



STATE EMPLOYEES HEALTH CARE COMMISSION



ANNUAL REPORT



PLAN YEAR
2022

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EXECUTIVE SUMMARY

- For Plan Year (PY) 2022, 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 86,000 lives for PY 2022.
- For PY 2022 and 2023, employees have had four (4) plan design options from which to choose: Plan A, a traditional Preferred Provider Organization (PPO); Plan C and Plan N, Qualified High Deductible Health Plans (QHDHPs); and Plan J is a PPO design with a Health Reimbursement Account (HRA). Plan C and Plan N members were eligible to elect a Health Savings Account (HSA) or a Health Reimbursement Account (HRA). All Health Plan options were administered by both Health Plan vendors: Aetna and Blue Cross Blue Shield of Kansas.
- The PY 2023 Open Enrollment Period was October 1-31, 2022. Staff conducted ten (10) virtual Personnel Officer training meetings via Teams with over 500 attendees from State agencies and Non State Public Employer Groups prior to the start of Open Enrollment. There were two (2) Benefits Fairs held at the State Capitol with over 450 attendees at each of these events. Members met with health plan vendors and staff to ask questions. The HealthQuest Health Center also attended to provide flu shots and schedule appointments. SEHP staff also held four (4) live Open Enrollment Webinars with more than 1,000 attendees. SEHP members had access 24/7 to the Open Enrollment presentation. The website included an interactive decision-making tool called ASK ALEX. ASK ALEX was used by 10,432 unique members during the Open Enrollment period. This is an increase of 289 from last year.
- The HealthQuest Health Center (HQHC), operated by Marathon Health, opened in May 2019 located in the Mills Building at 901 S. Kansas Avenue, Topeka, KS. All SEHP members over age two (2) are eligible to use the health center services both onsite and through telemedicine. The HQHC saw continued growth in utilization by SEHP members during PY 2022 with the addition of telemedicine services and the addition of a full time mental health provider.

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 seven (7) members effective July 1, 2021, when HB 2218 added two new members to the HCC. A member of the House Appropriations Committee is appointed by the Speaker of the House and a member of the Senate Ways and Means Committee is appointed by the President of the Senate to service. The bill also changed the requirement for the active employee and retired state employee to serve. The change for employees and retirees eliminated the requirement of the appointee being from the classified service to requiring them to be enrolled in the state healthcare benefits medical insurance program. The Secretary of Administration and the Commissioner of Insurance continue to serve as members of the HCC as mandated by statute, while the Governor appoints 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 enrolled in the state employee health plan medical plan, and one member to be a retired state employee enrolled in the state employee health plan medical plan.. The HCC met eight (8) times during 2022. The 2022 HCC members were:

DeAngela Burns-Wallace Chair and Secretary of Administration
Cristi Cain, active employee beginning 08/25/2022
Rebekah Gaston, active state employee ending 06/14/2022
Steve Dechant, retired state employee
Anthony Hensley representative from the general public
Vicki Schmidt, Commissioner of Insurance
Brenda Landwehr, representative from the House Appropriations Committee
Carolyn McGinn, representative from the Senate Ways and Means Committee

An Employee Advisory Committee (EAC) assists the HCC. It is composed of 21 members, 18 of whom are active employees and three 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-year term. (See Exhibit A.) The EAC met five (5) times during 2022.

Effective July 1, 2020, Governor Kelly’s Executive Reorganization Order No. 45 moved the staff that administers the State Employee Health Plan from the Department of Health and Environment to the new Division of the State Employee Health Benefits Plan, inclusive of the State Employee Health Plan (SEHP) and the State Self Insurance Fund (SSIF), under the Department of Administration. The Director of the State Employee Health Benefits Plan (SEHBP) reports directly to the Secretary of Administration. The SEHP is responsible for bringing recommendations to the HCC and carrying out the operations of the SEHP. For the seventh (7th) year in a row, Segal Consulting provided the actuarial and consulting services for the SEHP.

I. SUMMARY OF CHANGES AND OTHER ACTIVITIES IN PLAN YEAR 2022

This section provides a summary of improvements, changes, and other activities in the State Employee Health Plan (SEHP) offerings approved by the HCC in 2021, for implementation in Plan Year (PY) 2022, which began January 1, 2022 (i.e., calendar year 2022). The summary includes a record of the HCC's contracting activities during the year and an overview of the enrollment trends during 2022. The HealthQuest program is highlighted separately in Section III of this report. The impact of these plan changes on SEHP finances in 2022 and in future years is summarized in Section IV.

HEALTH PLAN ADMINISTRATION

This was the second (2nd) year of the HCC's three-year contract with each vendor for the medical plan Administrative Services Only (ASO). The following vendors provided the ASO and provider networks agreements for all four (4) of the active SEHP programs in 2022:

- Aetna
- Blue Cross and Blue Shield of Kansas (BCBSKS)

HEALTH PLAN CHANGES

The HCC voted to make several changes to Plan A for 2022. The HCC voted to decrease the Plan A deductible to \$900 for single and \$1,600 for family coverage and reduce the Out of Pocket (OOP) maximum to \$5,250 for single and \$10,500 for family coverage. The office visit copayment with a primary care provider was also reduced to \$30 per visit.

The HCC voted to also reduce the Plan C OOP maximum to \$4,500 for single and \$9,000 for family coverage and to eliminate Plan Q for PY 2022. Plan Q has had low enrollment since it was introduced in 2018. Members will have the choice of four (4) medical plan options for PY 2022: Plans A, C, J and N.

For the prescription drug benefit available on all (4) four medical plans, the HCC voted to reduce the member's prescription drug coinsurance for two classes of medications. The Preferred Brand Name Drug coinsurance will be subject to 35 percent coinsurance and Non Preferred Brand Name Drugs will be subject to 60 percent coinsurance.

The HCC voted to keep the contribution rates for the employee and employee/children medical coverage tiers the same for PY 2022, while employee/spouse and employee/family coverage tiers will be reduced by two (2) percent. The employer contribution rates will increase effective July 1, 2022, by five (5) percent for medical coverage. Dental plan contribution rates for employees and the employer will increase 3.3 percent. The employee dental rate increased on January 1, 2022, and the employer rate increased on July 1, 2022.

Administration for Health Savings Accounts (HSA) and Health Reimbursement Accounts (HRA) are administered by MetLife and the voluntary vision insurance coverage primarily providing coverage for lenses, frames, and contact lenses is administered by Avēsis.

Medicare Eligible Direct Bill Plan Changes

The Health Care Commission added additional standardized Medicare Supplement plan options from Blue Cross and Blue Shield of Kansas (BCBSKS) for PY 2019. These plan options continued for PY 2022; however, due to federal law, enrollment in the Medicare Supplement Plan C option or C Select option are only available to Direct Bill members who were Medicare eligible prior to calendar year 2020. In addition to the Medicare Supplement plans, Medicare eligible Direct Bill members had the option to enroll in a Medicare Part C plan, also known as a Medicare Advantage plan. Medicare eligible members for 2022 have the choice of two Medicare Advantage options from Aetna.

Members enrolled in the Medicare Supplement plan options through BCBSKS also have the option to enroll in a Medicare Part D prescription drug plan through SilverScript. SilverScript offers members the choice of two plan design options:

- Premier - an enhanced Part D benefit option
- Economy – a market price competitive Part D option

Complete details on all the Medicare plan offerings for Direct Bill members can be found at: <https://www.healthbenefitsprogram.ks.gov/sehp/members/retiree/medicare>

OPEN ENROLLMENT FOR PLAN YEAR 2022

The Open Enrollment period was October 1 to October 31, 2022. Staff conducted 10 virtual personnel officer meetings via Teams for more than 500 representatives from State agencies and the Non State Public Employer Groups prior to the start of Open Enrollment. There were two Benefit Fair Open House Events held at the State Capitol with more than 450 attendees. Members met with benefit providers to ask questions. SEHP members had access 24/7 to the on-demand webinar and Open Enrollment presentation in video or Power Point format with full transcript that met ADA compliance. In addition, SEHP members had full access to all vendor-specific videos and materials posted on the SEHP website.

The SEHP assisted members and Human Resources staff with questions through emails to the Benefits email Box. The Benefits email Box can be accessed through SEHP website and is available year-around to members and HR Staff, enabling them to submit inquiries, questions, concerns, or general comments about the SEHP program and benefits that are offered. The number of inquiries to the Benefit Box for the period October 1, 2022, thru October 31, 2022, was 899, down from 1,167 emails received for the same period in 2021. This was the fifth year members had access to an interactive decision tool to assist in the determination of enrollment selections for medical, dental, vision, voluntary benefits, and flexible spending account participation. The “ASK ALEX,” tool was accessed by 10,432 unique members during Open Enrollment. This number is an increase of 289 from last year.

This was the sixth consecutive year all active employees were required to make enrollment elections during Open Enrollment for health plan coverage. During the OE period, 36,230 State and Non State Public Employer Group employees utilized the online membership system (MAP) to make their elections for Plan Year 2022. A total of 551 employees (497 employees from state agencies and 514 from the Non State Public Employer Group) did not actively engage in the enrollment process and were enrolled in Plan N with an HRA for 2022. There were 161 employees in this group that were already enrolled in Plan N during 2022.

Final Health Plan enrollment numbers as of November 18, 2021, for State and Non State active employees were as follows:

Medical Plan Enrollment numbers for State and Non State Public Employer Group Employees

Vendor	Plan A	Plan C	Plan J	Plan N	Waived
Aetna	1,397	1,189	130	399	
BCBSKS	15,598	14,832	569	2,639	
Total	16,696	16,021	699	3,038	4,937

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

Vendor	Enrolled	Waived
Delta Dental	36,113	5,269

Flexible Spending Accounts (FSA) for State employee only enrollment numbers:

Vendor	FSA Plan	Enrolled
NueSynergy	Health Care	5,085

	Limited Purpose	1,643
	Dependent Care	1,263
	Total	7,991

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

Vendor	Plan	Enrolled	Waived
Avēsis	Basic Plan	8,277	
	Enhanced Plan	21,617	
	Total	29,894	11,489

Voluntary Benefit Plan enrollment numbers:

Vendor	Plan		\$10,000 Option	\$20,000 Option
The Hartford	Accident Insurance	11,251		
	Critical Illness		3,828	4,825
	Hospital Indemnity		5,077	2,889

Direct Bill

The Direct Bill member Open Enrollment was held from October 16 - November 15, 2022. Due to COVID-19, a video of the 2022 Open Enrollment presentation was posted on the SEHP website for members to view at their convenience. Retirees had the option to use the online Membership system for Open Enrollment. For Direct Bill members who needed assistance, they had the option to contact the Call Center for assistance with their enrollment changes. Those members who elected to make no health plan enrollment changes did not need to take any action, as Direct Bill members were not required to re-enroll. Their current election would roll forward for Plan Year 2022.

Plan Year 2022 enrollment numbers for all Direct Bill members as of November 24, 2021:

Direct Bill Pre-Medicare Enrollment:

Vendor	Plan A	Plan C	Plan J	Plan N
Aetna	6	4	2	3
BCBSKS	94	180	4	24
Total	100	184	6	27

Direct Bill Medicare-Eligible Enrollment:

Vendor	Senior Plan C	Senior Plan C Select	Senior Plan G	Senior Plan G Select	Senior Plan N
BCBSKS	6,593	369	370	66	222

Direct Bill Medicare Part D Prescription Drug Plan Enrollment:

Vendor	Premier	Economy
SilverScript	1,816	355

Direct Bill Medicare Advantage Plan Enrollment:

Vendor	Advantra Freedom PPO	Advantra Elite PPO
Aetna	239	605

Direct Bill Members Enrollment:

Vendor	Dental	Basic Vision	Enhanced Vision
Delta Dental	8,579		

Avēsis Vision		1,065	4,465
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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, 2022:

Summary	Number of Groups	Covered Employees
Educational Entities	20	1,443
Cities	40	218
Counties	14	1,390
Townships	1	1
Public Hospitals & Community Mental Health Centers	16	1,024
Misc. Local Governmental Entities	40	270
Total	131	4,346

ADDITIONAL HEALTH PLAN OFFERINGS

Preferred Lab Services

The SEHP has negotiated discount pricing arrangements with three preferred labs vendors. The negotiated discount pricing offered by the preferred lab vendors results in a cost savings to the Health Plan and the members. The three preferred lab vendors available to members are: Quest Diagnostics that offers a statewide and nationwide preferred lab network, Stormont-Vail Healthcare, Inc., and the University of Kansas Health System (TUKHS) are the regional preferred lab vendors. Members on Plan A have the option of using a preferred lab vendor for covered lab services, with the covered lab charges paid 100% by the Plan.

For Plans C, J, and N, the benefit works differently due in part to federal guidelines that govern Qualified High Deductible Health Plans (QHDHPs) such as Plans C and N. For Plan C, J, and N members who use either of the preferred lab vendors for covered lab work, they will receive the negotiated discount price for covered lab services while in the deductible phase. Once their deductible has been satisfied, covered lab services provided by a preferred lab vendor are paid at 100% by the Plan. Using the preferred lab benefit is optional. Members have coverage for covered lab services when provided by other 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 purchases through coinsurance. On Plan A, prescription drugs are not subject to the plan deductible. Members pay coinsurance for their prescriptions and their coinsurance accumulates toward the combined medical and pharmacy out of pocket maximum. On Plans C, J, and N, prescriptions are treated like any other medical service and are subject to the plan’s combined medical and pharmacy deductible. Once the deductible is satisfied, coinsurance applies to purchases and accumulates toward the combined medical and pharmacy out of pocket maximum. Through proactive plan management, and increased consumer awareness, the generic dispensing rate has continued to be above 80%.

SmartShopper

The Sapphire SmartShopper program for all active BCBSKS members started June 1, 2018, and continues to be available to BCBSKS members. The Health Plan worked with BCBSKS and Sapphire to identify medical procedures where shopping for the service can reduce the cost of care, saving the Health Plan and the member money. For these identified services, when a member calls a SmartShopper Personal Assistant for shopping

help or visits the BCBSKS website and searches for a health care provider before they receive the service, they can see the estimated cost for the service at different facilities offering the care. If they choose to use the lower cost facilities for services, they will be eligible for a cash reward for shopping. Information on the SmartShopper program can be found at: https://www.healthbenefitsprogram.ks.gov/docs/default-source/site-documents/sehp/vendor-documents/bcbs/2022/2022-smartshopper.pdf?sfvrsn=66bdef5f_2

Long Term Care Insurance

The SEHP offers a Voluntary Group Long Term Care (LTC) Insurance program through Acsia Partners in partnership with 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 cost is paid entirely by the employee.

RE-CONTRACTING FOR HEALTH PLAN VENDORS AND SERVICES

The HCC issued several Request for Proposals (RFPs) during Plan Year 2022

Request for Proposal EVT0008363 for Long Term Care (LTC) Insurance was released on January 10, 2022, and closed February 14, 2022. One (1) bid was received from Acsia Partners who was invited for further negotiations. The HCC voted to award a one-year contract for LTC insurance through Acsia Partners.

Request for Proposal (RFP) number EVT0008364 for Flexible Spending Accounts (FSA) was released on January 7, 2022, and closed February 15, 2022. Six (6) bids were received from ASIFlex, MetLife, NueSynergy, Omega Benefit Strategies, PayFlex Systems, and TASC. Three bidders were invited for further negotiations. The HCC voted to award a three-year contract for administration of Flexible Spending Accounts to NueSynergy.

Request for Proposal RFP EVT0008386 to provide Pharmacy Benefit Manager (PBM) was posted on January 27, 2022, and closed on March 3, 2022. Four (4) bids were received from Blue Cross Blue Shield of Kansas, CVS Caremark, MedImpact and OptumRx. Three (3) companies were invited for further negotiations. The HCC voted to award a three-year contract PBM services to CVS Caremark.

Request for Proposal EVT0008420 to operate the HealthQuest (HQ) Health Center and Wellness Program was posted on February 18, 2022, and closed on March 31, 2022. Seven (7) bids were received from ActiveHealth, CareATC, Cerner, Marathon Health, ProActive MD, Vera Whole Health, and Wonder. ProActive MD withdrew their bid from consideration on May 4, 2022. Four (4) vendors were invited to further negotiation meetings. The HCC voted to award a three-year contract to Marathon Health for management of the HQ Health Center and Wellness program.

Request for Proposal EVT0008479 for Employee Assistance Program (EAP) was released on March 8, 2022, and closed April 12, 2022. Only one bid was received from ComPsych. The bidder was invited for further negotiations. The HCC voted to award a three-year contract for providing EAP services to ComPsych.

The HCC also voted to award a three (3) year contract extension to iTedium for eligibility system support, maintenance, and webhosting for the SEHP's Membership Administrative Portal. The State Employee Health Benefits Plan released a joint RFP for a Data Warehouse vendor for both the SEHP and the State Self Insurance Fund programs.

II. SUMMARY OF PLAN YEAR 2023

This section includes a summary of Health Plan offerings approved by the HCC in 2022 for implementation in Plan Year (PY) 2023, which began January 1, 2023.

HEALTH PLAN ADMINISTRATION

This will be the third year of the HCC's three-year contract with each vendor for Administrative Services Only (ASO) of the self funded medical plans. The following vendors will provide administrative and network services for all four (4) of the active SEHP plan options (A, C, J & N) in 2023:

- Aetna
- Blue Cross and Blue Shield of Kansas (BCBSKS)

The self funded dental program administered will be by Delta Dental of Kansas. This is the second year of their three-year contract to provide dental ASO services.

Voluntary Insurance Plan Offerings

The voluntary plan options are paid for in full by the employee's that elect to enroll in them. This is the second year of the three year contract with Avesis to offer voluntary vision insurance coverage that provides benefits for eyeglass lenses, frames, and contact lenses. Employees have the option of enrolling in either the basic or enhanced plan options. This is the third year of the three-year contract with The Hartford to offer voluntary insurance plan options for hospital indemnity, accidental injury, and critical injury insurance.

HEALTH PLAN CHANGES

Members will have the choice of four (4) medical plan options for PY 2023: Plans A, C, J and N. The HCC voted to keep the contribution rates for all the medical coverage tiers the same for PY 2023. The employer contribution rates will increase effective July 1, 2022, by seven and half (7.5) percent for medical coverage. The cost of employee only coverage for dental will be reduced to \$0 and the cost of employee plus dependent dental coverage will decrease by \$13.38 per month beginning January 1, 2023, and the employer rate will increase by 7.5% on July 1, 2023.

The HCC voted to make several changes to Plan A for 2023. The HCC voted to decrease the Plan A deductible to \$800 for single and \$1,600 for family coverage and reduced the office visit copay to \$20 for primary care providers and \$40 for specialists.

To meet the new IRS requirements, members with dependent coverage will see the first deductible applied increase to \$3,000 The HCC voted to also reduce the Plan C Out Of Pocket Maximum to \$4,500 for single and \$9,000 for family coverage.

HSA/HRA Changes

Plans C and N are Qualified High Deductible Health Plans (QHDHP) in compliance with IRS rules. Employees have the option of enrolling in a Health Savings Account (HSA) or a Health Reimbursement Account (HRA). The HCC approved changes to the Employer contributions into the HSA/HRA for PY 2023 to the following coverage tiers:

- Increased the Employer HSA/HRA contribution for Employee plus Spouse and the Family coverage tier for Plans C to \$2,000.
- Increased the Employer HSA/HRA contributions for Employee plus Spouse and the Family coverage tier to \$1,125 for Plan N
- Increased HSA/HRA contribution for Employee plus Children on Plan N to \$1,000.
- Covered spouses will no longer receive incentives to participate in wellness activities.

Administration for Health Savings Accounts (HSA) and Health Reimbursement Accounts (HRA) is done by MetLife.

.Medicare Eligible Direct Bill Plan Changes

The SEHP offers several standardized Medicare Supplement plan options from Blue Cross and Blue Shield of Kansas (BCBSKS). Due to federal law requirements, enrollment in the Medicare Supplement Plan C option or C Select option are only available to Direct Bill members who were Medicare eligible prior to calendar year 2020. All Direct Bill members have the option of electing Medicare Supplement Plan G, Plan G Select and Plan N. In addition to the Medicare Supplement plan options, Medicare eligible Direct Bill members have the option to enroll in Medicare Advantage plans, also known as Medicare Part C. Medicare eligible members for 2023 have the choice of two Medicare Advantage plan options from Aetna.

- Aetna Freedom PPO
- Aetna Elite PPO

Members enrolled in the Medicare Supplement plan options through BCBSKS also have the option to enroll in a Medicare Part D prescription drug plan through SilverScript. SilverScript offers members the choice of two plan design options:

- Premier - the enhanced Part D benefit that has been offered in the past.
- Economy – a market price competitive Part D option

Complete details on all the Medicare plan offerings for Direct Bill members can be found at:

[HTTPS://SEHP.HEALTHBENEFITSPROGRAM.KS.GOV/RETIREE](https://sehp.healthbenefitsprogram.ks.gov/retiree)

OPEN ENROLLMENT FOR PLAN YEAR 2023

The Open Enrollment period was October 1 to October 31, 2022. Staff conducted 10 virtual personnel officer meetings via Teams for 500 representatives from State agencies and the Non State Public Employer Group prior to the start of Open Enrollment SEHP staff brought back a limited number of in-person meetings. Staff held 20 meetings at 14 locations across the state. There were also two Benefits Fairs held at the State Capitol with an estimated 450+ attendees at each event. Members met with benefit providers to ask questions. The HealthQuest Health Center also attended to provide flu shots and schedule appointments. SEHP staff also held 4 live Open Enrollment Webinars for more than 1,000 attendees. SEHP members had access 24/7 to the on-demand webinar and Open Enrollment presentation in video. In addition, SEHP members have full access on the website to all vendor specific videos and materials.

Email support to SEHP members was available through the Benefits Email Box. The SEHP assisted members and Human Resources staff with questions through emails to SEHBP.Benefits@ks.gov - the SEHBP Benefits email box. The Benefits Box can be accessed through the SEHP website, and is available year-round to members and HR staff, enabling them to submit inquiries, questions, concerns, or general comments about the SEHP program and benefits that are offered. During Open Enrollment, 899 emails were received during Open Enrollment this year compared to 1,167 for the same period in 2021.

This was the fifth year members had access to an interactive decision tool to assist in the determination of enrollment selections for medical, dental, vision, voluntary benefits, and flexible spending account participation. The “ASK ALEX,” tool was accessed by 10,432 unique members during Open Enrollment.

This was the sixth consecutive year all active employees were required to make enrollment elections during Open Enrollment for health plan coverage. During the OE period, 36,230 State and Non State Public Employer Group employees utilized the online membership system (MAP) to make their elections for Plan Year 2022. A total of 551 employees (497 employees from state agencies and 54 from the Non State Public Employer Group) did not actively engage in the enrollment process and were enrolled in Plan N with an HRA for 2023. There were 161 employees in this group that were already enrolled in Plan N during 2022.

Final Health Plan enrollment numbers as of November 28, 2022, for State and Non State active employees were as follows:

Medical Plan Enrollment numbers for State and Non State Public Employer Group Employees

Vendor	Plan A	Plan C	Plan J	Plan N	Waived
Aetna	1,525	1,147	103	396	
BCBSKS	15,598	14,475	477	2,509	
Total	17,123	15,622	580	2,905	

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

Vendor	Enrolled	Waived
Delta Dental	36,417	4670

Flexible Spending Accounts (FSA) for State employee only enrollment numbers:

Vendor	FSA Plan	Enrolled
NueSynergy	Health Care	5,485
	Limited Purpose	1,626
	Dependent Care	1,238
	Commuter Parking	48
	Commuter Mass Transit	73
	Total	8,470

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

Vendor	Plan	Enrolled	Waived
Avēsis	Basic Plan	8,404	
	Enhanced Plan	21,871	
	Total	30,275	

Voluntary Benefit Plan enrollment numbers:

Vendor	Plan		\$10,000 Option	\$20,000 Option
The Hartford	Accident Insurance	12,508		
	Critical Illness		4,173	5,498
	Hospital Indemnity		5,636	3,212

Direct Bill

The Direct Bill member Open Enrollment was held from October 16 - November 15, 2022. Due to COVID-19, a video of the 2023 Open Enrollment presentation was posted on the SEHP website for members to view at their convenience. Retirees had the option to use the online Membership system for Open Enrollment. For Direct Bill members who needed assistance, they had the option to contact the Call Center for assistance with their enrollment changes. Those members who elected to make no health plan enrollment changes did not need to take any action, as Direct Bill members were not required to re-enroll. Their current election would roll forward for Plan Year 2023.

Plan Year 2023 enrollment numbers for all Direct Bill members as of November 22, 2022:

Direct Bill Pre-Medicare Enrollment:

Vendor	Plan A	Plan C	Plan J	Plan N
Aetna	5	6	3	3
BCBSKS	87	164	5	13
Total	92	170	8	16

Direct Bill Medicare-Eligible Enrollment:

Vendor	Senior Plan C	Senior Plan C Select	Senior Plan G	Senior Plan G Select	Senior Plan N
BCBSKS	6,164	374	477	90	234

Direct Bill Medicare Part D Prescription Drug Plan Enrollment:

Vendor	Premier	Economy
SilverScript	1,634	436

Direct Bill Medicare Advantage Plan Enrollment:

Vendor	Advantra Freedom PPO	Advantra Elite PPO
Aetna	266	583

Direct Bill Members Enrollment:

Vendor	Dental	Basic Vision	Enhanced Vision
Delta Dental	8,424		
Avēsis Vision		1,025	4,510

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, 2023:

Summary	Number of Groups	Covered Employees
Educational Entities	14	1,001
Cities	38	205
Counties	11	1,131
Townships	1	1
Public Hospitals & Community Mental Health Centers	16	1,040
Misc. Local Governmental Entities	42	326
Total	122	3,704

III. HEATHQUEST WELLNESS PROGRAM HIGHLIGHTS

HEALTHQUEST HEALTH CENTER

The HealthQuest Health Center (HQHC) is in the Mills Building at 901 S. Kansas Ave., Topeka, KS. The clinic opened the first week of May 2019. Marathon Health has staffed the clinic with a physician, two nurse practitioners, a mental health provider, a health coach and three medical assistants. The SEHP utilized its preferred lab agreement with Stormont Vail Health to provide for the third-party lab services to the HQHC. The To address member needs, telehealth services were launched to provide greater access to health care. More information about the health center is available at: <https://healthbenefitsprogram.ks.gov/sehp/vendors/healthquest-health-center>

State employees who have visited the HQ Health Center have provided positive feedback regarding their experience at the health center and appreciation for professionalism of the staff, quality of the care provided and convenience of the health center location. After each visit, the patient is sent a survey to assess their experience. The health center has received feedback indicating 98% “satisfied” or “very satisfied” with their care.

WELLNESS PROGRAM

The SEHP’s HealthQuest (HQ) wellness program offers resources, and educational opportunities for members, and promotes a healthier workforce, a better quality of life, and helps decrease overall healthcare costs. Over the course of the last two years, the HCC has met to discuss ideas for changing the HQ wellness program. As a result of those discussions, a combined RFP for the operation of the health center and wellness program was issued. The HCC awarded the contract for three years to Marathon Health to take over the operation of both programs starting January 1, 2023. Members will use a single portal to access the health center and wellness program. Marathon will offer expanded virtual health services for members statewide.

Once the contract was awarded, the HCC elected to make some changes in the HealthQuest wellness program rewards program for PY 2023 to focus on three core areas of health and wellness:

- Expanded focus on Preventive Care service
- Health Education Activities
- Health Management Activities

The HCC voted to eliminate covered spouses from being required to earn credits for the employee to receive the full Premium Incentive Discount. Spouses will no longer earn HSA or HRA incentive reward dollars for participation in HQ activities. The HCC did adjust the Employer HSA and HRA contribution for Plan C and N members to reflect this change. Covered spouses will still have access to all HealthQuest resources and activities.

Review of the PY 2022 HQ Wellness Program Through November 22, 2022:

- 51,108 SEHP members and spouses were eligible to access HealthQuest as a wellness resource
- 55.5%, or 28,361 participants activated their HealthQuest account
- 56.0 %, or 15,883 participants who have active HealthQuest accounts earned their premium incentive discount for 2023
- 52.0% or 14,890 participants completed a biometric screening activity (Onsite, Home Test Kit, or physician form)
- 22,526 participants enrolled in at least one wellness activity during 2022
- 65.7% or 18,637 of those participants completed the activity and reached the goal needed to earn credits

- 8,456 SEHP members and spouses received their COVID Vaccine Credits through HealthQuest in 2022
- Through November 30, 2022, 3,038 members or spouses engaged in at least one Health Coaching virtual session

Since PY 2013, the HQ program has been an integral part of the SEHP, with high participation, even though a member's participation is completely voluntary. Complete details of the HQ Program are available by visiting: <https://sehp.healthbenefitsprogram.ks.gov/benefits/healthquest>

IV. PLAN FINANCIALS

During 2022, the HCC continued to receive financial reports that summarized plan revenues, expenditures, and both current and projected balances of SEHP funds. The HCC focuses on these reports in an ongoing attempt to maintain a healthy reserve balance. Under the guidance of SEHP staff and Segal Actuarial Consultants, in December 2021, the Health Care Commission elected to move from a current year plus three future years reserve projection calculation to a current year plus four years to align with the House Bill 2218. This section summarizes the financial status of the SEHP, including a discussion of funding balances, revenue, and expenses.

BEGINNING BALANCE

The beginning balance shown in **Table 1A**, and **Table 2** indicate the total amount of cash in the various funds available to the SEHP. Table 1 and Table 1 A is the SEHP statement of the current year plus four future years that was reviewed and approved on December 1, 2022, by the HCC. Funds available to the SEHP are referred to as the beginning/ending "**Balance.**" The beginning balance 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 once all expenses have been paid from the previous plan year. For the Reserve fund managed by the Kansas Pooled Money Investment Board, it is estimated that the interest earned on the fund will be .2.8% for 2023, 3.75% for 2024 and 2.75% for future years, even though the FY 2022 rate was .164%.

PLAN REVENUES

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

The "**Total Revenues**" amount on **Table 1A** for PY 2022 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** and **Table 1A** incorporate the estimated impacts of contribution rates in effect for PY 2022, as described above. The Plan received a onetime contribution of \$10 million in December 2022 from the State of Kansas.

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 on a fiscal year basis, whereas projected plan expenses (**Table 1A**) are estimates reflecting a long-term managed health care cost trend. The total annualized cost of the SEHP for PY 2022 is estimated to be approximately \$502,184,667 per Table 1A. Experience and future projections for plan contributions, expenses, ending reserve balance, and target reserve are represented in the Projected Reserve Balance (**Table 1A**) 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 the projection's costs will grow 2% annually. SEHP administrative costs represent less than 1% 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 10.0 percent of average plan expenses for the three preceding plan years. The target reserve is adjusted for health cost trends over time. **Table 1A** 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 2022 was \$47.4 million (**Table 1A**). Target reserves are projected to rise over time based upon health cost trend.

Table 2 and **Figure 1** show SEHP balances, revenues, and expenditures from state Fiscal Year (FY) 2012 through FY 2022. 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 8.5% 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 2022, the HCC voted for a 4.5% State of Kansas employer contribution increase to maintain the financial stability of the Health Plan.

SUMMARY

In Plan Year 2021, health care costs are approximately within 1% of the projected. Based upon the plan changes implemented by the Health Care Commission (HCC) for PY 2022, 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 86,000 lives for Plan Year 2022.

Table 1
Kansas State Employees Health Care Commission
Multi-Year Projection
Assumption Summary

	2021	2022	2023	2024	2025	2026
Trend Assumptions						
Interest Rate on Fund Balance (Fiscal Year)	0.050%	0.164%	2.80%	3.75%	2.75%	2.75%
Admin/Contract Fee Trend/Vision Trend	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%
Medical claim trend rate	5.5%	5.5%	5.5%	5.5%	5.5%	5.5%
Prescription drug claim trend rate	8.5%	8.5%	8.5%	8.5%	8.5%	8.5%
Dental claim trend rate	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
Medicare Advantage trend rate	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%
Funding Rate Assumptions						
Medical	Target based on 10% of Total Expenses			Click to Calculate Required Funding		
Employer % Change (eff. July 1)				FALSE	FALSE	FALSE
State Employer	3.0%	5.0%	7.5%	4.9%	4.9%	4.9%
Non-State Employer	3.0%	5.0%	7.5%	4.9%	4.9%	4.9%
State Employee % Change (fee. Jan 1)				FALSE	TRUE	TRUE
Employee	0.0%	0.0%	0.0%	0.0%	4.9%	4.9%
Employee + Spouse	-2.0%	-2.0%	0.0%	0.0%	4.9%	4.9%
Employee + Child(ren)	0.0%	0.0%	0.0%	0.0%	4.9%	4.9%
Employee + Family	-2.0%	-2.0%	0.0%	0.0%	4.9%	4.9%
Non-State Employee % Change (fee. Jan 1)				FALSE	TRUE	TRUE
Employee	0.0%	0.0%	0.0%	0.0%	4.9%	4.9%
Employee + Spouse	-2.0%	-2.0%	0.0%	0.0%	4.9%	4.9%
Employee + Child(ren)	0.0%	0.0%	0.0%	0.0%	4.9%	4.9%
Employee + Family	-2.0%	-2.0%	0.0%	0.0%	4.9%	4.9%
Non-Medicare Retiree Contrib % Change (eff. Jan 1)				FALSE	TRUE	TRUE
Employee	-2.0%	0.0%	0.0%	0.0%	4.9%	4.9%
Employee + Spouse	-2.0%	-2.0%	0.0%	0.0%	4.9%	4.9%
Employee + Child(ren)	-2.0%	0.0%	0.0%	0.0%	4.9%	4.9%
Employee + Family	-2.0%	-2.0%	0.0%	0.0%	4.9%	4.9%
Dental						
Employer contribution % increase (eff. July 1)	3.3%	3.3%	41.7%	3.3%	3.3%	3.3%
Active employee and dependent contribution % increase (eff. Jan 1)	3.3%	3.3%	-53.0%	3.3%	3.3%	3.3%
COBRA & retirees contribution % increase (eff. Jan 1)	3.3%	3.3%	3.3%	3.3%	3.3%	3.3%
Wellness Assumptions						
Earned HSA/HRA Contribution (\$500/\$1,000)	50%	50%	60%	60%	60%	60%
Wellness Contribution Credit \$40 per month	65%	50%	60%	60%	60%	60%
Reserve Targets						
10% of Total Expenses (average of prior 3 years)	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%
Additional Funding						
Additional Cash		\$ 10,000,000	\$ -			

Table 1 A
Kansas State Employees Health Care Commission
Financial Data and Enrollment Data Through September 2022
Multi-Year Projection

	2021 Actual	2022 Projected	2023 Projected	2024 Projected	2025 Projected	2026 Projected
Revenue						
State ER	\$ 304,538,417	\$ 313,855,546	\$ 332,510,936	\$ 355,368,134	\$ 372,708,196	\$ 390,893,090
State EE	\$ 75,176,025	\$ 74,202,906	\$ 66,597,111	\$ 66,793,818	\$ 70,390,868	\$ 74,161,246
Non-State ER	\$ 49,941,973	\$ 49,983,546	\$ 51,572,933	\$ 55,010,578	\$ 57,694,769	\$ 60,509,160
Non-State EE	\$ 11,691,225	\$ 10,441,593	\$ 8,798,550	\$ 8,821,753	\$ 9,292,515	\$ 9,786,014
Direct Bill	\$ 32,549,251	\$ 31,800,886	\$ 33,294,948	\$ 34,957,503	\$ 36,883,983	\$ 38,919,967
COBRA	\$ 3,955,150	\$ 3,447,195	\$ 3,570,888	\$ 3,769,585	\$ 3,962,263	\$ 4,164,283
Voluntary Benefit	\$ 3,895,832	\$ 4,288,749	\$ 4,020,000	\$ 4,020,000	\$ 4,020,000	\$ 4,020,000
Interest/Other	\$ 598,731	\$ 601,311	\$ 985,127	\$ 1,987,687	\$ 1,367,904	\$ 1,434,639
One Time Funding from GBA		\$ 10,000,000	\$ -			
Administrative Fund	\$ 3,232,977	\$ 3,147,271	\$ 3,098,158	\$ 3,098,158	\$ 3,098,158	\$ 3,098,158
Total	\$ 485,579,581	\$ 501,769,003	\$ 504,448,650	\$ 533,827,217	\$ 559,418,655	\$ 586,986,556
Expenses						
Medical Claims	\$ 298,562,438	\$ 296,071,319	\$ 313,073,385	\$ 329,969,335	\$ 348,444,064	\$ 366,422,460
Rx Claims	\$ 82,386,923	\$ 94,862,476	\$ 89,517,131	\$ 89,002,729	\$ 87,099,180	\$ 94,502,610
Dental Claims	\$ 26,511,170	\$ 26,284,457	\$ 26,643,971	\$ 27,439,372	\$ 28,258,553	\$ 29,104,928
Health Savings ER	\$ 30,149,259	\$ 29,937,652	\$ 32,580,566	\$ 32,580,566	\$ 32,580,566	\$ 32,580,566
ASO/Premium	\$ 43,200,165	\$ 39,960,966	\$ 42,327,757	\$ 44,181,433	\$ 46,132,609	\$ 48,186,861
Voluntary Benefit	\$ 3,895,832	\$ 4,288,749	\$ 4,020,000	\$ 4,020,000	\$ 4,020,000	\$ 4,020,000
Onsite Clinic (Marathon)	\$ 2,093,084	\$ 2,165,336	\$ 4,000,000	\$ 4,500,000	\$ 5,000,000	\$ 5,100,000
Other Contract Fees/Flex	\$ 6,639,683	\$ 5,961,906	\$ 2,574,000	\$ 2,625,480	\$ 2,677,990	\$ 2,731,549
PCORI	\$ 164,593	\$ 170,634	\$ 200,000	\$ 207,340	\$ 214,949	\$ 222,838
Administrative Fund	\$ 2,240,067	\$ 2,481,173	\$ 2,564,000	\$ 2,564,000	\$ 2,564,000	\$ 2,564,000
Total	\$ 495,843,214	\$ 502,184,667	\$ 517,500,811	\$ 537,090,255	\$ 556,991,911	\$ 585,435,813
Net Cash Flow	\$ (10,263,633)	\$ (415,664)	\$ (13,052,160)	\$ (3,263,038)	\$ 2,426,744	\$ 1,550,743
Beginning Balance (Reserve Fund)	\$ 69,021,173	\$ 57,764,630	\$ 56,682,867	\$ 43,096,549	\$ 39,299,353	\$ 41,191,939
Ending Balance (Reserve Fund)	\$ 57,764,630	\$ 56,682,867	\$ 43,096,549	\$ 39,299,353	\$ 41,191,939	\$ 42,208,524
Beginning Balance (Administrative Fund)	\$ 7,715,268	\$ 8,708,178	\$ 9,374,276	\$ 9,908,435	\$ 10,442,593	\$ 10,976,751
Ending Balance (Administrative Fund)	\$ 8,708,178	\$ 9,374,276	\$ 9,908,435	\$ 10,442,593	\$ 10,976,751	\$ 11,510,909
Beginning Balance (Both Funds)	\$ 76,736,441	\$ 66,472,808	\$ 66,057,144	\$ 53,004,983	\$ 49,741,945	\$ 52,168,690
Ending Balance (Both Funds)	\$ 66,472,808	\$ 66,057,144	\$ 53,004,983	\$ 49,741,945	\$ 52,168,690	\$ 53,719,433
Target based on IBNR and Claims Fluctuation	\$ 52,969,869	\$ 54,238,373	\$ 55,800,483	\$ 58,033,487	\$ 60,294,234	\$ 63,703,900
Target based on HB.2218	\$ 46,667,920	\$ 47,417,482	\$ 48,507,455	\$ 50,517,623	\$ 51,892,524	\$ 53,719,433
Fund Balance vs. IBNR & CF Surplus/(Shortfall)	\$ 13,502,939	\$ 11,818,771	\$ (2,795,500)	\$ (8,291,541)	\$ (8,125,544)	\$ (9,984,467)
Fund Balance vs. HB.2218 Target Surplus/(Shortfall)	\$ 19,804,888	\$ 18,639,662	\$ 4,497,529	\$ (775,678)	\$ 276,165	\$ 0
Enrollment (Subscriber)						
Active	36,480	35,877	35,747	35,747	35,747	35,747
COBRA	403	322	321	321	321	321
Non-Medicare Retiree	374	314	308	308	308	308
Medicare Retiree	8,602	8,328	8,286	8,286	8,286	8,286
Total	45,859	44,840	44,662	44,662	44,662	44,662
Revenue PEPM	\$ 882	\$ 933	\$ 941	\$ 996	\$ 1,044	\$ 1,095
Expenses PEPM	\$ 901	\$ 933	\$ 966	\$ 1,002	\$ 1,039	\$ 1,092

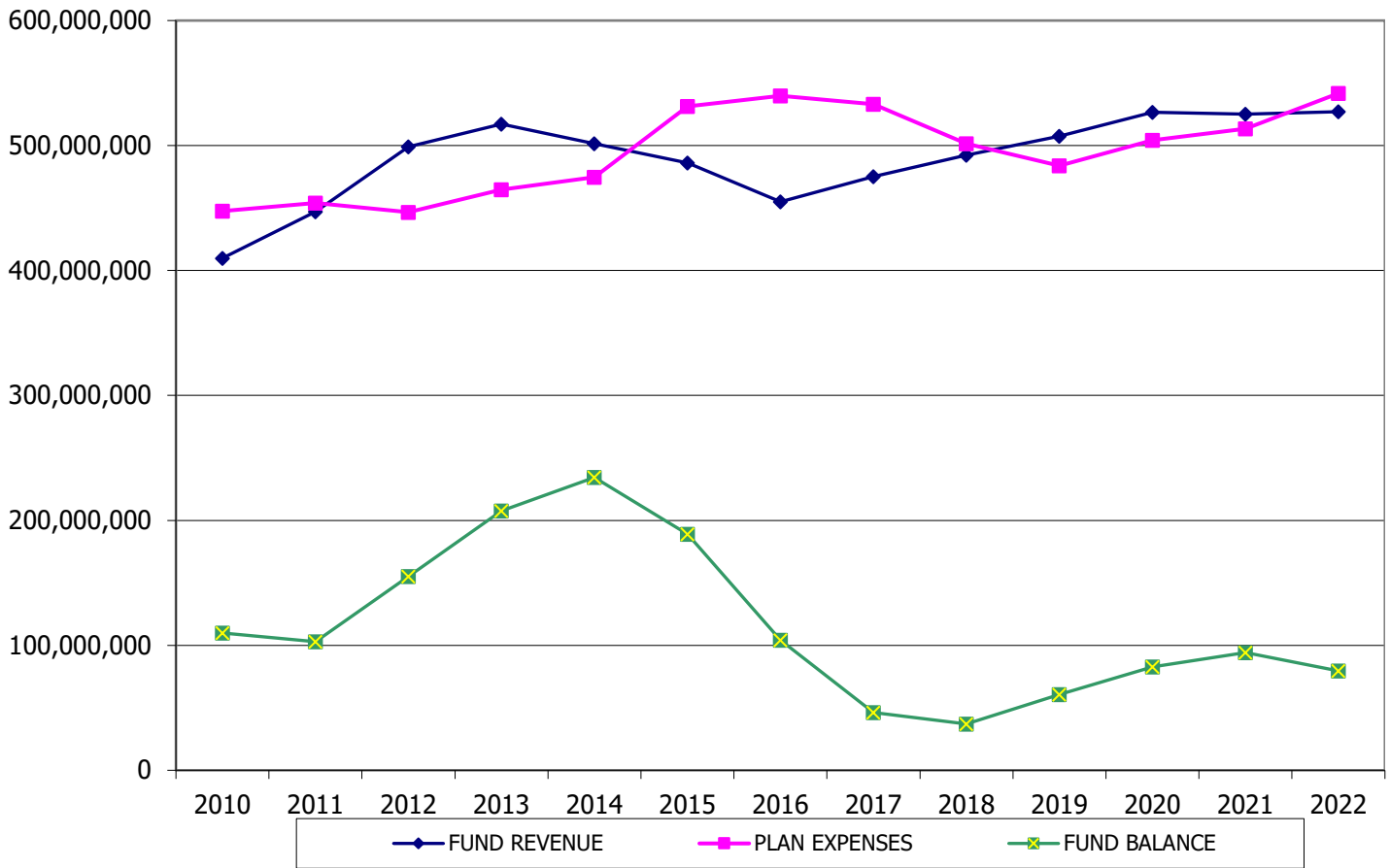
Table 2

State Employees' Health Benefit Program
Statement of Operations History

Fiscal Years 2011 - 2022

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
BEGIN FUND BALANCES:												
Reserve Fund	101,479,924.84	93,902,495.45	143,995,304.14	194,050,142.01	221,414,299.15	177,004,722.94	95,095,498.03	40,820,647.89	30,658,118.13	50,274,861.90	69,351,319.06	82,223,797.59
Non-State	943,939.71	798,404.79	662,532.53	1,626,614.65	1,506,020.82	1,395,728.08	1,294,671.90	1,184,440.10	1,087,317.33	985,171.26	1,881,031.18	1,768,217.99
Direct Bill	1,183,591.42	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Flex Spending	2,522,075.16	3,201,504.75	3,802,382.61	4,279,051.64	4,662,897.54	4,553,605.98	4,290,097.99	877,551.89	458,729.07	152,403.15	305,902.31	406,754.23
Cafeteria	3,018,954.53	4,107,863.47	5,542,695.90	6,201,863.80	5,519,715.80	4,925,153.50	2,560,899.81	2,610,923.67	3,686,804.41	4,671,078.06	5,641,282.46	6,108,589.26
Wellness	681,897.71	915,191.10	1,141,168.12	1,335,336.74	1,114,201.25	918,751.04	983,264.46	793,473.59	1,050,092.18	1,553,956.86	1,879,158.08	2,121,332.52
Other/HSA/Act	967.45	967.45	53.13	31,289.97	140,445.79	148,212.32	2,973.07	0.00	122,174.42	2,911,098.09	3,587,242.48	1,602,860.73
	109,831,330.82	102,926,428.01	155,206,106.43	207,524,278.82	234,357,546.35	188,946,183.86	104,225,405.26	46,291,037.14	37,073,235.54	60,548,589.32	82,645,915.57	94,231,522.32
REVENUES:												
State ER/HSA/Act	247,109,335.65	279,018,233.20	300,747,872.76	292,977,987.87	292,188,919.88	264,252,535.92	260,141,041.28	264,220,950.74	282,599,775.00	\$311,847,688.80	329,594,096.17	303,902,382.13
State EE	63,469,298.25	65,937,871.81	63,665,929.05	59,483,669.04	53,425,865.98	54,829,933.84	70,394,594.54	81,580,835.28	86,773,355.11	\$84,988,515.85	80,426,397.06	106,708,460.63
Non-State/HSA/Act	73,089,821.12	86,089,715.19	87,389,910.82	85,544,215.15	81,960,661.80	78,052,467.41	83,766,675.57	89,534,881.05	75,229,221.36	\$75,167,398.41	59,436,440.74	62,370,388.44
Direct Bill	50,510,944.12	46,307,263.11	46,597,130.00	47,547,941.72	43,357,447.56	42,279,099.82	39,880,647.36	39,806,547.34	37,346,341.62	\$33,035,189.60	36,347,628.62	35,971,784.40
Flex	17,573,602.24	17,457,336.19	15,718,084.81	13,462,131.00	11,895,994.83	11,208,763.63	11,210,054.21	11,882,104.91	12,199,935.80	\$12,901,809.28	12,146,992.53	12,351,256.47
Cafeteria	3,167,405.11	3,150,560.10	1,997,627.75	1,099,706.93	1,134,945.01	1,165,873.71	1,990,509.27	3,162,329.07	2,892,133.27	\$2,798,624.37	2,630,326.95	2,570,361.41
Wellness	788,134.57	743,461.40	725,040.59	501,394.35	720,304.40	708,003.19	712,654.58	611,648.30	619,716.13	\$669,104.64	632,113.81	619,888.47
Other/Clinic	-3,646,547.27	206,718.30	303,596.94	816,753.72	1,283,043.27	2,602,538.10	7,051,192.58	1,493,174.99	10,658,897.35	\$5,050,457.43	3,826,996.30	2,537,985.60
	447,061,894.79	498,915,199.30	577,005,181.91	501,522,989.78	489,977,082.73	455,098,633.62	475,104,389.39	492,271,471.68	507,319,433.64	526,488,748.38	525,002,912.18	527,040,517.55
EXPENSES:												
Claims	392,820,392.86	381,580,142.08	401,653,681.49	412,354,782.33	495,579,705.24	475,069,536.81	466,279,386.67	434,543,880.16	419,316,654.14	435,641,766.73	444,657,910.99	473,205,936.01
Other	5,327,669.53	5,424,145.21	5,182,894.47	5,063,786.12	7,444,944.49	6,465,301.50	6,692,310.89	10,391,713.53	7,640,095.46	7,133,793.71	6,246,280.03	8,678,863.19
ASO/Premiums	46,295,027.21	40,638,493.21	40,738,725.97	41,668,503.53	42,713,386.18	42,546,687.12	42,593,508.78	41,663,813.82	41,408,132.98	44,603,610.00	45,360,118.26	42,601,924.44
Flex	16,618,731.19	16,509,479.45	14,864,870.99	12,718,411.89	11,754,565.20	11,193,402.85	11,199,055.15	11,871,924.47	12,194,820.47	12,447,902.94	11,754,817.09	12,590,683.54
Admin/Clinic	2,904,976.81	2,479,220.93	2,346,846.51	2,654,297.98	2,895,943.11	4,444,485.94	6,274,456.02	2,854,471.36	3,344,399.81	4,544,328.75	5,195,199.05	4,640,940.09
	453,986,797.60	446,631,480.88	464,787,009.52	474,889,702.25	531,388,445.22	539,819,614.22	533,038,757.51	501,490,273.28	483,904,101.86	504,371,402.13	513,417,305.43	541,721,302.27
END FUND BALANCES:												
Reserve Fund	93,902,495.45	143,995,304.14	194,050,142.01	221,414,299.15	177,004,732.94	95,095,498.03	40,820,647.89	30,658,118.13	50,274,861.90	69,351,319.06	82,223,797.59	66,635,911.75
Non-State	798,404.79	662,532.53	1,626,614.66	1,506,020.82	1,395,728.08	1,294,671.90	1,184,440.10	1,087,317.33	985,171.26	1,881,031.18	1,768,217.99	1,689,967.87
Direct Bill	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0	0.00	0.00
Flex Spending	3,201,504.75	3,802,382.61	4,279,051.64	4,662,897.54	4,553,605.98	4,290,097.99	877,551.89	458,729.07	152,403.15	305,902.31	406,754.23	183,215.22
Cafeteria	4,107,863.47	5,543,695.90	6,201,863.80	5,519,715.80	4,925,153.50	2,560,899.81	2,610,923.67	3,686,804.41	4,671,078.06	5,641,282.46	6,108,589.26	6,465,254.87
Wellness	915,191.10	1,141,168.12	1,335,336.74	1,114,201.25	918,751.04	983,264.46	793,473.59	1,050,092.18	1,553,956.86	1,879,158.08	2,121,332.52	2,561,664.88
Other/HSA/Act/Clinic	967.45	967.45	53.13	31,289.97	140,445.79	148,212.32	2,973.07	0.00	122,174.42	2,911,098.09	3,587,242.48	1,602,860.73
	102,926,428.01	155,206,106.43	207,524,278.82	234,357,546.35	188,946,183.86	104,225,405.26	46,291,037.14	37,073,235.54	60,548,589.32	82,645,915.57	94,231,522.32	79,544,377.80

Figure 1 History of SEHP Fund Revenue, Plan Expenses and Fund Balance



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.
3. Fund Balance includes administrative funds
4. HB 2218 requires the commission to provide recommendations for reducing reserves by minimizing increases to employee contributions or cost-sharing requirements if the plan reserves exceed 10% of the average plan expenses for the preceding three plan years. Further details of the bill can be found in the attached exhibit.
5. In 2022, The HCC added the Administrative Fund with the Medical Fund for reporting purposes to manage the fund balance in total.

V. HOUSE BILL 2218

Background

House Bill (H.B.) 2218, passed during the 2021 Legislative session, amended K.S.A. 75-6509 and required the HCC to report on “the current and projected reserve balance, including as a percentage of total plan expenses. For any reserve balance over 10% of the average plan expenses for the immediately preceding three plan years, the commission shall provide recommendations for reducing reserves by minimizing increases to employee contributions or cost-sharing requirements.” See Exhibit E for the full text of the H.B. 2218.

Actions taken by the HCC related to H.B. 2218

A few years prior to plan year 2020, the commission was faced with maintaining the health plan reserve balance to keep the health plan solvent. As a result, employees experienced rate increases and additional cost sharing in plan benefits like increased deductibles, copays, and out of pocket maximums. Beginning with plan year 2020, the commission was able to begin changing some of these prior decisions and began to reduce some of the cost share to the members as outlined below.

Specific to Sec. 3 K.S.A. 75-6509, some of the changes to the plan in previous years have already begun to address cost containment and stronger benefit coverage beginning with plan year 2020.

The commission made the following elections for Plan Year 2020 which directly impacted the employee by reducing the cost to the *employee*:

- Elected to keep the annual premium for the employee & employee plus child(ren) coverage tiers flat (0%) effective January 1, 2020
- Reduced the annual premium for the employee plus spouse and employee family coverage tiers by (-6%) effective January 1, 2020
- Increased the annual employer contribution by (4.5%) effective July 1, 2020
- Reduced the coinsurance for Plan C to 10%

The commission made the following elections for Plan Year 2021 which directly impacted the employee by reducing the cost to the employee:

- Elected to keep the annual premium for the employee & employee plus child(ren) coverage tiers flat (0%) effective January 1, 2021
- Reduced the annual premium for the employee plus spouse and employee family coverage tiers by (-2%) effective January 1, 2021
- Increased the annual employer contribution by (3%) effective July 1, 2021
- Eliminated the third-tier deductible for Plan A

The commission made the following elections for Plan Year 2022 which directly impact the employee by reducing the cost to the employee:

- Elected to keep the annual premium for the employee & employee plus child(ren) coverage tiers flat (0%) effective January 1, 2022
- Reduced the annual premium for the employee plus spouse and employee family coverage tiers by (-2%) effective January 1, 2022
- Increased the annual employer contribution by (5%) effective July 1, 2022
- **Changes for Plan A:**
 - Reduced the deductible on Plan A for single coverage by \$100 and family coverage by \$200
 - Reduced the copay for a primary care office visit by \$10
 - Reduced the annual out of pocket maximum for single coverage by \$1,000 and family coverage by \$2,000
 - Reduced the coinsurance for preferred brand name drugs by 5%
 - Reduced the coinsurance for Non Preferred brand name drugs by 5%
- **Changes for Plan C**
 - Reduced the annual out of pocket maximum for single coverage by \$1,000 and family coverage by \$2,000
 - Reduced the coinsurance for Preferred brand name drugs by 5%
 - Reduced the coinsurance for Non Preferred brand name drugs by 5%

- **Changes for Plan J**
 - Reduced the coinsurance for Preferred brand name drugs by 5%
 - Reduced the coinsurance for Non Preferred brand name drugs by 5%
- **Changes for Plan N**
 - Reduced the coinsurance for Preferred brand name drugs by 5%
 - Reduced the coinsurance for Non Preferred brand name drugs by 5%

H.B. 2218 also requires the HCC to include a report on the projected reserve balance which is outlined below:

“For any reserve balance over 10% of the average plan expenses for the immediately preceding three plan years, the commission shall provide recommendations for reducing reserves by minimizing increases to employee contributions or cost-sharing.”

The chart illustrates the total plan expenses for 2019, 2020, and 2021 (the previous three years) and the projected fund balance for the plan year ending December 2022. The analysis compares the projected ending balance for 2022 to the 10% average of the total plan expenses for the preceding three plan years.

PY 2019 Plan Expenses	PY 2020 Plan Expenses	PY 2021 Plan Expenses	3 Year Total	Avg Exp over preceding 3 years
\$469,485,485	\$457,195,649	\$495,843,214	\$1,422,524,348	\$474,174,783
2022 Current Projected Reserve Fund Balance	2022 Current Projected Target Reserve Fund Balance	HB 2218 Reserve Calculation Amount based on a 10% Avg of the Plan Expenses	Calculation:	
			\$66,057,144 - \$47,417,478 =	
			\$18,639,666	
\$66,057,144	\$47,417,482	\$47,417,478		

Recommendations:

Based on the above calculation, as of December 2022, there is a surplus reserve of more than 10% of the average of the total plan expenses for the previous 3 years of \$18,639,666. The HCC will continue to evaluate ways to minimize increases to the employee premiums and cost sharing for the covered benefits provided by the plan such as reducing deductibles, copayments, coinsurance, and all other benefits available to the members. These types of evaluations have occurred since plan year 2020. The HCC continues to monitor the impact of COVID-19 on members and plan expenses. Members delaying treatments and procedures that they would have normally received could create an increase in plan expenses. The Commission will continue to balance the long-term financial solvency of the health plan with any proposed plan design changes.

Exhibit A
2022 Employee Advisory Committee

Barbara Barto
Pittsburg State University

Maria Beebe
Kansas State University

Pam Buckhalter
Legislative Branch

Drue Campbell
Department of Administration

Jennifer Dalton
Department of Commerce

Tressie Duncan
Department of Children & Families

Keith Fitzsimmons
Retiree

Steven Grieb
Retiree

Laura Hoppas
Department of Transportation

Mendy Jump
Department of Health & Environment

Marjorie Knoll
Retiree

Michael Lundin
Kansas University

Courtney Marsh
University of Kansas Medical School

Luke McClurg
Department of Education

Mike Mercer
Emporia State University

Roberta Robinson
Kansas State University

Wade Schneider
KRGK

Scott Showalter
Judicial Branch

Robert Vieyra
Department of Corrections

Warren Wiebe
Board of Healing Arts

Natalie Yoza
Board of Regents

Exhibit B
2022 GROUP HEALTH INSURANCE ENROLLMENT
BY TYPE OF PARTICIPANT

Grand Total Covered Lives (State & Non-State Active, Direct Bill, & COBRA)				
<u>Type of Participant</u>	<u>Jan-22</u>	<u>Apr-22</u>	<u>Jul-22</u>	<u>Oct-22</u>
Active State Employees	32,170	32,236	31,840	32,237
Active State EE Dependents	30,425	30,491	30,136	30,257
Total Covered Lives	62,595	62,727	61,976	62,494
Direct Bill State Retirees	8,593	8,504	8,477	8,418
Direct Bill State Ret Dependents	59	58	62	57
Total Covered Lives	8,652	8,562	8,539	8,475
COBRA State Participants	349	277	279	278
COBRA State Dependents	142	123	118	133
Total Covered Lives	491	400	397	411
Active Educational Employees	1,066	1,103	1,077	1,061
Active Educational EE Dependents	1,048	1,041	1,020	999
Total Covered Lives	2,114	2,144	2,097	2,060
Direct Bill Educational Retirees	52	49	47	47
Direct Bill Educational Ret Dependents	4	3	2	2
Total Covered Lives	56	52	49	49
COBRA Educational Participants	7	3	4	7
COBRA Educational Dependents	3		1	1
Total Covered Lives	10	3	5	8
Active City/County/Township Employees	1,440	1,453	1,339	1,346
Active City/County/Township EE Dependents	1,435	1,423	1,330	1,309
Total Covered Lives	2,875	2,876	2,669	2,655
Direct Bill City/County/Township Retirees	73	73	72	74
Direct Bill City/County/Township Ret Deps				
Total Covered Lives	73	73	72	74
COBRA City/County/Township Participants	14	13	14	11
COBRA City/County/Township Dependents	5	2	2	1
Total Covered Lives	19	15	16	12

Active Hospital or Mental Hlth Center Employees	761	1,023	1,042	1,071
Active Hospital or Mental Hlth Center EE Dependents	846	860	867	899
Total Covered Lives	1,607	1,883	1,909	1,970
Direct Bill Hospital or Mental Hlth Center Retirees		18	18	20
Direct Bill Hospital or Mental Hlth Center Ret Deps				
Total Covered Lives	0	18	18	20
COBRA Hospital or Mental Hlth Center Participants	2	4	3	4
COBRA Hospital or Mental Hlth Center Dependents	4	5	5	6
Total Covered Lives	6	9	8	10
Active All Other Non State Employees	16	250	240	300
Active All Other Non State EE Dependents	178	179	177	185
Total Covered Lives	194	429	417	485
Direct Bill All Other Non-State Retirees		20	22	21
Direct Bill All Other Non-State Ret Deps	1	1	1	1
Total Covered Lives	1	21	23	22
COBRA All Other Non State Participants				
COBRA All Other Non State Dependents				
Total Covered Lives	0	0	0	0
Total Contracts	44,543	45,026	44,474	44,895
Total Covered Lives	78,693	79,212	78,195	78,745

Exhibit C		
2022 New Non State Public Employer Groups		
Start Date	Group Name	Type
01/01/2022	Jackson County	Local Government
01/01/2022	Rice County Extension	Other
06/01/2022	Rooks County Conservation District	Other
08/01/2022	Thomas County	Local Government

Exhibit D
Kansas State Employees Health Care Commission
Plan Year 2022 Estimated Annualized Costs (Unaudited)

	<u>Annualized</u>
1 Projected Total Cost¹	\$501,968,372
2 2022 Estimated Cost ¹	
Medical Claims	\$296,071,319
Rx Claims	\$94,862,476
Delta Dental of Kansas	\$26,284,457
Health Savings/Health Reimbursement	\$29,937,652
ASO Premiums	\$39,960,966
Voluntary Benefits	\$4,288,749
Other Contracts fees /Flex	\$5,961,906
Affordable Care Act Fees	\$170,634
Onsite Clinic	\$2,165,336
Administrative Fund fees	\$2,481,173
TOTAL	\$502,184,667
3 State and Non State Employee, COBRA, Direct Bill Contribution, Administrative Contributions, Voluntary Benefits plus Interest Earned	\$127,929,911
4 State of Kansas and Non State Employer Contributions not including a special onetime contribution of \$10 Million from the State ¹	
a. Projected ¹	\$361,977,714
b. Actual ¹	\$363,839,092
c. Percent Difference	0.5%

1. The financial information is using the financial statements presented to the HCC at the December 2022 meeting
2. The Plan Received a special one time contribution of \$10 million from the State of Kansas.

EXHIBIT E
HOUSE BILL No. 2218

AN ACT concerning the Kansas state employees health care commission; changing membership thereon; providing responsibility to balance the healthcare needs of state employees with the financial impact on the state; requiring reports to the legislature on current and projected reserve balances in the state healthcare benefits program; amending K.S.A. 75-6501, 75-6502 and 75-6509 and repealing the existing sections.

Be it enacted by the Legislature of the State of Kansas:

Section 1. K.S.A. 75-6501 is hereby amended to read as follows: 75-6501.

(a) Within the limits of appropriations made or available therefor and subject to the provisions of appropriation acts relating thereto, the Kansas state employees health care commission shall develop and provide for the implementation and administration of a state health care benefits program. The state employees health care commission shall balance the healthcare needs of state employees at an affordable cost to the employees with the financial impact on the state.

(b) (1) Subject to the provisions of paragraph (2), the state health care benefits program 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. The program may include such provisions as are established by the Kansas state employees health care commission, including, but not limited to, qualifications for benefits, services covered, schedules and graduation of benefits, conversion privileges, deductible amounts, limitations on eligibility for benefits by reason of termination of employment or other change of status, leaves of absence, military service or other interruptions in service and other reasonable provisions as may be established by the commission.

(2) The state health care benefits program shall provide the benefits and services required by K.S.A. 75-6524, and amendments thereto.

(c) The Kansas state employees health care commission shall designate by rules and regulations those persons who are qualified to participate in the state health care benefits program, including active and retired public officers and employees and their dependents as defined by rules and regulations of the commission. Such rules and regulations shall not apply to students attending a state educational institution as defined in K.S.A. 76-711, and amendments thereto, who are covered by insurance contracts entered into by the board of regents pursuant to K.S.A. 75-4101, and amendments thereto. In designating persons qualified to participate in the state health care benefits program, the commission may establish such conditions, restrictions, limitations and exclusions as the commission deems reasonable. Such conditions, restrictions, limitations and exclusions shall include the conditions contained in K.S.A.

75-6506(d), and amendments thereto. Each person who was formerly elected or appointed and qualified to an elective state office and who was covered immediately preceding the date such person ceased to hold such office by the provisions of group health insurance or a health maintenance organization plan under the law in effect prior to August 1, 1984, or the state health care benefits program in effect after that date, shall continue to be qualified to participate in the state health care benefits program and shall pay the cost of participation in the program as established and in accordance with the procedures prescribed by the commission if such person chooses to participate therein.

(d) (1) Commencing with the 2009 plan year that begins January 1, 2009, if a state employee elects the high deductible health plan and health savings account, the state's employer contribution shall equal the state's contribution to any other health benefit plan offered by the state. The cost savings to the state for the high deductible health plan shall be deposited monthly into the employee's health savings account up to the maximum annual amount allowed pursuant to 26 U.S.C. § 223(d), as amended, for as long as the employee participates in the high deductible plan.

(2) If the employee had not previously participated in the state health benefits plan, the employer shall calculate the average savings to the employer of the high deductible plan compared to the other available plans and contribute that amount monthly to the employee's health savings account up to the maximum annual amount allowed pursuant to 26 U.S.C. § 223(d), as amended.

(3) The employer shall allow additional voluntary contributions by the employee to their health savings account by payroll deduction up to the maximum annual amount allowed pursuant to 26 U.S.C. § 223(d), as amended.

(e) The commission shall have no authority to assess charges for employer contributions under the student health care benefits component of the state health care benefits program for persons who are covered by insurance contracts entered into by the board of regents pursuant to K.S.A. 75-4101, and amendments thereto.

(f) Nothing in this act shall be construed to permit the Kansas state employees health care commission to discontinue the student health care benefits component of the state health care benefits program until the state board of regents has contracts in effect that provide student coverage pursuant to the authority granted therefor in K.S.A. 75-4101, and amendments thereto.

(g) (1) On and after July 1, 2018, the commission shall designate claimants, as defined in K.S.A. 2020 Supp. 60-5004, and amendments thereto, as qualified to participate in the state health care benefits program. The commission shall implement this subsection in accordance with applicable federal law, including, but not limited to, the employee

retirement income security act of 1974 and any regulations issued by the United States department of the treasury.

(2) A claimant shall have 31 calendar days from the date of judgment entered pursuant to K.S.A. 2020 Supp. 60-5004, and amendments thereto, to complete or decline enrollment in the state health care benefits program. A claimant shall be qualified to participate in the state health care benefits program for the remainder of the plan year when judgment is entered pursuant to K.S.A. 2020 Supp. 60-5004, and amendments thereto, and for the next ensuing plan year. A claimant shall not be qualified to elect a high-deductible health plan and health savings account under the state health care benefits program.

(3) Costs of premiums under the state health care benefits program for a claimant shall be paid from the tort claims fund established by K.S.A. 75-6117, and amendments thereto, and shall not be charged to the claimant. A claimant shall be responsible to pay any applicable copayments, deductibles and other related costs under the state health care benefits program.

(4) A claimant may elect to include the claimant's dependents under the state health care benefits program. For any covered dependents, the claimant shall be responsible to pay the costs of premiums, copayments, deductibles and other related costs under the state health care benefits program.

(5) The secretary of health and environment or the secretary's designee shall provide assistance to a claimant to obtain and maintain coverage under the state health care benefits program pursuant to this subsection, including: Enrollment; maintenance of related records; and other assistance as may be required or incidental to implement this subsection.

Sec. 2. K.S.A. 75-6502 is hereby amended to read as follows: 75- 6502. (a) There is hereby established the Kansas state employees health care commission which is composed of five seven members as follows: (1) The commissioner of insurance; (2) the secretary of administration; (3) a current state employee in the classified service under the Kansas civil service act who is currently enrolled in the state healthcare benefits program group health insurance medical plan, appointed by the governor; (4) a person who retired from a position in the classified service under the Kansas civil service act state service and who is currently enrolled in the state healthcare benefits program group health insurance medical plan, appointed by the governor; and (5) a representative of the general public, appointed by the governor; (6) a member of the senate ways and means committee, appointed by the president of the senate; and (7) a member of the house of representatives appropriations committee, appointed by the speaker of the house of representatives. A state officer or employee may not be appointed as the member representative of the general public.

(b) Each member appointed under this section by the governor shall serve at the pleasure of the governor. The member appointed by the president of the senate shall serve at the pleasure of the president of the senate, and the member appointed by the speaker of the house of representatives shall serve at the pleasure of the speaker of the house of representatives. Not more than three five members of the commission shall be members of the same political party.

(c) The chairperson of the commission shall be designated by the governor. The commission shall meet at least once each calendar quarter and at such other times as may be required on call of the chairperson or any three members thereof.

(d) A quorum of the Kansas state employees health care commission shall be three four. All actions of the commission shall be taken by a majority of all of the members of the commission.

(e) Members of the Kansas state employees health care commission attending meetings of such commission, or attending a subcommittee meeting thereof authorized by such commission, shall be paid compensation, subsistence allowances, mileage and other expenses as provided in K.S.A. 75-3223, and amendments thereto.

Sec. 3. K.S.A. 75-6509 is hereby amended to read as follows: 75- 6509. Commencing with the regular session of the legislature in 1985 and with each regular session of the legislature thereafter, the Kansas state employees health care commission shall submit to the president of the senate and to the speaker of the house of representatives, on the day the governor's budget report is submitted to the legislature, recommendations with respect to the state health care benefits program together with estimates of the cost of the program proposed by the commission, including a five-year projection of the cost of the program, and the estimated cost of admitting each entity pursuant to subsection (c) of K.S.A. 75-6506(c), and amendments thereto. The recommendations shall include a report on the current and projected reserve balance, including as a percentage of total plan expenses. For any reserve balance over 10% of the average plan expenses for the immediately preceding three plan years, the commission shall provide recommendations for reducing reserves by minimizing increases to employee contributions or cost-sharing requirements. Together with the recommendations submitted, the commission shall include alternatives for cost containment and benefit coverage for qualified persons for both the proposed program and the five-year projected program. The commission shall also submit any recommendations for legislation with respect to the state health care benefits program.

Sec. 4. K.S.A. 75-6501, 75-6502 and 75-6509 are hereby repealed. Sec. 5. This act shall take effect and be in force from and after its publication in the statute book.