 2018:

<b>Summary</b>	<b>Number of Groups</b>	<b>Covered Employees</b>
Educational Entities	29	2,231
Cities	49	457
Counties	25	2,548
Townships	2	19
Public Hospitals & Community Mental Health Centers	17	1,250

Misc. Local Governmental Entities	42	204
<b>Total</b>	<b>164</b>	<b>6,709</b>

**RE-CONTRACTING FOR HEALTH PLAN VENDORS AND SERVICES**

The HCC issued a number of Request for Proposals during Plan Year 2018:

Request for proposal (RFP) EVT0005614 for a fully insured Medicare Supplement insurance plan was released on January 18, 2018, and closed February 28, 2018. Blue Cross and Blue Shield of Kansas, the current provider of service, submitted the only bid, and negotiations were held with them. The HCC issued a three-year contract to Blue Cross and Blue Shield of Kansas and approved additional plan offerings starting in 2019 of Plan C Select, Plan G, Plan G Select and Plan N.

The contract for wellness consulting services was awarded by the HCC to CBIZ Consulting on August 31, 2015. At that time, CBIZ's proposal provided consulting services at a lower monthly retainer cost than the other bidder. The contract is set to expire December 31, 2018. A renewal offer to extend this program was received and reviewed by the HCC. CBIZ has proposed a three (3) year extension of the contract at the same monthly retainer (\$1,700 per month) for the entire contract extension period. The HCC voted to extend the wellness consulting contract with CBIZ for a period of (3) years.

Request for Proposal (RFP) EVT0005594 to provide COBRA administration services was posted on January 5, 2018, and closed on February 14, 2018. The Consolidated Omnibus Budget Reconciliation Act (COBRA) contains provisions giving certain former employees, retirees, spouses, former spouses, and dependent children the right to temporary continuation of their health coverage when coverage is lost due to a qualifying event. The obligation is on the employer to comply with the requirements of COBRA and to notify eligible members of the availability of continuation coverage. Since 2002, the State Employee Health Plan (SEHP) has outsourced the management of COBRA to vendors specializing in COBRA administration and compliance. Six bids were received and four vendors were invited for onsite interviews and negotiations. The Health Care Commission awarded a three (3) year contract to Total Administrative Services Corporation (TASC) for COBRA administration.

Request for Proposal (RFP) EVT0005721 for administrative services for the fully insured voluntary vision plan was released on March 6, 2018, and closed on April 26, 2018. Five (5) bids were received. Bids were received from Davis Vision, MetLife, Superior Vision, Surency, and VSP. Three of the vendors did not comply with the bidding process and were not invited for negotiations. Based upon the vendors' responses, State Employee Health Plan staff held negotiation meetings with two vendors: MetLife and Surency. Following the negotiation meetings, the vendors were asked to provide their best and final premiums. The Health Care Commission awarded a three-year contract to Surency provide the fully insured voluntary vision plan.

Request for proposal (RFP) EVT0005647 was released for providing administrative services for the Health Savings and Health Reimbursement Accounts. The RFP was released on January 30, 2018, and closed on April 4, 2018. Eleven bids were received ASI, Connect Your Care, Discovery Benefits, Further, Health Equity, HSA Bank, NueSynergy, Optum, PayFlex, PNC Bank, and WageWorks. One bid was withdrawn and not reviewed at the bidder's request. The Health Care Commission awarded a three-year contract for administrative services for Health Savings and Health Reimbursement Accounts be awarded to NueSynergy.

Request for Proposal (RFP) EVT0005634 for an onsite health clinic was released on January 23, 2018, and closed on March 13, 2018. Ten (10) bid responses were received. An onsite clinic is recognized as an opportunity for the State Employee Health Plan (SEHP) to offer high quality, value-added services and is projected to reduce medical and drug claim costs. This clinic is being implemented as a pilot and the HCC could elect in the future to offer additional clinics in other communities for the SEHP members. The Health Care Commission awarded a three-year contract to provide the onsite health clinic to Marathon Health.

Request for Proposal (RFP) EVT0005772 for administrative services for the dental plan was released on March 30, 2018, and closed on May 3, 2018. Four (4) bids were received. The Companies were Delta Dental, Blue Cross and Blue Shield of Kansas, MetLife and SkyGen USA. The dental benefit is a self-insured benefit offered to the membership. Three of the companies: Delta Dental, Blue Cross and Blue Shield of Kansas and MetLife were invited for negotiation meetings. Following the meetings, the vendors were asked to provide their best and final responses. The Health Care Commission awarded a three-year contract to provide administration of the dental program to Delta Dental of Kansas.

Request for proposal (RFP) EVT0005939 to obtain competitive bids from qualified vendors to provide a fully insured Medicare Advantage Plan for the direct bill component of the State Employee Health Plan (SEHP) was released on July 9, 2018. The bidding closed on August 14, 2018, and one response to the RFP was received. There are a limited number of companies that offer statewide Medicare Advantage plans. The Health Care Commission awarded a three-year contract to provide the Medicare Part C Advantage plans to Aetna, Inc.

The contract for a voluntary Long Term Care (LTC) plan for State employees was awarded by the HCC to ACSIA Partners on April 20, 2015. The contract is set to expire December 31, 2018. A renewal offer to extend this program has been received and reviewed by the HCC. ACSIA Partners has proposed a three (3) year extension of the contract with the same terms as the original contract. ACSIA Partners LLC is one of the largest distributors of Long Term Care and related insurance products and services in the country. The Health Care Commission voted to approved a three (3) year contract extension with ACSIA Partners for providing LTC insurance plans.

## II. SUMMARY OF CHANGES FOR PLAN YEAR 2019

This section includes a summary of health plan offerings approved by the HCC in 2018 for implementation in Plan Year (PY) 2019, which began January 1, 2018.

### HEALTH PLAN ADMINISTRATION

This was the first year of the HCC's three-year contract with each vendor for administrative services. The following vendors will provide administrative and network services for the SEHP in 2018:

- Aetna (Plans A, C, J, N, Q)
- Blue Cross and Blue Shield of Kansas (Plans A, C, J, N and Q)

### HEALTH PLAN CHANGES

The HCC voted to allow the dental program to be offered as a standalone program. Employees will no longer be required to enroll in medical coverage to elect to purchase the dental plan. A change was made in the start date for employer contributions into an HSA or HRA for new employees. New employees will be eligible on the next regularly scheduled quarterly employer contributions instead of a pro-rated amount based on their start date. The HCC voted to increase the employee and employer contributions for the health plan by three point three (3.3 percent. In addition to the three point three (3.3) percent increase, the HCC voted to reduce further the premium subsidies provided for covered spouses, resulting in an increase on the employee contribution for the member and spouse and family tiers of sixteen point seven (16.7) percent.

### **Medicare Eligible Direct Bill Plan Changes**

Senior Plan C, the Medicare supplement policy offered to Medicare Eligible direct bill members is a standardized Medicare Supplement product that is not age-rated. Senior Plan C has been in place for many years and enrollment numbers indicate it has been the preferred product by the direct bill Medicare members for their supplemental coverage need. With the passage of the Medicare Access and CHIP Reauthorization Act of 2015 (MACRA) the current standard Plan C policy will not be available for enrollment by newly eligible members with Medicare who turn age 65 on or after January 1, 2020. The HCC can continue to offer the current Plan C product for Plan Year 2019.

The Health Care Commission added additional standardized Medicare Supplement plan options from BCBS of Kansas for PY 2019. Added were Medicare Supplement Plans G and N that do meet the MACRA requirements taking effect in PY 2020. Also new in PY 2019 is the offering of the Select plan option on Senior Plan C and Plan G. The Select plan option is available for members that live in three geographic areas of Kansas where BCBS offers a limited hospital network. The narrow network of hospital providers allows the plans to be offered with a lower premium. Direct Bill members pay the entire premium for their health plan coverage.

In addition to the Medicare Supplement plans, Medicare eligible Direct Bill members have the option of enrolling in a Medicare Part C plan also known as Medicare Advantage plans. Medicare Eligible members for 2019 have the choice of three (3) options from Aetna:

- Aetna Freedom
- Aetna Liberty
- New Option added for 2019 Aetna Elite.

Complete details on all the new offerings for Direct Bill members can be found on our website here: <http://www.kdheks.gov/hcf/sehp/OE-DB-2019.htm>

### OPEN ENROLLMENT FOR PLAN YEAR 2019

This was the second year for an engaged employee Open Enrollment (OE). The enrollment period was October 1 through October 31, 2018. Staff presented onsite at eleven (11) personnel officer meetings across the state to State agencies and Non State Public Employer Groups prior to the start of OE. There were 379 individuals attending these meetings. During OE, staff presented at twenty-three (23) onsite meetings for employees in ten (10) cities. Staff and the health plan vendor partners also provided plan information during fifty-eight (58) webinars for State employees and the Non State Public Employer Group employees. Staff estimates that approximately 2,100 employees attended these onsite meetings and 9,700 attended the webinars. Staff assisted members and human resource staff with questions from 598 emails received at the benefits email address during OE. Members had access to a new interactive web-based tool to assist them in determining enrollment selections for their medical, dental, vision, voluntary benefit and Flexible spending account

participation. This new shopping tool resource is called "ASK ALEX", and was accessed by the members 7,649 separate times during OE. Members were provided online access to vendor videos with closed captioning, and the OE presentation with closed captioning.

During the OE period, 38,395 State and Non State Public Employer Group employees utilized the online OE system to review their health plan coverage and save their elections for Plan Year 2019. A total of 636 employees (568 employees from the State agencies and 68 from the Non State Public Employer Groups) did not actively engage in the enrollment process and were enrolled in Plan N with an HRA for 2019. This was the second year for employees to elect one of the three new plans (J, N or Q). Final enrollment numbers as of November 21, 2018, for State and Non State active employees were as follows:

Vendor	Plan A	Plan C	Plan J	Plan N	Plan Q	Waived
Aetna	1,149	759	74	240	39	
Blue Cross and Blue Shield of Kansas	17,330	14,789	554	2,444	258	
Waived Coverage						4,779
<b>Total</b>	<b>18,479</b>	<b>15,548</b>	<b>628</b>	<b>2,684</b>	<b>297</b>	<b>4,779</b>

Dental enrollment numbers for the State and Public Employer Group employees:

Vendor	Enrolled	Waived
Delta Dental	37,055	
Waived Coverage		5,360

The Flexible Spending Account (FSA) plans require an annual election. The limited purpose FSA is for Plan C and Plan N members and covers vision and dental expenses. FSA enrollment numbers for State employees:

Vendor	FSA Plan	Enrolled
NueSynergy	Health Care	5,332
	Limited Purpose	1,487
	Dependent Care	1,454
<b>Total</b>		<b>8,273</b>

Vision enrollment numbers for the State and Public Employer Group employees:

Vendor	Plan	Enrolled	Waived
Surency	Basic Plan	9,255	
	Enhanced Plan	21,440	
<b>Total Enrolled</b>		<b>30,695</b>	
Waived			<b>11,720</b>

Voluntary benefit enrollment numbers for 2018:

Vendor	Plan	Enrolled
MetLife	Accident Insurance	7,917
	Critical Illness	5,583
	Hospital Indemnity	5,061

### Direct Bill

The Direct Bill Open Enrollment for retirees was held from October 16 through November 15, 2018. The Direct Bill call center staff conducted twenty-two (22) Direct Bill Open Enrollment meetings at ten (10) locations throughout the state and six (6) online webinars. There were approximately 1,300 individuals who attended an onsite meeting and seventy-five (75) attended a webinar.

This was the ninth year for retirees to use the online Open Enrollment system. Those members who elected to make no health plan enrollment changes did not need to take any action, as their current election will roll forward for Plan Year 2019. Enrollment numbers as of November 21, 2017:

**Direct Bill Pre-Medicare Population**

Vendor	Plan A	Plan C	Plan J	Plan N	Plan Q	Total
Aetna	6	6	1	0	2	18
BCBS of Kansas	200	301	7	40	32	932
<b>Total</b>	<b>206</b>	<b>307</b>	<b>8</b>	<b>40</b>	<b>34</b>	<b>950</b>

**Direct Bill Medicare-Eligible Population**

Vendor	Ks. Senior Plan C	Ks. Senior Plan C Select	Ks Senior Plan G	Ks. Senior Plan G Select	Ks. Senior Plan N	Total
BCBS of Kansas	5,431	147	30	3	60	5,671
Aetna Part D- Premier Option	2,312	24	5	0	4	2,345
Aetna Part D- Value Option	160	22	2	0	1	185
<b>Total</b>	<b>7,903</b>	<b>193</b>	<b>37</b>	<b>3</b>	<b>65</b>	<b>8,201</b>

Vendor	Advantra Freedom PPO	Advantra Liberty PPO	Advantra Elite PPO	Total
Aetna	610	39	34	683
Aetna Part D – Premier Option	49	4	12	65
Aetna Part D – Value Option	10	2	5	17
<b>Total</b>	<b>669</b>	<b>45</b>	<b>51</b>	<b>765</b>

**All Direct Bill Members**

Vendor	Dental	Basic Vision	Enhanced Vision	Total
Delta Dental	9,009			9,009
Surency Vision		1,194	3,992	4,687

**NON STATE PUBLIC EMPLOYERS**

K.S.A. 75-6506(c) authorizes the Kansas State Employees Health Care Commission to designate by rules and regulations the inclusion of public schools and certain local governmental entities into the SEHP. The following chart shows the enrollment by type of eligible group as of January 1, 2019:

Summary	Number of Groups	Covered Employees
Educational Entities	29	2,231
Cities	49	457
Counties	25	2,548
Townships	2	19
Public Hospitals & Community Mental Health Centers	17	1,250
Misc. Local Governmental Entities	42	204
<b>Total</b>	<b>164</b>	<b>6,709</b>

### III. PROGRAM HIGHLIGHT: SEHP HEALTHQUEST PROGRAM

#### PROGRAM HIGHLIGHTS

The SEHP's HealthQuest (HQ) program goal continues to be assisting members with their health improvement goals and decreasing overall health costs. Beginning with PY 2013, the HQ program has offered the HQ Rewards premium incentive discount program. The rewards program includes a health assessment questionnaire and encompasses a wide variety of health awareness and improvement programs. Participation in the new HQ Rewards program is optional. Employees who elect not to participate in the HQ Rewards program are still eligible for coverage under the SEHP and pay the full employee premium rate. Complete program details are available at: <http://www.kdheks.gov/hcf/healthquest/rewards.html>.

Free biometric health screenings are offered throughout the state. The screenings provide employees with basic biometric information about their health. The biometric values are used to complete the health assessment questionnaire which provides additional information and feedback to the employee about their health and ways to improve it. At-home test kits are also available to obtain the biometric information for members who are unable to attend a health screening event. Members may participate in a variety of wellness challenges and activities throughout the year. A wellness portal is available at: <https://kansashealthquest.cernerwellness.com>.

The qualification period to earn the HQ Rewards premium incentive discount for PY 2019 was January 1, 2018, through December 31, 2018. The HCC voted to return to a maximum discount available for PY 2018 of \$40 a month (\$480).

The qualification period to earn the HQ Rewards premium incentive discount for PY 2020 is January 1, 2019, through December 31, 2019. Employees and their covered spouses will again need to earn forty (40) credits as described below to earn the full \$480 HealthQuest Rewards premium incentive discount on their PY 2019 employee contributions. For PY 2020, employees and their covered spouses may select from a variety of options to earn the 40 credits and the premium incentive discount.

- For employees with employee only or employee and children coverage, the employee must earn forty (40) credits by completing HealthQuest activities to earn the premium incentive discount of \$480 for Plan Year 2020.
- For employees with covered spouses, both can earn \$240 of the premium incentive discount by earning forty (40) credits. If only one completes the required forty (40) credits, the discount earned is \$240. If both earn the forty (40) credits, the discount earned is \$480.

In addition, employees and their covered spouses on Plans C, J, N and Q can earn HealthQuest Rewards dollars up to \$500 each into the employee's HSA or HRA by participation in a wide variety of HealthQuest activities. To earn the HealthQuest Rewards dollars, activities must be completed during the earning period of January 1 - November 18, 2019. Rewards dollars earned during this period are paid into the employee's account on the first paycheck following the SEHP receiving notice of completion of a rewardable activity. Additional information on the HealthQuest Rewards Dollars Program can be found on our website at: [http://www.kdheks.gov/hcf/healthquest/download/PlanCQNJ\\_SOK\\_IG.pdf](http://www.kdheks.gov/hcf/healthquest/download/PlanCQNJ_SOK_IG.pdf).

## IV. FINANCING

During 2018, the HCC continued to receive periodic financial reports summarizing plan revenues, expenditures, and both current and projected balances in SEHP funds. This section summarizes the financial status of the SEHP, including a discussion of funding balances, revenue, and expenses.

### BEGINNING BALANCE

The beginning balances shown in **Table 1** and **Table 2** indicate the total amounts of cash in the various funds available to the SEHP. Table 1 is the SEHP ten (10) year projection sheet that is reviewed and approved on an annual basis by the HCC. Funds available to the SEHP are referred to as the “**Reserve**.” The beginning balance of the Plan Reserve denotes the funds available at the beginning of each year which includes monies remaining from payroll collections (employees and state agencies), Direct Bill contributions from retirees, COBRA contributions and Non State public employer contributions after all expenses have been paid from the previous plan year. An audit finding of the US Department of Health and Human Services resulted in an order that the State of Kansas pay the federal government for interest income on these SEHP funds that were allocated to the State’s general fund. As a result, the sixth installment payment of \$2,916,719 to Health and Human Services was made in 2018. Based upon past experience, it is estimated that the interest earned on the Reserve fund will be one (1) percent over the long term even though the FY 2018 rate was slightly more than one (1) percent.

### PLAN REVENUES

Plan revenues are the sums received from contributions by State agencies, Non State public employers, employees, and retirees, plus interest earned by the plan. A historical chart (**Figure 2**) based upon fiscal years running from July 1 to June 30 shows past experience with fund balances, revenues, and expenses. Projected balances, revenues, and expenses are based upon plan years running from January 1 to December 31.

The “**Total Contributions**” amount on **Table 1** for PY 2018 is based upon the contributions made by State agencies, Non State public employers, and employees. The State agency and Non State public employer contributions are adjusted on the first of July each year. The employee contributions are adjusted January 1 of each year. The projections shown in **Table 1** incorporate the estimated impacts of contribution rates in effect for PY 2018, as described above.

### PLAN EXPENSES

Plan expenses are payments for medical, dental, and drug claims, plus related contract administration fees that are paid by the plan. The historical plan expenses (**Table 2**) represent actual experience, whereas projected plan expenses (**Table 1**) are estimates reflecting a long-term managed health care cost trend. The total annualized cost of the SEHP for PY 2018 is estimated to be approximately \$474,866,246 per Table 1. Past experience and future projections for the plan contributions, expenses, ending reserve balances and target reserve are represented in the Projected Reserve Balance (**Figure 3**) that is calculated on the health plan year, which is January 1 through December 31.

### ADMINISTRATION

Administration is the cost to maintain the program, including employee salaries, consulting fees, and other expenses. It is assumed in the projections that costs will grow two (2) percent annually. SEHP administrative costs represent less than one (1) percent of health plan expenditures.

### PLAN RESERVES

The HCC’s funding objective in managing the SEHP over the long term is to have a target reserve equal to the actuarially-calculated claims Incurred But Not Reported (IBNR), plus a reasonable contingency to account for unforeseen and unexpected growth in health costs that could arrive before plan revenue can be adjusted. The target reserve will be adjusted for health cost trend over time. **Table 1** shows the projected target reserve for each year based upon a function of Plan Contributions, Plan Expenses, and health care cost trend. The estimated target reserve for health claims in PY 2018 was \$51.1 million (**Table 1**). Target reserves are projected to rise over time based upon health cost trend.

**Table 2** and **Figure 2** show SEHP balances, revenues, and expenditures from state Fiscal Year (FY) 2009 through FY 2018. These reserves reflect actual historical experience as reported in the Statewide Cost Allocation Plan documents for each state fiscal year and



the single state financial audit reports for those years. In PY 2009, legislative action resulted in state agencies not contributing the employer contribution for seven pay periods in FY 2009, resulting in a \$64 million decrease in the fund balance. In FY 2010, legislative action reduced the fund by \$9.675 million per S.B. 572. In FY 2015, the HCC voted to reduce the State of Kansas employer contribution by eight point five (8.5) percent based on an actuarial analysis to begin the reduction of the current fund balance to meet the target reserve balance. In FY 2016, the HCC voted to hold the State of Kansas employer contribution flat to continue the fund balance reduction towards the target reserve. With these two decisions, the fund balance was reduced. For FY 2019, the HCC voted for a three point three (3.3) percent State of Kansas employer contribution increase to maintain the financial stability of the health plan.

#### **SUMMARY**

- In Plan Year 2018, health care costs were approximately the amount originally projected. Based upon the plan changes implemented by the Health Care Commission (HCC) for PY 2019, including the additional employer and employee contributions, the opinion of the State Employee Health Plan (SEHP) actuaries is that the SEHP should have sufficient funds to pay the health care expenses for a self-funded plan covering approximately 85,000 lives for Plan Year 2019.

**Table 1**  
**Division of Health Care Finance**  
**Projected Reserve Calculation**  
**Medical, Pharmacy, Dental and Vision**  
**Projection using data thru October 2018**  
**Statement of Ops as of October 2018**

Plan Year	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
<b>Factors and Assumptions</b>														
Interest Rate on Reserves	0.1%	0.2%	0.3%	0.5%	0.8%	0.8%	0.8%	0.8%	0.8%	0.8%	0.8%	0.8%	0.8%	0.8%
Admin/Contract Fee Trend	0.8%	0.8%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%
Medical cost trend rate	5.9%	2.3%	7.1%	-5.1%	5.0%	5.5%	6.0%	6.5%	6.5%	6.5%	6.5%	6.5%	6.5%	6.5%
Rx cost trend rate	6.2%	1.3%	6.0%	3.2%	8.0%	7.5%	7.0%	6.5%	6.5%	6.5%	6.5%	6.5%	6.5%	6.5%
<b>Policy Choices</b>														
State Employer Contr. % incr (eff. July 1)	-2.0%	-8.5%	0.0%	7.0%	7.7%	3.3%	3.8%	3.8%	3.8%	3.8%	3.8%	3.8%	3.8%	3.8%
Non-State Employer Contr. % incr (eff. July 1)	-2.0%	0.0%	6.0%	7.0%	7.7%	3.3%	3.8%	3.8%	3.8%	3.8%	3.8%	3.8%	3.8%	3.8%
Contribution % Increase														
Active Employee Only	-2.0%	0.0%	6.4%	9.0%	7.7%	3.3%	3.8%	3.8%	3.8%	3.8%	3.8%	3.8%	3.8%	3.8%
Spouse Only	-2.0%	0.0%	36.7%	30.4%	31.7%	16.7%	9.7%	9.7%	9.7%	9.7%	9.7%	9.7%	9.7%	9.7%
Retiree Rate Increase	-2.0%		21.30%	46.1%	0.0%	6.7%	6.7%	6.7%	6.7%	6.7%	6.7%	6.7%	6.7%	6.7%

Future Policy Choices:.....

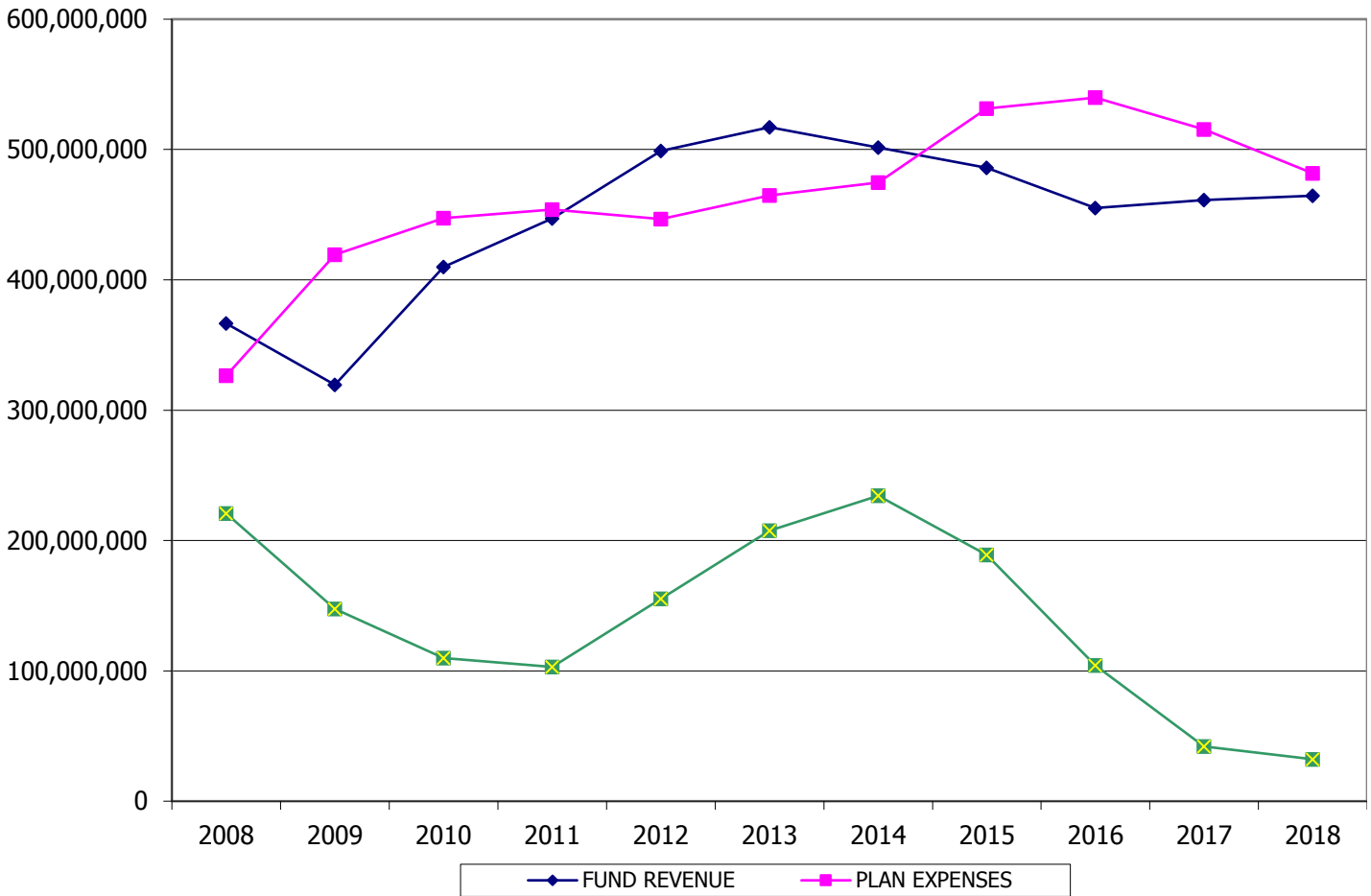
<b>Beginning Total Reserve Balance</b>	<b>210,048,485</b>	<b>194,666,302</b>	<b>124,939,539</b>	<b>32,625,824</b>	<b>24,343,301</b>	<b>27,152,620</b>	<b>49,565,964</b>	<b>69,758,956</b>	<b>78,502,100</b>	<b>91,648,472</b>	<b>100,583,632</b>	<b>104,876,896</b>	<b>104,093,150</b>	<b>97,737,620</b>
<b>Projected Cash Flow</b>														
Total Employer Contributions	363,183,109	344,589,078	326,956,665	331,832,868	336,071,514	359,468,432	372,129,882	386,258,339	400,624,514	415,430,629	431,041,078	447,164,229	463,921,961	481,537,369
Total Participant Contributions	118,499,577	107,742,610	117,580,138	143,893,489	141,307,768	149,461,544	160,369,509	172,476,595	184,653,150	198,518,765	213,258,387	229,295,475	246,583,351	265,779,258
Total Contributions	<b>481,682,685</b>	<b>452,331,688</b>	<b>444,536,802</b>	<b>475,726,358</b>	<b>477,379,282</b>	<b>508,929,976</b>	<b>532,499,391</b>	<b>558,734,934</b>	<b>585,277,663</b>	<b>613,949,394</b>	<b>644,299,465</b>	<b>676,459,705</b>	<b>710,515,311</b>	<b>747,316,627</b>
Total Plan Expenses (Claims, ASO fees & contracted expenses)	497,077,244	522,197,896	537,241,182	484,123,938	474,866,246	486,720,277	512,678,145	550,514,982	572,720,057	605,701,597	640,760,579	678,030,027	717,651,540	759,775,848
Interest on Reserves	12,375	356,445	391,664	115,058	296,283	203,645	371,745	523,192	598,766	697,364	754,377	786,577	780,699	733,032
<b>Net Cash Flow</b>	<b>(15,382,184)</b>	<b>(69,777,163)</b>	<b>(92,312,716)</b>	<b>(8,282,523)</b>	<b>2,809,318</b>	<b>22,413,344</b>	<b>20,192,992</b>	<b>8,743,144</b>	<b>13,146,372</b>	<b>8,935,160</b>	<b>4,293,283</b>	<b>(783,746)</b>	<b>(6,355,531)</b>	<b>(11,726,189)</b>
<b>Projected Reserve Balance</b>														
Reserve Ending Balance	<b>194,666,301</b>	<b>124,938,539</b>	<b>32,625,824</b>	<b>24,343,301</b>	<b>27,152,620</b>	<b>49,565,964</b>	<b>69,758,956</b>	<b>78,502,100</b>	<b>91,648,472</b>	<b>100,583,632</b>	<b>104,876,896</b>	<b>104,093,150</b>	<b>97,737,620</b>	<b>86,011,431</b>
Target Reserve	54,724,665	57,993,089	59,439,802	52,487,868	51,165,380	52,949,742	56,133,136	60,797,304	63,391,894	67,372,748	71,608,169	76,114,577	80,909,459	86,011,431
IB/RP Claim Reserve	31,572,037	33,477,922	34,292,193	30,281,462	29,518,498	30,547,928	32,384,502	33,075,368	36,572,247	38,888,893	41,312,405	43,912,256	46,678,534	49,621,979
Claim Fluctuation Reserve	23,152,827	24,516,167	25,147,609	22,206,406	21,646,891	22,401,814	23,748,635	25,721,936	28,819,648	28,503,855	30,293,764	32,202,321	34,230,925	36,389,452

**Table 2**  
**State Employees' Health Benefit Program**

Statement of Operations History  
Fiscal Years 2009 - 2018

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>BEGIN FUND BALANCES:</b>										
Reserve Fund	218,234,619.39	135,356,122.78	101,479,924.84	93,902,496.45	143,956,304.14	194,050,142.01	221,414,299.15	177,004,732.94	95,095,498.03	40,824,647.89
Non-State	1,232,899.42	1,083,740.12	943,959.71	798,404.79	662,532.53	1,626,614.66	1,506,026.82	1,395,728.08	1,284,671.90	1,184,440.10
Direct Bill	1,198,590.40	1,199,601.67	1,183,591.42	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Flex Spending	1,212,919.45	1,858,226.10	2,522,075.16	3,201,504.75	3,802,352.61	4,279,051.64	4,662,857.54	4,553,605.98	4,298,097.99	877,551.89
Cafeteria	2,001,101.62	2,086,949.31	3,018,954.53	4,107,863.47	5,643,695.90	6,201,863.80	5,519,715.80	4,925,153.50	2,560,899.81	2,610,923.67
Wellness	1,616,065.39	1,099,876.28	681,857.71	915,191.10	1,141,168.12	1,335,336.74	1,114,201.25	918,751.04	983,264.46	793,473.59
Other/A&R Funds	21,715,568.41	4,763,223.45	967.45	967.45	53.13	31,269.97	140,445.79	148,212.32	2,973.07	0.00
	<b>247,211,764.08</b>	<b>147,447,739.71</b>	<b>109,831,330.82</b>	<b>102,926,428.01</b>	<b>155,206,106.43</b>	<b>207,524,278.82</b>	<b>234,357,546.35</b>	<b>188,946,183.86</b>	<b>104,225,405.26</b>	<b>46,291,037.14</b>
<b>REVENUES:</b>										
State ER	147,564,647.48	218,025,097.15	247,109,335.65	279,018,233.20	300,747,872.76	292,977,587.87	292,188,919.88	264,252,535.92	260,141,041.28	264,220,950.74
State EE	53,917,172.32	58,484,338.72	63,469,299.25	65,937,871.81	63,655,929.05	59,483,669.04	53,425,865.98	54,829,593.84	70,348,594.54	81,560,835.28
Non-State	55,466,928.24	65,440,727.53	73,089,821.12	86,089,715.19	87,369,910.02	85,644,215.15	81,960,661.80	78,052,467.41	83,769,675.57	84,522,825.72
Direct Bill	43,603,156.39	46,745,348.89	50,510,944.12	46,307,263.11	46,587,130.00	47,547,541.72	43,357,447.56	42,279,059.82	39,880,647.36	39,806,547.34
Flex	15,747,895.56	16,947,256.81	17,573,602.24	17,457,336.19	15,718,084.81	13,452,131.00	11,895,994.83	11,208,763.63	11,210,064.21	11,882,104.91
Cafeteria	2,179,871.49	3,171,868.12	3,167,405.11	3,150,560.10	1,997,627.75	1,099,706.93	1,134,845.01	1,165,873.71	1,990,509.27	3,162,329.07
Wellness	686,225.79	798,133.34	788,134.57	743,461.40	725,040.58	501,354.35	720,304.40	708,003.19	712,664.58	611,648.30
Other	310,244.55	220,679.57	-8,646,647.27	206,718.30	303,586.94	816,763.72	1,293,043.27	2,602,538.10	7,051,192.58	1,493,174.99
	<b>319,476,141.82</b>	<b>409,833,450.13</b>	<b>447,061,894.79</b>	<b>498,911,159.30</b>	<b>517,105,181.91</b>	<b>501,522,969.78</b>	<b>485,977,082.73</b>	<b>455,098,835.62</b>	<b>475,104,389.39</b>	<b>487,260,416.35</b>
<b>EXPENSES:</b>										
Claims	360,215,039.15	377,934,967.75	382,820,392.86	381,580,142.08	401,653,681.49	412,334,762.33	466,579,706.24	475,069,536.81	466,279,386.67	429,570,445.42
Other	7,105,819.56	5,112,843.00	5,327,669.53	5,424,145.21	5,182,884.47	5,063,766.12	7,444,944.49	6,465,301.50	6,692,310.89	10,350,173.53
ASO/Premiums	33,520,301.02	44,660,104.56	46,295,027.21	40,638,493.21	40,738,725.97	41,698,503.93	42,713,386.18	42,646,887.12	42,593,508.78	41,863,813.82
Flex	14,893,029.57	16,029,601.12	16,618,731.19	16,509,479.45	14,864,870.98	12,718,411.89	11,754,565.20	11,193,402.85	11,199,055.15	11,877,934.41
Admin	3,505,976.89	3,712,342.59	2,904,976.81	2,479,220.93	2,346,846.61	2,854,257.98	2,895,843.11	4,444,485.94	6,274,496.02	2,854,471.36
	<b>419,240,166.19</b>	<b>447,449,859.02</b>	<b>453,966,797.60</b>	<b>446,631,480.88</b>	<b>464,787,009.52</b>	<b>474,689,702.25</b>	<b>531,388,445.22</b>	<b>539,819,614.22</b>	<b>533,038,757.51</b>	<b>496,516,838.54</b>
<b>END FUND BALANCES:</b>										
Reserve Fund	135,356,122.78	101,479,924.84	93,902,496.45	143,956,304.14	194,050,142.01	221,414,299.15	177,004,732.94	95,095,498.03	40,824,647.89	30,658,118.13
Non-State	1,083,740.12	943,959.71	798,404.79	662,532.53	1,626,614.66	1,506,026.82	1,395,728.08	1,284,671.90	1,184,440.10	1,087,317.33
Direct Bill	1,199,601.67	1,183,591.42	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Flex Spending	1,858,226.10	2,522,075.16	3,201,504.75	3,802,352.61	4,279,051.64	4,662,857.54	4,553,605.98	4,298,097.99	877,551.89	<b>458,729.07</b>
Cafeteria	2,086,949.31	3,018,954.53	4,107,863.47	5,643,695.90	6,201,863.80	5,519,715.80	4,925,153.50	2,560,899.81	2,610,923.67	3,666,804.41
Wellness	1,099,876.28	681,857.71	915,191.10	1,141,168.12	1,335,336.74	1,114,201.25	918,751.04	983,264.46	793,473.59	1,050,922.18
Other/A&R Funds	4,763,223.45	967.45	967.45	53.13	31,269.97	140,445.79	148,212.32	2,973.07	0.00	83,553.83
	<b>147,447,739.71</b>	<b>109,831,330.82</b>	<b>102,926,428.01</b>	<b>155,206,106.43</b>	<b>207,524,278.82</b>	<b>234,357,546.35</b>	<b>188,946,183.86</b>	<b>104,225,405.26</b>	<b>46,291,037.14</b>	<b>37,034,614.95</b>

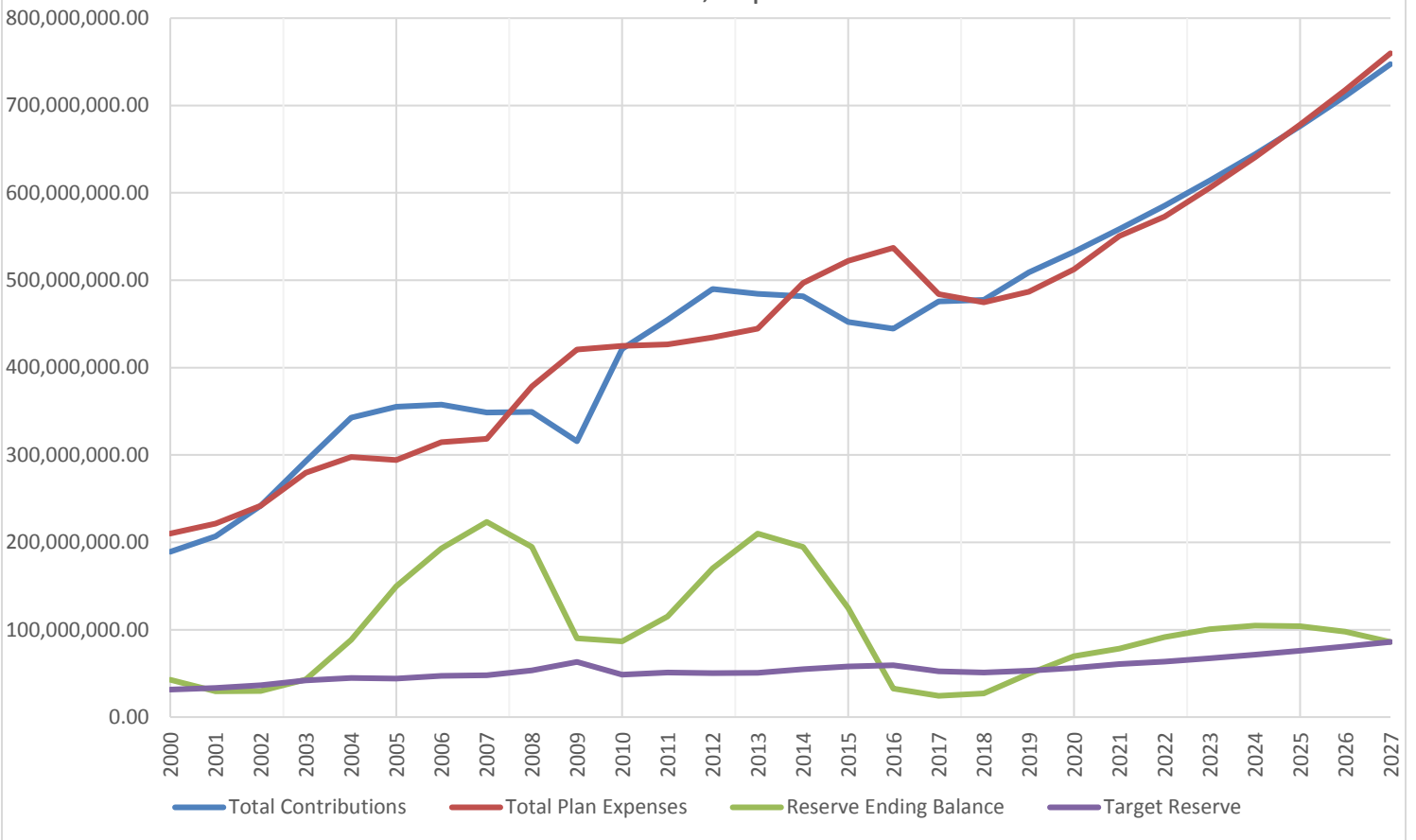
**Figure 2 History of State Employee Health Plan**



**Notes:**

1. Legislative action resulted in state agencies not contributing the employer contribution for seven pay periods in FY 2009, resulting in a \$64 million decrease in the fund balance.
2. In FY 2010, legislative action reduced the fund by \$9.675 million per S.B. 572.

Figure 3  
 Projected Reserve Balance  
 Annual Contributions, Expenses and Fund Balances



**Exhibit A**  
**2018 Employee Advisory Committee**

**Brant Barber**

Court Services Officer  
Johnson County Court Services  
588 E. Santa Fe, Suite 4000  
Olathe, KS 66061  
913.715.7460  
Fax: 913.715.7420  
[brant.barber@jocogov.org](mailto:brant.barber@jocogov.org)  
Term expires: 12/31/18

**Barbara Barto**

Scheduling Coordinator  
Pittsburg State University  
1701 South Broadway  
Pittsburg, KS 66762  
620.235.4858  
Fax: 620.235.4059  
[bbarto@pittstate.edu](mailto:bbarto@pittstate.edu)  
Term expires: 12/31/19

**Maria Beebe**

Associate Director, Intl Students & Scholar Svcs.  
Kansas State University  
1414 Mid Campus Dr. N  
Manhattan, KS 66506  
785.532.6449  
Fax: 785-532-6607  
[Pappy@ksu.edu](mailto:Pappy@ksu.edu)  
Term expires: 12/31/20

**Alexandra Blasi**

Executive Secretary  
Kansas Board of Pharmacy  
800 SW Jackson, Suite 1414  
Topeka, KS 66612-1244  
785.296.8419  
Fax: 785.296.8420  
[Alexandra.Blasi@ks.gov](mailto:Alexandra.Blasi@ks.gov)  
Term expires: 12/31/18

**David Bollig**

Assistant Director, Business Operations  
Fort Hays State University  
410 Agnew Lane  
McMindes Hall, Rm. 126  
Hays, KS 67601  
785.628.4245  
Fax: 785.628.4138  
[dwbollig@fhsu.edu](mailto:dwbollig@fhsu.edu)  
Term expires: 12/31/20

**Sharon Bolyard**

Retiree Representative  
4425 SE Maryland  
Topeka, KS 66609  
785.267.3871  
Fax: None  
[Blyrd1950@cox.net](mailto:Blyrd1950@cox.net)  
Term expires: 12/31/20

**Cheryl Buxton**

Deputy Director- Printing, Mail & Surplus Property  
Ofc. of Facilities and Procurement Mgmt.  
Department of Administration  
201 N.W. MacVicar Ave.  
Topeka, KS 66606  
785.296.7276  
Fax: 785.291.3770  
[Cheryl.Buxton@ks.gov](mailto:Cheryl.Buxton@ks.gov)  
Term expires: 12/31/19

**Jennifer Dalton**

Accountant  
Department of Commerce  
1000 SW Jackson, Suite 100  
Topeka, KS 66612  
785.296.3157  
Fax: 785.296.5055  
[Jennifer.Dalton@ks.gov](mailto:Jennifer.Dalton@ks.gov)  
Term expires: 12/31/20



**Elizabeth Fultz**  
Assistant Director  
Department of Education  
900 SW Jackson St., Suite 653  
Topeka, KS 66612  
785.296.2325  
Fax: 785.291.3791  
[bfultz@ksde.org](mailto:bfultz@ksde.org)  
Term expires: 12/31/20

**Kris Grinter**  
Admissions Operations Coordinator  
Kansas State University Polytechnic Campus  
2310 Centennial Drive  
Salina, KS 67401  
785.826.2676  
Fax: 785.826.2938  
[kgrinter@ksu.edu](mailto:kgrinter@ksu.edu)  
Term expires: 12/31/18

**Karen Gutzwiller**  
Manager- Benefits, Transactions, & Payroll  
DCF Office of Personnel Services  
555 S Kansas Avenue, Suite 202  
Topeka, KS 66603  
785.296.4768  
Fax: 785.296.2173  
[Karen.Gutzwiller@ks.gov](mailto:Karen.Gutzwiller@ks.gov)  
Term expires: 12/31/20

**Kris Holm**  
Chief Financial Officer  
Kansas Department of Revenue  
109 SW 9th Street  
Topeka, KS 66612  
785.296.4007  
Fax: 785.296.8932  
[Kris.Holm@ks.gov](mailto:Kris.Holm@ks.gov)  
Term expires: 12/31/18

**Linda S. Kelly**  
Director of Finance  
Kansas Department of Corrections  
714 SW Jackson, Suite 300  
Topeka, KS 66603  
785.296.4507  
Fax: 785-296-8116  
[Linda.Kelly@ks.gov](mailto:Linda.Kelly@ks.gov)  
Term expires: 12/31/19

**Marjorie Knoll**  
Retiree Representative  
1518 Marjorie Drive  
Hays, KS 67601  
785.625.6183  
Fax: None  
[mdknoll@fhsu.edu](mailto:mdknoll@fhsu.edu)  
Term expires: 12/31/20

**Denise Phillips**  
Area Office Manager  
KDOT, Dist. 4, Area 4  
1813 W. 4<sup>th</sup> Street  
Pittsburg, KS 66762  
620.231.7560  
Fax: 620.231.1149  
[Denise.Phillips@ks.gov](mailto:Denise.Phillips@ks.gov)  
Term expires: 12/31/20

**Kristy Rizek**  
Pavement Management Information Engineer  
KDOT, MRC  
2300 SW Van Buren St.  
Topeka, KS 66611  
785.291.3867  
Fax: 785.296.2526  
[Kristy.Rizek@ks.gov](mailto:Kristy.Rizek@ks.gov)  
Term expires: 12/31/18

**Steve Stankiewicz**  
HR Director  
Kansas Dept. of Agriculture  
1320 Research Park Drive  
Manhattan, KS 66502  
785.564.6711  
Fax: None  
[Steve.Stankiewicz@ks.gov](mailto:Steve.Stankiewicz@ks.gov)  
Term expires: 12/31/20

**Vernon "Charlie" Walker**  
Department Manager  
KU Med Center Wichita  
1010 N. Kansas  
Wichita, KS 66214  
316.293.1817  
Fax: 316.293.2670  
[Cwalker9@kumc.edu](mailto:Cwalker9@kumc.edu)  
Term expires: 12/31/20

**Lauren Wolf**

Nurse Investigator  
Kansas Attorney General's Office  
120 SW 10th Ave, 2nd Floor  
Topeka, KS 66612  
785.368-6217  
Fax: None  
[Lauren.Wolf@ag.ks.gov](mailto:Lauren.Wolf@ag.ks.gov)  
Term expires: 12/31/18

**Natalie Yoza**

Associate General Counsel  
Kansas Board of Regents  
1000 SW Jackson, Suite 520  
Topeka, KS 66612-1368  
785.430.4236  
Fax: N/A  
[nyoza@ksbor.org](mailto:nyoza@ksbor.org)  
Term expires: 12/31/20



<b>Exhibit B</b>				
<b>2018 State Employee Health Plan</b>				
<b>Enrollment by Group &amp; By Participant Type</b>				
<b>Grand Total Covered Lives (State &amp; Non-State Active, Direct Bill, &amp; COBRA)</b>				
Type of Participant	Jan-18	Apr-18	Jul-18	Oct-18
Active State Employees	33,392	33,201	32,540	32,810
Active State EE Dependents	33,893	33,723	33,122	33,211
<b>Total Covered Lives</b>	<b>67,285</b>	<b>66,924</b>	<b>65,662</b>	<b>66,021</b>
Direct Bill State Retirees	9,542	9,416	9,387	9,323
Direct Bill State Ret Dependents	124	99	99	99
<b>Total Covered Lives</b>	<b>9,666</b>	<b>9,515</b>	<b>9,486</b>	<b>9,422</b>
COBRA State Participants	322	353	374	425
COBRA State Dependents	187	176	187	205
<b>Total Covered Lives</b>	<b>509</b>	<b>529</b>	<b>561</b>	<b>630</b>
Active Educational Employees	1,833	1,829	1,801	1,808
Active Educational EE Dependents	1,949	1,947	1,937	1,967
<b>Total Covered Lives</b>	<b>3,782</b>	<b>3,776</b>	<b>3,738</b>	<b>3,775</b>
Direct Bill Educational Retirees	244	242	237	236
Direct Bill Educational Ret Dependents	9	8	8	7
<b>Total Covered Lives</b>	<b>253</b>	<b>250</b>	<b>245</b>	<b>243</b>
COBRA Educational Participants	9	9	11	15
COBRA Educational Dependents	2	2	3	8
<b>Total Covered Lives</b>	<b>11</b>	<b>11</b>	<b>14</b>	<b>23</b>
Active City/County/Township Employees	2,721	2,679	2,688	2,661
Active City/County/Township EE Dependents	3,189	3,105	3,116	3,052
<b>Total Covered Lives</b>	<b>5,910</b>	<b>5,784</b>	<b>5,804</b>	<b>5,713</b>
Direct Bill City/County/Township Retirees	129	115	114	112
Direct Bill City/County/Township Ret Deps	8	1	1	1
<b>Total Covered Lives</b>	<b>137</b>	<b>116</b>	<b>115</b>	<b>113</b>
COBRA City/County/Township Participants	10	16	15	13
COBRA City/County/Township Dependents	4	5	5	4
<b>Total Covered Lives</b>	<b>14</b>	<b>21</b>	<b>20</b>	<b>17</b>

Active Hospital or Mental Health Center Employees	938	983	983	983
Active Hospital or Mental Health Center EE Dependents	839	881	873	881
<b>Total Covered Lives</b>	<b>1,777</b>	<b>1,864</b>	<b>1,856</b>	<b>1,864</b>
Direct Bill Hospital or Mental Health Center Retirees	21	19	18	17
Direct Bill Hospital or Mental Health Center Ret Deps	3	1	1	1
<b>Total Covered Lives</b>	<b>24</b>	<b>20</b>	<b>19</b>	<b>18</b>
COBRA Hospital or Mental Health Center Participants	2	4	4	4
COBRA Hospital or Mental Health Center Dependents	1	2	1	3
<b>Total Covered Lives</b>	<b>3</b>	<b>6</b>	<b>5</b>	<b>7</b>
Active All Other Non-State Employees	269	252	249	260
Active All Other Non-State EE Dependents	227	211	212	217
<b>Total Covered Lives</b>	<b>496</b>	<b>463</b>	<b>461</b>	<b>477</b>
Direct Bill All Other Non-State Retirees	18	17	17	17
Direct Bill All Other Non-State Ret Deps				
<b>Total Covered Lives</b>	<b>18</b>	<b>17</b>	<b>17</b>	<b>17</b>
COBRA All Other Non-State Participants	2	1	1	1
COBRA All Other Non-State Dependents	3	3	3	3
<b>Total Covered Lives</b>	<b>5</b>	<b>4</b>	<b>4</b>	<b>4</b>
<b>Total Contracts</b>	<b>49,452</b>	<b>49,136</b>	<b>48,439</b>	<b>48,685</b>
<b>Total Covered Lives</b>	<b>89,890</b>	<b>89,300</b>	<b>88,007</b>	<b>88,344</b>

Reflects dependents on medical coverage

**Exhibit C  
2018 New Non State Entities**

<b>Effective Date</b>	<b>Group Name</b>	<b>Type</b>
10/1/2018	Sedgwick County Conservation District	Water District
12/1/2018	Barton County Conservation District	Water District

**Exhibit D**  
**Kansas State Employees Health Care Commission**  
**Plan Year 2018 Estimated Annualized Costs (Unaudited)**

1.	<b><u>Annualized</u></b> <b>2018 Projected Total Cost<sup>1</sup></b>	\$ 474,866,246
2.	<b>2018 Estimated Total Cost<sup>2</sup></b>	
	a. Blue Cross and Blue Shield of Kansas (BCBS)	\$ 285,013,001
	b. Aetna	\$ 12,684,790
	c. Aetna Medicare Part D	\$ 904,431
	d. BCBS Kansas Senior Plan C	\$ 21,071,112
	e. Coventry Advantra PPO	\$ 1,725,497
	f. Delta Dental of Kansas	\$ 27,872,054
	g. Caremark Rx Claims	\$ 79,363,119
	h. Surency Vision Premiums	\$ 4,437,590
	i. Federal Fees	\$ 2,946,000
	j. Affordable Care Act Fees	\$ 1,949,000
	k. Contract Fees	\$ 12,288,000
	l. Health Savings/Health Reimbursement	\$ 27,331,996
	<b>TOTAL</b>	<b>\$ 474,866,246</b>
3.	<b>2018 State and Non State Employee, COBRA, Direct Bill Contributions<sup>2</sup></b>	\$ 141,307,768
4.	<b>2018 State of Kansas and Non State Employer Contributions<sup>1,2</sup></b>	
	a. Projected	\$ 347,422,326
	b. Actual	\$ 336,071,514
	c. Percent Difference	3.4%

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<sup>1</sup> 2018 Projected Totals come from the 10-year projection sheet presented and approved at the December 10, 2018, Health Care Commission Meeting.

<sup>2</sup> These values were developed by annualizing data received through November 2018. Intra-year trend, deductible leveraging, and migration were not considered. Data has not been audited further.