April 9, 2024

Meeting Materials

STATE EMPLOYEES HEALTH CARE COMMISSION

April 9, 2024, 1:30 pm

MEETING AGENDA

The Public May Listen to the Meeting Here: https://www.youtube.com/@KansasSEHP/streams

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Welcome and Introductions by Secretary Proffitt

Action Items:

1. **Approval of Minutes *[Action Item]*** - Secretary Proffitt
   - February 16, 2024

2. **Dental Plan Administration Contract *[Action Item]***

3. **Prescription Eyewear Insurance Contract *[Action Item]***

4. **Employee Advisory Committee**
   - **Membership *[Action Item]***
   - **Bylaws *[Action Item]***

Reports:

5. **Financial Report** - Segal

Discussion Items:

6. Plan Year 2025
7. PANS and PANDAS Report
8. Residential Treatment
9. Next scheduled meeting is June 3, 2024

Appendix:

A. Follow up items from February Meeting

Agenda Item #1

The State of Kansas State Employees Health Care Commission (HCC) meeting was called to order on Friday, February 16, 2024, at 9:30 a.m. The meeting was conducted in person at the KPERS Board Room, in Topeka, KS with a virtual video broadcast available to the public using GoTo Webinar following publication to the State of Kansas' SEHP website, and YouTube.

The following members were present:

- Chair Adam Proffitt
- Commissioner Cristi Cain
- Commissioner Steve Dechant (virtual)
- Commissioner Anthony Hensley
- Commissioner Vicki Schmidt

The following staff members were present:

- Jennifer Flory, SEHP Director
- Mike Michael, SEHP Deputy Director
- Cris Loomis, Administrative Director
- Pete Nagurny, SEHP Sr. Manager, Data & Finance
- Paul Roberts, SEHP Sr. Manager, Health Plan Operations
- Delos DeCelle, SEHP Program Finance Manager
- Pat Doran, Department of Administration, Chief Counsel
- Tracy Diel, Department of Administration, Legal Counsel
- Patrick Klein, Segal Consulting
- Zach Vieira, Segal Consulting

Topic	Discussion	Action	Follow-up
Welcome and Roll Call	Chair Adam Proffitt called the meeting to order at 9:34 a.m.	Chair Adam Proffitt did a roll call of the commissioners: • Commissioner Cain – present • Commissioner Dechant – present/online • Commissioner Hensley – present • Commissioner Schmidt – present	
1. Approval of Minutes Dec. 12, 2023 [Action Item]	Chair Adam Proffitt opened the floor for any comments or edits.	Commissioner Hensley made a motion to approve the minutes as amended for Dec. 12, 2023. 2nd – Commissioner Schmidt All in favor, none against, the motion passed to approve the minutes as presented.	Correct the spelling of Commissioner Schmidt's first name in the minutes.
2. COBRA Administration Contract [Action Item]	Director Jennifer Flory presented the COBRA Administration contract bids for consideration. The State received two bid responses: • iTEDIUM, Inc. • Total Administrative Service Corporation (TASC)	Commissioner Schmidt made a motion to award a three-year contract to iTEDIUM with the per COBRA participant rate option. 2nd – Commissioner Hensley The motion passed with a roll call vote: • Commissioner Cain – yes • Commissioner Dechant – yes	

		• Commissioner Hensley – yes • Commissioner Schmidt – yes	
3. Health Reimbursement and Health Savings Account Administration Contract [Action Item]	Director Jennifer Flory presented the Health Reimbursement (HRA) and Health Savings Account (HSA) Administration contract bids for consideration. The SEHP received five bid responses; negotiations were held with four companies: • MetLife • Central Bank • NueSynergy • Optum	Commissioner Schmidt made a motion to award a three-year contract to MetLife. 2nd – Commissioner Dechant The motion passed with a roll call vote: • Commissioner Cain – yes • Commissioner Dechant – yes • Commissioner Hensley – yes • Commissioner Schmidt – yes	
4. Open Enrollment Report	Director Jennifer Flory presented a summary of the 2023 open enrollment.		
5. Benchmark Study	Patrick Klein with Segal Consulting presented a benchmarking study on the Kansas plan features as compared to National and Regional averages.	Commissioner Schmidt brought up the decision about adding room and board for residentials treatment for mental health and substance use disorder.	Commissioner Schmidt asked if Segal could break out the plan richness slides for the Employee & Spouse and the Employee Children. She requests clarification on the how the benefit description is updated as

			a follow up for the next meeting. Commissioner Schmidt also ask Segal for clarification on the pharmacy benefits comparison of cost sharing with other states.
6. Financial Report	Patrick Klein with Segal Consulting presented the actuarial financial report to date for 2023 and reviewed historical trends and future projections.		
The next scheduled meeting is April 9, 2024.	Chair Adam Proffitt brought attention to the additional information on increasing the lifetime benefit maximum for orthodontia benefits for consideration at the June meeting. Chair Adam Proffitt announced next meeting is April 9, 2024.		Commissioner Schmidt requested additional member utilization of the HealthQuest Health Center to include a breakdown to include the unique number of patients.

Adjournment		Commissioner Schmidt made a motion to adjourn. 2nd – Commissioner Cain.	
The meeting was adjourned at 11:05 a.m. Next Meeting April 9, 2024			

Agenda Item #2

Dental Benefit Contract

April 9, 2024

Health Care Commission Meeting

Dental Overview

The dental benefit provides members with diagnostic & preventive services, basic & major restorative service, orthodontia and implant coverage.

Information

- The contract with the current dental administrator, Delta Dental, expires December 31, 2024.
- At the time of RFP release, there were approximately 46,643 eligible employees enrolled in the State’s self-funded Dental Plan.
- Segal was asked to evaluate financial components of the vendors’ proposals, including:
  - Administration fees and other costs
  - Network discounts
  - Network penetration (dollars flowing through with network providers)
  - Cost impact to current self-funded dental plan
- Proposals assume a three-year contract period starting January 1, 2025.

Three Bids Received

- Blue Cross Blue Shield of Kansas, Inc.
- Delta Dental of Kansas, Inc.
- SKYGEN USA

Finalist meetings were held with all three companies along with additional communications to clarify various components of the bids.

Bid Evaluation

CAPACITY TO ADMINISTER THE PROGRAM

VENDOR NETWORK

CLAIMS PROCESSING

CUSTOMER SERVICE FOR MEMBERS

SERVICES TO THE SEHP STAFF

REPORTING

Services Included

- Network Access
- Claims Adjudication
- Reporting
- Member Portal
- SEHP Administration Portal
- Member Communications
- ID Cards
- Benefit Booklet

Area Map of Network Providers

Provider Network

		BCBSKS		Delta Dental		SKYGEN USA
Region Areas	Enrolled SEHP members	PPO/GRID Network	CAP/GRID+ Network	Discount PPO Network	Premier Network	Maximum Care Network
Area 1	44,706	705	920	878	1,046	396
Area 2	4,602	44	94	47	96	41
Area 3	4,930	19	41	18	49	1
Area 4	7,575	90	137	108	149	51
Area 5	14,318	234	401	287	419	89
Area 6	1,898	24	66	17	67	3
Total	78,029	1,116	1,659	1,355	1,826	581

Projected PEPM Administration Fee Cost Evaluation

2024 Employee count
46,643

Administration Fee	Blue Cross Blue Shield of Kansas	Delta Dental of Kansas	SKYGEN USA
PEPM Admin Fee *	$1.90	$1.04	$3.05
Total Monthly Admin Fee	$88,622	$48,509	$142,261
Total Annual Admin Fee	$1,063,460	$582,105	$1,707,134
Total 3-year Admin Fee	$3,190,380	$1,746,315	$5,121,402

* The PEPM administration fee for each of the three companies includes network access and will remain flat for for plan years 2025, 2026, and 2027.

Additional Contract Costs

Special Project and/or Programming Costs	Blue Cross Blue Shield of KS	Delta Dental of Kansas	SKYGEN USA
Programming for eligibility file layouts	$110 per hour	$0.00	$150 per hour
Programming for changes in file layouts for the SEHP data warehouse	$110 per hour	$0.00	$150 per hour

Credits

Vendor Credits Offered	Blue Cross Blue Shield of KS	Delta Dental of Kansas	SKYGEN USA
Implementation (PY 2025 Only)	$200,000	Current vendor $0.00	$0.00
Annual Communication	$0.00	$5,000	$0.00

Total Cost Summary – Cost Incurred by the SEHP

SEHP Plan Cost	Blue Cross Blue Shield of KS	Delta Dental of Kansas	SKYGEN USA
Projected Annual Paid Claims			
3-year Total Claims	$93,083,062	$91,930,503	$83,201,893*
Total Annual Administration Fees			
Total 3-Year Admin Fees	$3,190,380	$1,746,315	$5,121,402
Other Projected Costs			
Total 3-Year Other Costs	$2,626,934**	$0	$0
Total Projected Cost			
Total Projected 3 Year Total Cost	**$98,900,376**	**$93,676,818**	**$88,323,295**

* SKYGEN's projected paid claims are considerably lower than Delta Dental and BCBSKS due to their significantly smaller network and their out of network reimbursement methodology. Using the reimbursement fee schedule from the Care Network (included in the proposed Maximum Care Network) as the out of network maximum allowable charge results in lower cost to the plan, but potentially higher out of pocket costs for members due to balance billing by the larger number of out of network providers.

** BCBSKS' Quality-Based Reimbursement Program (QBRP) is part of the claims expense and is part of the overall provider reimbursement package. The program rewards dentists for meeting various quality metrics. Incentives earned flow through claims.

Network Impact on Balance Billing Exposure

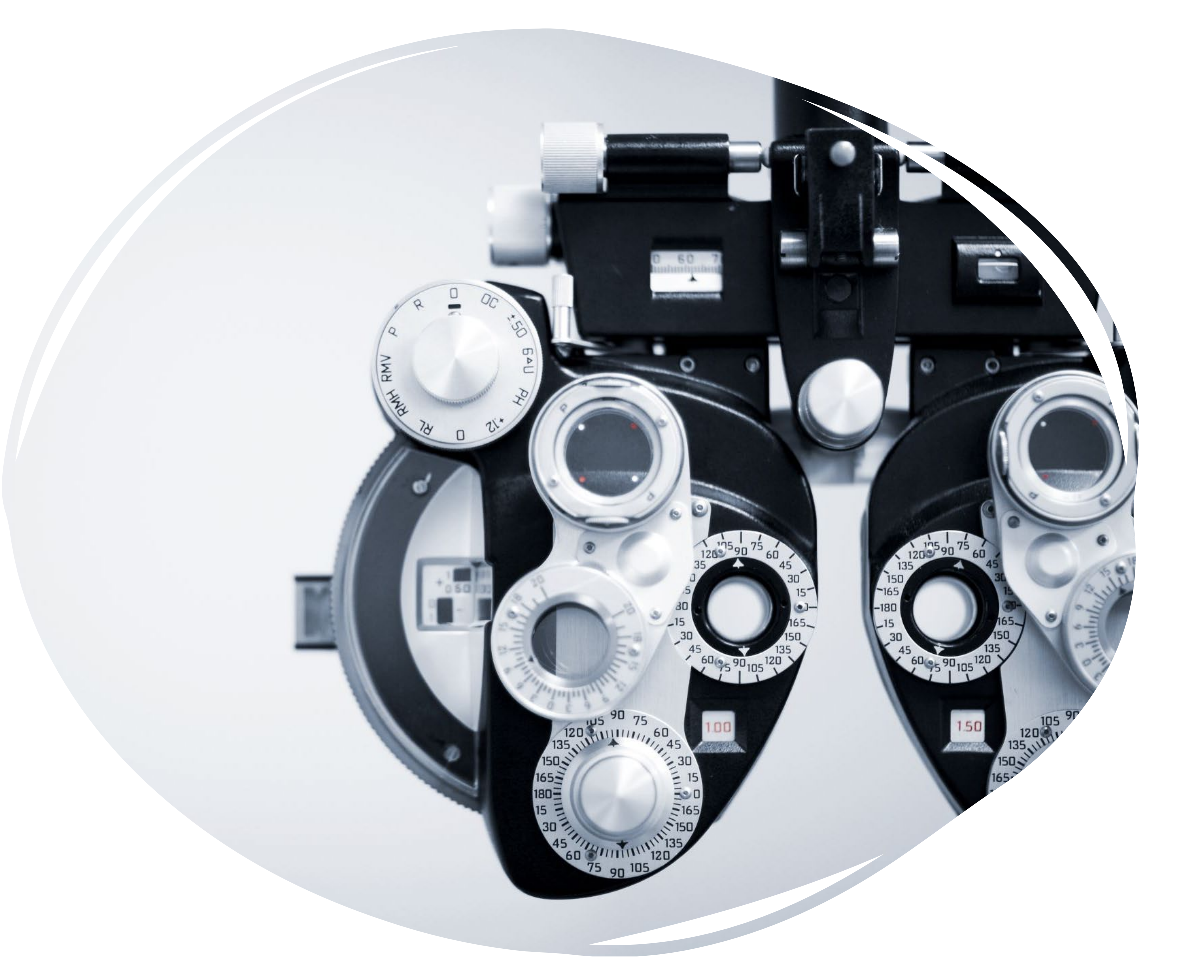
- When a provider agrees to become part of a vendor's network, they agree to accept established fees for service as payment in full, and to not bill the member for the difference between that fee and their usual fee.
- Conversely, a non network provider has not agreed to an established fee for service, therefore, any amount in excess of the reimbursement from the vendor is the member's responsibility and may be balance billed at the discretion of the provider.
- Fewer providers in a vendor's network and lower access to those providers results in more members seeking services from non network providers, increasing exposure to balance billing.
- The next slide shows potential balance billing exposure to the member based on each vendor's proposed networks.
- The potential balance billing exposure is greater with SKYGEN as they have significantly fewer providers in their proposed network, resulting in increased non network utilization.

Network Utilization and Balance Billing Exposure

	Blue Cross Blue Shield of KS	Delta Dental of Kansas	SKYGEN USA
Estimated Member Exposure to Additional Balance Billing*			
2025	$1,811,138	$1,637,178	$18,158,524
2026	$1,865,384	$1,686,213	$18,702,392
2027	$1,958,711	$1,770,577	$19,638,099
Total 3 Year	**$5,635,233**	**$5,093,969**	**$56,499,015**
Network Utilization Mix			
Network	91.6%	95.7%	33.0%
Non Network	8.4%	4.3%	67.0%

* Member exposure to balance-billing represents the difference between the carrier's Non Network reimbursement to the provider and the submitted eligible charge. The amount is significantly higher for SKYGEN due to low reimbursements to a greater number of Non Network providers, potentially shifting a greater portion of costs to the members. ***Balance-billing is done, however, at the discretion of each provider.***

Agenda Item #3



Voluntary Prescription Eyewear Insurance Contract

April 9, 2024

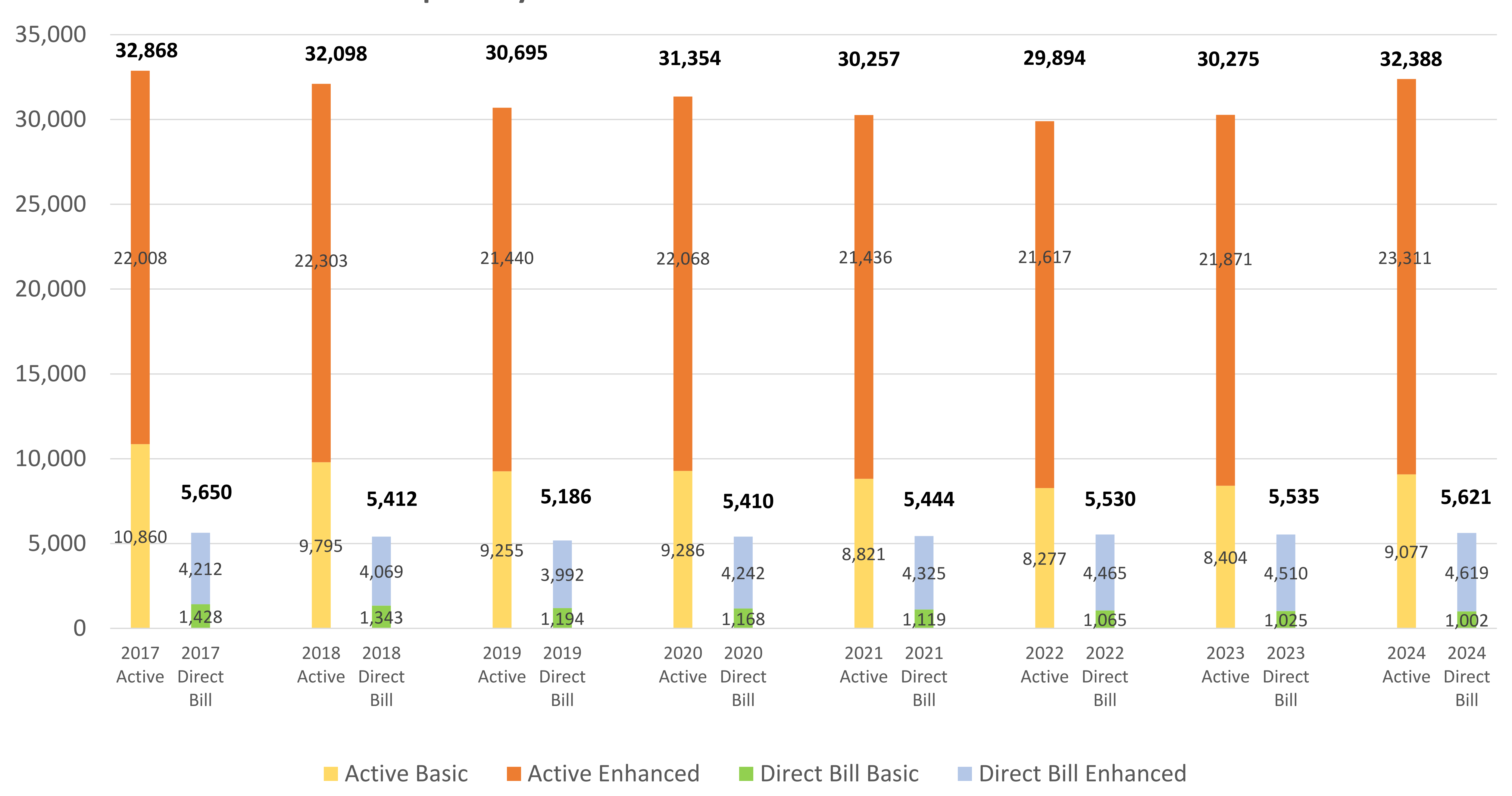
Health Care Commission Meeting

Voluntary Eyewear Overview

- The voluntary prescription eyewear coverage is a fully insured product that provides members with coverage for eyeglass frames, lenses, or contacts lenses
- The benefits include coverage for a routine eye exam for those members not enrolled in a medical plan or Direct Bill members with Medicare.

Information

- The contract with the current voluntary eyewear vendor ends on December 31, 2024.
- Active employee enrollment is 32,388 with 9,077 enrolled in the basic plan and 23,311 enrolled in the enhanced plan. This is the highest enrollment since 2017.
- Direct Bill enrollment is 5,621 with 1,002 enrolled in the basic plan and 4,619 enrolled in the enhanced plan. This is the highest enrollment since 2017.
- The enrollment history is shown on the next slide.
- This is a fully insured benefit plan, and the employee pays a premium for the services. The premium is shown on a future slide.
- Proposals assume a three-year contract period starting January 1, 2025.


Prescription Eyewear for Years 2017-2024 Active and Direct Bill
35,000
30,000
25,000
20,000
15,000
10,000
5,000
0
32,868
32,098
30,695
31,354
30,257
29,894
30,275
32,388
22,008
22,303
21,440
22,068
21,436
21,617
21,871
23,311
10,860
9,795
9,255
9,286
8,821
8,277
8,404
9,077
5,650
5,412
5,186
5,410
5,444
5,530
5,535
5,621
4,212
4,069
3,992
4,242
4,325
4,465
4,510
4,619
1,428
1,343
1,194
1,168
1,119
1,065
1,025
1,002
2017 Active
2017 Direct Bill
2018 Active
2018 Direct Bill
2019 Active
2019 Direct Bill
2020 Active
2020 Direct Bill
2021 Active
2021 Direct Bill
2022 Active
2022 Direct Bill
2023 Active
2023 Direct Bill
2024 Active
2024 Direct Bill
Active Basic
Active Enhanced
Direct Bill Basic
Direct Bill Enhanced

Two Bids Received

1. Avesis
2. Surency

Negotiation meetings held with both vendors to discuss the details of their bids. Following the meetings, Best and Final Offers were requested.

Bid Review

- Experience offering a voluntary prescription eyewear insurance plan
- Provider Network
- Premium Cost
- Customer service
- Reporting

Services Included

- Network Access
- Claims Processing
- Reporting
- Member Portal
- SEHP Administration Portal
- Member Communications
- ID Cards
- Insurance booklet

Area Map of Network Providers

Network Comparison

Avesis Network Providers

Area	Chain	Independents	Total
1	108	114	222
2	22	13	35
3	1	0	1
4	11	35	46
5	19	14	33
6	3	0	3
Total	**164**	**176**	**340**

Surency Network Providers

Area	Chain	Independents	Total
1	67	187	254
2	8	17	25
3	1	6	7
4	13	19	32
5	58	76	134
6	3	8	11
Total	**150**	**313**	**463**

Employee Paid Monthly Premium Cost

Enrollment numbers as of 3/1/2024

Basic Plan	Active Enrollment	Direct Bill Enrollment	Avesis Current Rates	Avesis*	Surency*
Employee Only	5,307	974	$2.88	$3.83	$3.87
Employee + Spouse	864	27	$5.84	$7.77	$7.98
Employee + Children	1,596	1	$6.32	$8.41	$7.21
Employee + Family	1,310	0	$8.68	$11.54	$11.13

Enhanced Plan	Active Enrollment	Direct Bill Enrollment	Avesis Current Rates	Avesis*	Surency*	Surency Alternative Plan*
Employee Only	12,260	4,286	$5.84	$7.77	$7.78	$7.76
Employee + Spouse	3,699	311	$10.80	$14.36	$15.83	$15.78
Employee + Children	3,728	8	$12.70	$16.89	$14.28	$14.23
Employee + Family	3,624	14	$16.36	$21.76	$22.13	$22.07

* The monthly premiums are effective for all 3 years of the contract.

Surency Alternative Enhanced Plan Option for Progressive Lenses

Progressive Type	Average Retail Cost *	Current Benefit Member has a $165 allowance	Proposed Member Cost (Includes $25 copay)
Standard	**$188***	**$0 + $25 copay = $25**	**$25**
Premium Tier 1	**$232***	**$21 + $25 copay = $46**	**$25**
Premium Tier 2	**$253***	**$37 + $25 copay = $62**	**$25**
Premium Tier 3	**$350***	**$115 + $25 copay = $140**	**$25**
Premium Tier 4	**$397***	**$397 - 20% discount = $317.60 less $165 allowance= $152.60 + $25 copay = $177.60**	**Same as current benefit. $397-20% discount = $317.60 less $165 allowance= $152.60 + $25 copay = $177.60 Member out-of-pocket for tier 4 will be based on actual retail charge of progressive lens selected**

**** Based on EyeMed Book of Business, 2022***

Avesis bid includes these additional benefits at no additional cost

- An online eyewear shopping tool.
- Monthly Vision Health Newsletters.
- Virtual Benefit Fairs - outside of open enrollment.
- Healthy Vision in Sight - online interactive tools and resources on vision health and wellness.
- Refractive Laser Surgery $150 lifetime allowance plus an additional 25% discount.
- Members receive an additional 20% off lenses and frames.
- Members have the full plan year to exhaust their entire contact lens allowance.

Surency bid includes these additional benefits at no additional cost

- Ability to utilize their contact lens benefit and frame allowance in the same plan year.
- Know Before You Go –This tool projects estimated out-of-pocket benefit costs in three easy steps.
- 40% off additional pairs of glasses any time throughout the year.
- Members can access and use their benefits on Glasses.com or ContactsDirect.com
- 20% off any balance over the frame allowance and 15% savings on conventional contact lenses after the funded benefit has been used.
- LASIK and PRK Discounts of 15% off the standard price or 5% off any promotional price through the U.S. Laser Network.
- Surency Special Offers page where members can find discounts and deals on frames and lenses, contacts, eye exams and more.

Agenda Item #4

Employee Advisory Committee

Date: April 9, 2024

To: Health Care Commission

From: President of Employee Advisory Adam Noble

RE: Employee Advisory Committee

The EAC recommends filling vacancies on the Employee Advisory Committee (EAC) to the Health Care Commission (HCC) effective 1/1/2024. The Employee Advisory Committee is composed of 21 members. Six active members' appointments ended as of 12/31/2023.

The Membership Subcommittee reviewed the applications submitted to the EAC and is recommending the following new members' appointments.

Nominee	**Agency**	**Term Start**
Joseph Coburn	University of Kansas	1/1/2024
Lori Scott Dreiling	Pittsburg State University	1/1/2024
Melissa Maresch	Department of Children and Families	1/1/2024
Sarah Miles	Department of Education, Regents	1/1/2024
Kassandra Steele	Judicial Administration	1/1/2024
Michelle Huntsman	Department of Administration	1/1/2024

In addition, EAC recommends the appointment of the following reappointment nominees to serve on the EAC.

Nominee	**Agency**	**Term Start**
Drue Cambell	Department of Administration	1/1/2024
Warren Wiebe	Kansas Board of Healing Arts	1/1/2024
Mike Mercer	Emporia State University	1/1/2024

Name	Agency	Branch	County of Work	County of Residence	Term Start Date	Term End Date
Drue Campbell	Department of Administration	Executive	Shawnee	Shawnee	1/1/2017	12/31/2023 (Submitted an application)
Jennifer Dalton	Kansas Department of Commerce	Executive	Shawnee	Shawnee	1/1/2017	12/31/2023
Maria Beebe	Kansas State University	Regents	Riley	Riley	1/1/2017	12/31/2023
Roberta Robinson	Kansas State University	Regents	Johnson	Johnson	1/1/2017	12/31/2023
Courtney Marsh	Kansas University Medical Center	Regents	Wyandotte/Johnson	Johnson	1/1/2017	12/31/2023
Warren Wiebe	Kansas Board of Healing Arts	Executive	Shawnee	Douglas	1/1/2017	12/31/2023 (Submitted an application)
Mike Mercer	Emporia State University	Regents	Lyon	Lyon	1/1/2017	12/31/2023 (Submitted an application)
Laura Hoppas	Kansas Department of Aging and Disability	Executive	Neosho	Neosho	1/1/2017	12/31/2023
Mendy Jump	Kansas Department of Health and Environment	Executive	Shawnee	Shawnee	1/1/2018	12/31/2024
Scott Showalter	Judicial Administration	Judicial	Sherman	Sherman	1/1/2018	12/31/2024
Wade Schneider	Kansas Racing and Gaming Commission	Executive	Jefferson	Jefferson	1/1/2018	12/31/2024
Tressie Lewis	Kansas Department of Aging and Disability	Executive	Cass	Cass	1/1/2018	12/31/2024
Michael Lundin	University of Kansas	Regents	Douglas	Douglas	1/1/2018	12/31/2024
Robert Vieyra	Kansas Department of Corrections	Executive	Reno	Reno	1/1/2018	12/31/2024
John Oswald	Kansas Department of Revenue	Executive	Sedgwick	Sedgwick	1/1/2019	12/31/2025
Jennifer Sauder	Emporia State University	Regents	Lyon	Lyon	1/1/2019	12/31/2025
Adam Noble	Judicial Administration	Judicial	Leavenworth	Wyandotte	1/1/2019	12/31/2025
Katrin Osterhaus	Kansas Legislative Division of Post Audit	Legislative	Shawnee	Shawnee	1/1/2019	12/31/2025
Keith Fitzsimmons	Retiree	N/A	N/A	Johnson	1/1/2017	N/A
Marjorie Knoll	Retiree	N/A	N/A	Ellis	1/1/2017	N/A (Resigning her appointment)
Steven Grieb	Retiree	N/A	N/A	San Mateo, CA	1/1/2017	N/A

MEMORANDUM

TO: Health Care Commission

FROM: Adam Noble, EAC President

DATE: April 9, 2024

Subject: Proposed Amendments to the Employee Advisory Committee Bylaws

The Health Care Commission established the State Employee Health Plan Employee Advisory Committee (EAC) to advise the Commission on matters relating to healthcare benefits of state officers and employees and to assist the Commission in the development of policies related to those benefits. At its January 10, 2020, meeting, the EAC voted to recommend that the Commission amend the EAC's Bylaws. The following summary addresses the substantive amendments to the Bylaws.

The EAC appointed a committee to review the Bylaws. The committee has recommended the following two amendments to the current EAC Bylaws:

The EAC recommends amending Article III – Membership, section 1, A, Direct Bill members from three to two members:

Prior language:

Article III Section 1-A, Membership

Number of Members – The Committee shall consist of twenty-one (21) eighteen (18) of which shall be primary participants in the health care benefits program as defined by K.A.R. 108-1-1(b)(2) (hereinafter referred to as "actively employed") and three (3) of which shall be covered by a State health plan through the direct billing system due to their prior employment with the State, of which two of the three shall be retired employees eligible for Medicare. All members shall be appointed by and shall serve at the pleasure of the Commission.

New language:

Number of Members – The Committee shall consist of twenty-one (21) individuals, nineteen (19) of which shall be primary participants in the health care benefits program as defined by K.A.R. 108-1-1(b)(2) (hereinafter referred to as "actively employed") and two (2) of which shall be covered by a State health plan through the direct billing system due to their prior employment with the State. All members shall be appointed by and shall serve at the pleasure of the Commission.

Article III, Section 1-C

The EAC recommends amending Article III – Membership, Section 1-C extending the term of appointment from a three-year to a four-year term.

Prior Language:

Article III Section 1-C, Membership

Term of Appointment – Effective for appointments beginning after January 1, 2020, committee members shall be appointed to four-year terms. A term shall begin on January 1st and end on December 31st. Effective for appointments beginning after January 1, 2020, actively employed Committee members can serve no more than three terms. Committee members covered by a State health plan through the direct billing system are not subject to term limits.

New language:

Term of Appointment – Effective for appointments beginning after January 1, 2024, committee members shall be appointed to four-year terms. A term shall begin on January 1st and end on December 31st. Effective for appointments beginning after January 1, 2024, actively employed Committee members can serve no more than three terms. Committee members covered by a State health plan through the direct billing system are not subject to term limits.

KANSAS STATE EMPLOYEE HEALTH CARE COMMISSION EMPLOYEE ADVISORY COMMITTEE BYLAWS

ARTICLE I – NAME

The organizations shall be named the Employee Advisory Committee (hereinafter referred to as the "Committee"), the Kansas State Employees Health Care Commission (hereinafter referred to as the "Commission"), and the Division of Health Care Finance (DHCF).

ARTICLE II – OBJECTIVES

The Committee shall advise the Commission on matters relating to health care benefits of state officers and employees and assist the Commission in the development of policy with respect to such benefits. To fulfill that objective, the Committee shall:

1. Be provided a copy of the Commission's agenda and meeting materials in advance of the Commission's meetings to the extent permitted by law.

2. Be represented by one or more of its elected officers or their designees at each meeting of the Commission, and

3. Have access to the Health Benefits Administrator, and

4. Be provided communication services by the Commission or have access through the Health Benefits Administrator.

ARTICLE III – MEMBERSHIP

Section 1

A. Number of Members – The Committee shall consist of twenty-one (21) individuals, nineteen (19) of which shall be primary participants in the health care benefits program as defined by K.A.R. 108-1-1(b)(2) (hereinafter referred to as "actively employed") and two (2) of which shall be covered by a State health plan through the direct billing system due to their prior employment with the State. All members shall be appointed by and shall serve at the pleasure of the Commission.

B. Compensation – No Committee member shall receive compensation, except for travel reimbursements actively employed members may seek from their sponsoring agency in the event they physically attend meetings taking place more than 30 miles from their official domicile.

C. Term of Appointment – Effective for appointments beginning after January 1, 2024, committee members shall be appointed to four-year terms. A term shall begin on January 1st and end on December 31st. Effective for appointments beginning after January 1, 2024, actively employed Committee members can serve no more than three terms. Committee members covered by a State health plan through the direct billing system are not subject to term limits.

D. Termination – By a majority vote of the Commission, a Committee member's appointment may be terminated due to failure to meet attendance requirements, neglect of responsibility, improper unprofessional conduct, incompetence, or in the case of an active employee, termination from State service (other than retirement). Employees who retire from State employment while serving on the Committee shall be allowed to complete their term on the Committee.

E. Attendance – Membership of any individual of the Committee who misses more than two meetings during a calendar year without reason and without proper advance notice of intended absences may be terminated from the Committee. The Officers (see Article IV) of the Committee shall determine adherence to this Subsection.

Section 2 – Selection of Members

A. Annual and replacement Selection – Each year DHCF shall distribute through the open enrollment information materials and employee meetings, an invitation to employees to submit nominations for the open positions on the Committee, from which the Commission shall fill the open positions. The Commission shall strive to balance the Committee in terms of age, gender, geographic location, type of health plan and State agencies. To diversify the State agencies represented by the actively employed Committee members, the Commission shall strive to appoint at least three (3) members from the Executive Branch, three (3) members from the Board of Regents or the State universities, one (1) member from the Judicial Branch, and one (1) member from the Legislative Branch. If the applicant pool is not sufficiently diverse after reasonable attempts to recruit and fill all open positions for each State agency, the Commission may appoint Committee members from any State agency. Selection shall be made at the last Commission meeting of each year.

B. Conflict of Interest – To avoid conflicts of interest between members of the Commission and the Committee, active employees who directly report to or supervise members of the Commission shall not be members of the Committee.

ARTICLE IV – OFFICERS

Section 1 – Titles and Duties – The officers of the Committee shall be a President, a Vice President, and a Secretary.

A. The President shall preside over Committee meetings, establish sub-committees and appoint chairpersons of those sub-committees, set the agenda for Committee meetings, and act as spokesman for the Committee at the meetings of the Commission. After each Commission meeting, the President or designee shall notify Committee members of any action taken by the Commission.

B. The Vice President shall fulfill the duties of the President in the event of the President's absence.

C. The Secretary shall record the minutes of each Committee meeting. forward a copy of those minutes to the Health Benefits Administrator in a timely manner. The Secretary shall also maintain a copy of all Committee minutes, correspondence, and pertinent records pertaining to the business of the Committee.

Section 2 – Selection of Officers

A. At the first meeting of the Committee each year, the Officers shall be elected by and from the membership of the Committee. Any member of the Committee may nominate an individual for any of the three offices.

B. Public votes shall be taken and counted by the President or Acting President, one (1) other member of the Committee, and the Health Benefits Administrator or a designee thereof. In separate elections, the President shall be elected first and shall assume the position immediately. The Vice President shall be elected next, followed by the Secretary.

C. To be elected, an individual must receive a majority of the votes by either ballot, show of hands, or proxy. The individual who receives the highest votes shall be elected to the nominated position.

Section 3 – Terms of Officers – Each officer shall be elected for a term of one calendar year. There shall be no limit on the number of terms an individual may serve as an officer of the Committee, except that no individual may serve for more than three years in the same position. If the President is unable to complete his or her term in office, the Vice President shall assume the duties of the President and appoint another member to serve the unexpired term of the Vice President. If the Vice President or Secretary is unable to complete his or her term, the President shall appoint another person to serve the unexpired term of the Vice President and/or Secretary.

ARTICLE V – MEETINGS

Section 1 – Number of Meetings – A minimum of two (2) meetings shall be held each year as determined by the President, with extra meetings being held upon the call of any of the following:

A. the President,

B. the Vice President and Secretary, or

C. Any request for a special meeting shall be submitted to an elected officer who will then notify the members of the committee. Said request may designate the reason(s) for the meeting if deemed appropriate. The notice will provide the date and time of the scheduled meeting.

Section 2 – Meeting Notice and Location

A. Notification to the members of the Committee a minimum of fourteen (14) days prior to any Committee meeting shall be provided unless the meeting is being held upon the request of the Commission and a lesser notice period is justified.

B. Notification to the public shall be provided when someone requests to receive notice of meetings.

C. The Secretary (or designee) shall create agendas of upcoming meetings and make them available before the meeting to provide a focus for the Committee and the public, but the content of the meeting may be changed at any time by amending the agenda.

D. The Chair (or designee) shall designate a location for Committee meetings. Accommodations for remote participation for Committee members may be made, but physical presence by committee members is encouraged. Meetings must be conducted in a way that the public may observe or listen to the proceedings.

Section 3 – Quorum and Majority – A quorum will be eleven (11) members of the Committee and a simple majority of those members in attendance or by teleconference shall be required to approve any motion. Meetings can proceed without a quorum, but no motions or voting shall take place.

ARTICLE VI – BYLAWS

The bylaws for the Committee may be adopted, amended, altered, or repealed by a majority vote of the Commission. These Bylaws are hereby amended this ___ day of ____________2024.

By: ____

Chairperson, Kansas State Employees Health Care Commission

Agenda Item #5

March 22, 2024

Ms. Jennifer Flory
Director – State Employee Health Benefit Plan
Kansas Department of Health and Environment
Topeka, Kansas 66612

Re: Projection Summary – February 2024

Dear Ms. Flory:

This letter provides a summary of the financial update with data through February of 2024 and the key assumptions included in the projections.

Experience: January 2024 to February 2024

Segal calculated the initial budget with available data through February 2024. Therefore, the 2024 YTD actuals match the initial budget numbers. There is one exception. Vision premiums was deferred in January and February, creating a $0.5M gain in the ASO/Premium line. This deferred amount is expected to be paid in March.

The reserve balance through February closed at $74.0M. Below is a breakout of the various components.

January 2024 to February 2024 Financials (in Millions)				
	Budgeted	**Actual**	**Gain/(Loss) $**	**Gain/(Loss) %**
Program Revenue	$93.9	$93.9	$0.0	0.0%
Medical self-insured claims	$51.4	$51.4	$0.0	0.0%
Rx self-insured claims	$14.9	$14.9	$0.0	0.0%
Dental self-insured claims	$4.2	$4.2	$0.0	0.0%
Health Savings Contributions*	$7.8	$7.8	$0.0	0.0%
ASO/Premium	$7.0	$6.5	$0.5	8.5%
Contract Fees/Other**	$1.1	$1.1	$0.0	0.0%
Administrative Fund	$0.9	$0.9	$0.0	0.0%
Program Expenses	$87.2	$86.7	$0.5	0.7%
Net Income/(Net Expense)	$6.7	$7.2	$0.5	
Reserve Balance (All Funds)*	$73.5	$74.0	$0.5	

* Includes Health Savings and Health Reimbursement Contributions
** Includes Contract Fees, Voluntary Benefit, Onsite Clinic, Wellness Program, EAP, MAP, Transparent Tools, Data Warehouse, HRA ASO, Non-State Administrative Expenses, Flex and PCORI. See full break out on Itemized Non Claims Expenses page of the projection.
*** Total may not fully reconcile due to some intermediate values shown rounded to 1 decimal.

Enrollment

Enrollment is based on actual data through February and projected with the latest enrollment data, March 2024. Therefore, the projected enrollment for the experience period matches the actual enrollment through February. This will be updated in future reports.

Enrollment Monthly Avg.	Projected (Jan-Feb)	Actual (Jan-Feb)	Change in #	Change in %
Active & COBRA	38,013	38,013	-	0.0%
Non-Medicare Retiree	382	382	-	0.0%
Medicare Members	7,886	7,886	-	0.0%
Total	46,280	46,280	-	0.0%

* Totals may not fully reconcile due to some intermediate values shown rounded to the digit.

The table below shows a snapshot of the March 2024 enrollment. This serves as the basis for enrollment assumptions for the remainder of 2024. Increased headcount for March (0.2%) does have a direct correlation to revenue and expenses; however, the net impact to the overall financials is negligible due to the low variance.

Contracts (March-2024)					
	Active	COBRA	Non-Medicare Retiree	Medicare Retiree	Total
Medical					
Plan A	18,821	51	150		19,022
Plan C	15,862	47	230		16,139
Plan J	637	0	2		639
Plan N	2,717	5	3		2,725
Medicare					
Aetna (MA)				823	823
Plan C/C Select (Supp)				6,083	6,083
Plan G/G Select (Supp)				698	698
Plan N (Supp)				248	248
Medical Total	38,037	103	385	7,852	46,377
Contracts (March-2024)					
	Active	COBRA	Non-Medicare Retiree	Medicare Retiree	Total
Dental Total	38,644	111	377	7,910	47,042
Vision Total	32,316	91	330	5,291	38,028

Multi-Year Projection Summary

The following table summarizes the projected revenue, expense, and employer/employee funding for the program. Each update will project the year we are in, now CY 2024, and four (4) additional calendar years.

Financial Projections (in Millions) – as of February 29, 2024						
	CY 2023	**CY 2024**	**CY 2025**	**CY 2026**	**CY 2027**	**CY 2028**
Program Revenue	$526.1	$559.2	$580.8	$614.5	$654.9	$698.0
Medical self-insured claims	$323.0	$345.8	$364.4	$384.1	$413.7	$426.0
Rx self-Insured claims	$98.4	$101.4	$103.3	$112.1	$121.6	$132.0
Dental self-Insured claims	$27.4	$28.6	$29.7	$30.6	$32.1	$32.5
Health Savings Contributions*	$33.2	$32.6	$33.0	$33.0	$33.0	$33.0
ASO/Premium	$41.1	$42.8	$44.2	$45.7	$47.2	$48.6
*Contract Fees/Other***	$8.8	$6.9	$6.9	$7.0	$7.1	$7.1
Administrative Fund	$4.3	$5.1	$5.1	$5.2	$5.2	$5.3
Program Expenses	$536.2	$563.3	$586.7	$617.7	$659.9	$684.5
Net Income/(Net Expense)	$(10.0)	$(4.1)	$(5.9)	$(3.1)	$(5.0)	$13.5
Reserve Balance (All Funds)	$66.9	$62.7	$56.8	$53.6	$48.7	$62.1
* Includes Health Savings and Health Reimbursement Contributions						
** Includes Contract Fees, Voluntary Benefit, Onsite Clinic, Wellness Program, EAP, MAP, Transparent Tools, Data Warehouse, HRA ASO, Non-State Administrative Expenses, Flex and PCORI.						
*** Total may not fully reconcile due to some intermediate values shown rounded to 1 decimal.						

The projected medical costs for future periods have slightly increased since the prior update due to higher medical claims experience being incorporated into the baseline of our future projections.

Similarly, the projected pharmacy costs for 2024 and future periods have increased slightly since the prior update. The 2023 pharmacy claims include refund checks of $5,785,661 (received in May) and $1,471,213 (received in August) from CVS for 2022 rebate and discount guarantees respectively. These offset the cost increase and explain a major portion of the pharmacy trend spike experienced in 2022.

Note that the projected medical claims increase at a higher rate in 2027. This is because we are accounting for the 53 weekly claim's wires paid that year compared to the traditional 52 weeks found in the other years.

Funding and Reserves

The projected funding used in calculating the fund balances below considers the approved 2025 rates – 5.0% employer rate increase and no change on employee and retiree rates. The composite future rate increase is calculated to be 6.9%.

The 6.9% is calculated so that the ending Reserve Balance matches the Reserve Target at the end of the projection period (CY 2028) as highlighted in the table. This is the same as calculated at the February HCC meeting.

The model is using the reserve target prescribed by the 2021 House Bill 2218, which is an average of the past three year's total expenses. This target is marginally lower than the traditional reserve target used in the past. The tables below show the mechanics and calculations for both approaches.

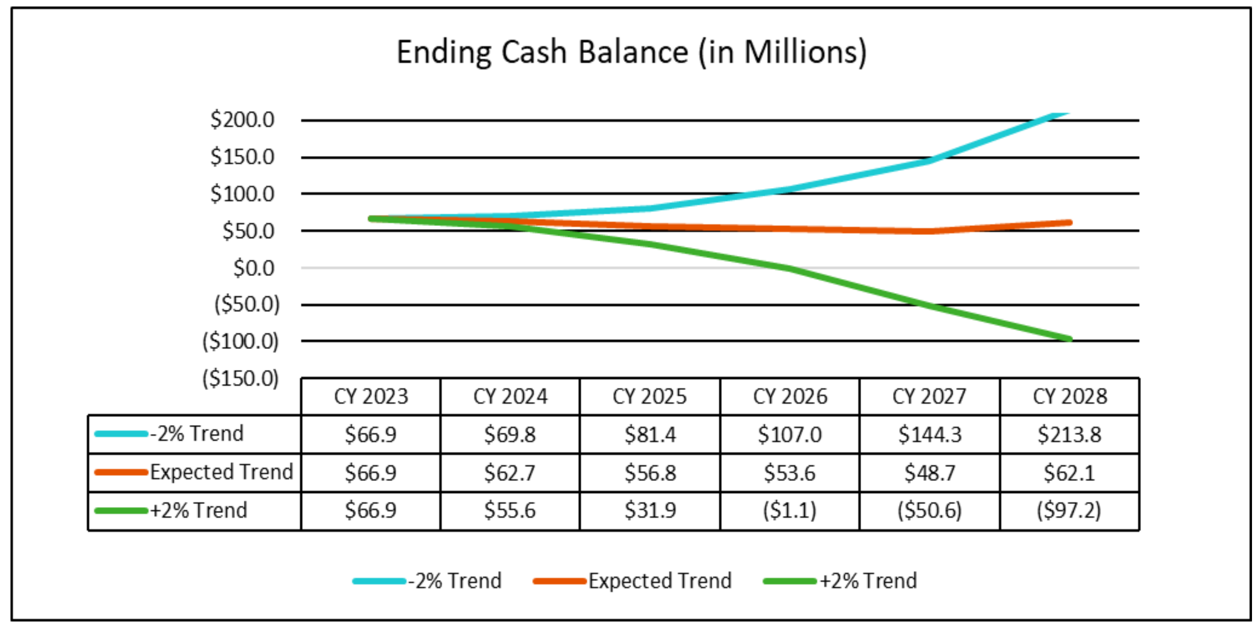
The future funding increases can be found at the bottom of the first table. The employee funding is effective January 1st each year and the employer funding is effective July 1st each year. Thus, the 6.9% increase shown in 2028 represents the employer contribution between 7/1/2028-6/30/2029, while the employee funding would be 1/1/2028-12/31/2028.

The funding elections that have been approved by the HCC have been bolded in the table below.

2021 House Bill No. 2218 Target (10% of Three Prior Years Total Plan Expenses) in CY 2023-2028 (in Millions)						
	2023	2024	2025	2026	2027	2028
10% of Prior Total Plan Expenses (3-Year Average)	$48.3	$50.9	$53.1	$56.2	$58.9	$62.1
Reserve Balance (All Funds)	$66.9	$62.7	$56.8	$53.6	$48.7	$62.1
Fund Balance vs. Target Surplus/(Shortfall)	$18.6	$11.8	$3.7	$(2.6)	$(10.2)	$0.0
Funding Rate Increase						
Employer	**7.5%**	**5.0%**	**5.0%**	6.9%	6.9%	6.9%
Employee*	**0.0%**	**0.0%**	**0.0%**	6.9%	6.9%	6.9%
Traditional IBNR and Claims Fluctuation Funding and Reserving in CY 2023-2028 (in Millions)						
	2023	2024	2025	2026	2027	2028
Total Medical, Rx and Dental self-insured claims	$448.8	$475.8	$497.4	$526.8	$567.5	$590.5
IBNR Claim Reserve (7.5% of self-insured claims)	$33.7	$35.7	$37.3	$39.5	$42.6	$44.3
Claim Fluctuation Reserve (5.5% of self-insured claims)	$24.7	$26.2	$27.4	$29.0	$31.2	$32.5
Total Target Reserves	$58.3	$61.9	$64.7	$68.5	$73.8	$76.8
Reserve Balance (All Funds)	$66.9	$62.7	$56.8	$53.6	$48.7	$62.1
Fund Balance vs. Target Surplus/(Shortfall)	$8.6	$0.8	$(7.9)	$(14.9)	$(25.1)	$(14.7)

Sensitivity Analysis

Trend is one of the most important assumptions in the projection. The following table illustrates the impact on the funds Cash Balance if trend (Medical, Pharmacy, and Dental) is 2% higher or lower than assumed:



	CY 2023	CY 2024	CY 2025	CY 2026	CY 2027	CY 2028
-2% Trend	$66.9	$69.8	$81.4	$107.0	$144.3	$213.8
Expected Trend	$66.9	$62.7	$56.8	$53.6	$48.7	$62.1
+2% Trend	$66.9	$55.6	$31.9	($1.1)	($50.6)	($97.2)

This analysis illustrates the importance of having a reserve. If trend is 2% higher than the assumptions from 2024-2028, the cash balance will decrease to -$97.2 at the end of CY 2028, assuming the current proposed funding increases of 6.9% remain intact. If this occurred, a funding increase of approximately 26.2% in 2028 & 2029 would be necessary to make up this shortfall. This increase would allow the Reserve Balance to grow and meet the target reserve at the end of CY 2030. Alternatively, a lower trend of 2% would provide a significant surplus and would allow the Program to potentially lower future rate increases or provide benefit enhancements to balance to the target reserve.

2027 & 2028 Funding Rate Sensitivity		
-$1M	**Current**	**+$1M**
6.7%	6.9%	7.1%

Due to the funding rate for 2025 assumed to be locked at 5.0% for employers and 0.0% for employees, the 2026, 2027 and 2028 funding rate is sensitive to any changes in the claims data in the underlying projection. The table above displays the sensitivity of the 2027 and 2028 funding rates based on a $1M gain or loss in the budget projections. Note that this gain or loss impacts the current 2024 costs as well as projected costs for the entire projection period.

Key Assumptions & Methodology

Claim Trends

Trend assumptions are utilized to project the annual increase in per member costs. We develop these by integrating the Program's historical performance with Segal's Annual Trend Survey. They are updated annually and reviewed with the Program. Current trend assumptions are as follows:

- Medical Self-Insured Claims: 5.5% for all years
- Pharmacy Self-Insured Claims: 8.5% for all years
- Dental Self-Insured Claims: 3.0% for all years
- Medicare Premium: 4.0% trend for all future years

HSA/HRA Funding

HSA/HRA amount are funded by employer contributions:

	CY 2024+		
	Plan C Base	Plan N Base	Potentially Earned
Full-time			
Employee	$1,000	$500	$500
Employee + Spouse	$2,000	$1,125	$500
Employee + Child(ren)	$2,000	$1,000	$500
Employee + Family	$2,000	$1,125	$500

Enrollment

From current levels, no overall population growth and no plan migration are assumed.

Baseline Self-Insured Claims Cost

Baseline claims rates for both medical and pharmacy follow a similar methodology, summarized below:

- Medical claims cost is developed based on expected cost per member per month (PMPM), and accounts for some months having 5 payment weeks rather than 4. The cost is developed based on medical claims paid in the experience period and 2-month lagged enrollment data. The PMPM is adjusted to reflect historical plan changes, enrollment migration, and any known experience since the end of the data period.
- Pharmacy claims cost is developed based on expected cost per member per month (PMPM). The cost is developed based on pharmacy claims paid in the experience period with 1-month lagged enrollment data. The PMPM is adjusted to reflect historical plan changes, enrollment migration, contract improvements, and any known experience since the end of the data period.

- Dental claims cost is developed based on expected cost per member per month (PMPM), and accounts for some months having 5 payment weeks rather than 4. The cost is developed based on medical claims paid during the experience period with 2-month lagged enrollment data. The PMPM is adjusted to reflect historical plan changes, and any known experience since the end of the data period.
- Both Medical and Rx costs are subdivided by each plan (Plan A, C, J, and N) and by group (Active and Non-Medicare Retiree).

Baseline claims costs are then trended and multiplied by expected enrollments and particulars for each month, populating the cash flow projection.

Prepayments

Certain university members prepay their June-Aug contributions in March-May. The employer and employee prepayment of $2.3M per month were estimated based on specific membership data.

Adjustments from RFPs

The PBM RFP has completed, and a new contract is in place for 2023, assumed savings of $20.5M/$30.9M for year 2024/2025+. Note that savings in 2025 are inclusive of prior year savings.

Funding Rates

The funding rates and member contributions for 2024 and 2025 were approved by the HCC in June 2023. Future funding rates are set at the rate that Reserve Balance is equal to the Target Reserve at the end of 2028.

Program Actuarial Values

At the June 2023 HCC meeting, Plan C and J were amended to meet new HDHP limits for 2024. Non-Single tier deductible for employee was changed from $3,000 to $3,200 based on new IRS requirement in 2024. The 2024 Actuarial Value of the plans are updated with the latest Optum model update and is using a 2024 claims projection. They are shown in the following table.

Plan Values						
	Plan A	Plan C (w/o HSA/HRA funding)	Plan C (w/ Base HSA/HRA funding)	Plan J	Plan N (w/o HSA/HRA funding)	Plan N (w/ Base HSA/HRA funding)
2024 Plan Actuarial Value	85.6%	82.7%	92.6%	85.0%	78.8%	83.2%

Contract Fees

The Program provided fees for each contract fees that are consistent with their budgets. Segal received contract fees Calendar Year 2024 from the Program.

ASO Fees

The Program provided per contract BCBS, Aetna, and Delta ASO fees and per prescription Caremark ASO fees for year 2024. Caremark per prescription fees were converted to per contract fees. These contract fees are assumed to increase 2% annually.

PCORI

The ACA's PCORI program has a nominal annual fee included with the "Contract Fees"

Wellness Participation

- HSA/HRA Rewards: 60% for 2024-2028
- Premium Discount: 50% for 2024 (actual 2023 participation). 50% for 2025-2028.

Other Assumptions

There are a few other assumptions that have less impact on the plan financials that are detailed below for completeness:

Investment Earnings are estimated at 5.0%/4.5%/4.0% of the annual cash balance for FY 2024/2025/2026+.

- Coverage Tier Factor: A refreshed analysis was done using 2021 and 2022 claims and results are shown below. The purpose of these factors is to capture the cost impact of migration between contract tiers. The historical migration has been minimal, so the update to these factors had an immaterial impact on projections.
  - Medical Plan A: 1.00/2.94/1.57/2.53 for Employee Only/Employee + Spouse/Employee + Child(ren)/Employee + Family
  - Medical Plan C-N: 1.00/2.94/1.57/2.53 for Employee Only/Employee + Spouse/Employee + Child(ren)/Employee + Family

    Dental: 1.00/2.03/2.53/3.89 for Employee Only/Employee + Spouse/Employee + Child(ren)/Employee + Family
- Traditional Reserve Percentage (No longer used):
  - IBNR Self-Insured Claims Reserve is 7.5% of Medical, Rx and Dental claims
  - Self-Insured Claims Fluctuation Reserve is 5.5% of Medical, Rx and Dental claims

Report Terms and Acronyms

- **Administrative Fund-Expenses for administration of SEHP are paid from this fund**

  Fees SEHP pays for administrating the employee benefit plan in which only purchasing administrative services are required from the insurer.

- **APR – Annual Percentage Rate**
- **ASO- Administrative Services Only**
- -Arrangement with insurer for a plan that funds its own employee benefit plan and only purchases administrative services from the insurer.
- **BCBS – Blue Cross Blue Shield**
- **COBRA- *Consolidated Omnibus Budget Reconciliation Act***

  -The Consolidated Omnibus Budget Reconciliation Act (COBRA) gives workers and their families who lose their health benefits the right to choose to continue group health benefits provided by their group health plan for limited periods of time under certain circumstances such as voluntary or involuntary job loss, reduction in the hours worked, transition between jobs, death, divorce, and other life events. Qualified individuals may be required to pay the entire premium for coverage up to 102% of the cost to the plan.

- **CY- *Calendar Year***

  -January 1st to December 31st; same as Plan Year for Health Benefits

- **EAC-*Employee Advisory Committee***
- **EAP – *Employee Assistance Program***
- **EE- *Employee***
- **EC – *Employee Children***
- **EF – *Employee Family***
- **ES – *Employee Spouse***
- **ER- *Employer***
- **FDIC – *Federal Deposit Insurance Corporation***
- **FT – *Full Time***
- **FY-*Fiscal Year***

  -Specific to the Kansas, July 1st to June 30th

- **FSA- *Flexible Spending Account***

  -Employer owned spending account for employees qualified Health care and Dependent care expenses funded by before tax payroll deductions

- **HCC- *Health Care Commission.***
- **HKF – Healthy Kids Fulltime**
- **HKP – Healthy Kids Part Time**
- **HRA- *Health Reimbursement Account***

  -Employer funded plan where employees are reimbursed tax-free for qualified medical expenses up to a certain dollar amount per year

- **HSA- *Health Savings Account***

-Employee-owned savings account which enables the employee to deposit money on a pre-tax basis into account to pay for qualified medical expenses. Employer contributions are also added to these accounts if employees qualify for them.

- **IBNR- *Incurred but not reported***

  -Reserves to pay for claims that have transpired, but have not yet been reported for medical, pharmacy and dental claims

- **MA- *Medicare Advantage***

  -Medicare health plan that offers Medicare benefits through a private-sector health insurer

- **MAP – Membership Administration Portal**
- **MS**-***Medicare Supplemental***

  -Medicare Supplement (Medigap) plan

- **NDA – Non-Disclosure Agreement**
- **OOP – Out of Pocket**
- **PCORI- *Patient-Centered Outcomes Research Institute***

  -Temporary Fee until 2029 paid to the Patient Centered Outcomes Research Institute created under Healthcare Reform.

- **PEPM- *Per Employee Per Month***

  -Typical way of showing revenue and costs in rate form per employee

- **PT – Part Time**
- **QTR - Quarterly**
- **Rx *- Pharmacy***
- ***YTD- (Year to Date)***
  -Refers to period of beginning of calendar year to the current date

Certification

The projections in this report are estimates of future costs and are based on unaudited information available to Segal consulting at the time the projections were made. Projections are not a guarantee of future results. Actual experience may differ due to, but not limited to, such variables as changes in the regulatory environment, local market pressure, changes in group demographics, overall inflation rates and claims volatility. The accuracy and reliability of health projections decrease as the projection period is extended.

By signing below, I certify that I am a qualified actuary by education and experience to evaluate health reserves and funding practices. I am a Fellow of the Society of Actuaries and a member of the American Academy of Actuaries and certify that all analysis was conducted in accordance with all applicable Actuarial Standards of Practice. All sections of this report are considered an integral part of the actuarial opinion.

Kenneth C. Vieira, FSA, FCA, MAAA
Senior Vice President

Patrick Klein, FSA, MAAA
Vice President

Kansas State Employees Health Care Commission
2024 Variance Report - Through February
Budget vs. Actual

	Jan-2024			Feb-2024			Mar-2024		
	Initial Budget	Actual	Gain/(Loss)	Initial Budget	Actual	Gain/(Loss)	Initial Budget	Updated Budget	Gain/(Loss)
Revenue									
State ER	35,121,838	35,121,838	-	29,145,973	29,145,973	-	31,265,232	31,265,232	-
State EE	6,063,319	6,063,319	-	6,051,048	6,051,048	-	6,622,634	6,622,634	-
Non-State ER	4,364,382	4,364,382	-	4,325,908	4,325,908	-	4,295,680	4,295,680	-
Non-State EE	749,369	749,369	-	739,149	739,149	-	722,656	722,656	-
Direct Bill	2,663,157	2,663,157	-	2,611,375	2,611,375	-	2,621,281	2,621,281	-
COBRA	176,630	176,630	-	128,824	128,824	-	111,004	111,004	-
Voluntary Benefit	312,485	312,485	-	314,039	314,039	-	332,348	332,348	-
Interest/Other	249,049	249,049	-	270,227	270,227	-	278,548	278,548	-
Administrative Fund	308,509	308,509	-	308,042	308,042	-	270,688	270,688	-
Total	**50,008,739**	**50,008,739**	**-**	**43,894,585**	**43,894,585**	**-**	**46,520,071**	**46,520,071**	**-**
Expenses									
Medical Claims	28,041,354	28,041,354	-	23,362,081	23,362,081	-	27,523,968	27,523,968	-
Rx Claims	7,975,225	7,975,225	-	6,917,534	6,917,534	-	7,016,285	7,016,285	-
Dental Claims	2,009,685	2,009,685	-	2,145,289	2,145,289	-	2,742,165	2,742,165	-
Health Savings ER	6,414,299	6,414,299	-	1,378,068	1,378,068	-	685,603	685,603	-
ASO/Premium	3,512,695	3,222,995	289,700	3,574,505	3,284,435	290,069	3,574,810	4,154,579	(579,769)
Voluntary Benefit	312,485	312,485	-	314,039	314,039	-	332,348	332,348	-
Onsite Clinic (Marathon)	206,872	206,872	-	183,065	183,065	-	175,830	175,830	-
Other Contract Fees/Flex	40,762	40,762	-	42,379	42,379	-	53,936	53,936	-
PCORI	-	-	-	-	-	-	-	-	-
Administrative Fund	431,884	431,884	-	422,909	422,909	-	426,057	426,057	-
Total	**48,945,260**	**48,655,560**	**289,700**	**38,339,867**	**38,049,798**	**290,069**	**42,531,000**	**43,110,770**	**(579,769)**
Net Cash Flow	**1,063,479**	**1,353,179**	**289,700**	**5,554,717**	**5,844,787**	**290,069**	**3,989,071**	**3,409,301**	**(579,769)**
Beginning Balance (Reserve Fund)	58,052,785	58,052,785	-	59,239,640	59,529,339	289,700	64,909,224	65,488,993	579,769
Ending Balance (Reserve Fund)	59,239,640	59,529,339	289,700	64,909,224	65,488,993	579,769	69,053,663	69,053,663	-
Beginning Balance (Administrative Fund)	8,798,683	8,798,683	-	8,675,308	8,675,308	-	8,560,441	8,560,441	-
Ending Balance (Administrative Fund)	8,675,308	8,675,308	-	8,560,441	8,560,441	-	8,405,072	8,405,072	-
Beginning Balance (Both Funds)	66,851,469	66,851,469	-	67,914,948	68,204,647	289,700	73,469,665	74,049,434	579,769
Ending Balance (Both Funds)	67,914,948	68,204,647	289,700	73,469,665	74,049,434	579,769	77,458,735	77,458,735	-
Enrollment (Subscriber)	**Initial**	**Updated**	**Difference**	**Initial**	**Updated**	**Difference**	**Initial**	**Updated**	**Difference**
Active	37,848	37,848	-	37,924	37,924	-	38,037	38,037	-
COBRA	133	133	-	120	120	-	103	103	-
Non-Medicare Retiree	387	387	-	377	377	-	385	385	-
Medicare Retiree	7,895	7,895	-	7,876	7,876	-	7,852	7,852	-
Total	46,263	46,263	-	46,297	46,297	-	46,377	46,377	-
Revenue PEPM	1,081	1,081	-	948	948	-	1,003	1,003	-
Expenses PEPM	1,058	1,052	(6)	828	822	(6)	917	930	13

Kansas State Employees Health Care Commission
2024 Variance Report - Through February
Budget vs. Actual

	Apr-2024			May-2024			Jun-2024		
	Initial Budget	Updated Budget	Gain/(Loss)	Initial Budget	Updated Budget	Gain/(Loss)	Initial Budget	Updated Budget	Gain/(Loss)
Revenue									
State ER	37,703,511	37,703,511	-	31,171,042	31,171,042	-	26,340,049	26,340,049	-
State EE	6,622,634	6,622,634	-	6,622,634	6,622,634	-	5,499,232	5,499,232	-
Non-State ER	4,295,680	4,295,680	-	4,295,680	4,295,680	-	4,295,680	4,295,680	-
Non-State EE	722,656	722,656	-	722,656	722,656	-	722,656	722,656	-
Direct Bill	2,621,281	2,621,281	-	2,621,281	2,621,281	-	2,621,281	2,621,281	-
COBRA	111,004	111,004	-	111,004	111,004	-	111,004	111,004	-
Voluntary Benefit	332,348	332,348	-	332,348	332,348	-	332,348	332,348	-
Interest/Other	278,548	278,548	-	488,548	488,548	-	488,548	488,548	-
Administrative Fund	270,688	270,688	-	270,688	270,688	-	270,688	270,688	-
Total	**52,958,350**	**52,958,350**	**-**	**46,635,881**	**46,635,881**	**-**	**40,681,486**	**40,681,486**	**-**
Expenses									
Medical Claims	27,039,926	27,039,926	-	32,264,069	32,264,069	-	26,322,400	26,322,400	-
Rx Claims	8,432,459	8,432,459	-	7,968,435	7,968,435	-	8,320,209	8,320,209	-
Dental Claims	2,201,828	2,201,828	-	2,763,454	2,763,454	-	2,216,216	2,216,216	-
Health Savings ER	6,983,405	6,983,405	-	604,507	604,507	-	674,439	674,439	-
ASO/Premium	3,574,810	3,574,810	-	3,574,810	3,574,810	-	3,574,810	3,574,810	-
Voluntary Benefit	332,348	332,348	-	332,348	332,348	-	332,348	332,348	-
Onsite Clinic (Marathon)	175,830	175,830	-	175,830	175,830	-	175,830	175,830	-
Other Contract Fees/Flex	53,936	53,936	-	53,936	53,936	-	53,936	53,936	-
PCORI	-	-	-	-	-	-	-	-	-
Administrative Fund	426,057	426,057	-	426,057	426,057	-	426,057	426,057	-
Total	**49,220,599**	**49,220,599**	**-**	**48,163,445**	**48,163,445**	**-**	**42,096,244**	**42,096,244**	**-**
Net Cash Flow	**3,737,751**	**3,737,751**	**-**	**(1,527,564)**	**(1,527,564)**	**-**	**(1,414,758)**	**(1,414,758)**	**-**
Beginning Balance (Reserve Fund)	69,053,663	69,053,663	-	72,946,783	72,946,783	-	71,574,588	71,574,588	-
Ending Balance (Reserve Fund)	72,946,783	72,946,783	-	71,574,588	71,574,588	-	70,315,199	70,315,199	-
Beginning Balance (Administrative Fund)	8,405,072	8,405,072	-	8,249,703	8,249,703	-	8,094,334	8,094,334	-
Ending Balance (Administrative Fund)	8,249,703	8,249,703	-	8,094,334	8,094,334	-	7,938,965	7,938,965	-
Beginning Balance (Both Funds)	77,458,735	77,458,735	-	81,196,486	81,196,486	-	79,668,922	79,668,922	-
Ending Balance (Both Funds)	81,196,486	81,196,486	-	79,668,922	79,668,922	-	78,254,164	78,254,164	-
Enrollment (Subscriber)	**Initial**	**Updated**	**Difference**	**Initial**	**Updated**	**Difference**	**Initial**	**Updated**	**Difference**
Active	38,037	38,037	-	38,037	38,037	-	38,037	38,037	-
COBRA	103	103	-	103	103	-	103	103	-
Non-Medicare Retiree	385	385	-	385	385	-	385	385	-
Medicare Retiree	7,852	7,852	-	7,852	7,852	-	7,852	7,852	-
Total	46,377	46,377	-	46,377	46,377	-	46,377	46,377	-
Revenue PEPM	1,142	1,142	-	1,006	1,006	-	877	877	-
Expenses PEPM	1,061	1,061	-	1,039	1,039	-	908	908	-

Kansas State Employees Health Care Commission
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Budget vs. Actual

	Jul-2024			Aug-2024			Sep-2024		
	Initial Budget	Updated Budget	Gain/(Loss)	Initial Budget	Updated Budget	Gain/(Loss)	Initial Budget	Updated Budget	Gain/(Loss)
Revenue									
State ER	34,060,385	34,060,385	-	27,737,916	27,737,916	-	30,211,317	30,211,317	-
State EE	5,499,232	5,499,232	-	5,499,232	5,499,232	-	6,060,933	6,060,933	-
Non-State ER	4,507,961	4,507,961	-	4,507,961	4,507,961	-	4,507,961	4,507,961	-
Non-State EE	722,656	722,656	-	722,656	722,656	-	722,656	722,656	-
Direct Bill	2,621,281	2,621,281	-	2,621,281	2,621,281	-	2,621,281	2,621,281	-
COBRA	111,004	111,004	-	111,004	111,004	-	111,004	111,004	-
Voluntary Benefit	332,348	332,348	-	332,348	332,348	-	332,348	332,348	-
Interest/Other	480,693	480,693	-	480,693	480,693	-	480,693	480,693	-
Administrative Fund	270,688	270,688	-	270,688	270,688	-	270,688	270,688	-
Total	**48,606,248**	**48,606,248**	**-**	**42,283,779**	**42,283,779**	**-**	**45,318,881**	**45,318,881**	**-**
Expenses									
Medical Claims	26,363,919	26,363,919	-	34,392,109	34,392,109	-	26,477,574	26,477,574	-
Rx Claims	7,980,608	7,980,608	-	8,163,646	8,163,646	-	9,265,016	9,265,016	-
Dental Claims	2,221,682	2,221,682	-	2,783,951	2,783,951	-	2,232,654	2,232,654	-
Health Savings ER	6,872,219	6,872,219	-	471,711	471,711	-	446,189	446,189	-
ASO/Premium	3,574,810	3,574,810	-	3,574,810	3,574,810	-	3,574,810	3,574,810	-
Voluntary Benefit	332,348	332,348	-	332,348	332,348	-	332,348	332,348	-
Onsite Clinic (Marathon)	175,830	175,830	-	175,830	175,830	-	175,830	175,830	-
Other Contract Fees/Flex	53,936	53,936	-	53,936	53,936	-	53,936	53,936	-
PCORI	205,000	205,000	-	-	-	-	-	-	-
Administrative Fund	426,057	426,057	-	426,057	426,057	-	426,057	426,057	-
Total	**48,206,409**	**48,206,409**	**-**	**50,374,397**	**50,374,397**	**-**	**42,984,413**	**42,984,413**	**-**
Net Cash Flow	**399,839**	**399,839**	**-**	**(8,090,618)**	**(8,090,618)**	**-**	**2,334,469**	**2,334,469**	**-**
Beginning Balance (Reserve Fund)	70,315,199	70,315,199	-	70,870,407	70,870,407	-	62,935,159	62,935,159	0
Ending Balance (Reserve Fund)	70,870,407	70,870,407	-	62,935,159	62,935,159	0	65,424,996	65,424,996	0
Beginning Balance (Administrative Fund)	7,938,965	7,938,965	-	7,783,596	7,783,596	0	7,628,227	7,628,227	0
Ending Balance (Administrative Fund)	7,783,596	7,783,596	0	7,628,227	7,628,227	0	7,472,858	7,472,858	0
								v	
Beginning Balance (Both Funds)	78,254,164	78,254,164	-	78,654,004	78,654,004	-	70,563,386	70,563,386	-
Ending Balance (Both Funds)	78,654,004	78,654,004	-	70,563,386	70,563,386	-	72,897,855	72,897,855	0
Enrollment (Subscriber)	**Initial**	**Updated**	**Difference**	**Initial**	**Updated**	**Difference**	**Initial**	**Updated**	**Difference**
Active	38,037	38,037	-	38,037	38,037	-	38,037	38,037	-
COBRA	103	103	-	103	103	-	103	103	-
Non-Medicare Retiree	385	385	-	385	385	-	385	385	-
Medicare Retiree	7,852	7,852	-	7,852	7,852	-	7,852	7,852	-
Total	46,377	46,377	-	46,377	46,377	-	46,377	46,377	-
Revenue PEPM	1,048	1,048	-	912	912	-	977	977	-
Expenses PEPM	1,039	1,039	-	1,086	1,086	-	927	927	-

Kansas State Employees Health Care Commission
2024 Variance Report - Through February
Budget vs. Actual

	Oct-2024			Nov-2024			Dec-2024		
	Initial Budget	Updated Budget	Gain/(Loss)	Initial Budget	Updated Budget	Gain/(Loss)	Initial Budget	Updated Budget	Gain/(Loss)
Revenue									
State ER	36,533,787	36,533,787	-	30,211,317	30,211,317	-	30,211,317	30,211,317	-
State EE	6,060,933	6,060,933	-	6,060,933	6,060,933	-	6,060,933	6,060,933	-
Non-State ER	4,507,961	4,507,961	-	4,507,961	4,507,961	-	4,507,961	4,507,961	-
Non-State EE	722,656	722,656	-	722,656	722,656	-	722,656	722,656	-
Direct Bill	2,621,281	2,621,281	-	2,621,281	2,621,281	-	2,621,281	2,621,281	-
COBRA	111,004	111,004	-	111,004	111,004	-	111,004	111,004	-
Voluntary Benefit	332,348	332,348	-	332,348	332,348	-	332,348	332,348	-
Interest/Other	480,693	480,693	-	480,693	480,693	-	480,693	480,693	-
Administrative Fund	270,688	270,688	-	270,688	270,688	-	270,688	270,688	-
Total	**51,641,351**	**51,641,351**	**-**	**45,318,881**	**45,318,881**	**-**	**45,318,881**	**45,318,881**	**-**
Expenses									
Medical Claims	28,441,796	28,441,796	-	37,886,091	37,886,091	-	27,678,716	27,678,716	-
Rx Claims	8,890,334	8,890,334	-	10,144,611	10,144,611	-	10,333,605	10,333,605	-
Dental Claims	2,238,160	2,238,160	-	2,804,600	2,804,600	-	2,249,213	2,249,213	-
Health Savings ER	6,938,147	6,938,147	-	674,895	674,895	-	476,371	476,371	-
ASO/Premium	3,574,810	3,574,810	-	3,574,810	3,574,810	-	3,574,810	3,574,810	-
Voluntary Benefit	332,348	332,348	-	332,348	332,348	-	332,348	332,348	-
Onsite Clinic (Marathon)	175,830	175,830	-	175,830	175,830	-	175,830	175,830	-
Other Contract Fees/Flex	53,936	53,936	-	53,936	53,936	-	53,936	53,936	-
PCORI	-	-	-	-	-	-	-	-	-
Administrative Fund	426,057	426,057	-	426,057	426,057	-	426,057	426,057	-
Total	**51,071,417**	**51,071,417**	**-**	**56,073,177**	**56,073,177**	**-**	**45,300,886**	**45,300,886**	**-**
Net Cash Flow	**569,933**	**569,933**	**-**	**(10,754,296)**	**(10,754,296)**	**-**	**17,996**	**17,996**	**-**
Beginning Balance (Reserve Fund)	65,424,996	65,424,996	0	66,150,299	66,150,299	0	55,551,371	55,551,371	0
Ending Balance (Reserve Fund)	66,150,299	66,150,299	0	55,551,371	55,551,371	0	55,724,736	55,724,736	0
Beginning Balance (Administrative Fund)	7,472,858	7,472,858	0	7,317,489	7,317,489	0	7,162,121	7,162,121	0
Ending Balance (Administrative Fund)	7,317,489	7,317,489	0	7,162,121	7,162,121	0	7,006,752	7,006,752	0
Beginning Balance (Both Funds)	72,897,855	72,897,855	0	73,467,788	73,467,788	0	62,713,492	62,713,492	0
Ending Balance (Both Funds)	73,467,788	73,467,788	0	62,713,492	62,713,492	0	62,731,488	62,731,488	0
Enrollment (Subscriber)	**Initial**	**Updated**	**Difference**	**Initial**	**Updated**	**Difference**	**Initial**	**Updated**	**Difference**
Active	38,037	38,037	-	38,037	38,037	-	38,037	38,037	-
COBRA	103	103	-	103	103	-	103	103	-
Non-Medicare Retiree	385	385	-	385	385	-	385	385	-
Medicare Retiree	7,852	7,852	-	7,852	7,852	-	7,852	7,852	-
Total	46,377	46,377	-	46,377	46,377	-	46,377	46,377	-
Revenue PEPM	1,114	1,114	-	977	977	-	977	977	-
Expenses PEPM	1,101	1,101	-	1,209	1,209	-	977	977	-

Kansas State Employees Health Care Commission
2024 Variance Report - Through February
Budget vs. Actual

	Jan-2024 - Feb-2024			Jan-Dec 2024			
	Initial Budget	Actual	Gain/(Loss)	Initial Budget	Actual/Budget	$ Gain/(Loss)	% Gain/(Loss)
Revenue							
State ER	64,267,811	64,267,811	-	379,713,686	379,713,686	-	0.0%
State EE	12,114,368	12,114,368	-	72,723,696	72,723,696	-	0.0%
Non-State ER	8,690,290	8,690,290	-	52,920,777	52,920,777	-	0.0%
Non-State EE	1,488,518	1,488,518	-	8,715,080	8,715,080	-	0.0%
Direct Bill	5,274,532	5,274,532	-	31,487,345	31,487,345	-	0.0%
COBRA	305,454	305,454	-	1,415,490	1,415,490	-	0.0%
Voluntary Benefit	626,524	626,524	-	3,950,000	3,950,000	-	0.0%
Interest/Other	519,277	519,277	-	4,937,626	4,937,626	-	0.0%
Administrative Fund	616,551	616,551	-	3,323,434	3,323,434	-	0.0%
Total	**93,903,323**	**93,903,323**	**-**	**559,187,134**	**559,187,134**	**-**	**0.0%**
Expenses							
Medical Claims	51,403,435	51,403,435	-	345,794,001	345,794,001	-	0.0%
Rx Claims	14,892,759	14,892,759	-	101,407,967	101,407,967	-	0.0%
Dental Claims	4,154,974	4,154,974	-	28,608,896	28,608,896	-	0.0%
Health Savings ER	7,792,366	7,792,366	-	32,619,852	32,619,852	-	0.0%
ASO/Premium	7,087,199	6,507,430	579,769	42,835,297	42,835,297	-	0.0%
Voluntary Benefit	626,524	626,524	-	3,950,000	3,950,000	-	0.0%
Onsite Clinic (Marathon)	389,936	389,936	-	2,148,236	2,148,236	-	0.0%
Other Contract Fees/Flex	83,141	83,141	-	622,500	622,500	-	0.0%
PCORI	-	-	-	205,000	205,000	-	0.0%
Administrative Fund	854,793	854,793	-	5,115,366	5,115,366	-	0.0%
Total	**87,285,127**	**86,705,358**	**579,769**	**563,307,115**	**563,307,115**	**-**	**0.0%**
Net Cash Flow	**6,618,196**	**7,197,965**	**579,769**	**(4,119,981)**	**(4,119,981)**	**-**	
Beginning Balance (Reserve Fund)	58,052,785	58,052,785	-	58,052,785	58,052,785	-	
Ending Balance (Reserve Fund)	64,909,224	65,488,993	579,769	55,724,736	55,724,736	-	
Beginning Balance (Administrative Fund)	8,798,683	8,798,683	-	8,798,683	8,798,683	-	
Ending Balance (Administrative Fund)	8,560,441	8,560,441	-	7,006,752	7,006,752	-	
Beginning Balance (Both Funds)	66,851,469	66,851,469	-	66,851,469	66,851,469	-	
Ending Balance (Both Funds)	73,469,665	74,049,434	579,769	62,731,488	62,731,488	-	
Enrollment (Subscriber)	**Initial**	**Updated**	**Difference**	**Initial**	**Updated**	**Difference**	**% Difference**
Active	37,886	37,886	-	38,012	38,012	-	0.0%
COBRA	127	127	-	107	107	-	0.0%
Non-Medicare Retiree	382	382	-	385	385	-	0.0%
Medicare Retiree	7,886	7,886	-	7,858	7,858	-	0.0%
Total	46,280	46,280	-	46,361	46,361	-	0.0%
Revenue PEPM	1,015	1,015	-	1,005	1,005	-	0.0%
Expenses PEPM	943	937	(6)	1,013	1,013	-	0.0%

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

Trend Assumptions	2023	2024	2025	2026	2027	2028
Interest Rate on Fund Balance (Fiscal Year)	2.8%	5.0%	4.5%	4.0%	4.0%	4.0%
Admin/Contract Fee Trend/Vision Trend	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%
Medical claim trend rate	10.0%	5.5%	5.5%	5.5%	5.5%	5.5%
Prescription drug claim trend rate	0.0%	8.5%	8.5%	8.5%	8.5%	8.5%
Dental claim trend rate	2.7%	3.0%	3.0%	3.0%	3.0%	3.0%
Medicare Advantage trend rate	5.0%	4.0%	4.0%	4.0%	4.0%	4.0%
Funding Rate Assumptions						
Medical	Target based on 10% of Total Expenses					
Employer % Change (eff. July 1)		Fixed	Fixed	Calculated	Calculated	Calculated
State Employer	7.5%	5.0%	5.0%	6.9%	6.9%	6.9%
		Fixed	Fixed	Calculated	Calculated	Calculated
Non-State Employer	7.5%	5.0%	5.0%	6.9%	6.9%	6.9%
State Employee % Change (eff. Jan 1)		Fixed	Fixed	Calculated	Calculated	Calculated
Employee	0.0%	0.0%	0.0%	6.9%	6.9%	6.9%
Employee + Spouse	0.0%	0.0%	0.0%	6.9%	6.9%	6.9%
Employee + Child(ren)	0.0%	0.0%	0.0%	6.9%	6.9%	6.9%
Employee + Family	0.0%	0.0%	0.0%	6.9%	6.9%	6.9%
Non-State Employee % Change (eff. Jan 1)		Fixed	Fixed	Calculated	Calculated	Calculated
Employee	0.0%	0.0%	0.0%	6.9%	6.9%	6.9%
Employee + Spouse	0.0%	0.0%	0.0%	6.9%	6.9%	6.9%
Employee + Child(ren)	0.0%	0.0%	0.0%	6.9%	6.9%	6.9%
Employee + Family	0.0%	0.0%	0.0%	6.9%	6.9%	6.9%
Non-Medicare Retiree Contrib % Change (eff. Jan 1)		Fixed	Fixed	Calculated	Calculated	Calculated
Employee	0.0%	0.0%	0.0%	6.9%	6.9%	6.9%
Employee + Spouse	0.0%	0.0%	0.0%	6.9%	6.9%	6.9%
Employee + Child(ren)	0.0%	0.0%	0.0%	6.9%	6.9%	6.9%
Employee + Family	0.0%	0.0%	0.0%	6.9%	6.9%	6.9%
Dental						
Employer contribution % increase (eff. July 1)	41.7%	3.3%	3.3%	3.3%	3.3%	3.3%
Active ee contributionn % incr. (eff. Jan 1)	-53.0%	0.0%	0.0%	3.3%	3.3%	3.3%
Retirees contribution % increase (eff. Jan 1)	3.3%	0.0%	0.0%	3.3%	3.3%	3.3%
Additional HSA/HRA ER Funding						
Plan C EE Only (Now $1,000)			$ -	$ -	$ -	$ -
Plan C EE+SP & Fam (Now $2,000)			$ -	$ -	$ -	$ -
Plan C EE+CH (Now $2,000)			$ -	$ -	$ -	$ -
Plan N EE Only (Now $500)			$ -	$ -	$ -	$ -
Plan N EE+SP & Fam (Now $1,125)			$ -	$ -	$ -	$ -
Plan N EE+CH (Now $1,000)			$ -	$ -	$ -	$ -
Wellness Assumptions						
Earned HSA/HRA Contribution ($500/$1,000)	60%	60%	60%	60%	60%	60%
Wellness Contribution Credit $40 per month	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%	

Kansas State Employees Health Care Commission
Financial Data Through February 2024 and Enrollment Data Through March 2024
Cost Impact of Plan Changes

		2025	2026	2027	2028
Baseline Total Costs		$ 586,724,617	$ 617,681,293	$ 659,918,640	$ 684,509,628
Legislative Pilot Programs	Change	Cost/(Savings)	Cost/(Savings)	Cost/(Savings)	Cost/(Savings)
Terminating PANS and PANDAS Coverage	N	$ (210,000)	$ (222,000)	$ (234,000)	$ (247,000)
Terminating Amino Acids Formula Coverage	N	$ (100,000)	$ (106,000)	$ (111,000)	$ (118,000)
Dental Benefits	Change	Cost/(Savings)	Cost/(Savings)	Cost/(Savings)	Cost/(Savings)
Increase the Orthodontic Lifetime Maximum from $1,000 to $1,200	N	$ 246,312	$ 305,998	$ 321,308	$ 324,741
Increase the Orthodontic Lifetime Maximum from $1,000 to $1,500	N	$ 615,780	$ 764,995	$ 803,269	$ 811,853
Increase the Orthodontic Lifetime Maximum from $1,000 to $1,750	N	$ 923,669	$ 1,147,493	$ 1,204,903	$ 1,217,779
Increase the Orthodontic Lifetime Maximum from $1,000 to $2,000	N	$ 1,231,559	$ 1,529,990	$ 1,606,538	$ 1,623,705
Increase the Annual Maximum from $1,700 to $2,000	N	$ 369,468	$ 458,997	$ 481,961	$ 487,112
Residential Treatment - All Plans	Change	Cost/(Savings)	Cost/(Savings)	Cost/(Savings)	Cost/(Savings)
Including Room and Board benefits to currrent coverage. Adds Residential Treatment for Mental Health.	N	$ 2,602,044	$ 3,166,466	$ 3,416,350	$ 3,560,881
Plan A - 19,022 Contracts	Change	Cost/(Savings)	Cost/(Savings)	Cost/(Savings)	Cost/(Savings)
Increase the Deductible from $800/$1,600 to $900/$1,800	N	$ (1,151,920)	$ (1,406,743)	$ (1,515,507)	$ (1,580,535)
Increase the Coinsurance from 20% to 25%	N	$ (2,997,049)	$ (3,660,045)	$ (3,943,025)	$ (4,112,214)
Increase the OOP Max from $5,250 to $5,500	N	$ (963,802)	$ (1,177,011)	$ (1,268,013)	$ (1,322,421)
Reduce the OOP Max from $5,250 to $5,000	N	$ 911,590	$ 1,113,249	$ 1,199,321	$ 1,250,782
Plan C - 16,139 Contracts	Change	Cost/(Savings)	Cost/(Savings)	Cost/(Savings)	Cost/(Savings)
Increase All Tier Deductible to $3,400/$6,800	N	$ (4,642,951)	$ (5,633,756)	$ (6,085,730)	$ (6,340,224)
Increase the Coinsurance from 10% to 15%	N	$ (1,178,316)	$ (1,429,769)	$ (1,544,473)	$ (1,609,060)
Increase the OOP Max from $4,500 to $5,000	N	$ (940,384)	$ (1,141,062)	$ (1,232,605)	$ (1,284,150)
Reduce the OOP Max from $4,500 to $4,000	N	$ 2,357,253	$ 2,860,291	$ 3,089,761	$ 3,218,968
Plan N - 2,725 Contracts	Change	Cost/(Savings)	Cost/(Savings)	Cost/(Savings)	Cost/(Savings)
Increase All Tier Deductible to $3,400/$6,800	N	$ (714,251)	$ (866,721)	$ (936,253)	$ (975,386)
Reduce the Coinsurance from 35% to 30%	N	$ 221,472	$ 268,749	$ 290,309	$ 302,443
Reduce the OOP Max from $6,650 to $6,400	N	$ 72,883	$ 88,441	$ 95,536	$ 99,529
Plan J - 639 Contracts	Change	Cost/(Savings)	Cost/(Savings)	Cost/(Savings)	Cost/(Savings)
Reduce the Coinsurance from 25% to 20%	N	$ 193,210	$ 234,478	$ 253,288	$ 263,865
Reduce the OOP Max from $7,350 to $7,100	N	$ 26,295	$ 31,911	$ 34,471	$ 35,910
Prescription Drug All Plans - 38,525 Contracts	Change	Cost/(Savings)	Cost/(Savings)	Cost/(Savings)	Cost/(Savings)
Reduce Generic Drug Coinsurance from 20% to 15%	N	$ 1,426,215	$ 1,735,582	$ 1,872,547	$ 1,951,766
Reduce the Coinsurance on Preferred Brand Drugs from 35% to 30%	N	$ 742,069	$ 903,035	$ 974,299	$ 1,015,517
Reduce the Coinsurance on Non-Preferred Brand Drugs from 60% to 55%	N	$ 501,253	$ 609,982	$ 658,119	$ 685,962
Total Additional Cost/(Savings) for Plan Change		$ -	$ -	$ -	$ -

Kansas State Employees Health Care Commission
Financial Data Through February 2024 and Enrollment Data Through March 2024
Itemized Non Claims Expenses Projected by Staff

	2024 January	2024 February	2024 March	2024 April	2024 May	2024 June	2024 July	2024 August	2024 September	2024 October	2024 November	2024 December	2024 To Date	2024 Projected
ASO/Premium														
BCBS ASO/Premium	2,801,935	2,845,932											5,647,867	34,129,127
Aetna Premium (Medicare Retiree)	116,916	123,317											240,233	1,545,759
Aetna ASO	129,987	129,880											259,867	1,458,152
ASO-Delta (Dental)	49,339	50,007											99,345	598,088
ASO-Caremark (Rx)	98,547	104,582											203,129	1,248,453
Premium-Avesis (Vision)	-	-											-	3,486,771
Premium-Silverscript (Medicare Rx)	22,352	22,113											44,465	278,948
MDX Medical Inc (Transparency Service)	3,920	8,604											12,524	90,000
Total	**3,222,995**	**3,284,435**											**6,507,430**	**42,835,297**
Voluntary Benefit														
Supplemental	312,485	314,039											626,524	3,950,000
Total	**312,485**	**314,039**											**626,524**	**3,950,000**
Onsite Clinic														
Marathon	206,872	183,065											389,936	2,148,236
Total	**206,872**	**183,065**											**389,936**	**2,148,236**
Other Contract Fees/Flex														
Itedium (COBRA)	7,274	7,585											14,859	90,500
iTEDIUM (MAP Enrollment)	15,917	15,317											31,234	300,000
Metlife (HRA ASO)	1,917	2,023											3,940	26,000
NueSynergy (Flex Spending Account)	15,654	17,454											33,108	206,000
Grand Total	**40,762**	**42,379**											**83,141**	**622,500**
Administrative Fund Cost														
Compsych (Employee Assistant Program)	27,897	29,148											57,045	353,000
RX Savings (Transparency Tools)	92,745	92,745											185,490	1,131,996
DXC/Gain (Data Warehouse)	18,150	18,150											36,301	315,000
CITI/Sagebrush (SEHP Audit)	-	11,281											11,281	250,606
Segal (Actuarial Fees)	41,000	41,000											82,000	492,000
Marathon (Wellness)	66,329	66,329											132,658	772,764
Operational Expenses	185,763	164,256											350,019	1,800,000
Total	**431,884**	**422,909**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**854,793**	**5,115,366**

Kansas State Employees Health Care Commission
Revenue/Expense Category Definitions

Category	Definition
Revenue	
State ER	Contributions, including HSA/HRA funded by State employers, for their employees' medical, Rx, dental benefits and other program expenses. State employers fund HSA/HRA quarterly in the first month of each quarter.
State EE	Contributions funded by State active participants for their medical, Rx, dental, vision benefits and other program expenses
Non-State ER	Contributions, including HSA/HRA funded by Non-State employers, for their employees' medical, Rx, dental benefits and other program expenses. Non-State employers fund HSA/HRA monthly.
Non-State EE	Contributions funded by Non-State active participants for their medical, Rx, dental, vision benefits and other program expenses
Direct Bill	Contributions funded by State and Non-State retirees for medical, Rx, dental and vision benefits
COBRA	Contributions funded by State and Non-State COBRA participants for their medical, Rx, dental and vision benefits
Voluntary Benefit	Premium paid to Metlife (accident, critical illness, and hospital indemnity)
Interest/Other	Interest earned on account balance and miscellaneous revenue
Administrative Fund	Funded by employer contribution. $6.20/$15.91 per employee for State/Non-State
Expenses	
Medical Claims	Weekly claims billed by Aetna and BCBS who administer the self-insured medical plans for the active and non-Medicare groups
Rx Claims	Semi-monthly claims billed by Caremark who administers the self-insured pharmacy plans for the active and non-Medicare groups
Dental Claims	Weekly claims billed by Delta who administer the self-insured dental plans for the active and retiree groups
Health Savings ER	Expenses of HSA/HRA funded by employers for Plan C, J, and N participations. Base HSA/HRA for State employees are funded quarterly, and Base HSA/HRA for Non-State are funded monthly. Earned HSA/HRA are funded whenever employees are enrolled in required wellness activities.
Premium	Fully Insured premiums. This includes Medicare Advantage for Medicare retirees and Vision for active and retiree groups.
ASO	Administrative fees paid for Aetna, BCBS, Caremark and Delta services
Voluntary Benefit	Premium paid to Metlife (accident, critical illness, and hospital indemnity)
Wellness Program	Marathon
Other Contract Fees/Flex	Fees paid to outside vendors such as iTEDIUM (MAP Enrollment) and Nuesynergy
PCORI	Fees paid to the Patient Centered Outcomes Research Institute created under Healthcare Reform
Administrative Fund	Phone, printing , parking, postage, computers, lease, salary, training, facility management fee, travel, HCC fees, contracts, misc.
Reserve Targets	
HB 2218 Target Reserve (current)	Reserves to pay 10% of prior 3-year average total expenses
Traditional Method (not used)	Reserves to pay for Incurred But Not Report medical, pharmacy and dental claims and unexpected high volume medical, Rx and dental claims

Agenda Item #6

Discussion Item

Plan Year 2025

no slides

Agenda Item
#7

KANSAS STATE EMPLOYEES HEALTH CARE COMMISSION

Report on Insurance Coverage for PANS and PANDAS Pilot

Required by 2022
House Bill 2110

Kansas State Employees Health Care Commission
Report on Insurance Coverage for PANS and PANDAS Pilot

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EXECUTIVE SUMMARY

2022 House Bill 2110 required the State Employee Health Plan (SEHP) to provide coverage for services for the diagnosis and prescribed treatment for Pediatric Acute-onset Neuropsychiatric Syndrome (PANS), and Pediatric Autoimmune Neuropsychiatric Disorders Associated with Streptococcal infections (PANDAS), for the purpose of studying the utilization and cost of such coverage. Modification of the SEHP was necessary to include the coverage. Beginning January 1, 2023, coverage of PANS and PANDAS treatment was added to the medical plans offered to members of the SEHP. The bill requires the SEHP to provide this report to the legislature by March 1, 2024, outlining the impact on the SEHP related to the coverage of PANS and PANDAS.

During Plan Year 2023, the SEHP had sixty-eight (68) unique members for whom claims for PANS and PANDAS were submitted. Forty-seven (47) of these members incurred claims for PANDAS. Twenty-six (26) of these members incurred claims for PANS. Some of these unique members incurred claims for both PANS and PANDAS. Incurred claims for all members totaled $82,159 in allowed charges., coinsurance of that amount, the SEHP paid $75,386 (92%), with the balance paid by the members (deductible and/or coinsurance).

The SEHP has continued the pilot program coverage for PANS and PANDAS for PY 2024. If the benefit were expanded to all health plans in the State, members and providers would become more aware of their eligibility for coverage of PANS and PANDAS for treatment of the eligible conditions and it is expected more claims would be experienced by the plan in future years.

Report on Insurance Coverage for PANs & PANDAS Pilot

Introduction

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 State Employee Health Plan (SEHP) is administered by the Division of State Employee Health Benefits Plans within the Department of Administration. The Director of the State Employee Health Benefits Program (SEHBP) is responsible for bringing recommendations for the SEHP to the Health Care Commission and for carrying out the operation of the SEHP according to HCC policy. SEHP staff prepared this report.

Since 1999, the HCC has authorized the inclusion of certain Non State Public Employer groups into the SEHP. Currently, there are educational groups, cities, counties, townships, public libraries, community mental health centers, city or county public hospitals and extension councils enrolled in the program. The Non State Public Employers are offered the same SEHP self funded health plan options as are available to State Employees. The SEHP is self funded which means the State and Non State Public Employers covered by the plan are responsible for financing all health care costs associated with the SEHP medical, pharmacy, and dental plan options rather than transferring the risk and cost of claims and losses to an insurance company.

The SEHP provides coverage to active employees on a calendar year basis under four different medical plan designs known as Plans A, C, J, and N. All plans include an integrated pharmacy benefit administered by CVS Caremark. Drug coverage on Plan A is subject to the plan coinsurance and the integrated member annual out of pocket maximum for medical and pharmacy services. Members enrolled in Plans C, J and N must meet a deductible before pharmacy benefits are subject to the plan coinsurance and the integrated member annual out of pocket maximum for medical and pharmacy services. For additional information and a summary of the plan options, visit: https://sehp.healthbenefitsprogram.ks.gov/

Bill Requirements of the SEHP

2022 House Bill 2110 (**Exhibit A**) required the State Employee Health Plan (SEHP) to implement a pilot program providing coverage for PANS and PANDAS for the diagnosis and prescribed treatment for pediatric acute-onset neuropsychiatric syndrome (PANS), and pediatric autoimmune neuropsychiatric disorders associated with streptococcal infections (PANDAS). Coverage was subject to applicable deductible, copays and coinsurance requirements associated with the medical and pharmacy services covered under the SEHP plan in which the member was enrolled for Plan Year 2023.

Implementation

In order to incorporate the above requirements, the SEHP coverage required modification. SEHP staff met with representatives from the health plan administrators to define the plan coverage. Appropriate language to add the coverage was included in the 2023 benefit descriptions. **Exhibit B** is a copy of the Pans and PANDAS Pilot Program Rider which outlines the coverage available under the plan. Benefit information was included in the open enrollment booklet, on the SEHP website, and in the Benefit Description provided to each plan member.

Coverage for PANS and PANDAS became available on January 1, 2023. Prior authorization by the provider to the medical plan was required prior to services being received. The medical vendors were aware of the need to handle these requests in a timely manner and made every effort to process any prior authorization requests promptly.

Experience

During Plan Year 2023, the SEHP had sixty-eight (68) unique members for whom claims for PANS and PANDAS were submitted. Forty-seven (47) of these members incurred claims for PANDAS. Twenty-six (26) of these members incurred claims for PANS. Some of these unique members incurred claims for both PANS and PANDAS. Incurred claims for all members totaled $82,159 in allowed charges., coinsurance of that amount, the SEHP paid $75,386 (92%), with the balance paid by the members (deductible and/or coinsurance).

Diagnosis Type	PANDAS				PANS				**Total**			
Services	Unique Members	Allowed Amount	Patient Responsibility	Plan Paid Amount	Unique Members	Allowed Amount	Patient Responsibility	Plan Paid Amount	**Unique Members**	**Allowed Amount**	**Patient Responsibility**	**Plan Paid Amount**
Anesthesia	1	$558	$112	$447					**1**	**$558**	**$112**	**$447**
Evaluation & Management	34	$8,203	$1,645	$6,558	17	$5,882	$1,274	$4,608	**48**	**$14,085**	**$2,919**	**$11,166**
General Surgery	15	$3,326	$704	$2,622	9	$140	$47	$119	**23**	**$3,465**	**$752**	**$2,741**
Immunizations/Vaccinations/IV Therapy	3	$4,172	$836	$3,336	7	$2,170	$176	$1,993	**10**	**$6,342**	**$1,012**	**$5,330**
Inpatient Nervous System					1	$41,991	$0	$41,991	**1**	**$41,991**	**$0**	**$41,991**
Laboratory	20	$6,533	$1,598	$4,935	11	$5,123	$1,688	$4,354	**30**	**$11,657**	**$3,285**	**$9,289**
Other	2	$67	$44	$2,870	1	$1,312	$2,475	$0	**3**	**$1,378**	**$2,519**	**$2,870**
Professional Services	1	$1,072	$214	$858	1	$33	$0	$33	**2**	**$1,105**	**$214**	**$891**
Pulmonary	1	$12	$2	$9					**1**	**$12**	**$2**	**$9**
Radiology	4	$749	$749	$0	2	$816	$163	$653	**6**	**$1,565**	**$912**	**$653**
Total	**47**	**$24,691**	**$5,904**	**$21,634**	**26**	**$57,467**	**$5,824**	**$53,752**	**68**	**$82,159**	**$11,728**	**$75,386**

The SEHP has continued the PANS and PANDAS pilot for Plan Year 2024. As members and providers become more aware of the coverage available for these services under the mandate, it is expected more claims will be experienced by the plan in future years. This would be typical of any new benefit added to the plan and is not unique to these services. Utilization builds over time with growing awareness of available coverage. Furthermore, the vast majority of the 2023 claims had a diagnosis service type of “Evaluation & Management”. This suggests that members are still in the diagnosis phase and have yet to move forward with more costly treatment, such as intravenous immunoglobulin (IVIg).

The SEHP asked Segal Consulting to review the utilization data and provide an estimate on the future cost projections for covering PANS and PANDAS treatment. Segal provided the SEHP paid plan cost for PANS/PANDAS treatment is projected to grow to $140,000 in 2024 and to $210,000 in 2025.

Conclusion

To pilot the PANS and PANDAS coverage, the SEHP coverage required modification to add coverage. Coverage for services related to PANS and PANDAS was initiated January 1, 2023.

The coverage pilot had some impact on the SEHP. During Plan Year 2023 the SEHP had sixty-eight (68) unique members who incurred claims under the rider. Forty-seven (47) of these members incurred claims for PANDAS. Twenty-six (26) of these members incurred claims for PANS. Some of these unique members incurred claims for both PANS and PANDAS. For claims incurred during Plan Year 2023, the total allowed amount was $82,159. The SEHP has continued the PANS and PANDAS Pilot Program for Plan Year 2024. As members and providers become more aware of the services eligible for coverage under the PANS and PANDAS coverage mandate, it is expected more claims will be experienced by the plan in future years.

EXHIBITS

Exhibit A
HOUSE BILL 2110

AN ACT concerning insurance; relating to the state employees health care commission; mandating coverage for pediatric acute-onset neuropsychiatric syndrome (PANS) and pediatric autoimmune neuropsychiatric disorders associated with streptococcal infections (PANDAS); requiring submission of an impact report to the legislature.

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

Section 1. (a) As used in this section:

(1) "PANS" means pediatric acute-onset neuropsychiatric syndrome; and

(2) "PANDAS" means pediatric autoimmune neuropsychiatric disorders associated with streptococcal infections.

(b) In the coverage for the next health plan coverage year commencing on January 1, 2023, the state employees health care commission shall provide for the coverage for the diagnosis and prescribed treatment of PANS and PANDAS.

(c) (1) Pursuant to the provisions of K.S.A. 40-2249a, and amendments thereto, on or before March 1, 2024, the state employees health care commission shall submit to the president of the senate and to the speaker of the house of representatives a report including the following information pertaining to the mandated coverage for PANS and PANDAS provided during the plan year commencing on January 1, 2023, and ending on December 31, 2023:

(A) The impact that the mandated coverage for PANS and PANDAS required by subsection (b) has had on the state health care benefits program;

(B) data on the utilization of coverage for PANS and PANDAS by covered individuals and the cost of providing such coverage for PANS and PANDAS; and

(C) a recommendation whether such mandated coverage for PANS and PANDAS should continue for the state health care benefits program or whether additional utilization and cost data is required.

(2) At the next legislative session following receipt of the report required in paragraph (1), the legislature may consider whether or not to require the coverage for PANS and PANDAS required by subsection (b) to be included in any individual or group health insurance policy, medical service plan, contract, hospital service corporation contract, hospital and medical service corporation contract, fraternal benefit society or health maintenance organization that provides coverage for accident and health services and that is delivered, issued for delivery, amended or renewed in this state on or after July 1, 2025.

Sec. 2. This act shall take effect and be in force from and after its publication in the statute book.

Exhibit B
PANS and PANDAS Pilot Program Rider

PANS and PANDAS Pilot Program

Section II – Administrative Provisions

Part 10: PANS and PANDAS Rider

House Bill 2110 requires the State Employee Health Plan (SEHP) to provide coverage during Plan Year 2023 for the diagnosis and prescribed treatment for pediatric acute-onset neuropsychiatric syndrome (PANS) and pediatric autoimmune neuropsychiatric disorders associated with streptococcal infections (PANDAS), for the purposes of studying the utilization and cost of such coverage.

The SEHP Pilot Program will cover medically necessary services for the diagnosis and treatment for Pediatric Acute-Onset Neuropsychiatric Syndrome (PANS) and Pediatric Autoimmune Neuropsychiatric Disorders Associated with Streptococcal Infections (PANDAS), subject to the applicable plan Deductible and Coinsurance requirements listed in the Schedule of Benefits.

Exhibit C

Segal's Presentation
to the House Committee on Insurance and Pensions

November 2021

Agenda

PANS and PANDAS Defined

Estimated Cost – SEHP Population Calculation

Social Impact

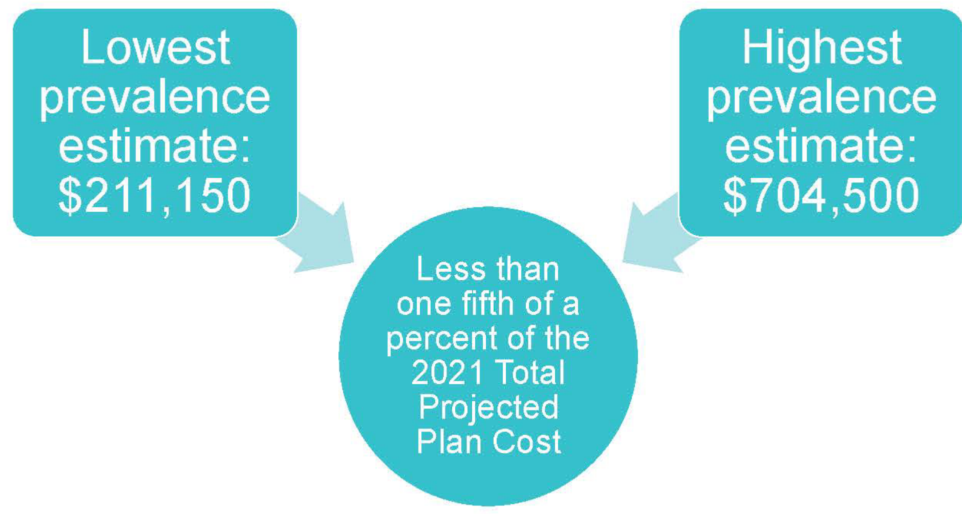
Financial Impact

Segal 2

PANS and PANDAS Defined

- **Pediatric Acute-onset Neuropsychiatric Syndrome (PANS)** is a clinical condition defined by the sudden encephalitic-like onset of obsessive-compulsive symptoms (OCD) and/or severe eating restrictions and at least two concurrent cognitive, behavioral, or neurological symptoms. PANS can be triggered by infections, metabolic disturbances, and other inflammatory reactions. It is easiest to understand PANS as an umbrella term for many triggers that create inflammation in the brain, leading to behavioral changes. PANS is a medical disorder with both physical and psychiatric presentations.[13, 14]
- **Pediatric Autoimmune Neuropsychiatric Disorder Associated with Streptococcal Infections (PANDAS)** has five distinct criteria for diagnosis, including abrupt "overnight" OCD or dramatic, disabling tics; a relapsing-remitting, episodic symptom course; young age at onset (average of 6–7 years); presence of neurologic abnormalities; and temporal association between symptom onset and Group A strep (GAS) infection. The five criteria are usually accompanied by similar comorbid symptoms as found in PANS.[13]

Estimated Cost of Coverage – Minimal Impact



Estimated Cost – SEHP Population Calculation

Estimated Costs per PANS and PANDAS Treatment		
Treatment Type	**Avg Costs per Treatment**	**Severity Mix (est)**
Mild: High-dose antibiotics to clear/prevent Group A Strep (GAS)	$5,000	50%
Moderate: Antibiotics & IVIg treatment	$16,972	45%
Severe: Antibiotics & IVIg treatment & Therapy	$33,944	5%
Weighted Avg of Treatment Costs (listed above)	**$11,835**	

Assumes one treatment per year

Estimated Cost of Providing PANS and PANDAS Coverage					
Prevalence Percentage*	Enrollment Ages 3 to 14**	Prevalence Count	Avg Cost of Treatment	**Estimated Annual Treatment Costs**	**Percentage of Total 2021 Projected Plan Cost**
0.50% (1 in 200 rate)	11,904	60 (11,904*0.50%)	$11,835	**$704,500**	**0.19%**
0.15%	11,904	18 (11,904*0.15%)	$11,835	**$211,150**	**0.06%**

*1 in 200 rate is an estimated "lifetime prevalence"; utilization in any one year can be lower
**Eligibility: as of July 2021 Cerner eligibility data for Kansas State Employee Health Plan ("SEHP")

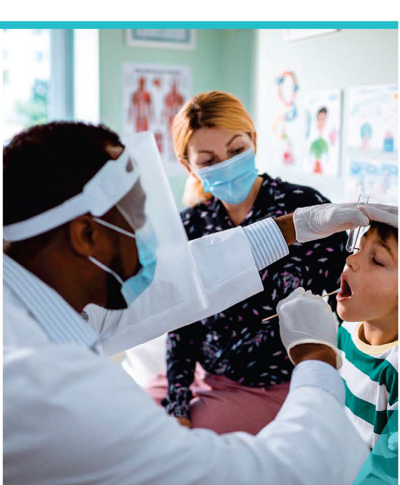
A. The extent to which the treatment or service is generally utilized by a significant portion of the population

- **SEHP Population:**
  - Research assumption of 1 in 200 children is affected with PANS/PANDAS
  - 11,904 children between 3 to 14 years are currently enrolled
  - Est 60 children between 3 to 14 years in SEHP population would be affected
  - Est increased to 87 if the age range is expanded to 17 years
- **National Level:**
  - Approximately 74.1 million children in the U.S. are 17 years of age or younger in 2021 (U.S. Census Bureau)
  - Based on 0.50% (1 in 200) prevalence rate, an estimated 370,689 children could potentially be affected by PANS/PANDAS
  - Projected to increase 2.4% by 2031 and by an additional 1.7% by 2041

National Statistics

PANS/PANDAS Prevalence

- Age at Onset: 11% at 1 to 3 years; 69% at 4 to 9 years; 19% at 10 to 13 years; and 1% at 14+ years [5]
- Primary Symptoms: 37% with OCD; 14% with TICS; and 49% with BOTH
- PANS/PANDAS population overview: [5]
  - Young age at onset: 6.5, +/- 2 years for Tics; and 7.4, +/- 2 years for OCD
  - In general, the ratio for boys to girls is 2.6:1 ; below age 8 years, the ratio of boys to girls is 4.7:1
- Approximately 500,000 children are diagnosed with OCD in the U.S. [5]
- Approximately 138,000 children are diagnosed with Tourette Syndrome in the U.S. [5]
- 1.5 million+ children were diagnosed with serious anxiety/phobia/OCD/bipolar in a given year (1994-2011)



Additional Statistics

- 10% of all pediatric hospitalizations are attributed to mental health conditions.[11]
- An estimated 20% of children and adolescents in the U.S. meet diagnostic criteria for a mental health disorder.[11]
- The CDC reports that attention deficit hyperactivity disorder (ADHD), behavior problems, and depression were the most commonly diagnosed mental disorders in children.[10]

B. The extent to which such insurance coverage is already generally available

Traditional Insurance & Medicaid

Covers treatment for various behavior and tic disorders that are tied to more prevalent diagnoses

Same Treatment for PANS and PANDAS

Considered to be experimental and often not covered by insurance

Legislation	Illinois was first state to pass legislation requiring coverage of treatment for PANS/PANDAS in 2017.
	Delaware, Indiana, Maryland, Minnesota, and New Hampshire later followed with Massachusetts being the most recent, having a January 1, 2022 effective date.
	Texas and Arkansas passed legislation forming an advisory team/council to provide guidance on protocols for research, diagnosis, and treatment. [12]
Proposed Legislation	The following states have proposed legislation to cover PANS/PANDAS treatment and are either pending or have not yet made it successfully through the process:
	Iowa, Maine, New York, Oregon, Ohio, Rhode Island, and West Virginia. [12]
Billing Code Issues	Currently, there is no specific ICD-10 diagnosis code for PANS or PANDAS.
	D89.89 code is a valid billable ICD-10 diagnosis code for *Other specified disorders involving the immune mechanism, not elsewhere classified,* **but based on information from the state of Illinois, causes issues with insurance codes not recognizing the disorders as PANDAS.** [12]
ICD-11 Codes	Effective January 2022, the ICD-11 diagnosis codes will include the PANDA-specific code 8E4A.0 *Paraneoplastic or autoimmune disorders of the central nervous system, brain or spinal cord.*
	Also included will be ICD-11 diagnosis code 8A05.10 *Infectious or post-infectious tics.*

C. If coverage is not generally available, the extent to which the lack of coverage results in persons being unable to obtain necessary health care treatment

- **Lack of awareness, misunderstanding, and misdiagnosing PANS/PANDAS can have detrimental and long-term consequences on both the physical and mental condition.**
  - Early detection may prevent up to 25-30 percent of childhood mental illnesses[13]
- **As illness progresses, what may have been treated in 1-2 sessions of PANS/PANDA treatments may now require hospitalization and/or residential care. An unpublished survey by Moleculera Labs in 2018 revealed:**
  - On average, patients saw up to 12 medical providers and an approximate 3-year delay in receiving a diagnosis of PANS/PANDAS
  - At least 20% of patients with PANS/PANDAS experience delay 12+ months before receiving appropriate treatment even after being diagnosed
- **Aside from not receiving proper treatment when needed, the long-term effects may extend into adulthood negatively impacting performance in school, on the job, and in relationships.**

D. If the coverage is not generally available, the extent to which the lack of coverage results in unreasonable financial hardship on those persons needing treatment

- There are many articles describing the hardships faced by families trying to find the care needed for their child, and having to pay for coverage out of their own pockets.
  - Average costs range from $5,000 to $33,944, with one family reaching $100,000 in out-of-pocket costs.
  - The majority of families faced having to establish 'GoFundMe' accounts, request loans from parents (grandparents) and other relatives, refinance their home, sell a vehicle or furniture, or quit their jobs as they could not afford a caretaker.[15, 16, & 17]
- Per PANDAS advocate, Wendy Nawara:
  - *"PANDAS treatment attacks the things that need to be attacked as opposed to attacking a portion of the child's brain. Yes, it is extremely expensive. Like you said, up to $15,000. It is dose-based on the weight of the child. So honestly, the longer we wait to treat these kids, they grow bigger and the more expensive that treatment becomes. And if a doctor has inadvertently missed it, or if an insurance company puts roadblocks up in front of a family for a year at a time — what could have been solved with perhaps a $5,000 treatment becomes that $15,000 treatment."*[18]

E. The level of public demand for the treatment or service

- The House Committee on Health and Human Services Report dated January 2021 heard testimony for the demand of the treatment from the following:
  - Six parents and private citizens that provided testimony on symptoms
  - One psychiatrist
  - One rheumatologist
  - One immunologist
- PANS/PANDAS Annual October 9th Awareness Day Proclamations/Resolutions:[5]
  - Over half the states in the U.S. have in place
  - Approximately 10 states with requests filed
  - This is in addition to the nine states with PANS/PANDAS-related legislation and the seven with pending/attempted legislation, mentioned before

F. The level of public demand for individual or group insurance coverage of the treatment or service

Treatments associated with PANS/PANDAS are often considered to be experimental and are not covered by insurance. In recent years, as awareness of the condition has grown, several states have moved toward passing legislation related to PANS and PANDAS.

G. The level of interest of collective bargaining organizations in negotiating privately for inclusion of this coverage in group contracts

There were no findings specific to collective bargaining activity for PANS and PANDAS treatment.

H. The impact of indirect costs, which are costs other than premiums and administrative costs, on the question of the costs and benefits of coverage

- Indirect costs include:
  - Excessive travel
  - Unnecessary medical bills
  - Anxiety due to the many physician visits, diagnostic testing, medications, etc., as a result of misdiagnosis
- Many parents have had to borrow money from relatives, quit their jobs to care for their children, and homeschool their children
- Children suffer unnecessarily from misdiagnoses, diagnostic testing, ineffective medication, social stigma, etc.
- The associated stress and anxiety results manifest in additional physical and mental health issues. [15]

Additional commentary relative to PANS/PANDAS:

- “A disease that manifests as psychiatric symptoms but doesn’t respond to psychiatric medications” [15]
- “Tests (ex. brain MRI) kept coming back normal. Neurologists referred him to psychiatrists. Psychiatrists referred him back to neurologists. Pediatricians recommended therapists. Therapists suggested psychologists.” [16]

Segal 17

A. The extent to which insurance coverage of the kind proposed would increase or decrease the cost of the treatment or service

Recommended treatment for PANS/PANDAS includes a combination of:

- Antibiotics
- IVIg
- Possible therapy

Appropriate combination of medication and number of treatments depends on the severity of the condition

Cost estimates:

- According to severity of condition range from $5,000 to just under $34,000 per treatment
- Weighted average per-treatment cost approximately $12,000, as most cases fall into the mild to moderate level of severity

These treatments are:

- Currently available
- Frequently utilized to treat other autoimmune, immune-deficient, and chronic inflammation conditions
- Covered by insurance for those other types of conditions.

Extending insurance coverage for treatment of PANS/PANDAS:

- Is unlikely to impact the actual billed cost of the treatment
- However, it would have a significantly positive impact on the affordability of treatment and quality of life for the families impacted

B. The extent to which the proposed coverage might increase the use of the treatment or service

- Providing coverage for treatment of a condition that was previously not covered will certainly increase the use of the treatment.
- The incidence of PANS/PANDAS is fairly low, impacting approximately 1 in 200 children between the ages of 3 and 14 years. However, early diagnosis and treatment is ideal, and will greatly reduce the incidence of chronic and more costly conditions likely to have occurred with longer term misdiagnoses and mistreatment.
- PANDAS Diagnostic Flowchart and Treatment Guidelines https://www.pandasppn.org/flowchart/

C. The extent to which the mandated treatment or service might serve as an alternative for more expensive treatment or service

- Early diagnosis and treatment with the longstanding protocol of antibiotics and IVIg, is preferable and much less costly in the long run.
- Appropriate and timely treatment will greatly reduce the incidence of chronic and more costly conditions likely to have occurred with longer term misdiagnoses and mistreatment.
- Segal estimates 60 children may be impacted by PANS/PANDAS. If all PANS/PANDAS cases fell into the Mild category, treatment costs would be approximately $718,320 less costly than if all had fallen into the Moderate category, and $1,736,640 less costly than if all had fallen into the Severe category.

Additional treatment statistics

- The National Institute of Mental Health (NIMH) estimates 25-30 percent of childhood mental illness may be preventable through appropriate treatment of PANS and PANDAS.
- “Several case studies into IVIg have confirmed IVIg’s efficacy one year following treatment. A 2018 longitudinal study had a follow-up time of up to 4.8 years, and 88% did not experience “clinically significant obsessive-compulsive symptoms” within the follow-up time.” [9]
- “For many patients, one course of IVIg is enough to reduce symptoms and even reverse PANDAS.”[8]
- The data reported suggest that early and aggressive treatment of infection may decrease both the likelihood of residual symptoms and the likelihood of recurrence, potentially preventing the high levels of functional impairment seen particularly in the postpubertal years. Having increased vigilance for new infections and exposure to group A Streptococcal infections (GAS) is likely also helpful to minimize the impact of recurrence of PANS symptoms.” [10]

D. The extent to which insurance coverage of the health care service or provider can be reasonably expected to increase or decrease the insurance premium and administrative expenses of policyholders; and the impact of this coverage on the total cost of health care

The impact to claims cost and administrative expenses is expected to be minimal. The estimated annual cost range for PANS/PANDAS treatment is $211,150 to $704,500, or 0.06% to 0.19% of total plan costs, based on the lowest and highest prevalence estimates.

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Agenda Item
#8

Residential Treatment Follow up

Answers to Questions Posed at the February 16 , 2024 HCC Meeting

Residential Treatment Follow Up

- As part of the CMS market conduct examination of the SEHP which was concluded in 2021/2022, it appears that to remedy the failure to achieve parity related to facility type, a decision was made effective January 2020 to exclude skilled nursing swing bed coverage and residential treatment for MH/SUD conditions. How was that decision made?

CMS conducted a market examination of the SEHP between 2018 – 2022. These discussions involved staff from CMS, the Secretary of Administration, SEHP legal counsel (KDHE & DofA), SEHP staff, Segal consultants, and Third Party Administrators (TPA).

CMS reviewed the plan's coverage that included swing bed coverage and determined it to be residential treatment. The plan was not required to cover residential treatment for mental health or SUD unless it provides the coverage for medical services like the swing bed coverage. Absent some level of change, the plan would have been deemed to be out of compliance with Mental Health Parity.

The SEHP reviewed the utilization data and found the swing bed benefit during 2018 and 2019 and there were no paid claims for those years. Discussions involving the parties mentioned above in 2019 resulted in the determination to remove the swing bed coverage to bring the health plan into compliance with Mental Health Parity. Plan year 2019 was the final year of swing bed coverage.

With this change CMS approved the SEHP benefit description for the 2020 plan year and determined the SEHP to be in compliance with the Mental Health Parity Act.

Residential Treatment Follow Up

- How is the decision to update the Benefit Description communicated?

  Updates are based on any changes to Federal law, State law or changes implemented by the HCC. The SEHP team meets with the Third Party Administrators (TPA's), Dept. of Administration legal, and the SEHP consultant when need to discuss language updates/changes. This document is provided to the members and is also located on the SEHP website.

- How often is the plan Benefit Description language reviewed and updated?

  The benefit description is reviewed annually, and any required updates are done annually.

- Does the SEHP consult with outside counsel?

  The SEHP works primarily with the Department of Administration counsel. When needed the SEHP will consult with the TPA's and consultant's counsel.

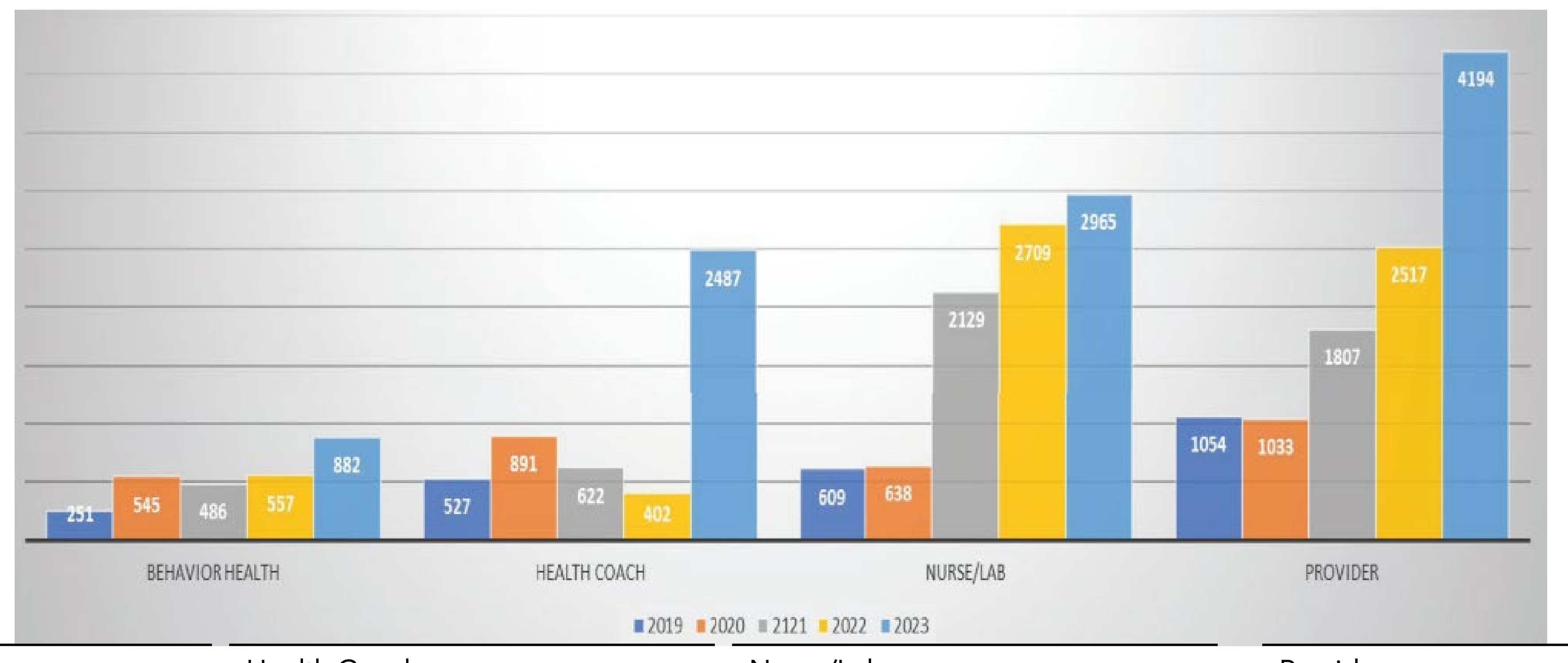
APPENDIX - A

Follow up Questions

February 16, 2024, HCC Meeting

HealthQuest Health Center Utilization

HealthQuest Health Center Utilization including Unique Members



Behavioral Health

Year	Appointments	Unique Members
2019	251	54
2020	545	80
2021	486	72
2022	557	72
2023	882	104
Total	**2,721**	**382**

Health Coach

Year	Appointments	Unique Members
2019	527	317
2020	891	500
2021	622	272
2022	402	104
2023	2,487	941
Total	**4,929**	**2,134**

Nurse/Lab

Year	Appointments	Unique Members
2019	609	521
2020	638	443
2021	2,129	1,264
2022	2,709	1,675
2023	2,965	1,791
Total	**9,050**	**5,694**

Provider

Year	Appointments	Unique Members
2019	1,054	795
2020	1,033	812
2021	1,807	1,108
2022	2,517	1,303
2023	4,194	2,091
Total	**10,605**	**6,109**

HealthQuest Health Center
Total Visits

Member Utilization - Appointments		
Year	Appointments	Unique Members
2019	2,441	1,687
2020	3,107	1,835
2021	5,044	2,716
2022	6,185	3,154
2023	10,528	4,927
Total	**27,305**	**14,319**

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Segal Benchmark Follow Up Information

State of Kansas

Benchmarking Study Follow Ups

April 9, 2024

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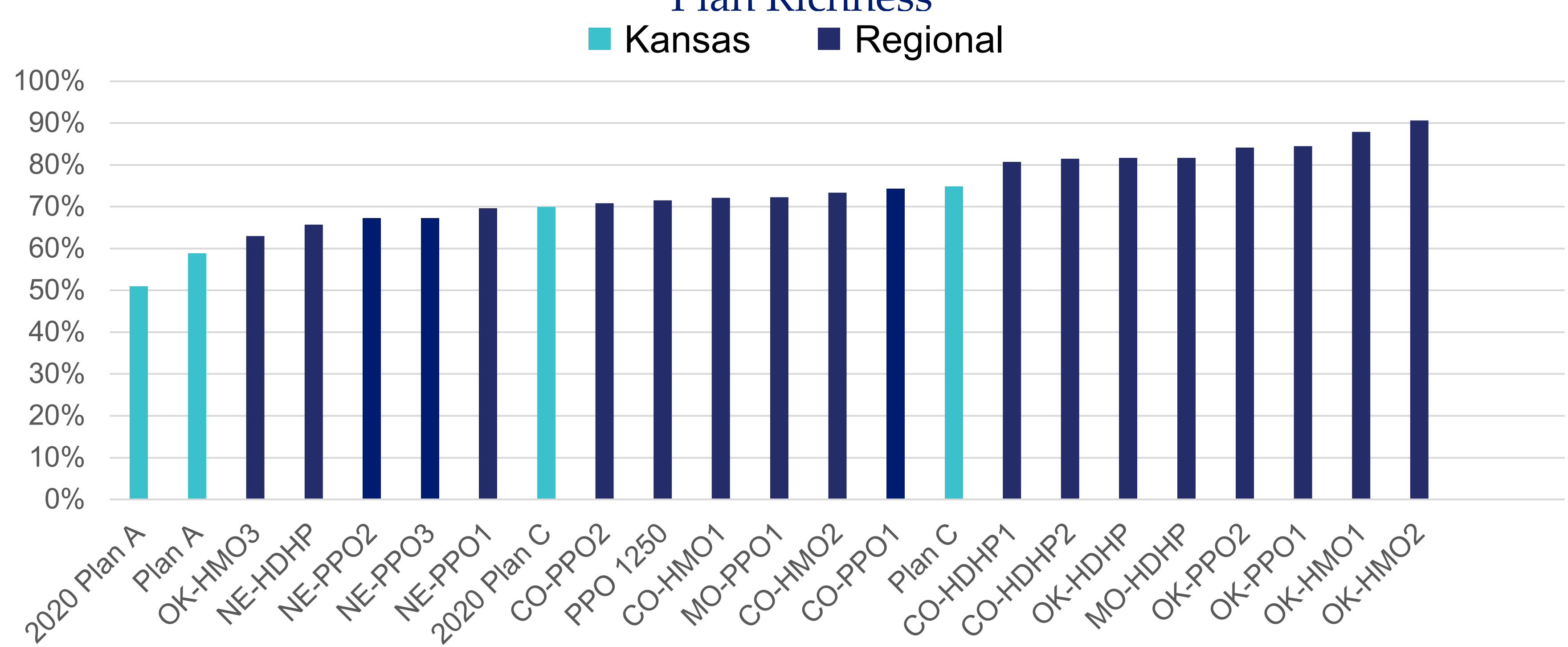
Overall Plan Richness – Employee + Spouse

Plan Richness % = 100% - (EE Contribution + Member OOP Claims) / Allowed Cost

The plan richness calculation considers both the plan design value and what members pay through contributions, relative to the allowed cost. The less members pay in these two areas results in a greater employer subsidy.

Kansas plan richness is on the lower end for plan A and on the higher end for Plan C for the Employee + Spouse tier compared with the other Regional plans. Both plans made improvements in rank from the prior benchmark study due to design enhancements and decreasing employee contributions for this tier.

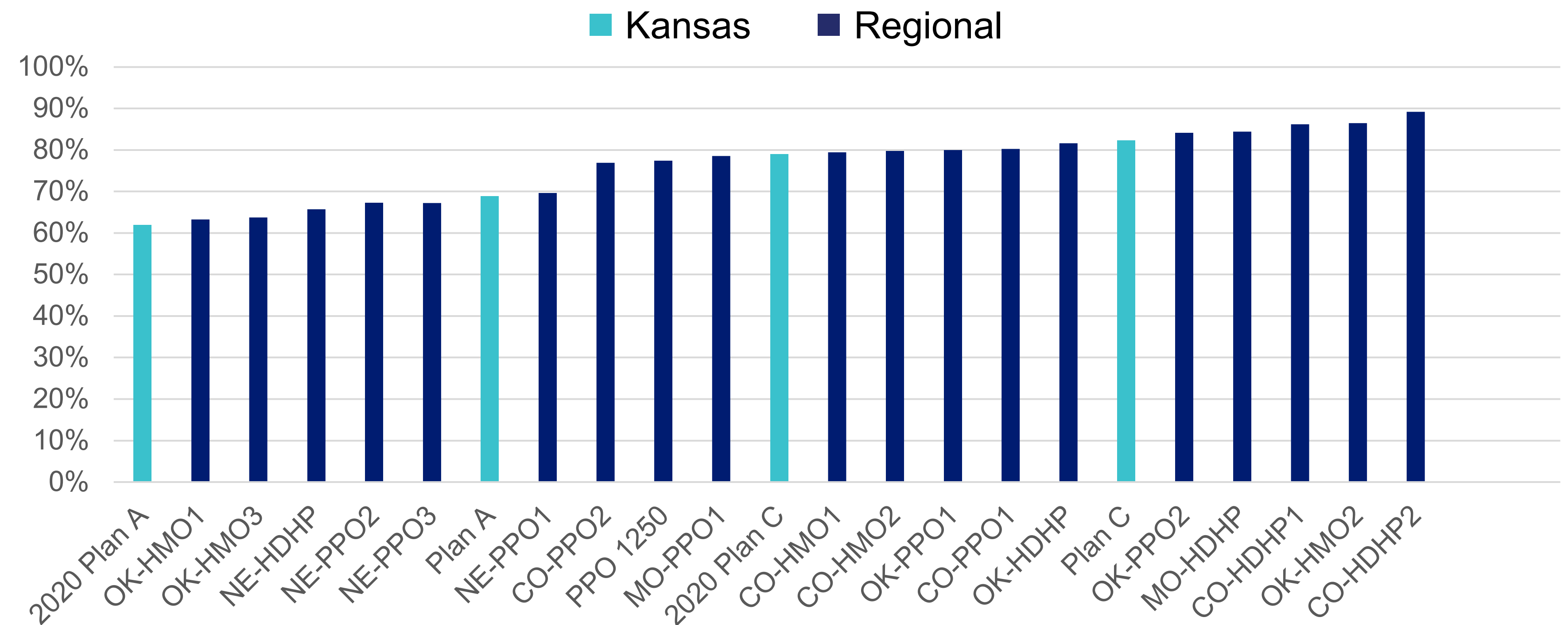


Overall Plan Richness – Employee + Child(ren)

Plan Richness % = 100% - (EE Contribution + Member OOP Claims) / Allowed Cost

The plan richness calculation considers both the plan design value and what members pay through contributions, relative to the allowed cost. The less members pay in these two areas results in a greater employer subsidy.

Kansas plan richness is comparable with the other Regional plans for the Employee + Child(ren) Tier. Plan C is better than average, and Plan A is worse than average. Both plans made major improvements in rank from the prior benchmark study due to design enhancements and holding employee contributions flat for this tier.



Segal

Regional Plans Design Comparison – PPO Generic & Preferred Brand Drug

Plan	Generic Drugs	Preferred Brand Drugs
KS Plan A	20% coinsurance	35% coinsurance
NE-PPO 1	$5 copay	$30 copay
NE- PPO 2, 3	$5 copay	$40 copay
OK- PPO 1, 2	$10 copay after $100 deductible	$45 copay after $100 deductible
MO- PPO 1, 2	$10 copay	$40 copay
CO- PPO 1	$14 copay	$60 copay
CO- PPO 2	$20 copay	$60 copay
IA- PPO	$10 copay	$25 copay

Regional Plans Design Comparison – HDHP Generic & Preferred Brand Drug

Plan	Generic Drugs	Preferred Brand Drugs
KS Plan C	20% coinsurance after deductible	35% coinsurance after deductible
NE- HDHP	20% coinsurance after deductible	20% coinsurance after deductible
OK- HDHP	$10 copay after deductible	$45 copay after deductible
MO- HDHP	10% coinsurance up to $50 max after deductible	20% coinsurance up to $100 max after deductible
CO- HDHP 1, 2	$20 copay after deductible	$80 copay after deductible