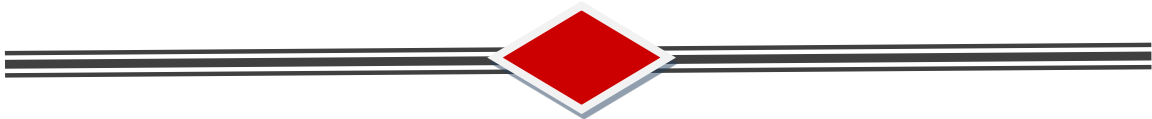
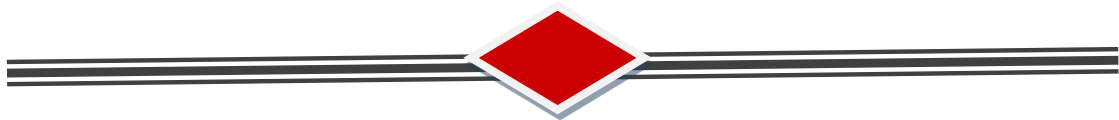




STATE EMPLOYEES HEALTH CARE COMMISSION



ANNUAL REPORT



PLAN YEAR 2023

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EXECUTIVE SUMMARY

- For Plan Year (PY) 2023, with the additional employer and employee contributions, the opinion of the State Employee Health Plan's (SEHP) actuaries is that the SEHP fund should have sufficient funds to pay the health care expenses for a self-funded health plan covering approximately 80,000 lives.
- For PY 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 designed to meet the requirements for J1 Visa holders. Plan C and Plan N members were eligible to elect a Health Savings Account (HSA) or a Health Reimbursement Account (HRA). Plan J is offered with 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 2024 Open Enrollment Period was October 1-31, 2023. Staff conducted nine (9) virtual Personnel Officer training meetings via Teams with over 440 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. At the health fairs, members were able to meet with health plan vendors and staff to ask questions. Staff from the HealthQuest Health Center (HQHC) attended to provide flu shots and schedule appointments. SEHP staff held two (2) 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 12,187 unique members during the Open Enrollment period. This is an increase of 1,755 from last year.
- The HealthQuest Health Center (HQHC), operated by Marathon Health, opened in May 2019 in the Mills Building at 901 S. Kansas Avenue, Topeka, KS. All members covered by the SEHP and over age two (2) are eligible to use the health center services. The HQHC saw continued growth in utilization during PY 2023 with the addition of the statewide Anywhere virtual care services and a full time onsite 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 additional members. Added were a member of the House Appropriations Committee appointed by the Speaker of the House and a member of the Senate Ways and Means Committee appointed by the President of the Senate. 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 the other three members. K.S.A. 75-6502 requires one member to be a representative of the 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 five (5) times during 2023. The 2023 HCC members were:

- **Adam Proffitt**, Chair and Secretary of Administration
- **Cristi Cain**, active state employee
- **Steve Dechant**, retired state employee
- **Anthony Hensley** representative from the public
- **Brenda Landwehr**, representative from the House Appropriations Committee
- **Carolyn McGinn**, representative from the Senate Ways and Means Committee
- **Vicki Schmidt**, Commissioner of Insurance

The Health Care Commission (HCC) has implemented an Employee Advisory Committee (EAC) as provided by K.S.A.75-6510(b). 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 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 three (3) times during 2023.

The State Employee Health Plan is part of the State Employee Health Benefits Plan, a Division within the Department of Administration. The SEHP is responsible for bringing recommendations to the HCC and carrying out the operations of the SEHP. For the eighth (8th) year in a row, Segal Consulting has provided the actuarial and consulting services for the SEHP.

1. SUMMARY OF CHANGES AND OTHER ACTIVITIES IN PLAN YEAR 2023

This section provides a summary of improvements, changes, and other activities in the State Employee Health Plan (SEHP) offerings approved by the HCC in 2022, for implementation in Plan Year (PY) 2023, which began January 1, 2023 (i.e., calendar year 2023). The summary includes a record of the HCC's contracting activities during the year and an overview of the enrollment trends during 2023. The impact of these plan changes on SEHP finances in 2023 and in future years is summarized in Section 4. The HealthQuest program is highlighted separately in Section 3 of this report.

HEALTH PLAN ADMINISTRATION

This was 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 provided administrative and network services for all four (4) of the active employee SEHP plan options (A, C, J & N) in 2023:

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

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

Voluntary Insurance Plan Offerings

The voluntary insurance plan options are paid for by the employees that elect to enroll in them. This was 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 had the option of enrolling in either the basic or enhanced plan options. This was the third year of the three-year contract with The Hartford to offer voluntary insurance plans for hospital indemnity, accidental injury, and critical illness insurance.

HEALTH PLAN CHANGES

Members had the choice of four (4) medical plan options for PY 2023: Plans A, C, J and N. The HCC voted to keep the employee contribution rates for all the medical coverage tiers the same for PY 2023. The employer contribution rates increased effective July 1, 2023, 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 decreased by \$13.38 per month beginning January 1, 2023. On July 1, 2023, the employer rate increased by 3.3% and the \$13.38 employee reduction was moved to the employer.

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

Plans C and N are Qualified High Deductible Health Plans (QHDHP) in compliance with IRS rules. For PY 2023, the new IRS requirements on QHDHP for members with dependent coverage increased the first deductible applied to \$3,000. The remaining family members would meet the balance of the deductible of \$2,500 for an overall deductible of \$5,500.

Health Reimbursement Account (HRA) & Health Savings Account (HSA) Changes

Employees on Plans C and N have the option of a Health Reimbursement Account (HRA) or a Health Savings Account (HSA) with their QHDHP. The HCC approved changes to the employer contributions into the HRA/HSA for PY 2023 based on the following coverage tiers:

- Increased the Employer HRA/HSA contribution for Plan C members enrolled in Employee plus Spouse or the Family coverage to \$2,000.
- Increased the Employer HRA/HSA contributions for Plan N members enrolled in Employee plus Spouse or Family coverage to \$1,125.
- Increased HRA/HSA contribution for Plan N members enrolled in Employee plus Children to \$1,000.

MetLife provided the administrative services for the Health Reimbursement Accounts (HRA) and Health Savings Accounts (HSA).

Medicare Eligible Direct Bill Plan Changes

For Medicare Eligible Direct Bill members, the SEHP offered several standardized Medicare Supplement plan options insured by 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 was only available to Direct Bill members who were Medicare eligible prior to calendar year 2020. All Direct Bill members had the option of electing Medicare Supplement Plan G, Plan G Select and Plan N. Medicare eligible Direct Bill members also have two Medicare Advantage plan options. Members have the choice of Aetna Freedom PPO or Aetna Elite PPO Advantage plans.

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

- Premier - the enhanced Medicare Part D benefit that has been offered in the past.
- Economy – a competitive market priced Medicare 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 held from October 1 to October 31, 2022. Staff conducted ten (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 twenty (20) meetings at fourteen (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 were able to meet with benefit providers to ask questions. Staff from the HealthQuest Health Center also attended to provide flu shots and schedule appointments. SEHP staff held four (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 and video. In addition, SEHP members had 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 SEHPBenefits@ks.gov. The Benefits Box can also be accessed through the SEHP website, and is available year-round to members and HR staff, enabling them to submit inquiries, questions, or general comments about the SEHP programs and benefits. During Open Enrollment, 899 emails were received compared to 1,167 for the same period in 2022.

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 2023. 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	4,877

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
Avësis	Basic Plan	8,404	
	Enhanced Plan	21,871	
	Total	30,275	10,832

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 Direct Bill Open Enrollment presentation was posted on the SEHP website for members to view at their convenience. 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. For those that elected to make changes during Open Enrollment, they could enroll using the online MAP membership system or by calling the Direct Bill Call Center for assistance.

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

Non Medicare Health Plan 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

Medicare Supplement Insurance 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

Medicare Part D Prescription Drug Plan Enrollment:

Vendor	Premier	Economy
SilverScript	1,634	436

Medicare Advantage Plan Enrollment:

Vendor	Advantira Freedom PPO	Advantira Elite PPO
Aetna	266	583

Voluntary Insurance Plan 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

ADDITIONAL HEALTH PLAN OFFERINGS

Preferred Lab Services

The SEHP has negotiated discount pricing arrangements with three preferred lab vendors. The negotiated discount lab pricing 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 Health and the University of Kansas Health System (TUKHS) which offer regional preferred lab networks.

When members on Plan A use a preferred lab vendor for covered lab services, the charges are paid in full 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. When Plan C, J, and N members use a preferred lab vendor 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 in full 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 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 medical 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 SEHP worked with BCBSKS and Sapphire to identify medical procedures where shopping for the service can reduce the cost of care, saving the 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

HealthCare Bluebook

For members enrolled with Aetna, they have access to HealthCare Bluebook, HealthCare Bluebook is a similar shopping program to SmartShopper. HealthCare Bluebook allows Aetna members to shop and compare prices for medical services. When the member selects an Aetna network provider designated as a Fair Price provider for their high-quality and affordable medical service, the member is eligible to receive a cash reward for shopping on HealthCare Bluebook.

Long Term Care Insurance

The SEHP offered a voluntary Long Term Care (LTC) Insurance program through Acsia Partners in partnership with LifeSecure Insurance Company. The program was offered to State of Kansas benefits-eligible active employees, retired employees, and their family members. Long Term Care Insurance is paid for by the covered member.

The HCC supported Senate Bill 85 that was passed during the 2023 legislative session. This bill eliminates the requirement that the HCC offer LTC insurance to employees. Employees currently enrolled in LTC insurance through Acsia Partners and LifeSecure Insurance Company will be allowed to continue their coverage by moving to a direct pay option. The SEHP contract with Acsia Partners expires on December 31, 2023.

RE-CONTRACTING FOR HEALTH PLAN VENDORS AND SERVICES

The HCC issued several Request for Proposals (RFPs) during Plan Year 2023

Request for Proposal (RFP) number EVT0008929 for Administrative Services Only (ASO) for the Self Funded Medical Plan was released on December 28, 2022, and closed on February 6, 2023. Three (3) bids were received from Aetna, Blue Cross Blue Shield of Kansas (BCBSKS), and Surest. All three bidders were invited for further negotiations. The HCC voted to award three-year contracts for medical plan ASO to Aetna and BCBSKS.

Request for Proposal RFP EVT0009288 to provide Medicare Part D Insurance was posted on July 3, 2023, and closed on August 3, 2023. Two (2) bids were received from Humana, and SilverScript. Both companies were invited for further negotiations. The HCC voted to award a three-year contract for Medicare Part D services to SilverScript.

Request for Proposal EVT0009287 Audit Services was released on July 3, 2023, and closed on August 3, 2023. Two (2) bids were received from Sagebrush and Myers and Stauffer. Both vendors were invited for further negotiations. The HCC voted to award a three-year contract for audit services to Sagebrush.

Request for Proposal EVT0009031 to provide Preferred Lab Services was posted on February 7, 2023, and closed on March 15, 2023. Three (3) bids were received from Quest Diagnostics, Stormont Vail Health, and The University of Kansas Health Systems (TUKHS). All vendors were invited to further negotiation meetings. The HCC voted to award three-year contracts to Quest, Stormont Vail and TUKHS.

Request for Proposal EVT00088931 for Pharmacy Transparency Tools was released on December 29, 2022, and closed on February 8, 2023. Only one (1) bid was received from the incumbent vendor Rx Savings Solutions. The bidder was invited for further negotiations.

The HCC voted to award a three-year contract for providing pharmacy transparency services to Rx Savings Solutions.

Request for Proposal EVT0009143 for Voluntary Insurance Plans was released on April 3, 2023, and closed on May 8, 2023. Five (5) bids were received from Aetna, AFLAC, Colonial Life, Hartford and MetLife. Four (4) bidders were invited for further negotiations. The HCC voted to award a three-year contract for providing voluntary insurance plans for hospital indemnity, accidental injury, and critical illness insurance to MetLife.

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. Vendor negotiations are ongoing, and the bid is anticipated to be awarded by the Procurement office in 2024.

2. SUMMARY OF PLAN YEAR 2024

This section includes a summary of Health Plan offerings approved by the HCC in 2023 for implementation in Plan Year (PY) 2024, which begins January 1, 2024.

HEALTH PLAN ADMINISTRATION

This will be the first 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 2024:

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

The ASO for the self funded dental program will be done by Delta Dental of Kansas. This is the third 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 third year of the three year contract with Avesis to offer voluntary vision hardware insurance coverage, The vision plan provides benefits for vision eyewear including eyeglass lenses, frames, and contact lenses. Employees have the option of enrolling in either the basic or enhanced plan options.

This is the first year of the three-year contract with MetLife 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 2024: Plans A, C, J and N. The HCC voted to keep the employee contribution rates for all the medical coverage tiers the same for PY 2024. The employer contribution rates will increase effective July 1, 2024, by five (5%) percent for medical coverage.

Starting in PY 2024, the HCC added coverage on all four medical plans for medically necessary hearing aids and the associated hearing aid professional services to be included up to a maximum benefit of \$5,000 every three years.

To meet the new IRS requirements, members on Plans C and N with dependent coverage will see the first deductible applied increase to \$3,200. The remaining family members would meet the balance of the deductible of \$2,300 for an overall family deductible of \$5,500.

Beginning in PY 2024, the HCC approved adding a specialty medication coverage tier with 30 percent coinsurance to the pharmacy benefit. Specialty medications account for only 1.3% of total prescriptions, but 57% of SEHP's prescription costs. PrudentRx is an independent third-party organization that has partnered with Caremark, the SEHP pharmacy benefit manager to provide cost savings on specialty medications utilizing drug manufacturer copay assistance programs. SEHP members can enroll in the PrudentRx program to reduce the member's out of pocket expense.

Both the members and the SEHP benefit from utilizing the Prudent Rx program. Through the program, specialty medications are available at no cost to members enrolled in Plan A, and at no coinsurance expense to members after meeting their deductible for those enrolled on Plans C, J and N. The SEHP benefits from the new coinsurance tier as well as the reduction in cost of the medications once the Out of Pocket maximum is met.

Direct Bill members are former elected officials and former employees that qualify to continue their health insurance coverage due to their service to the State as a retiree. Until they reach Medicare eligibility, Direct Bill members are covered under the active employee health plans and pay the full contribution rate for their coverage. The HCC voted to return to the practice of using a blended rate with the active employee population starting with PY 2024. As a result, Direct Bill members enrolled in Plans A and C will see their contribution rates reduced significantly. Members on Plans J and N will see slight rate reductions.

Medicare Eligible Direct Bill Plan Changes

The SEHP offers several standardized Medicare Supplement plan options from Blue Cross 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 BCBSKS Medicare Supplement Plan G, Plan G Select or Plan N. Medicare eligible Direct Bill members also have two Medicare Advantage plan options. Members have the choice of Aetna Freedom PPO or Aetna Elite PPO Advantage plans.

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 competitively priced 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 2024

The Open Enrollment period was October 1 to October 31, 2023. Staff conducted 9 virtual personnel officer training meetings via Teams for 440 representatives from State agencies and the Non State Public Employer Groups prior to the start of Open Enrollment. SEHP staff brought back a limited number of in-person meetings. Staff held 16 meetings at 12 locations across the state. There were two Benefits Fairs held at the State Capitol where members were able to meet with health plan providers and vendors to ask questions. An estimated 450 members attended each event. Staff from the HealthQuest Health Center also attended to provide flu shots and schedule appointments. SEHP staff presented two (2) 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 and 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 at SEHPBenefits@ks.gov. 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, or comments. During Open Enrollment, 951 emails were received during this year’s Open Enrollment compared to 899 for the same period in 2022.

This was the sixth 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 12,187 unique members during Open Enrollment.

This was the seventh consecutive year all active employees were required to make enrollment elections during Open Enrollment for health plan coverage. During the OE period, 37,785 State and Non State Public Employer Group employees utilized the online membership system (MAP) to make their elections for Plan Year 2024. A total of 450 employees (408 employees from state agencies and 42 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 2024. There were 147 employees in this group that were already enrolled in Plan N during 2024

Final Health Plan enrollment numbers as of November 24, 2023, 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	1,741	1,244	147	422	
BCBSKS	16,817	14,544	493	2,377	
Total	18,558	15,788	640	2,799	5,458

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

Vendor	Enrolled	Waived
Delta Dental	38,402	4,841

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

Vendor	FSA Plan	Enrolled
NueSynergy	Health Care	5,987
	Limited Purpose	1,585
	Dependent Care	1,276
	Commuter Parking	76
	Commuter Mass Transit	69
	Total	8,993

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

Vendor	Plan	Enrolled	Waived
Avēsis	Basic Plan	23,177	11,130
	Enhanced Plan	8,936	
	Total	32,113	11,130

Voluntary Benefit Plan enrollment numbers:

Vendor	Plan		\$10,000 Option	\$20,000 Option
MetLife	Accident Insurance	15,146		
	Critical Illness		4,463	6,788
	Hospital Indemnity		5,116	6,018

Direct Bill

The Direct Bill member Open Enrollment was held from October 16 - November 15, 2023. 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 2024. Direct Bill members during Open Enrollment have the option to use the online MAP Membership system or to contact the Direct Bill Call Center to make any plan changes.

Plan Year 2024 enrollment numbers for all Direct Bill members as of November 24, 2023:

Non Medicare Medical Enrollment:

Vendor	Plan A	Plan C	Plan J	Plan N
Aetna	5	9	1	0
BCBSKS	101	166	2	5
Total	106	175	3	5

Medicare Supplement Insurance Enrollment:

Vendor	Senior Plan C	Senior Plan C Select	Senior Plan G	Senior Plan G Select	Senior Plan N
BCBSKS	5,808	373	556	114	242

Medicare Part D Prescription Drug Plan Enrollment:

Vendor	Premier	Economy
SilverScript	1,543	410

Medicare Advantage Plan Enrollment:

Vendor	Advantra Freedom PPO	Advantra Elite PPO
Aetna	562	269

Voluntary Insurance Plan Enrollment:

Vendor	Dental	Basic Vision	Enhanced Vision
Delta Dental	8,241		
Avēsis Vision		1,002	4,547

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, 2024:

Summary	Number of Groups	Covered Employees
Educational Entities	12	814
Cities	38	198
Counties	13	1,052
Townships	1	1
Public Hospitals & Community Mental Health Centers	16	1,311
Misc. Local Governmental Entities	41	224
Total	121	3,600

3. HEATHQUEST HEALTH CENTER AND WELLNESS PROGRAM HIGHLIGHTS

THE HEALTHQUEST HEALTH CENTER (HQHC)

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. Expanded telehealth services through the Anywhere program was launched in 2023 to provide greater access to both healthcare and mental health care services to members statewide. State employees who have visited the HQ Health Center have consistently 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. Survey results show a 97.7% satisfied or very satisfied rating of the clinic by utilizing members. More information about the health center is available at: [HealthQuest | State Employee Health Plan \(ks.gov\)](#)

WELLNESS PROGRAM

The HealthQuest (HQ) wellness program offers education and resources, promotes a healthier workforce, and helps decrease overall Plan healthcare costs. The HCC discussion on the HealthQuest program focused on ideas to change the HQ Rewards program. As a result, a combined RFP for the operation of the HQ health center and wellness program was issued. The HCC awarded the three year contract to Marathon Health to take over the operation of both programs starting January 1, 2023. Members have a convenient portal to access both the HQ health center and the wellness program.

The focus of the HealthQuest Rewards program is to promote preventive healthcare services, and health education activities, and providing a simpler member experience. Credits for receiving preventive care services are automatically awarded for members after the claim for service has been processed by the SEHP health plan vendors. The vendors send a file to Marathon to post the credits in the member's HQ account.

Review of the PY 2023 HQ Wellness Rewards Program Through December 1, 2023:

- 33,806 SEHP members eligible to access HealthQuest wellness program.
- 29,985 employees earned at least one credit for completing a wellness activity.
- 20,234 participants have earned a premium incentive discount for Plan Year 2024.
 - 5,764 Plan A employees completed 40 credits to earn the full HQ premium incentive discount.
 - 5,703 Plan A employees completed 20 credits but less than 40 to earn the partial HQ premium incentive discount.
 - 8,767 Plan C, J, or N employees completed 40 credits to earn the full HQ premium incentive discount.

Since PY 2013, the HQ Rewards Program has been an integral part of the SEHP, with high participation, even though a member's participation is completely voluntary. More information about the wellness program and HQ Rewards can be found on the website at: [HealthQuest | State Employee Health Plan \(ks.gov\)](#).

4. PLAN FINANCIALS

During 2023, 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 12, 2023, 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. The Reserve funds are managed by the Kansas Pooled Money Investment Board, it is estimated that the interest earned on the fund will be 2.8% for FY 2023, 5.0% for FY 2024, and 4.5% for FY 2025.

PLAN REVENUES

Plan revenues are the sums received from contributions made by State agencies, Non State Public Employers, employees, and Direct Bill members, plus interest earned by the Plan. The 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 2023 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 2023, 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 2023 is estimated to be approximately \$531,576,010 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.

ADMINISTRATIVE FUND

The Administrative Fund covers the cost to administer the program, including employee salaries, consulting fees, and other expenses. In 2023, additional contracts were added to be paid by the fund.

PLAN RESERVES

The HCC’s funding objective in managing the SEHP over the long term is to have a target reserve equal to 10 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 2023 was \$48.3 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 2023. 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. For FY 2023, the HCC voted for a 5.0% State of Kansas employer contribution increase to maintain the financial stability of the Health Plan.

SUMMARY

In Plan Year 2023, health care costs are approximately within 1% of the projected. Based upon the plan changes implemented by the Health Care Commission (HCC) for PY 2023, 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 87,000 lives for Plan Year 2023.

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

Trend Assumptions	2022	2023	2024	2025	2026	2027
Interest Rate on Fund Balance (Fiscal Year)	0.164%	2.80%	5.00%	4.50%	4.00%	4.00%
Admin/Contract Fee Trend/Vision Trend	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%
Medical claim trend rate	-0.3%	5.5%	5.5%	5.5%	5.5%	5.5%
Prescription drug claim trend rate	18.8%	8.5%	8.5%	8.5%	8.5%	8.5%
Dental claim trend rate	2.0%	3.0%	3.0%	3.0%	3.0%	3.0%
Medicare Advantage trend rate	5.0%	5.0%	4.0%	4.0%	4.0%	4.0%
Funding Rate Assumptions						
Medical	Target based on 10% of Total Expenses			Click to Calculate Required Funding		
Employer % Change (eff. July 1)						
State Employer	5.0%	7.5%	5.0%	5.0%	6.2%	6.2%
Non-State Employer	5.0%	7.5%	5.0%	5.0%	6.2%	6.2%
State Employee % Change (eff. Jan 1)						
Employee	0.0%	0.0%	0.0%	0.0%	6.2%	6.2%
Employee + Spouse	-2.0%	0.0%	0.0%	0.0%	6.2%	6.2%
Employee + Child(ren)	0.0%	0.0%	0.0%	0.0%	6.2%	6.2%
Employee + Family	-2.0%	0.0%	0.0%	0.0%	6.2%	6.2%
Non-State Employee % Change (eff. Jan 1)						
Employee	0.0%	0.0%	0.0%	0.0%	6.2%	6.2%
Employee + Spouse	-2.0%	0.0%	0.0%	0.0%	6.2%	6.2%
Employee + Child(ren)	0.0%	0.0%	0.0%	0.0%	6.2%	6.2%
Employee + Family	-2.0%	0.0%	0.0%	0.0%	6.2%	6.2%
Non-Medicare Retiree Contrib % Change (eff. Jan 1)						
Employee	0.0%	0.0%	0.0%	0.0%	6.2%	6.2%
Employee + Spouse	-2.0%	0.0%	0.0%	0.0%	6.2%	6.2%
Employee + Child(ren)	0.0%	0.0%	0.0%	0.0%	6.2%	6.2%
Employee + Family	-2.0%	0.0%	0.0%	0.0%	6.2%	6.2%
Dental						
Employer contribution % increase (eff. July 1)	3.3%	41.7%	3.3%	3.3%	3.3%	3.3%
Active ee contributionn % incr. (eff. Jan 1)	3.3%	-53.0%	0.0%	0.0%	3.3%	3.3%
Retirees contribution % increase (eff. Jan 1)	3.3%	3.3%	0.0%	0.0%	3.3%	3.3%
Wellness Assumptions						
Earned HSA/HRA Contribution (\$500/\$1,000)	54%	60%	60%	60%	60%	60%
Wellness Contribution Credit \$40 per month	56%	40%	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	\$ -				

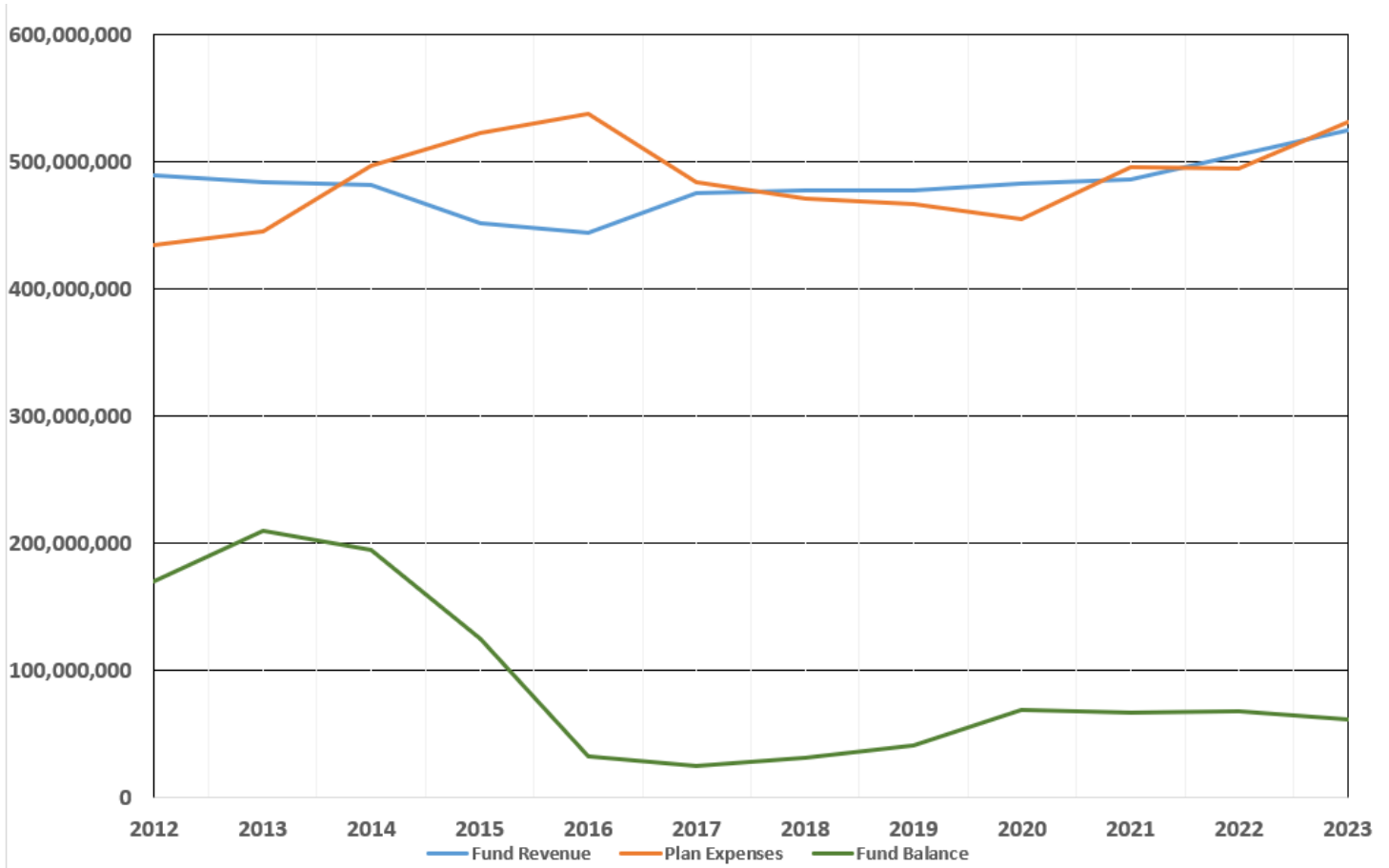
Table 1A
Kansas State Employees Health Care Commission
Financial Data and Enrollment Data Through October 2023
Multi-Year Projection

	2022 Actual	2023 Projected	2024 Projected	2025 Projected	2026 Projected	2027 Projected
Revenue						
State ER	\$ 315,610,869	\$ 346,565,019	\$ 372,167,387	\$ 390,575,355	\$ 412,179,131	\$ 437,275,966
State EE	\$ 74,818,934	\$ 72,289,311	\$ 69,470,622	\$ 69,526,099	\$ 74,185,383	\$ 79,126,636
Non-State ER	\$ 50,697,278	\$ 50,929,757	\$ 54,774,843	\$ 57,482,508	\$ 60,655,053	\$ 64,335,419
Non-State EE	\$ 10,582,405	\$ 9,290,024	\$ 8,868,779	\$ 8,874,891	\$ 9,463,148	\$ 10,087,081
Direct Bill	\$ 31,722,593	\$ 31,714,649	\$ 32,530,840	\$ 33,539,022	\$ 34,909,045	\$ 36,336,756
COBRA	\$ 3,332,046	\$ 2,881,557	\$ 3,137,288	\$ 3,275,453	\$ 3,453,074	\$ 3,674,933
Voluntary Benefit	\$ 4,355,962	\$ 4,681,437	\$ 3,950,000	\$ 3,950,000	\$ 3,950,000	\$ 3,950,000
Interest/Other	\$ 1,028,569	\$ 3,045,745	\$ 3,333,810	\$ 2,925,579	\$ 2,647,286	\$ 2,582,062
One Time Funding from GBA	\$ 10,000,000	\$ -				
Administrative Fund	\$ 3,219,658	\$ 3,474,631	\$ 3,212,172	\$ 3,212,172	\$ 3,212,172	\$ 3,212,172
Total	\$ 505,368,314	\$ 524,872,128	\$ 551,445,742	\$ 573,361,079	\$ 604,654,293	\$ 640,581,026
Expenses						
Medical Claims	\$ 286,975,142	\$ 318,279,757	\$ 336,038,852	\$ 354,872,403	\$ 374,052,423	\$ 402,550,118
Rx Claims	\$ 96,146,749	\$ 98,711,444	\$ 100,134,892	\$ 102,199,368	\$ 110,886,314	\$ 120,311,651
Dental Claims	\$ 26,045,078	\$ 27,538,723	\$ 28,572,448	\$ 29,425,456	\$ 30,306,781	\$ 31,823,073
Health Savings ER	\$ 30,821,351	\$ 33,020,595	\$ 32,786,586	\$ 32,786,586	\$ 32,786,586	\$ 32,786,586
ASO/Premium	\$ 40,074,531	\$ 41,017,571	\$ 43,260,377	\$ 44,625,876	\$ 46,038,697	\$ 47,500,586
Voluntary Benefit	\$ 4,355,962	\$ 4,680,446	\$ 3,950,000	\$ 3,950,000	\$ 3,950,000	\$ 3,950,000
Marathon (Onsite Clinic)	\$ 2,206,240	\$ 2,157,958	\$ 2,148,236	\$ 2,191,201	\$ 2,235,025	\$ 2,279,725
Other Contract Fees/Flex	\$ 5,775,201	\$ 1,691,581	\$ 633,140	\$ 643,993	\$ 655,063	\$ 666,354
PCORI	\$ 170,634	\$ 179,817	\$ 186,416	\$ 193,258	\$ 200,350	\$ 207,703
Administrative Fund	\$ 2,380,884	\$ 4,298,119	\$ 5,083,124	\$ 5,127,939	\$ 5,173,650	\$ 5,220,275
Total	\$ 494,951,771	\$ 531,576,010	\$ 552,794,070	\$ 576,016,079	\$ 606,284,888	\$ 647,296,071
Net Cash Flow	\$ 10,416,543	\$ (6,703,881)	\$ (1,348,328)	\$ (2,655,000)	\$ (1,630,595)	\$ (6,715,045)
Beginning Balance (Reserve Fund)	\$ 57,764,630	\$ 67,342,399	\$ 61,462,006	\$ 61,984,630	\$ 61,245,396	\$ 61,576,279
Ending Balance (Reserve Fund)	\$ 67,342,399	\$ 61,462,006	\$ 61,984,630	\$ 61,245,396	\$ 61,576,279	\$ 56,869,337
Beginning Balance (Administrative Fund)	\$ 8,708,178	\$ 9,546,952	\$ 8,723,463	\$ 6,852,512	\$ 4,936,745	\$ 2,975,268
Ending Balance (Administrative Fund)	\$ 9,546,952	\$ 8,723,463	\$ 6,852,512	\$ 4,936,745	\$ 2,975,268	\$ 967,165
Beginning Balance (Both Funds)	\$ 66,472,808	\$ 76,889,351	\$ 70,185,470	\$ 68,837,142	\$ 66,182,141	\$ 64,551,546
Ending Balance (Both Funds)	\$ 76,889,351	\$ 70,185,470	\$ 68,837,142	\$ 66,182,141	\$ 64,551,546	\$ 57,836,501
Target based on IBNR and Claims Fluctuati	\$ 53,191,706	\$ 57,788,890	\$ 60,417,005	\$ 63,244,639	\$ 66,981,917	\$ 72,109,029
Target based on HB.2218	\$ 47,417,482	\$ 48,266,358	\$ 50,745,700	\$ 52,644,062	\$ 55,346,205	\$ 57,836,501
Fund Balance vs. IBNR & CF Surplus/(Shortf	\$ 23,697,645	\$ 12,396,580	\$ 8,420,137	\$ 2,937,502	\$ (2,430,371)	\$ (14,272,528)
Fund Balance vs. HB.2218 Target Surplus/(S	\$ 29,471,869	\$ 21,919,112	\$ 18,091,442	\$ 13,538,080	\$ 9,205,341	\$ 0
Enrollment (Subscriber)						
Active	35,965	36,753	37,328	37,328	37,328	37,328
COBRA	314	258	264	264	264	264
Non-Medicare Retiree	313	284	272	272	272	272
Medicare Retiree	8,318	8,071	8,001	8,001	8,001	8,001
Total	44,910	45,365	45,865	45,865	45,865	45,865
Revenue PEPM	\$ 938	\$ 964	\$ 1,002	\$ 1,042	\$ 1,099	\$ 1,164
Expenses PEPM	\$ 918	\$ 976	\$ 1,004	\$ 1,047	\$ 1,102	\$ 1,176

Table 2
State Employees' Health Benefit Program
Statement of Operations History
Fiscal Years 2012 - 2023

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
BEGIN FUND BALANCES:												
Reserve Fund	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	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	1,506,026.82	1,395,728.08	1,284,671.90	1,184,440.10	1,087,317.33	985,171.26	1,881,031.18	1,768,217.99	1,696,967.87
Direct Bill	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Flex Spending	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	458,729.07	152,403.15	305,902.31	406,754.23	168,215.22
Cafeteria	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	3,696,804.41	4,671,078.06	5,641,262.46	6,108,569.26	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/HSAct	967.45	53.13	31,269.97	140,445.79	148,212.32	2,973.07	0.00	122,174.42	2,911,098.09	3,587,242.48	1,602,850.73	2,016,723.01
	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	60,548,569.32	82,645,915.57	94,231,522.32	79,544,737.60
REVENUES:												
State ER/HSAct	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	282,599,775.00	\$311,847,668.80	329,554,096.17	303,902,382.13	326,272,318.07
State EE	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	85,773,355.11	\$84,988,515.85	80,426,387.06	106,786,460.63	106,402,684.96
Non-State/HSAct	86,089,715.19	87,369,910.02	85,644,215.15	81,960,661.80	78,052,467.41	83,769,675.57	89,534,881.05	75,229,221.36	\$75,167,598.41	59,436,440.74	62,370,388.44	60,635,677.72
Direct Bill	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	37,346,341.62	\$33,035,169.60	36,347,628.62	35,901,784.40	34,634,961.88
Flex	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	12,199,935.80	\$12,901,609.28	12,148,932.53	12,351,256.47	12,177,343.25
Cafeteria	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	2,892,133.27	\$2,798,624.37	2,630,326.95	2,570,361.41	2,690,431.44
Wellness	743,461.40	725,040.58	501,354.35	720,304.40	708,003.19	712,664.58	611,648.30	679,776.13	\$669,104.64	632,113.81	619,898.47	690,901.11
Other/Clinic	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	10,658,897.35	\$5,060,457.43	3,826,986.30	2,537,985.60	13,168,839.65
	498,911,159.30	517,105,181.91	501,522,969.78	485,977,082.73	455,098,835.62	475,104,389.39	492,272,471.68	507,379,435.64	526,468,748.38	525,002,912.18	527,040,517.55	556,673,158.08
EXPENSES:												
Claims	381,580,142.08	401,653,681.49	412,354,762.33	466,579,706.24	475,069,536.81	466,279,386.67	434,543,880.16	419,316,654.14	435,641,766.73	444,857,910.99	473,209,506.01	479,220,261.11
Other	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	7,640,095.46	7,133,793.71	6,248,260.03	8,678,863.19	8,806,536.72
ASO/Premiums	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	41,408,132.98	44,603,610.00	45,360,118.26	42,607,924.44	40,527,398.72
Flex	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	12,194,820.47	12,447,902.94	11,754,817.09	12,590,068.54	12,305,981.25
Admin/Clinic	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	3,344,398.81	4,544,328.75	5,196,199.06	4,640,940.09	5,001,410.17
	446,631,480.88	464,787,009.52	474,689,702.25	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	541,727,302.27	545,861,587.97
END FUND BALANCES:												
Reserve Fund	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	50,274,861.90	69,351,319	82,223,797.59	66,635,911.75	78,067,980.35
Non-State	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	985,171.26	1,881,031	1,768,217.99	1,696,967.87	1,741,141.95
Direct Bill	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0	0.00	0.00	0.00
Flex Spending	3,802,352.61	4,279,051.64	4,662,857.54	4,553,605.98	4,298,097.99	877,551.89	458,729.07	152,403.15	305,902	406,754.23	168,215.22	41,590.67
Cafeteria	5,643,695.90	6,201,863.80	5,519,715.80	4,925,153.50	2,560,899.81	2,610,923.67	3,696,804.41	4,671,078.06	5,641,262	6,108,569.26	6,465,254.87	6,807,096.47
Wellness	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	2,121,332.52	2,561,664.88	2,802,507.30
Other/HSAct/Clinic	53.13	31,269.97	140,445.79	148,212.32	2,973.07	0.00	122,174.42	2,911,098.09	3,587,242	1,602,850.73	2,016,723.01	895,990.97
	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	60,548,569.32	82,645,915.57	94,231,522.32	79,544,737.60	90,356,307.71

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



Notes:

1. 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.
2. In 2022, The HCC added the Administrative Fund with the Medical Fund for reporting purposes to manage the fund balance in total.
3. In 2022, the State made a one time contribution of \$10M to the fund.

5. 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.”

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

Since PY 2020. The HCC has made changes to the SEHP to address member cost share and rates as specified in Sec. 3 of K.S.A. 75-6509. The following is a summary of the changes:

Changes for PY 2020:

- Elected to keep the annual premium for the employee and 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%

Changes for PY 2021:

- Elected to keep the annual premium for the employee and 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

Changes for PY 2022:

- Elected to keep the annual premium for the employee and 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%

Changes for PY 2023:

- Elected to keep the annual premium for the employee & and employee plus child(ren) coverage tiers flat (0%) effective January 1, 2023.
- 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.
- **Changes to Plan A**
 - The Plan A deductible decreased to \$800 for single and \$1,600 for family coverage and
 - The Plan A office visit copay was reduced to \$20 for primary care providers and \$40 for specialists.

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 PY 2020, 2021, and 2022 (the previous three years) and the projected fund balance for the plan year ending December 2023. The analysis compares the projected ending balance for 2023 to the 10% average of the total plan expenses for the preceding three plan years.

PY 2020 Plan Expenses	PY 2021 Plan Expenses	PY 2022 Plan Expenses	3 Year Total	Avg Exp over preceding 3 years
\$457,195,649	\$495,843,214	\$494,951,771	\$1,447,990,634	\$482,663,545
2023 Current Projected Reserve Fund Balance	2023 Current Projected Target Reserve Fund Balance	HB 2218 Reserve Calculation Amount based on a 10% Avg of the Plan Expenses	Calculation:	
			\$70,185,470 - \$48,266,358 =	
			\$21,919,112	
\$70,185,470	\$57,788.890	\$48,266,358		

Recommendations:

Based on the above calculation, as of December 2023, there is a surplus reserve of more than 10% of the average of the total plan expenses for the previous 3 years of \$21,919,112. 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 PY 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 in future years. The Commission will continue to balance the long-term financial solvency of the health plan with any proposed plan design changes.

Exhibit A
2023 Employee Advisory Committee

Adam Noble

Judicial Administration

Courtney Marsh

University of Kansas Medical School

Drue Campbell

Department of Administration

Jennifer Dalton

Department of Commerce

Jennifer Sauder

Emporia State University

John Oswald

Kansas Department of Revenue

Katrin Osterhaus

Legislative Post Audit

Keith Fitzsimmons

Retiree

Laura Hoppas

Department of Commerce

Maria Beebe

Kansas State University

Marjorie Knoll

Retiree

Mendy Jump

Department of Health & Environment

Michael Lundin

Kansas University

Mike Mercer

Emporia State University

Robert Vieyra

Corrections

Roberta Robinson

Kansas State University

Scott Showalter

Judicial Branch

Steven Grieb

Retiree

Tressie Duncan

Department of Children & Families

Wade Schneider

Racing & Gaming Commission

Warren Wiebe

Board of Healing Arts

Exhibit B
2023 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-23</u>	<u>Apr-23</u>	<u>Jul-23</u>	<u>Oct-23</u>
Active State Employees	32,720	33,033	32,989	33,594
Active State EE Dependents	30,354	30,647	30,554	31,004
Total Covered Lives	63,074	63,680	63,543	64,598
Direct Bill State Retirees	8,312	8,226	8,182	8,139
Direct Bill State Ret Dependents	54	46	45	36
Total Covered Lives	8,366	8,272	8,227	8,175
COBRA State Participants	240	221	244	240
COBRA State Dependents	110	98	132	124
Total Covered Lives	350	319	376	364
Active Educational Employees	915	912	900	916
Active Educational EE Dependents	883	878	874	879
Total Covered Lives	1,798	1,790	1,774	1,795
Direct Bill Educational Retirees	37	35	35	35
Direct Bill Educational Ret Dependents	1	1	1	1
Total Covered Lives	38	36	36	36
COBRA Educational Participants	7	7	9	10
COBRA Educational Dependents			3	2
Total Covered Lives	7	7	12	12
Active City/County/Township Employees	1,268	1,261	1,344	1,339
Active City/County/Township EE Dependents	1,244	1,244	1,282	1,291
Total Covered Lives	2,512	2,505	2,626	2,630
Direct Bill City/County/Township Retirees	70	75	74	72
Direct Bill City/County/Township Ret Deps		1	1	1
Total Covered Lives	70	76	75	73
COBRA City/County/Township Participants	8	8	11	9
COBRA City/County/Township Dependents	1	1	9	3
Total Covered Lives	9	9	20	12

Active Hospital or Mental Hlth Center Employees	1,137	1,161	1,167	1,263
Active Hospital or Mental Hlth Center EE Dependents	1,003	1,003	1,020	1,107
Total Covered Lives	2,140	2,164	2,187	2,370
Direct Bill Hospital or Mental Hlth Center Retirees	19	19	19	18
Direct Bill Hospital or Mental Hlth Center Ret Deps				
Total Covered Lives	19	19	19	18
COBRA Hospital or Mental Hlth Center Participants	5	2	4	3
COBRA Hospital or Mental Hlth Center Dependents	6	4	4	
Total Covered Lives	11	6	8	3
Active All Other Non State Employees	295	290	222	219
Active All Other Non State EE Dependents	183	183	164	167
Total Covered Lives	478	473	386	386
Direct Bill All Other Non State Retirees	19	19	18	18
Direct Bill All Other Non State Ret Deps	1	1	1	1
Total Covered Lives	20	20	19	19
COBRA All Other Non State Participants	1	2	2	2
COBRA All Other Non State Dependents				
Total Covered Lives	1	2	2	2
Total Contracts	45,053	45,271	45,220	45,877
Total Covered Lives	78,893	79,378	79,310	80,493

Exhibit C		
2023 New Non State Public Employer Groups		
Start Date	Group Name	Type
01/01/2023	Gove County Medical Center	Hospital District
01/01/2023	Great Bend Township	Local Government
01/01/2023	Frank Carlson Public Library	Other
07/01/2023	Ashley Clinic (merged with SEK Mental Health Center)	Other

Exhibit D
Kansas State Employees Health Care Commission
Plan Year 2023 Estimated Annualized Costs (Unaudited)

		<u>Annualized</u>
1	Projected Total Cost²	\$535,881,961
2	2023 Estimated Cost ¹	
	Medical Claims	\$318,279,757
	Rx Claims	\$98,711,444
	Delta Dental of Kansas	\$27,538,723
	Health Savings/Health Reimbursement	\$33,020,595
	ASO Premiums	\$41,017,571
	Voluntary Benefits	\$4,680,446
	Other Contracts fees /Flex	\$1,691,580
	Affordable Care Act Fees	\$179,817
	Onsite Clinic	\$2,157,958
	Administrative Fund fees	\$4,298,119
	TOTAL	\$531,576,010
3	State and Non State Employee, COBRA, Direct Bill Contribution, Administrative Contributions, Voluntary Benefits plus Interest Earned	\$127,377,352
4	State of Kansas and Non State Employer Contributions	
	a. Projected ¹	\$397,494,776
	b. Actual ²	\$397,653,609
	c. Percent Difference	0.0%

1. The financial information is using the financial statements presented to the HCC at the December 2023 meeting.
2. The projected amount for December 2023 plus the amounts for January through November 30.