STATE EMPLOYEES HEALTH CARE COMMISSION

ANNUAL REPORT

PLAN YEAR 2024

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EXECUTIVE SUMMARY

- For Plan Year (PY) 2024, with the additional employer and the 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 89,000 lives.

- For PY 2024, 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 2025 Open Enrollment Period was October 1-31, 2024. Staff conducted seven (7) virtual Personnel Officer training meetings via Teams with over 370 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. The first one was help outdoors and had over 450 in attendance. The second was held on the Rotunda and had over 330 in attendance. At these 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 nearly 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 9,753 unique members during the Open Enrollment period. This is a decrease of 2,434 from last year. The decrease is attributed primarily to consistency in benefits and no pricing increases to members.

- The Health Plan Operations Team conducted a number of in-person meetings and events for the 2024 Open Enrollment season. There were 36 presentations or benefit fairs conducted throughout the state at 28 locations, in 23 cities. These events were attended in total by 2,100 SEHP members. Vendors also attended many of these events and were on hand to answer questions and provide service to SEHP members.

- 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 2024 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."

Effective July 1, 2021, the HCC is composed of seven (7) members. The Secretary of Administration and the Commissioner of Insurance serve as members of the HCC as mandated by statute, while the Governor appoints (3) three members. K.S.A. 75-6502 requires one of the Governor's appointees 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. A representative serving on the House Appropriations Committee is appointed by the Speaker of the House to serve and a senator serving on the Senate Ways and Means Committee is appointed by the President of the Senate to serve on the HCC. The HCC met six (6) times during 2024. The 2024 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,19 of whom are active employees and two 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; there are currently two vacancies. Each member serves a three-year term. (See Exhibit A.) The EAC met four (4) times during 2024.

The State Employee Health Plan staff are part of the Division of State Employee Health Benefits Plan within the Department of Administration. The SEHP is responsible for bringing recommendations to the HCC and carrying out the operations of the SEHP. Segal Consulting provides the actuarial and consulting services for the SEHP.

1. SUMMARY OF CHANGES AND OTHER ACTIVITIES IN 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 prescription eyewear insurance coverage, The plan provides benefits for prescription 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

OPEN ENROLLMENT FOR PLAN YEAR 2025

The Open Enrollment period was October 1 to October 31, 2024. Staff conducted 7 virtual personnel officer training meetings via Teams for 370 representatives from State agencies and the Non State Public Employer Groups prior to the start of Open Enrollment. SEHP staff conducted a number of in-person meetings. Staff held 36 meetings at 28 locations in 23 cities 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 the first event. An estimated 330 attended the second 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, 776 emails were received during this year's Open Enrollment compared to 899 for the same period in 2023.

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 9,753 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, 2024, 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, 2024. 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 25, 2024:

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**

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 design that encourages and rewards cost-effective consumer purchases. 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 is available to all active BCBSKS members. For eligible health care services, when a member calls a SmartShopper Personal Assistant or visits the BCBSKS website shops for and then uses one of the lower cost facilities for their care, 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, 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.

RE-CONTRACTING FOR HEALTH PLAN VENDORS AND SERVICES

The HCC issued several Request for Proposals (RFPs) during Plan Year 2024

Request for Proposal (RFP) number EVT0009429 for Health Reimbursement Accounts (HRA) and Health Savings Accounts (HSA) was released on October 16, 2023, and closed on November 22, 2023. Five (5) bids were received from Central Bank, MetLife, NueSynergy, Optum, and TASC. Four (4) bidders were invited for further negotiations. The HCC voted to award three-year contracts for HRA and HSA Administration to MetLife.

Request for Proposal RFP EVT0009430 to provide COBRA Administration was posted on October 16, 2023, and closed on November 22, 2023. Two (2) bids were received from iTedium, and TASC. Both companies were invited for further negotiations. The HCC voted to award a three-year contract for COBRA administration to iTedium.

Request for Proposal EVT000956 Dental Plan Administrative Services was released on January 24, 2024, and closed on February 28, 2024. Three (3) bids were received from Blue Cross Blue Shield of Kansas, Delta Dental of Kansas and Skygen USA. All three (3) vendors were invited for further negotiations. The HCC voted to award a three-year contract for audit services to Delta Dental of Kansas.

Request for Proposal EVT0009562 Voluntary Prescription Eyewear Insurance was released on January 29, 2024, and closed on February 29,2024. Two (2) bids were received from Avesis and Surency. Both vendors were invited for further negotiations. The HCC voted to award a three-year contract for Voluntary Prescription Eyewear Insurance to Surency.

Request for Proposal EVT0009757 to provide Medicare Supplement Insurance was posted on May 24, 2024, and closed on June 26, 2024. Two (2) bids were received from AmWins Group Benefits, and Blue Cross Blue Shield of Kansas. All vendors were invited to further negotiation meetings. The HCC voted to award three-year contracts to Blue Cross Blue Shield of Kansas for Medicare Supplement Insurance Plans.

Request for Proposal EVT0009758 for Medicare Advantage Plans was released on May 24, 2024, and closed on June 27, 2024. Two (2) bids were received from Aetna and Humana The bidder was invited for further negotiations. The HCC voted to award a three-year contract for Medicare Advantage Insurance plans to Aetna.

Request for Proposal EVT0009778 for Actuarial and Consulting Services was released on June 20, 2024, and closed on August 2, 2024. Four (4) bids were received from Mercer Health and Benefits, Milliman, Segal and Willis Towers Watson. All four (4) bidders were invited for further negotiations. The HCC voted to award a three-year contract for providing actuarial and consulting services to Segal.

Non HCC Procurement Bids:

Request for Proposal EVT0008982 for an Electronic Data Warehouse for the Division of State Employee Health Benefits Plan. The Data Warehouse contract provides data storage and tools for both the SEHP and the State Self Insurance Fund (SSIF). Ten bids were received, and negotiations held with five. Following contract negotiations and Best and Final submissions, the Procurement office awarded the contract to Artemis Health.

2. SUMMARY OF PLAN YEAR 2025

This section includes a summary of Health Plan offerings approved by the HCC in 2024 for implementation in Plan Year (PY) 2025, which begins January 1, 2025.

HEALTH PLAN ADMINISTRATION

This will be the second 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 2025:

- 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 first 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 first year of the three year contract with Surency to offer voluntary prescription eyewear insurance coverage. The prescription eyewear plan provides benefits for prescription 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 2025: 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 2025.The employer contribution rates will increase effective July 1, 2025, by seven and a half percent (7.5%) for medical coverage.

In June 2024, the HCC voted to modify the benefits retroactive to January 1, 2024, for breast cancer screenings by MRI or ultrasounds when performed by network providers. Plan A members receiving these qualifying breast cancer screenings will have no member cost share. Members on Plans C, J, and N would have no coinsurance on qualifying breast cancer screenings. Coverage for residential treatment facilities was also added retroactive to January 1, 2024.

Starting in PY 2025, the HCC increased coverage for orthodontic benefit from $1,000 to $1,500 per member per lifetime and the overall dental maximum increased from $1,700 to $2,000 per member per year. To meet the new IRS requirements, members on Plans C and N with dependent coverage will see the first deductible applied increase to $3,300. The remaining family members would meet the balance of the deductible of $2,200 for an overall family deductible of $5,500.

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, Plan G High Deductible, 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. Updates to the plans for 2025 resulting from the Inflation Reduction Act (IRA) include elimination of the coverage gap and an new out of pocket threshold of $2,000.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

OPEN ENROLLMENT FOR PLAN YEAR 2025

The active employee Open Enrollment period was October 1 to October 31, 2024. Staff conducted 7 virtual personnel officer training meetings via Teams for 370 representatives from State agencies and the Non State Public Employer Groups prior to the start of Open Enrollment. SEHP staff conducted several in-person meetings. Staff held 36 meetings at 28 locations in 23 cities across the state. These meetings were attended by nearly 2,100 members in total. 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. Over 450 members attended the first event held outside the capitol. The second event was held in the Capitol Rotunda and attended by over 350 people. 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, 776 emails were received during this year's Open Enrollment compared to 899 for the same period in 2023.

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 9,753 unique members during Open Enrollment.

All active employees were required to make enrollment elections during Open Enrollment for health plan coverage. During the OE period, 40,115 State and Non State Public Employer Group employees utilized the online membership system (MAP) to make their elections for Plan Year 2025. A total of 318 employees (275 employees from state agencies and 43 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 2025. There were 104 employees in this group that were already enrolled in Plan N during 2025.

Final Health Plan enrollment numbers as of November 20, 2024, 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	1,944	1,495	132	352	4,911
BCBSKS	17,140	14,463	485	2,124	
Total	19,084	15,958	617	2,476	4,911

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

Vendor	Enrolled	Waived
Delta Dental	38,856	4,190

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

Vendor	FSA Plan	Enrolled
NueSynergy	Health Care	6,294
	Limited Purpose	1,460
	Dependent Care	1,291
	Commuter Parking	61
	Commuter Mass Transit	77
	Total	**9,183**

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

Vendor	Plan	Enrolled	
Surency	Basic Plan	9,400	
	Enhanced Plan	22,441	**Waived**
	Total	**31,841**	**11,205**

Voluntary Benefit Plan enrollment numbers:

Vendor	Plan		$10,000 Option	$20,000 Option
MetLife	Accident Insurance	17,465		
	Critical Illness		5,307	7,743
	Hospital Indemnity		6,238	6,857

Direct Bill

The Direct Bill member Open Enrollment was held from October 16 - November 15, 2024. 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 2025 enrollment numbers for all Direct Bill members as of November 22, 2024:

Non Medicare Medical Enrollment:

Vendor	Plan A	Plan C	Plan J	Plan N
Aetna	13	16	1	0
BCBSKS	154	234	1	3
Total	**167**	**250**	**2**	**3**

Medicare Supplement Insurance Enrollment:

Vendor	Senior Plan C	Senior Plan C Select	Senior Plan G	Senior Plan G High Deductible	Senior Plan G Select	Senior Plan N
BCBSKS	5,347	388	616	29	128	264

Medicare Part D Prescription Drug Plan Enrollment:

Vendor	Premier	Economy
SilverScript	1,367	664

Medicare Advantage Plan Enrollment:

Vendor	Advantra Freedom PPO	Advantra Elite PPO
Aetna	508	260

Voluntary Insurance Plan Enrollment:

Vendor	Dental	Basic Vision	Enhanced Vision
Delta Dental	8,119		
Surency Vision		637	3,768

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, 2025:

Summary	Number of Groups	Covered Employees
Educational Entities	10	751
Cities	37	195
Counties	11	791
Townships	1	1
Public Hospitals & Community Mental Health Centers	16	1388
Misc. Local Governmental Entities	44	230
Total	**119**	**3356**

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 in 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 2024 HQ Wellness Rewards Program Through November 26, 2024:

- 38,532 SEHP members eligible to access HealthQuest wellness program.
- 34,699 employees earned at least one credit for completing a wellness activity.
- 28,243 participants have earned a premium incentive discount for Plan Year 2024.
    - 6,608 Plan A employees completed 40 credits to earn the full HQ premium incentive discount.
    - 12,573 Plan A employees completed 20 credits but less than 40 to earn the partial HQ premium incentive discount.
    - 9,062 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 2024, 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 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 10, 2024, 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 4.5% for FY 2024, 3.75% for FY 2025, and 3.5% for FY 2026.

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 2024 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 2024, as described above.

PLAN EXPENSES

Plan expenses are payments for medical, dental, and drug claims, plus related contract administration fees that are paid by the Plan. The historical plan expenses (**Table 2**) represent actual experience 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 2024 is estimated to be approximately $578,625,679 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 2024, 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 2024 was $50.9 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) 2013 through FY 2024. 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. FY 2023, the State of Kansas contributed a one time $10.0 million into the fund. For FY 2024, 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 2024, health care costs are approximately within 1% of the projected. Based upon the plan changes implemented by the Health Care Commission (HCC) for PY 2024, 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 89,000 lives for Plan Year 2024.

Table 1

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

Trend Assumptions	2021	2022	2023	2024	2025	2026	2027	2028
Interest Rate on Fund Balance (Fiscal Year)	0.050%	0.2%	2.8%	4.50%	3.75%	3.50%	3.50%	3.50%
Admin/Contract Fee Trend/Vision Trend	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%
Medical claim trend rate	11.4%	-0.3%	10.0%	5.5%	5.5%	5.5%	5.5%	5.5%
Prescription drug claim trend rate	11.5%	18.8%	0.0%	8.5%	8.5%	8.5%	8.5%	8.5%
Dental claim trend rate	17.0%	2.0%	2.7%	3.0%	3.0%	3.0%	3.0%	3.0%
Medicare Advantage trend rate	8.0%	5.0%	5.0%	4.0%	4.0%	4.0%	4.0%	4.0%
Funding Rate Assumptions								
Medical	Target based on HB.2218		Target based on 10% of Total Expenses					
Employer % Change (eff. July 1)				Fixed	Fixed	Calculated	Calculated	Calculated
State Employer	3.0%	5.0%	7.5%	5.0%	7.5%	7.8%	7.8%	7.8%
				Fixed	Fixed	Calculated	Calculated	Calculated
Non-State Employer	3.0%	5.0%	7.5%	5.0%	7.5%	7.8%	7.8%	7.8%
State Employee % Change (eff. Jan 1)				Fixed	Fixed	Fixed	Calculated	Calculated
Employee	0.0%	0.0%	0.0%	0.0%	0.0%	4.0%	7.8%	7.8%
Employee + Spouse	-2.0%	-2.0%	0.0%	0.0%	0.0%	4.0%	7.8%	7.8%
Employee + Child(ren)	0.0%	0.0%	0.0%	0.0%	0.0%	4.0%	7.8%	7.8%
Employee + Family	-2.0%	-2.0%	0.0%	0.0%	0.0%	4.0%	7.8%	7.8%
Non-State Employee % Change (eff. Jan 1)				Fixed	Fixed	Fixed	Calculated	Calculated
Employee	0.0%	0.0%	0.0%	0.0%	0.0%	4.0%	7.8%	7.8%
Employee + Spouse	-2.0%	-2.0%	0.0%	0.0%	0.0%	4.0%	7.8%	7.8%
Employee + Child(ren)	0.0%	0.0%	0.0%	0.0%	0.0%	4.0%	7.8%	7.8%
Employee + Family	-2.0%	-2.0%	0.0%	0.0%	0.0%	4.0%	7.8%	7.8%
Non-Medicare Retiree Contrib % Change (eff. Jan 1)				Fixed	Fixed	Fixed	Calculated	Calculated
Employee	-2.0%	0.0%	0.0%	0.0%	0.0%	4.0%	7.8%	7.8%
Employee + Spouse	-2.0%	-2.0%	0.0%	0.0%	0.0%	4.0%	7.8%	7.8%
Employee + Child(ren)	-2.0%	0.0%	0.0%	0.0%	0.0%	4.0%	7.8%	7.8%
Employee + Family	-2.0%	-2.0%	0.0%	0.0%	0.0%	4.0%	7.8%	7.8%
Dental								
Employer contribution % increase (eff. July 1)	3.3%	3.3%	41.7%	3.3%	3.3%	3.3%	3.3%	3.3%
Active ee contributionn % incr. (eff. Jan 1)	3.3%	3.3%	-53.0%	0.0%	0.0%	3.3%	3.3%	3.3%
Retirees contribution % increase (eff. Jan 1)	3.3%	3.3%	3.3%	0.0%	0.0%	3.3%	3.3%	3.3%
Wellness Assumptions								
Earned HSA/HRA Contribution ($500/$1,000)	43%	50%	60%	60%	60%	60%	60%	60%
Wellness Contribution Credit $40 per month	62%	50%	40%	50%	50%	50%	50%	50%
Reserve Targets								
10% of Total Expenses (average of prior 3 years)	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%

Table 1A

Kansas State Employees Health Care Commission

Financial Data Through October 2024 and Enrollment Data Through October 2024

Multi-Year Projection

	2021 Actual	2022 Actual	2023 Actual	2024 Projected	2025 Projected	2026 Projected	2027 Projected	2028 Projected
Revenue								
State ER	$ 304,538,417	$ 315,610,869	$ 347,518,775	$ 383,333,889	$ 405,603,947	$ 436,205,336	$ 469,776,902	$ 505,942,720
State EE	$ 75,176,025	$ 74,818,934	$ 72,488,750	$ 73,454,089	$ 73,726,394	$ 76,918,737	$ 83,200,060	$ 89,962,183
Non-State ER	$ 49,941,973	$ 50,697,278	$ 51,065,094	$ 53,239,122	$ 56,117,957	$ 60,300,686	$ 64,886,981	$ 69,825,964
Non-State EE	$ 11,691,225	$ 10,582,405	$ 9,326,599	$ 8,890,143	$ 8,780,779	$ 9,157,186	$ 9,900,233	$ 10,700,286
Direct Bill	$ 32,549,251	$ 31,722,593	$ 31,628,847	$ 31,428,252	$ 32,395,737	$ 33,654,667	$ 35,109,012	$ 36,631,811
COBRA	$ 3,955,150	$ 3,332,046	$ 2,843,748	$ 1,405,080	$ 1,430,758	$ 1,533,866	$ 1,657,905	$ 1,791,499
Voluntary Benefit	$ 3,895,832	$ 4,355,962	$ 4,775,089	$ 3,805,426	$ 3,950,000	$ 3,950,000	$ 3,950,000	$ 3,950,000
Interest/Other	$ 598,731	$ 1,028,569	$ 2,927,405	$ 4,739,995	$ 4,647,861	$ 4,178,284	$ 4,064,239	$ 4,085,830
One Time Funding from GBA		$ 10,000,000	$ -	$ -				
Administrative Fund	$ 3,232,977	$ 3,219,658	$ 3,558,280	$ 3,557,132	$ 3,272,967	$ 3,272,967	$ 3,272,967	$ 3,272,967
Total	$ 485,579,581	$ 505,368,314	$ 526,132,585	$ 563,853,128	$ 589,926,401	$ 629,171,730	$ 675,818,301	$ 726,163,261
Expenses								
Medical Claims	$ 298,562,438	$ 286,975,142	$ 323,022,328	$ 355,281,119	$ 374,448,086	$ 394,741,676	$ 425,195,387	$ 437,846,619
Rx Claims	$ 82,386,923	$ 96,146,749	$ 98,376,519	$ 107,277,210	$ 107,791,199	$ 115,783,916	$ 124,997,421	$ 135,622,202
Dental Claims	$ 26,511,170	$ 26,045,078	$ 27,375,501	$ 28,410,089	$ 30,448,992	$ 31,568,529	$ 33,147,948	$ 33,502,168
Health Savings ER	$ 30,149,259	$ 30,821,351	$ 33,183,079	$ 33,327,228	$ 32,909,067	$ 32,909,067	$ 32,909,067	$ 32,909,067
ASO/Premium	$ 43,200,165	$ 40,074,531	$ 41,104,526	$ 42,286,297	$ 43,816,423	$ 45,269,733	$ 46,677,376	$ 48,133,262
Voluntary Benefit	$ 3,895,832	$ 4,355,962	$ 4,774,098	$ 3,805,426	$ 3,950,000	$ 3,950,000	$ 3,950,000	$ 3,950,000
Marathon (Onsite Clinic)	$ 2,093,084	$ 2,206,240	$ 2,166,979	$ 2,205,206	$ 2,148,236	$ 2,191,201	$ 2,235,025	$ 2,279,725
Other Contract Fees/Flex	$ 6,639,683	$ 5,775,201	$ 1,681,072	$ 527,047	$ 624,830	$ 633,207	$ 645,871	$ 658,788
PCORI	$ 164,593	$ 170,634	$ 179,817	$ 194,591	$ 212,524	$ 220,323	$ 228,409	$ 236,792
Administrative Fund	$ 2,240,067	$ 2,380,884	$ 4,306,548	$ 5,311,465	$ 5,133,565	$ 5,162,506	$ 5,214,904	$ 5,268,350
Total	$ 495,843,214	$ 494,951,771	$ 536,170,468	$ 578,625,679	$ 601,482,921	$ 632,430,158	$ 675,201,408	$ 700,406,973

Net Cash Flow	$ (10,263,633)	$ 10,416,543	$ (10,037,882)	$ (14,772,550)	$ (11,556,520)	$ (3,258,429)	$ 616,892	$ 25,756,288
Beginning Balance (Reserve Fund)	$ 69,021,173	$ 57,764,630	$ 67,342,399	$ 58,052,785	$ 45,034,567	$ 35,338,645	$ 33,969,755	$ 36,528,585
Ending Balance (Reserve Fund)	$ 57,764,630	$ 67,342,399	$ 58,052,785	$ 45,034,567	$ 35,338,645	$ 33,969,755	$ 36,528,585	$ 64,280,255
Beginning Balance (Administrative Fund)	$ 7,715,268	$ 8,708,178	$ 9,546,952	$ 8,798,683	$ 7,044,351	$ 5,183,753	$ 3,294,214	$ 1,352,277
Ending Balance (Administrative Fund)	$ 8,708,178	$ 9,546,952	$ 8,798,683	$ 7,044,351	$ 5,183,753	$ 3,294,214	$ 1,352,277	$ (643,106)
Beginning Balance (Both Funds)	**$ 76,736,441**	**$ 66,472,808**	**$ 76,889,351**	**$ 66,851,469**	**$ 52,078,918**	**$ 40,522,398**	**$ 37,263,970**	**$ 37,880,862**
Ending Balance (Both Funds)	**$ 66,472,808**	**$ 76,889,351**	**$ 66,851,469**	**$ 52,078,918**	**$ 40,522,398**	**$ 37,263,970**	**$ 37,880,862**	**$ 63,637,150**
Target based on HB.2218	**$ 46,667,920**	**$ 47,417,482**	**$ 48,266,358**	**$ 50,898,848**	**$ 53,658,264**	**$ 57,209,302**	**$ 60,417,959**	**$ 63,637,150**
Fund Balance vs. HB.2218 Target Surplus/(Shortfall)	**$ 19,804,888**	**$ 29,471,869**	**$ 18,585,111**	**$ 1,180,070**	**$ (13,135,866)**	**$ (19,945,333)**	**$ (22,537,097)**	**$ 0**
Enrollment (Subscriber)								
Active	36,480	35,965	36,901	38,038	38,355	38,355	38,355	38,355
COBRA	403	314	258	106	107	107	107	107
Non-Medicare Retiree	374	313	281	417	446	446	446	446
Medicare Retiree	8,602	8,318	8,054	7,766	7,678	7,678	7,678	7,678
Total	45,859	44,910	45,494	46,327	46,586	46,586	46,586	46,586
				46,327				
Revenue PEPM	$ 882	$ 938	$ 964	$ 1,014	$ 1,055	$ 1,125	$ 1,209	$ 1,299
Expenses PEPM	$ 901	$ 918	$ 982	$ 1,041	$ 1,076	$ 1,131	$ 1,208	$ 1,253

Table 2

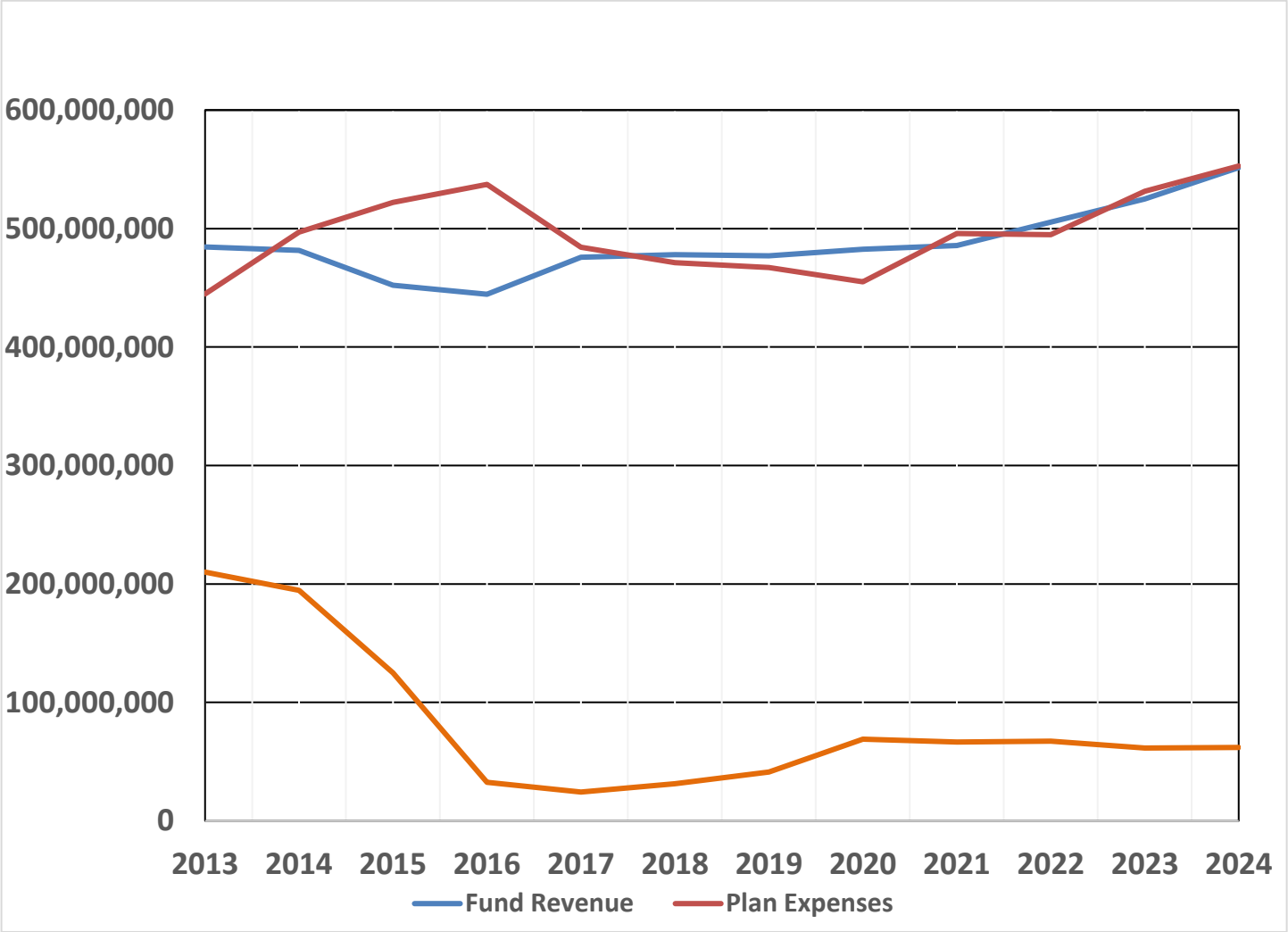
State Employees' Health Benefit Program

Statement of Operations History

Fiscal Years 2013 - 2024

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
BEGIN FUND BALANCES:												
Reserve Fund	143,956,304	194,050,142	221,414,299	177,004,733	95,095,498	40,824,648	30,658,118	50,274,862	69,351,319	82,223,798	66,635,912	78,067,980
Non-State	662,533	1,626,615	1,506,027	1,395,728	1,284,672	1,184,440	1,087,317	985,171	1,881,031	1,768,218	1,696,968	1,741,142
Direct Bill	0	0	0	0	0	0	0	0	0	0	0	0
Flex Spending	3,802,353	4,279,052	4,662,858	4,553,606	4,298,098	877,552	458,729	152,403	305,902	406,754	168,215	41,591
Cafeteria	5,643,696	6,201,864	5,519,716	4,925,154	2,560,900	2,610,924	3,696,804	4,671,078	5,641,262	6,108,569	6,465,255	6,807,096
Wellness	1,141,168	1,335,337	1,114,201	918,751	983,264	793,474	1,050,092	1,553,957	1,879,158	2,121,333	2,561,665	2,802,507
Other/HSAcct	53	31,270	140,446	148,212	2,973	0	122,174	2,911,098	3,587,242	1,602,851	2,016,723	895,991
	155,206,106	**207,524,279**	**234,357,546**	**188,946,184**	**104,225,405**	**46,291,037**	**37,073,236**	**60,548,569**	**82,645,916**	**94,231,522**	**79,544,738**	**90,356,308**
REVENUES:												
State ER/HSAcct	300,747,873	292,977,588	292,188,920	264,252,536	260,141,041	264,220,951	282,599,775	311,847,669	329,554,096	303,902,382	326,272,318	369,514,259
State EE	63,655,929	59,483,669	53,425,866	54,829,594	70,348,595	81,560,835	85,773,355	84,988,516	80,426,387	106,786,461	106,402,685	107,811,472
Non-State/HSAcct	87,369,910	85,644,215	81,960,662	78,052,467	83,769,676	89,534,881	75,229,221	75,167,598	59,436,441	62,370,388	60,635,678	64,222,964
Direct Bill	46,587,130	47,547,542	43,357,448	42,279,060	39,880,647	39,806,547	37,346,342	33,035,170	36,347,629	35,901,784	34,634,962	33,546,186
Flex	15,718,085	13,452,131	11,895,995	11,208,764	11,210,064	11,882,105	12,199,936	12,901,609	12,148,933	12,351,256	12,177,343	12,853,760
Cafeteria	1,997,628	1,099,707	1,134,845	1,165,874	1,990,509	3,162,329	2,892,133	2,798,624	2,630,327	2,570,361	2,690,431	2,897,658
Wellness	725,041	501,354	720,304	708,003	712,665	611,648	679,776	669,105	632,114	619,898	690,901	734,828
Other/Clinic	303,587	816,764	1,293,043	2,602,538	7,051,193	1,493,175	10,658,897	5,060,457	3,826,986	2,537,986	13,168,840	4,762,284
	517,105,182	**501,522,970**	**485,977,083**	**455,098,836**	**475,104,389**	**492,272,472**	**507,379,436**	**526,468,748**	**525,002,912**	**527,040,518**	**556,673,158**	**596,343,412**
EXPENSES:												
Claims	401,653,681	412,354,762	466,579,706	475,069,537	466,279,387	434,543,880	419,316,654	435,641,767	444,857,911	473,209,506	479,220,261	534,091,983
Other	5,182,884	5,063,766	7,444,944	6,465,302	6,692,311	10,350,174	7,640,095	7,133,794	6,248,260	8,678,863	8,806,537	8,568,109
ASO/Premiums	40,738,726	41,698,504	42,713,386	42,646,887	42,593,509	41,863,814	41,408,133	44,603,610	45,360,118	42,607,924	40,527,399	42,149,691
Flex	14,864,871	12,718,412	11,754,565	11,193,403	11,199,055	11,877,934	12,194,820	12,447,903	11,754,817	12,590,069	12,305,981	13,049,461
Admin/Clinic	2,346,847	2,854,258	2,895,843	4,444,486	6,274,496	2,854,471	3,344,399	4,544,329	5,196,199	4,640,940	5,001,410	7,410,740
	464,787,010	**474,689,702**	**531,388,445**	**539,819,614**	**533,038,758**	**501,490,273**	**483,904,102**	**504,371,402**	**513,417,305**	**541,727,302**	**545,861,588**	**605,269,984**
END FUND BALANCES:												
Reserve Fund	194,050,142	221,414,299	177,004,733	95,095,498	40,824,648	30,658,118	50,274,862	69,351,319	82,223,798	66,635,912	78,067,980	72,676,950
Non-State	1,626,615	1,506,027	1,395,728	1,284,672	1,184,440	1,087,317	985,171	1,881,031	1,768,218	1,696,968	1,741,142	0
Direct Bill	0	0	0	0	0	0	0	0	0	0	0	0
Flex Spending	4,279,052	4,662,858	4,553,606	4,298,098	877,552	458,729	152,403	305,902	406,754	168,215	41,591	39,747
Cafeteria	6,201,864	5,519,716	4,925,154	2,560,900	2,610,924	3,696,804	4,671,078	5,641,262	6,108,569	6,465,255	6,807,096	6,853,756
Wellness	1,335,337	1,114,201	918,751	983,264	793,474	1,050,092	1,553,957	1,879,158	2,121,333	2,561,665	2,802,507	1,188,026
Other/HSAcct/Clinic	31,270	140,446	148,212	2,973	0	122,174	2,911,098	3,587,242	1,602,851	2,016,723	895,991	671,258
	207,524,279	**234,357,546**	**188,946,184**	**104,225,405**	**46,291,037**	**37,073,236**	**60,548,569**	**82,645,916**	**94,231,522**	**79,544,738**	**90,356,308**	**81,429,736**

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 PY 2022, The HCC added the Administrative Fund with the Medical Fund for reporting purposes to manage the fund balance in total.
3. In PY 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.

Changes for PY 2024:

- Elected to keep the annual premium for the employee & and employee plus child(ren) coverage tiers flat (0%) effective January 1, 2024.
- Increased the annual employer contribution by (5%) effective July 1, 2024
- **Changes to Plans C & N**
    - To meet new IRS requirements for Qualified High Deductible Health Plans, members with dependent coverage will see the First Deductible increase to $3,200. The remaining family members would meet the balance of the Deductible of $2,300 for an overall Deductible of $5,500.
- **Changes to All Plans**
    - For specialty medications PrudentRx will be offered to members using Specialty Medications. The PrudentRx program will provide members the opportunity to get their Specialty Medications through CVS/Caremark at no cost to members on Plan A, and no coinsurance expense to members after the deductible for those enrolled on Plans C, J, and N.
    - Hearing aid coverage for medically necessary hearing aid(s) and the associated hearing aid professional services to be included with the medical plan benefits.
    - Added coverage for residential treatment centers as an eligible service provider.
    - Enhanced coverage for ultrasound and MRIs for breast cancer screening.

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 2021, 2022, and 2023 (the previous three years) and the projected fund balance for the plan year ending December 2024. The analysis compares the projected ending balance for 2024 to the 10% average of the total plan expenses for the preceding three plan years.

PY 2021 Plan Expenses	PY 2022 Plan Expenses	PY 2023 Plan Expenses	3 Year Total	Avg Exp over preceding 3 years
$495,843,214	$494,951,771	$536,170,468	$1,526,965,452	$508,988,484
2024 Current Projected Ending Reserve Balance (Both Funds)	**2024 Current Projected Target Reserve Fund Balance (Based on HB 2218)**	**HB 2218 Reserve Calculation Amount based on a 10% Avg of the Plan Expenses**	**Calculation:** **$52,078,918 - $50,898,848 =** **$1,180,070**	
$52,078,918	$50,898,848	$50,898,848		

Recommendations:

Based on the above calculation, as of December 2024, there is a surplus reserve of more than 10% of the average of the total plan expenses for the previous 3 years of $1,180,070. 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 Commission will continue to balance the long-term financial solvency of the health plan with any proposed plan design changes.

Exhibit A

2024 Employee Advisory Committee

Drue Campbell
Dept. of Administration

Joseph Coburn
Kansas University

Keith Fitzsimmons
Retiree

Steven Grieb
Retiree

Tressie Lewis
Kansas Dept of Aging

Michelle Huntsman
Department of Administration

Michael Lundin
Kansas University

Mike Mercer
Emporia State University

Sarah Miles
Kansas Bureau Investigation

Melissa Crawford
Department of Children & Families

Katrin Osterhaus
Legislative Post Audit

John Oswald
Dept. of Revenue

Jennifer Sauder
Emporia State University

Wade Schneider
Kansas Racing and Gaming

Lori Scott Dreiling
Pitt State University

Scott Schowalter
Judicial Branch

Adam Noble
Judicial Branch

Robert Vieyra
Corrections

Warren Wiebe
Board of Healing Arts

Exhibit B
2024 GROUP HEALTH INSURANCE ENROLLMENT
BY TYPE OF PARTICIPANT

Grand Total Covered Lives (State & Non State Active, Direct Bill, & COBRA)				
Type of Participant	Jan-24	Apr-24	Jul-24	Oct-24
Active State Employees	34,299	34,405	34,101	34,820
Active State EE Dependents	31,515	31,687	31,503	31,885
Total Covered Lives	**65,814**	**66,092**	**65,604**	**66,705**
Direct Bill State Retirees	8,150	8,087	8,045	8,000
Direct Bill State Ret Dependents	76	86	108	112
Total Covered Lives	**8,226**	**8,173**	**8,153**	**8,112**
COBRA State Participants	123	86	84	97
COBRA State Dependents	81	65	70	76
Total Covered Lives	**204**	**151**	**154**	**173**
Active Educational Employees	778	778	753	759
Active Educational EE Dependents	785	792	750	731
Total Covered Lives	**1,563**	**1,570**	**1,503**	**1,490**
Direct Bill Educational Retirees	30	24	24	27
Direct Bill Educational Ret Dependents				2
Total Covered Lives	**30**	**24**	**24**	**29**
COBRA Educational Participants	5	2	3	2
COBRA Educational Dependents			3	
Total Covered Lives	**5**	**2**	**6**	**2**
Active City/County/Township Employees	1,224	1,232	1,229	1,225
Active City/County/Township EE Dependents	1,155	1,171	1,184	1,213
Total Covered Lives	**2,379**	**2,403**	**2,413**	**2,438**
Direct Bill City/County/Township Retirees	74	75	77	79
Direct Bill City/County/Township Ret Deps	4	4	2	2
Total Covered Lives	**78**	**79**	**79**	**81**
COBRA City/County/Township Participants	3	3	4	5
COBRA City/County/Township Dependents	6	5	5	7
Total Covered Lives	**9**	**8**	**9**	**12**

Active Hospital or Mental Hlth Center Employees	1,335	1,368	1,380	1,398
Active Hospital or Mental Hlth Center EE Dependents	1,167	1,180	1,175	1,201
Total Covered Lives	**2,502**	**2,548**	**2,555**	**2,599**
Direct Bill Hospital or Mental Hlth Center Retirees	17	15	16	16
Direct Bill Hospital or Mental Hlth Center Ret Deps				
Total Covered Lives	**17**	**15**	**16**	**16**
COBRA Hospital or Mental Hlth Center Participants	1	1	2	3
COBRA Hospital or Mental Hlth Center Dependents		4	3	6
Total Covered Lives	**1**	**5**	**5**	**9**
Active All Other Non State Employees	219	220	220	224
Active All Other Non State EE Dependents	169	172	171	181
Total Covered Lives	**388**	**392**	**391**	**405**
Direct Bill All Other Non State Retirees	18	18	18	19
Direct Bill All Other Non State Ret Deps	1	1	1	1
Total Covered Lives	**19**	**19**	**19**	**20**
COBRA All Other Non State Participants	1	1	1	
COBRA All Other Non State Dependents				
Total Covered Lives	**1**	**1**	**1**	**0**
Total Contracts	**46,277**	**46,315**	**45,957**	**46,674**
Total Covered Lives	**81,236**	**81,482**	**80,932**	**82,091**

Exhibit C		
2024 New Non State Public Employer Groups		
Start Date	**Group Name**	**Type**
01/01	Lincoln County 57 employees	County govt.
01/01	City of Sedan 13 employees	City govt.
09/01	NC Ks Library System 9 employees	Other
11/01	Marion Co. Conservation District – 2 employees	Other
10/01	Riley Co. Conservation District – 1 employee	Other

Exhibit D
Kansas State Employees Health Care Commission
Plan Year 2024 Estimated Annualized Costs (Unaudited)

		Annualized
1	**Projected Total Cost[2]**	**$578,625,679**
2	2023 Estimated Cost[1]	
	Medical Claims	$355,281,119
	Rx Claims	$107,277,210
	Delta Dental of Kansas	$28,410,089
	Health Savings/Health Reimbursement	$33,327,228
	ASO Premiums	$42,286,297
	Voluntary Benefits	$3,805,426
	Other Contracts fees /Flex	$527,047
	Affordable Care Act Fees	$194,591
	Onsite Clinic	$2,205,206
	Administrative Fund fees	$5,311,465
	TOTAL	**$578,625,679**
3	State and Non State Employee, COBRA, Direct Bill Contribution, Administrative Contributions, Voluntary Benefits plus Interest Earned	**$127,280,118**
4	State of Kansas and Non State Employer Contributions	
	a. Projected[1]	**$436,573,011**

1. The financial information is using the financial statements presented to the HCC at the December 2024 meeting