



February 16, 2024

Meeting Materials

Agenda Item #1

STATE EMPLOYEES HEALTH CARE COMMISSION

February 16, 2024, 9:30 am

MEETING AGENDA

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

Welcome and Introductions by Secretary Proffitt

Action Items:

1. **Approval of Minutes [Action Item]** - Secretary Proffitt
 - December 12, 2023
2. **Cobra Administration Contract [Action Item]**
3. **Health Reimbursement and Health Savings Account Administration Contract [Action Item]**

Reports:

4. **Open Enrollment Report** – Jennifer Flory
5. **Benchmark Study** – Segal
6. **Financial Report** - Segal

Discussion Items:

7. Next scheduled meeting is April 9, 2024

Appendix:

- A. Follow up items from December Meeting
- B. EAC Report from August HCC meeting
- C. [Published Audits are available here](#)

The State of Kansas State Employees Health Care Commission (HCC) meeting was called to order on Tuesday, December 12, 2023, at 1:30 pm. 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 Carolyn McGinn
- Commissioner Vicki Schmidt

The following staff members were present:

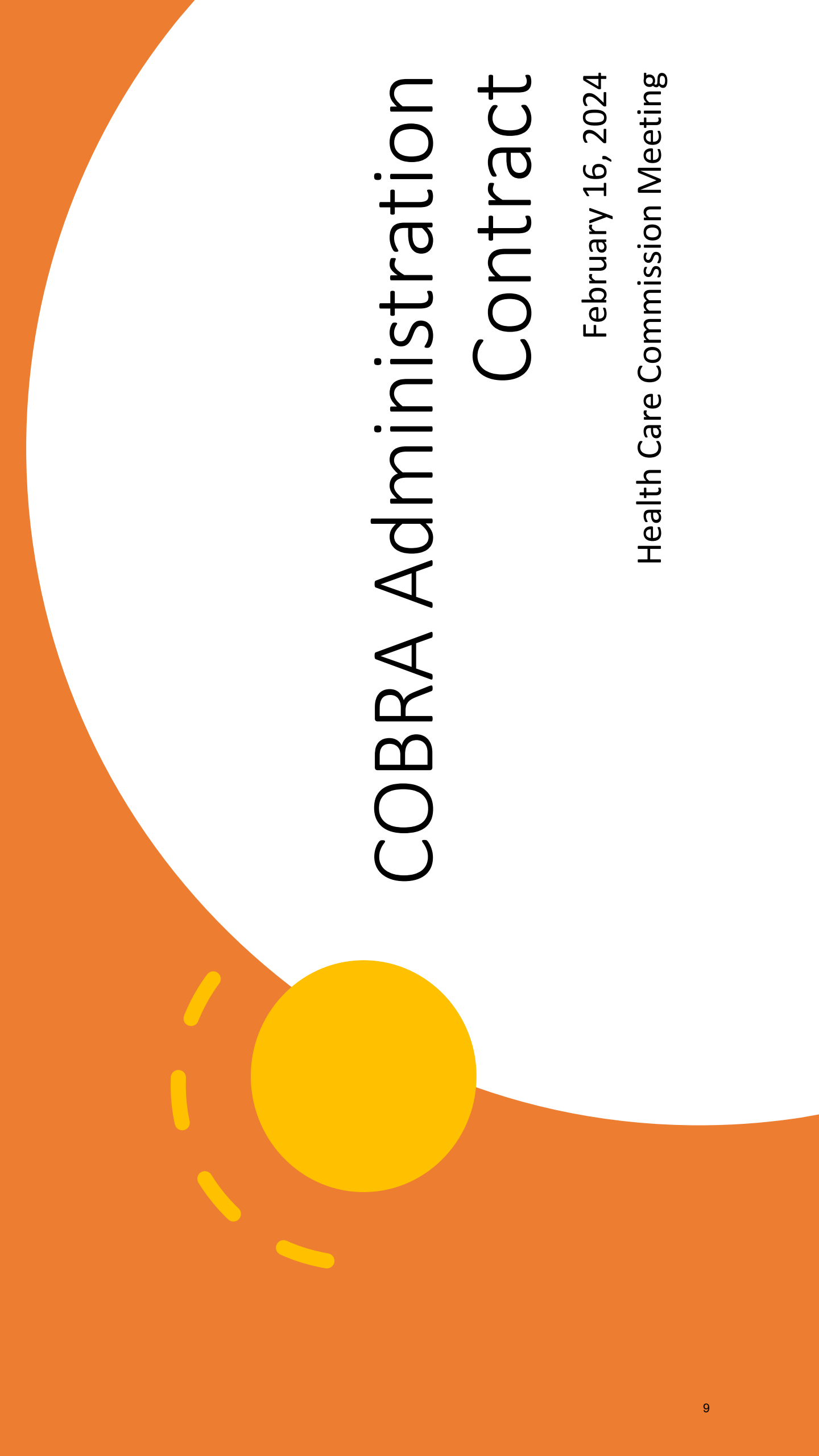
- Jennifer Flory, SEHP Director
- Mike Michael, SEHP Deputy Director
- Cris Loomis, Administrative Director
- Pete Nagurny, SEHP Sr. Manager, Data & Finance
- Paul Roberts, SEHP Sr. Manager, Health Plan Operations
- Delos DeCelle, SEHP Program Finance Manager
- Anna Garner, RFP and Project Analyst
-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

Topic	Discussion	Action	Follow-up
Welcome and Roll Call	Chair Adam Proffitt called the meeting to order at 1:32 pm.	Chair Adam Proffitt did a roll call of the commissioners: <ul style="list-style-type: none"> • Commissioner Cain – present • Commissioner Dechant – virtual • Commissioner Hensley – present • Commissioner Landwehr – absent • Commissioner McGinn – present • Commissioner Schmidt – present 	
1. Approval of Minutes August 22, 2023	Chair Adam Proffitt opened the floor for any comments or edits.	Commissioner Dechant made a motion to approve the minutes for August 22, 2023. 2nd – Commissioner Cain All in favor, none against, the motion passed to approve the minutes as presented.	
2. Audit Contract [Action Item]	Director Jennifer Flory presented the Audit Services contract bids for consideration. The State received two bid responses based on a three year contract period: <ul style="list-style-type: none"> • Myers and Stauffer • Sagebrush 	Commissioner Dechant made a motion to award a three-year contract to Sagebrush. 2nd – Commissioner Hensley The motion passed with a roll call vote: <ul style="list-style-type: none"> • Commissioner Cain – yes • Commissioner Dechant – yes • Commissioner Hensley – yes 	

		<ul style="list-style-type: none"> • Commissioner McGinn – yes • Commissioner Schmidt - yes 	
3. Financial Report	Patrick Klein with Segal Consulting presented the actuarial financial report to date for 2023 and reviewed historical trends and future projections.		
4. 2024 Open Enrollment	Director Jennifer Flory presented a summary of the 2024 open enrollment. A full report will be available at the February 2024 meeting.		Does a retainer/retainer replacement fall under orthodontia preventive or other?
5. 2024 RFP/Contracts	Director Jennifer Flory presented the 2024 contracts that are expiring on 12/31/2024.		Contract performance side-by-side comparison, network adequacy.
Marathon Inquiries			Commissioner Schmidt inquired about walk-ins/same day appointments. Commissioner McGinn inquired about the behavior health model.

			Commissioner Cain inquired on services the Anywhere program provides.
Future HCC Meetings	Chair Adam Proffitt reviewed the Health Care Commission meeting dates for 2024.	<p>Chair Adam Proffitt reviewed the following dates for next year's HCC meetings:</p> <ul style="list-style-type: none"> ● February 16, 2024 - 9:30 am – 11:30 am ● April 9, 2024 – 1:30 pm– 3:30 pm ● June 3, 2024 – 9:00 am – 11:30 am ● August 20, 2024 - 9:30 am – 11:30 am ● December 10, 2024 9:30 am – 11:30 am 	
Adjournment		<p>Commissioner Schmidt made a motion to adjourn.</p> <p>2nd – Commissioner McGinn</p>	
<p>The meeting was adjourned at 2:24.</p> <p>Next Meeting February 16, 2024</p>			

Agenda Item #2



COBRA Administration Contract

February 16, 2024

Health Care Commission Meeting

COBRA Overview

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.

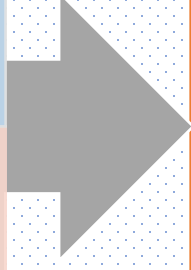


Bidders

Two bids were received

iTEDIUM, Inc.

Total Administrative Service
Corporation (TASC)



Finalist meetings were held with both companies along with negotiations on various parts of the bid

Bid Evaluation

Determine the company can administer the COBRA program for a group the size of Kansas

Services provided to the SEHP (regulatory insight and education)

Services provided to the members

Customer service & timeliness

Cost

Reporting

Services Included for COBRA Administration

COBRA Notices
& Member
Communications

Manage
Premium
Payments

Reporting

Member Portal

SEHP Staff
Administration
Portal

Premium
Remittance to
SEHP

Services Included for COBRA Administration

- **Initial Notice (COBRA, HIPAA Rights):** Initial notification of COBRA rights when a new hire is added to coverage, a dependent is added to coverage for the first time or wherever initial notification is required under COBRA regulations.
- **COBRA Member Termination Notice:** Plan administrators must provide a written notice of termination if a qualified beneficiary's COBRA coverage terminates before the end of the maximum coverage period.
- **General Notice:** This notice has important information about your right to COBRA continuation coverage, which is a temporary extension of coverage under the Plan. This notice explains COBRA continuation coverage, when it may become available to you and your family, and what you need to do to protect your right to get it. When you become eligible for COBRA, you may also become eligible for other coverage options that may cost less than COBRA continuation coverage.
- **Qualifying Event Notices:** In the case of a divorce, legal separation or a child losing dependent status.
- **Open Enrollment:** Open enrollment forms and Plan change notice

Projected Yearly Contract Cost

iTedium

Service Description	#	Rate	Annual Cost	3 Year Cost
Qualifying Event Notices	6,337	\$6.50	\$41,191	\$123,573
OE Per Notice Fee	344	\$3.50	\$ 1,204	\$ 3,612
Initial Notices	8,613	\$2.50	\$21,533	\$ 64,599
Per COBRA Participant	299	\$6.50	\$23,322	\$ 69,966
Per COBRA Participant with Dep.	513	Included	Included	Included
Total Cost			\$87,250	\$261,750

TASC

Service Description	#	Rate	Annual Cost	3 Year Cost
Qualifying Event Notices	6,337	\$5.25	\$33,269	\$ 99,808
OE Per Notice Fee	344	\$6.00	\$ 2,064	\$ 6,192
Initial Notices	8,613	\$1.85	\$15,934	\$ 47,802
Per COBRA Participant	299	\$9.00	\$32,292	\$ 96,876
Per COBRA Participant with Dep.	513	\$3.00	\$18,468	\$55,404
Total Cost			\$102,027	\$306,082

- Projected cost for 2024 is \$ 93,853. iTedium is the current vendor.
- Cost Projections are based on historical COBRA enrollment and administration data
- Annual rates are the same for all three years of the contract.

Projected Yearly Contract Cost

iTedium

Service Description	#	Rate	Annual Cost	3 Year Cost
OE Packet	344	Included	Included	Included
Admin fee billed based on EE count	37,785	\$ 0.205	\$92,951	\$278,853
Total Cost			\$92,951	\$ 278,853

TASC

Service Description	#	Rate	Annual Cost	3 Year Cost
OE Packet	344	\$ 1.70	\$ 585	\$ 1,754
Admin fee billed based on EE count	37,785	\$ 0.21	\$95,218	\$285,654
Total Cost			\$95,803	\$ 287,409

- Projected cost for 2024 is \$ 93,853. iTedium is the current vendor.
- Cost Projections are based on historical COBRA enrollment and administration data
- Annual rates are the same for all three years of the contract.

Agenda Item #3

HRA/HSA Contract

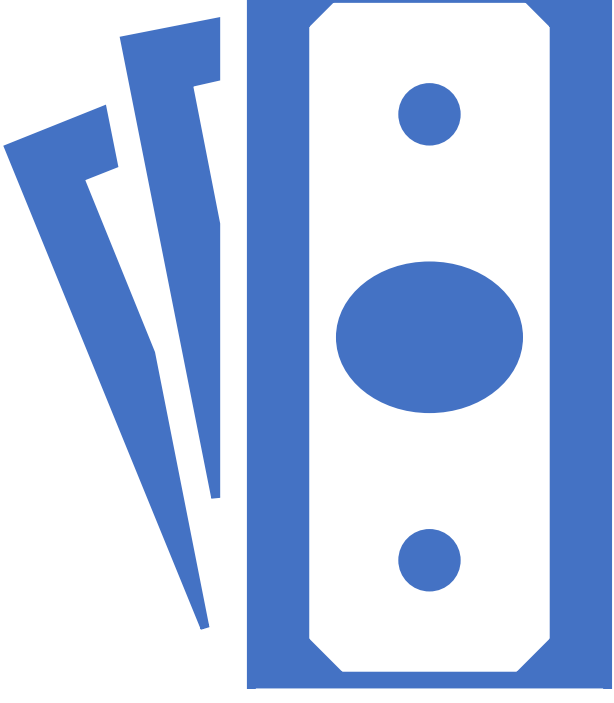
February 16, 2024

Health Care Commission

HRA/HSA Overview

A **Health Reimbursement Account (HRA)** is an IRS-approved, employer-funded, tax-advantaged health benefit used to reimburse employees for out-of-pocket medical expenses.

A **Health Savings Account (HSA)** is a tax-advantage medical savings account owned by the member and the funds rollover and accumulate year to year. This is an option for members enrolled in a High Deductible Health Plan

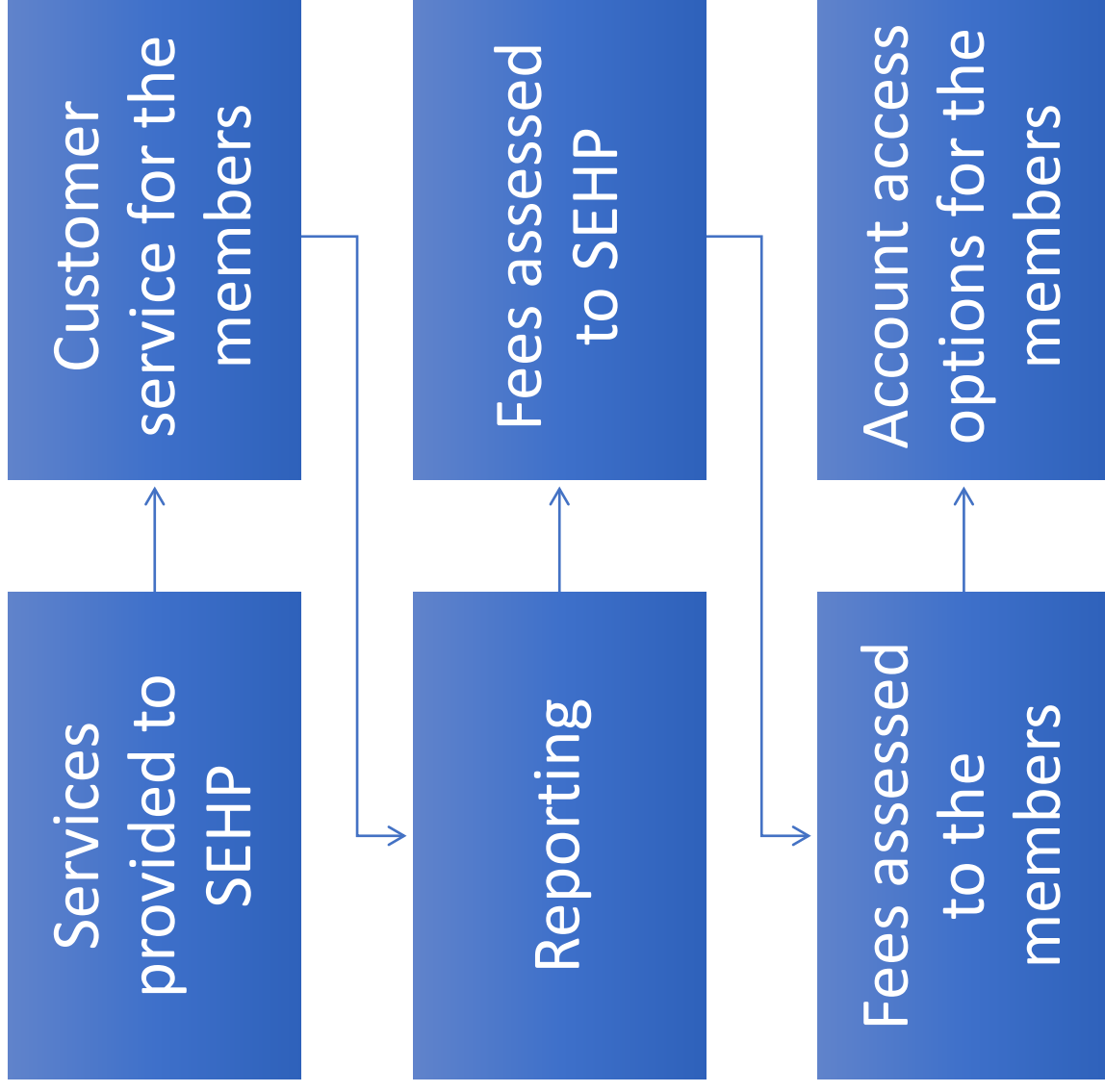


Bidders

Five bids were
received:

Negotiations were
held with four
companies about
their respective
bids.

Bid Evaluation



Services Included for HRA/HSA



Reporting



Member Portal



SEHP Staff

Employer Portal



Member

Communications

PRICING - HSA

The current MetLife contract has no (\$0) monthly account HSA fees. HSA fees would be paid by the members.

Health Savings Account

	Current Accounts	Monthly Fee Per Account	Projected One Year EE Cost	Projected Three Year EE Cost
Central Bank	20,961	\$0.00	\$0.00	\$0.00
MetLife	20,961	\$0.00	\$0.00	\$0.00
NueSynergy	20,961	\$0.45	\$113,189	\$339,568
Optum	20,961	\$0.00	\$0.00	\$0.00

PRICING - HRA

The current MetLife contract has no monthly account HRA (\$0) per member per month fees. HRA fees would be paid by the State.

Health Reimbursement Account

	Current Accounts	Monthly Fee Per Account	Projected One Year Cost	Projected Three Year Cost
Central Bank	1,674	\$0.00	\$0.00	\$0.00
Metlife	1,674	\$0.00	\$0.00	\$0.00
Nuesynergy	1,674	\$1.45	\$29,127	\$87,382
Optum	1,674	\$0.00	\$0.00	\$0.00

Additional Cost Information

- MetLife is the incumbent and has administered the HRA/HSA benefit for the last three years
- MetLife and Central Bank offers provide:
 - No member cost for their HSA accounts regardless of the member's account balance.
 - Charge no fees for other services
- NueSynergy has fees for both the HSA and HRA accounts along with other fees like:
 - Returned check fee, Paper statement fee, account closure fee
- Optum charges no fees for the HSA and HRA accounts but do have fees for other services like:
 - Account Closure fee, ATM fee and Paper Statement fee

Agenda Item

#4

Open Enrollment Summary

For Plan Year 2024



Active Employee Enrollment

Plan Year 2024

Enrollment Summary

Enrolled Active Employees

- State Employees: 34,261 (87%)
 - Waived Coverage: 5,126 (13%)
- Non State Employees: 3,524 (91%)
 - Waived Coverage 332 (9%)

Enrollment by Plan

Plan A	18,558
Plan C	15,788
Plan J	640
Plan N	2,799
Total	37,785

Enrollment by TPA Provider



3,554



**BlueCross
BlueShield
of Kansas**

34,231



Members That Switched TPA Provider

Moved From:

- Aetna to BCBSKS: 295
- BCBSKS to Aetna: 303

Enrollment by Plan

Total Enrolled: 37,785

Plan A: 18,558

- BCBSKS 2024: 16,817
- Aetna 2024: 1,741

Plan J: 640

- BCBSKS 2024: 493
- Aetna 2024: 147

Plan C: 15,788

- BCBSKS 2024: 14,544
- Aetna 2024: 1,244

Plan N: 2,799

- BCBSKS 2024: 2,377
- Aetna 2024: 422

Employee Enrollment by Coverage Tier



Employee Only: 20,818



Employee + Spouse: 4,207



Employee + Child/ren: 7,738



Employee + Family: 5,022

Dependent Enrollment by Type

State Dependents	
Total Enrolled	31,383
Spouses	8,355
Children	23,028

Non State Dependents	
Total Enrolled	3,259
Spouses	874
Children	2,385

Total Dependent Enrollment: 34,642	
Spouses	9,229
Children	25,413

Enrollment Summary

Dental: 38,402

Voluntary Insurance: 37,531

Prescription Eyewear Insurance: 32,113

- Accident Injury: 15,146
- Critical Illness: 11,251
 - \$10,000 (40%) 4,463
 - \$20,000 (60%) 6,788
- Hospital Indemnity: 11,134
 - \$10,000 (46%) 5,116
 - \$20,000 (54%) 6,018

- Basic Plan: 8,936 (28%)
- Enhanced Plan : 23,177 (72%)

Account Based Enrollments

Health Accounts: 18,604

Flexible Spending Accounts: 8,993

- HSA: 16,908 (91%)
- HRA: 1,696 (9%)

- Medical FSA: 5,987
- Limited Purpose: 1,276
- Dependent Care: 1,585
- Commuter 145
 - Parking: 76
 - Mass Transit: 69

Employees Defaulted to Plan N

- Employees that were enrolled in Plan Year (PY) 2023 for Medical coverage that did not actively enroll during Open Enrollment for coverage in PY 2024 were defaulted to Plan N with a Health Reimbursement Account (HRA).
 - Members were enrolled into the same health care company (BCBS or Aetna) and the same coverage level as PY 2023
 - Plan N is the health plan with the lowest member premium and the HRA is employer funded
- Total Members that were defaulted: 450*
 - State Employees: 408
 - Non State Employees: 42

* 147 of the 450 were enrolled in Plan N in 2023.

Direct Bill Open Enrollment

Plan Year 2024

Direct Bill Open Enrollment Overview

- The Direct Bill Open Enrollment was held from October 16 through November 15, 2023.
- Direct Bill members who needed assistance had the option to call the Call Center for assistance in completing any enrollment changes.
- Those members who elected to make no health plan enrollment changes did not need to take any action, as their current election will roll forward for Plan Year 2024.

Direct Bill Medical Enrollment

Non Medicare Eligible: 289

- Plan A 106
- Plan C 175
- Plan J 3
- Plan N 5

Direct Bill Medical Enrollment

Medicare Supplement

Insurance: 7,093

- Ks. Senior Plan C: 5,808
- Senior Plan C Select: 373
- Ks. Senior Plan G: 556
- Senior Plan G Select: 114
- Ks Senior Plan N: 242

Medicare Advantage Plans: 831

- Advantra Freedom PPO: 562
- Advantra Elite PPO: 269

Direct Bill Enrollment Summary

Dental: 8,241

Prescription Eyewear Insurance:
5,549

- Basic Plan: 1,002
- Enhanced Plan : 4,547

Direct Bill Medicare Part D Enrollment

SilverScript Part D: 1,953

- Premier 1,543
- Economy 410

Appendix

Content:

- Active Employee Enrollment Comparative Data
- Direct Bill Enrollment Comparative Data
- Definitions

Active Employee Enrollment

PY 2020-2024

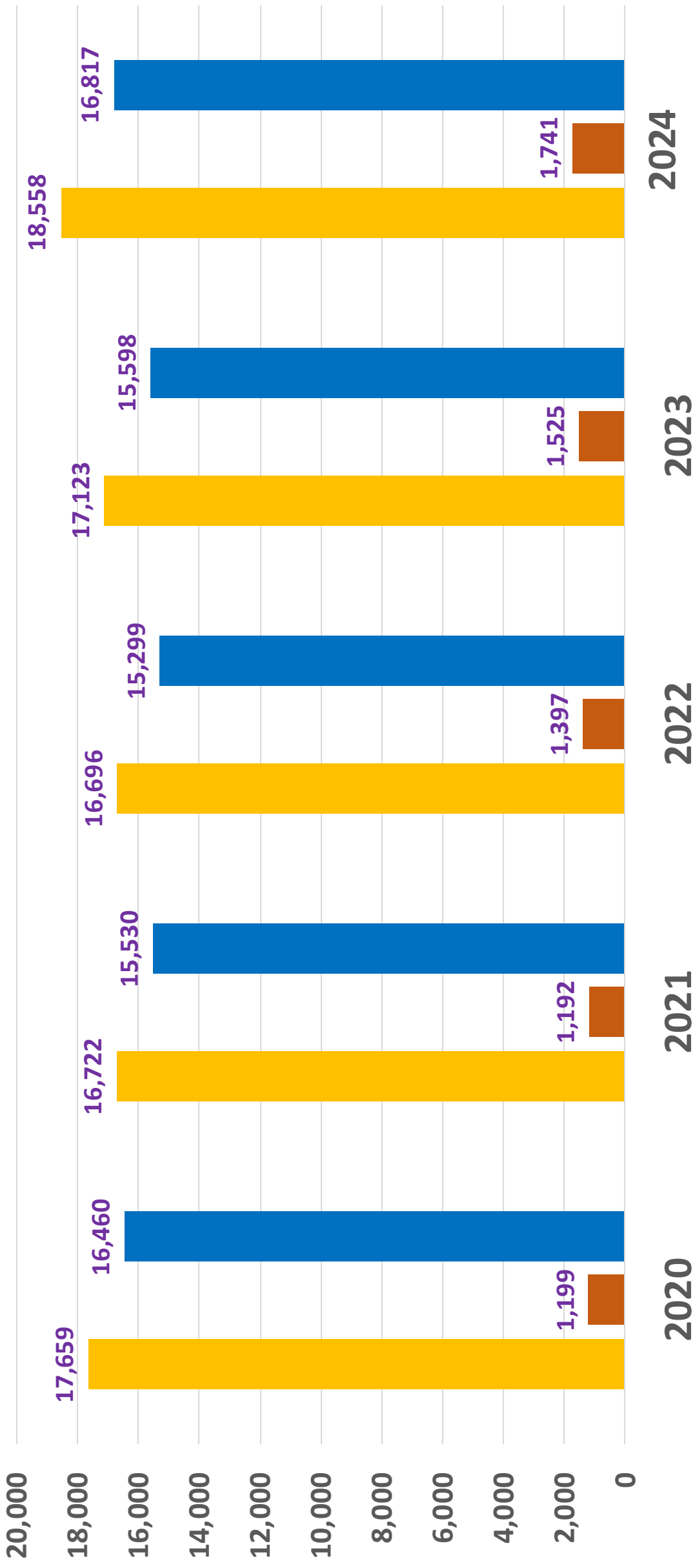
2024 Enrollment Recap

Active Employees
All Plans Combined

Plan	2023	2024
Active Medical	36,230	37,785 ↑
Active Dental	36,417	38,402 ↑
Active Vision	30,275	32,113 ↑
Active Voluntary Accident Insurance	12,508	15,146 ↑
Active Voluntary Critical Illness	9,671	11,251 ↑
Active Voluntary Hospital Indemnity	8,848	11,134 ↑
FSA - Commuter - Mass Transit	73	69 ↓
FSA - Commuter - Parking	48	76 ↑
FSA – Health Care & Limited Purpose	7,111	7,263 ↑
FSA – Dependent Care	1,238	1,585 ↑
HSA – Single	7,043	7,018 ↓
HSA – Family	9,922	9,890 ↓
HRA	2,142	1,696 ↓
Dependent Enrollment – Medical Plans	33,120	34,642 ↑
Defaulted to Plan N with and HRA	551	450 ↓

Plan A Enrollment 2020 to 2024

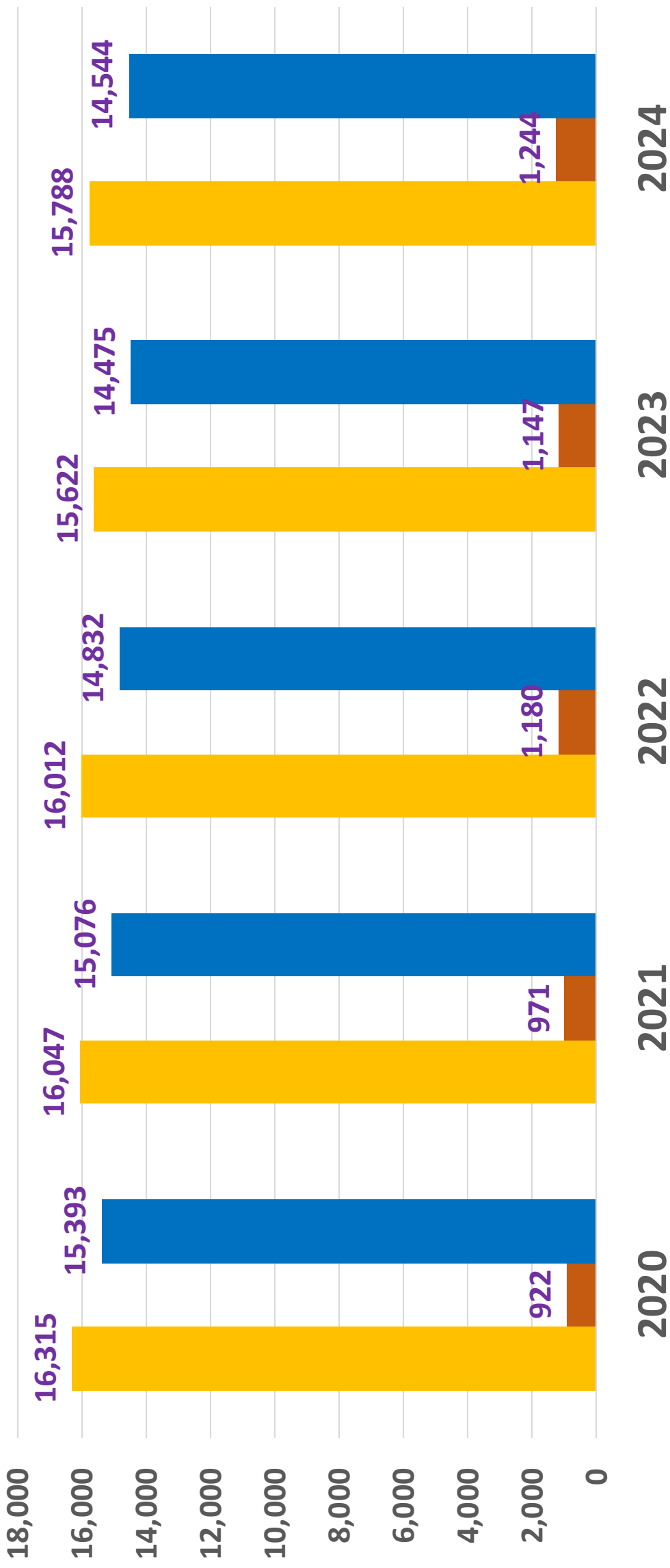
■ Total ■ Aetna ■ BCBS



Plan C - Enrollment

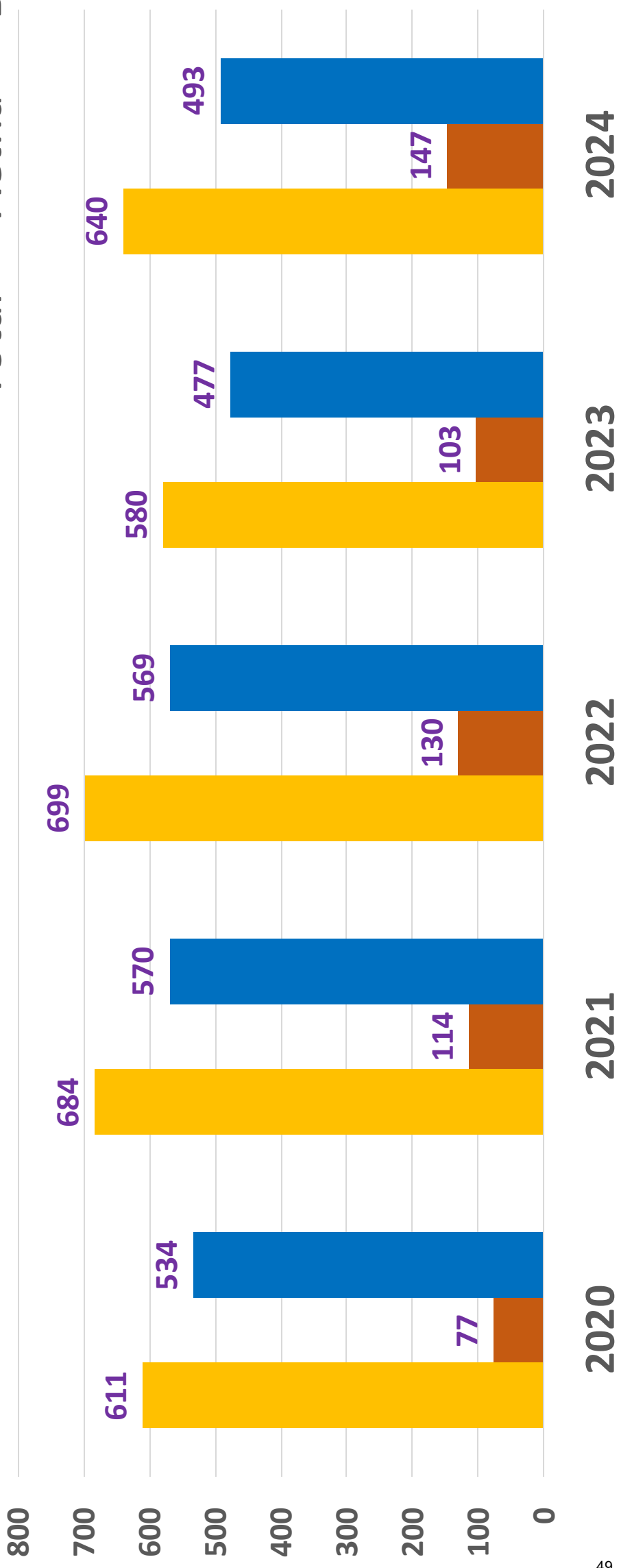
2020 to 2024

■ Total ■ Aetna ■ BCBS

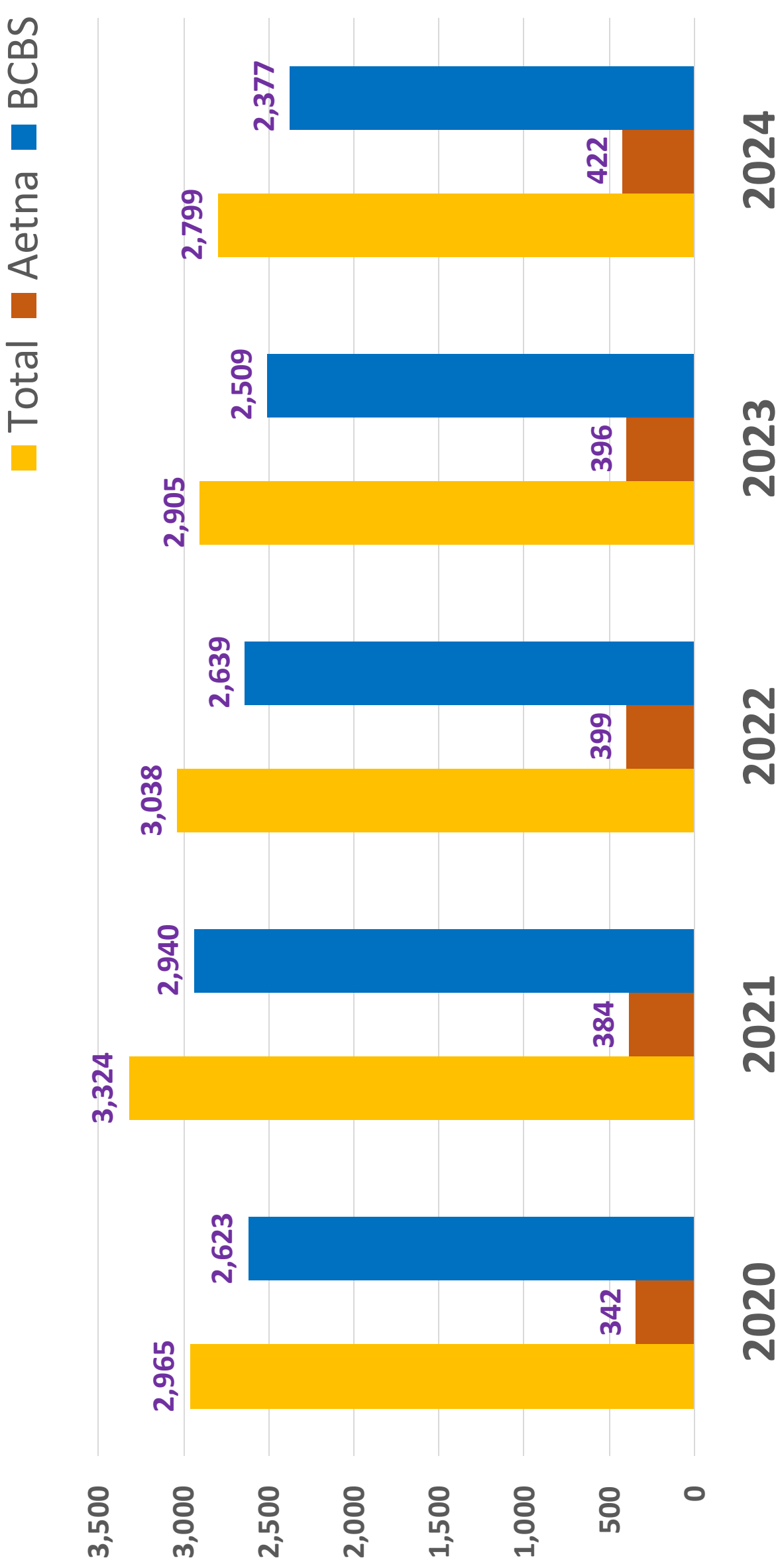


Plan J - Enrollment 2020 to 2024

■ Total ■ Aetna ■ BCBS



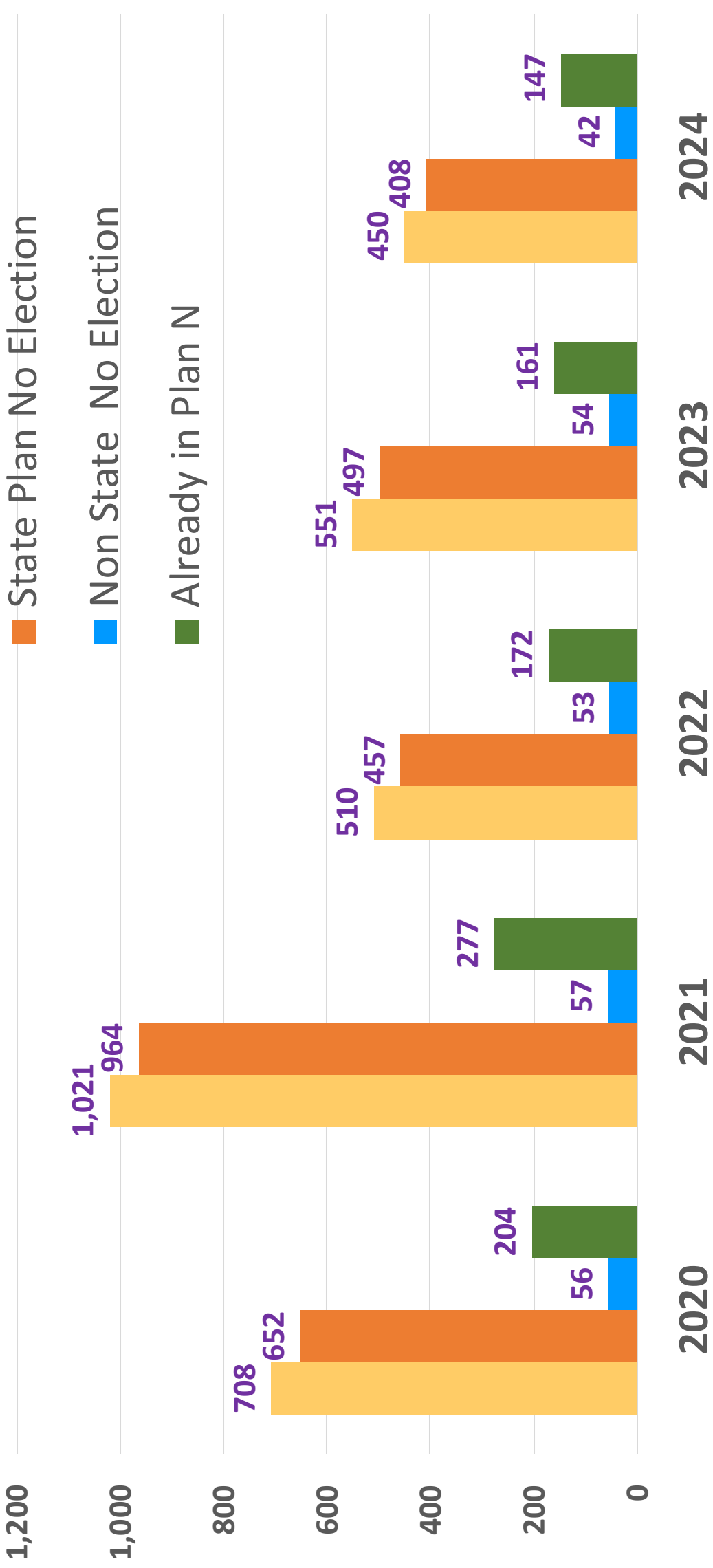
Plan N - Enrollment 2020 to 2024



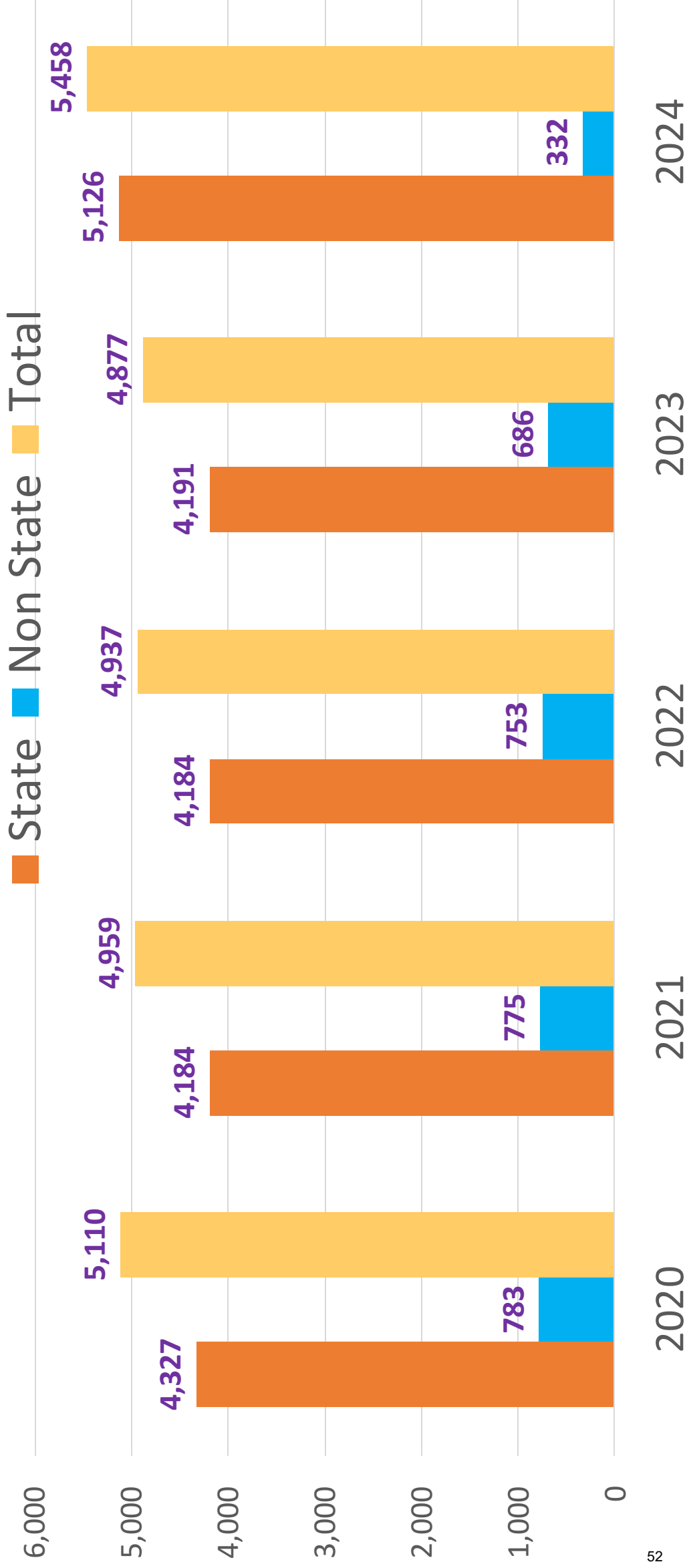
Employees Who Did Not Actively Make An Election

2020 to 2024

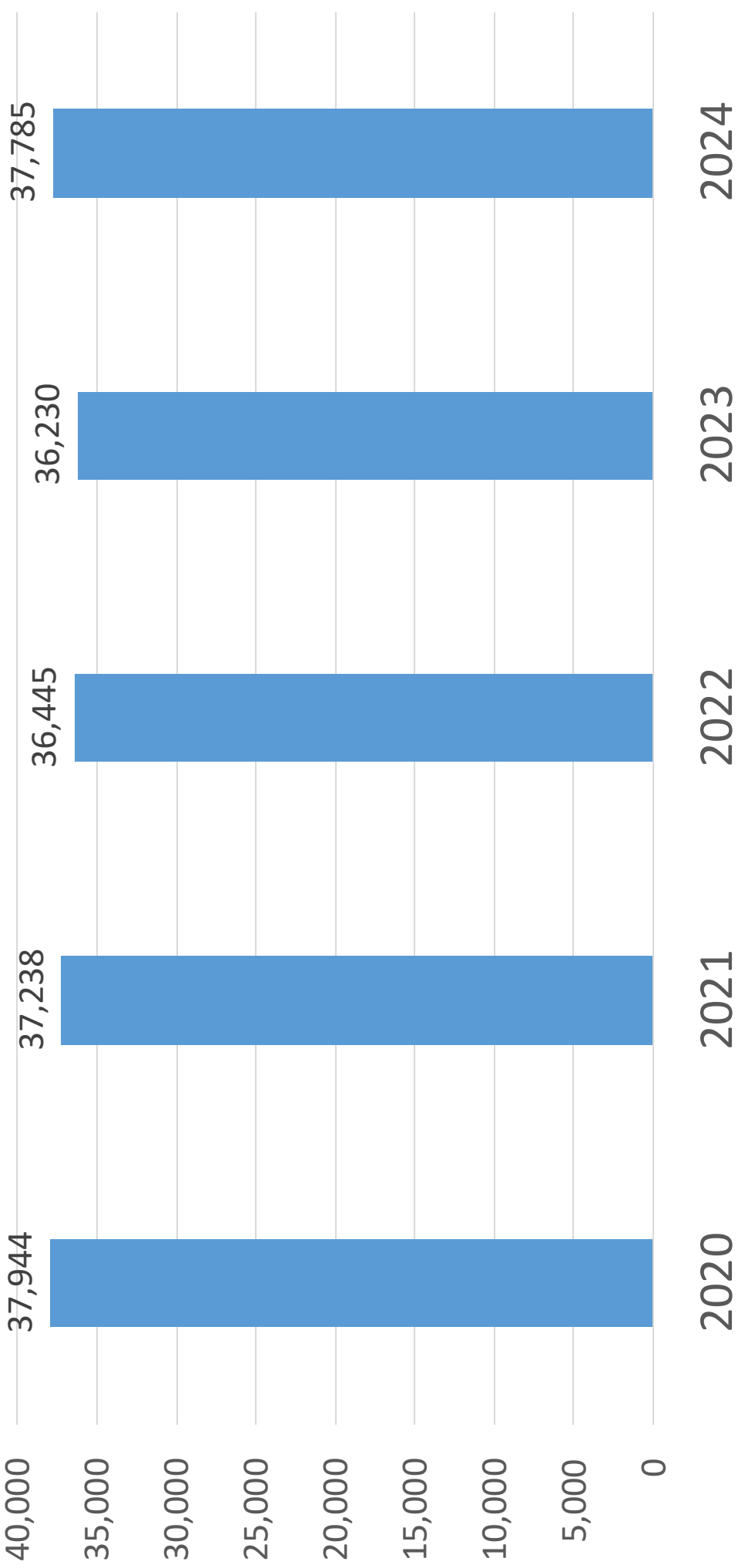
■ Total who did not actively enrolled
■ State Plan No Election
■ Non State No Election
■ Already in Plan N



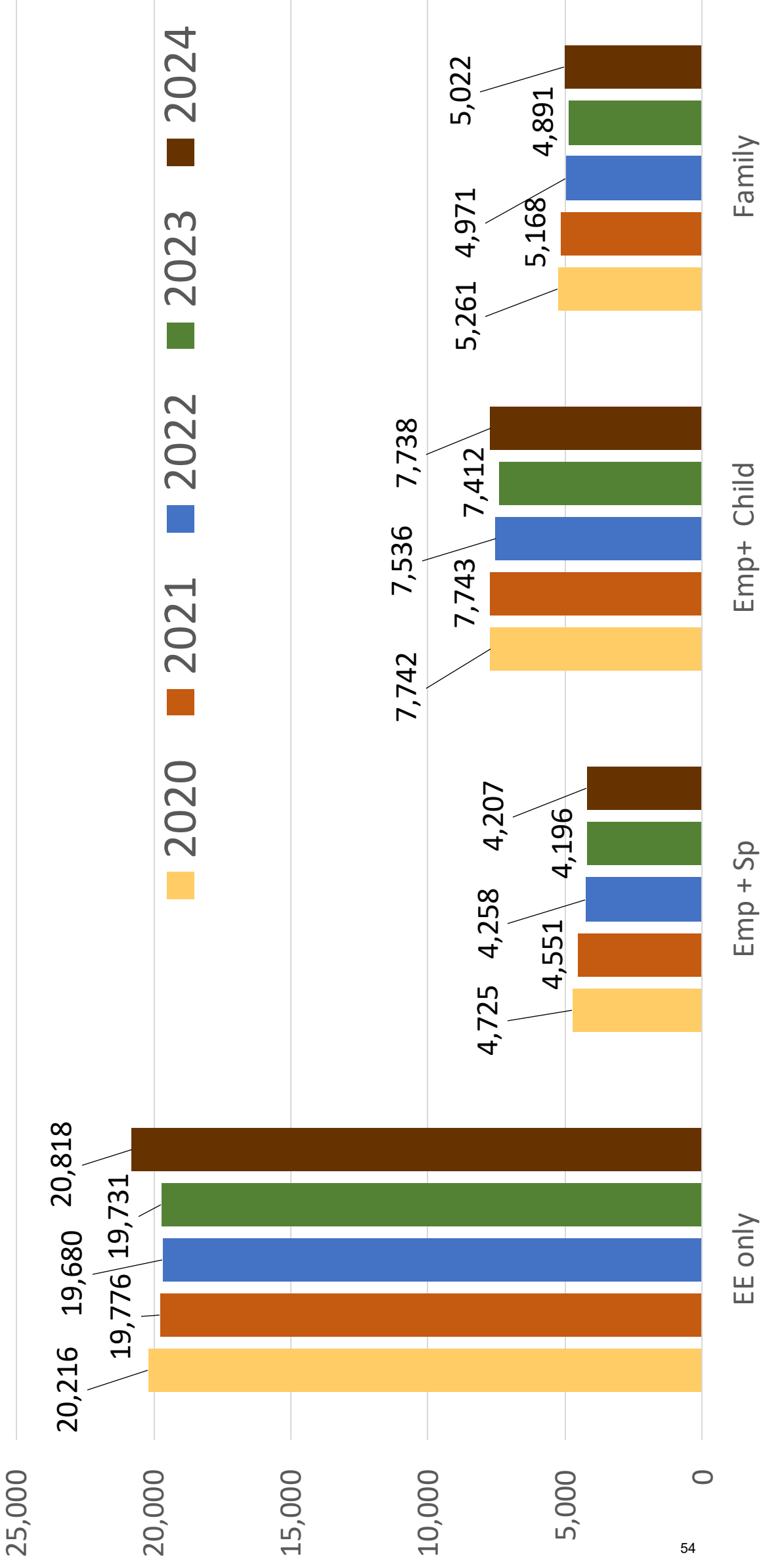
Waived Medical Enrollment Years 2020 - 2024



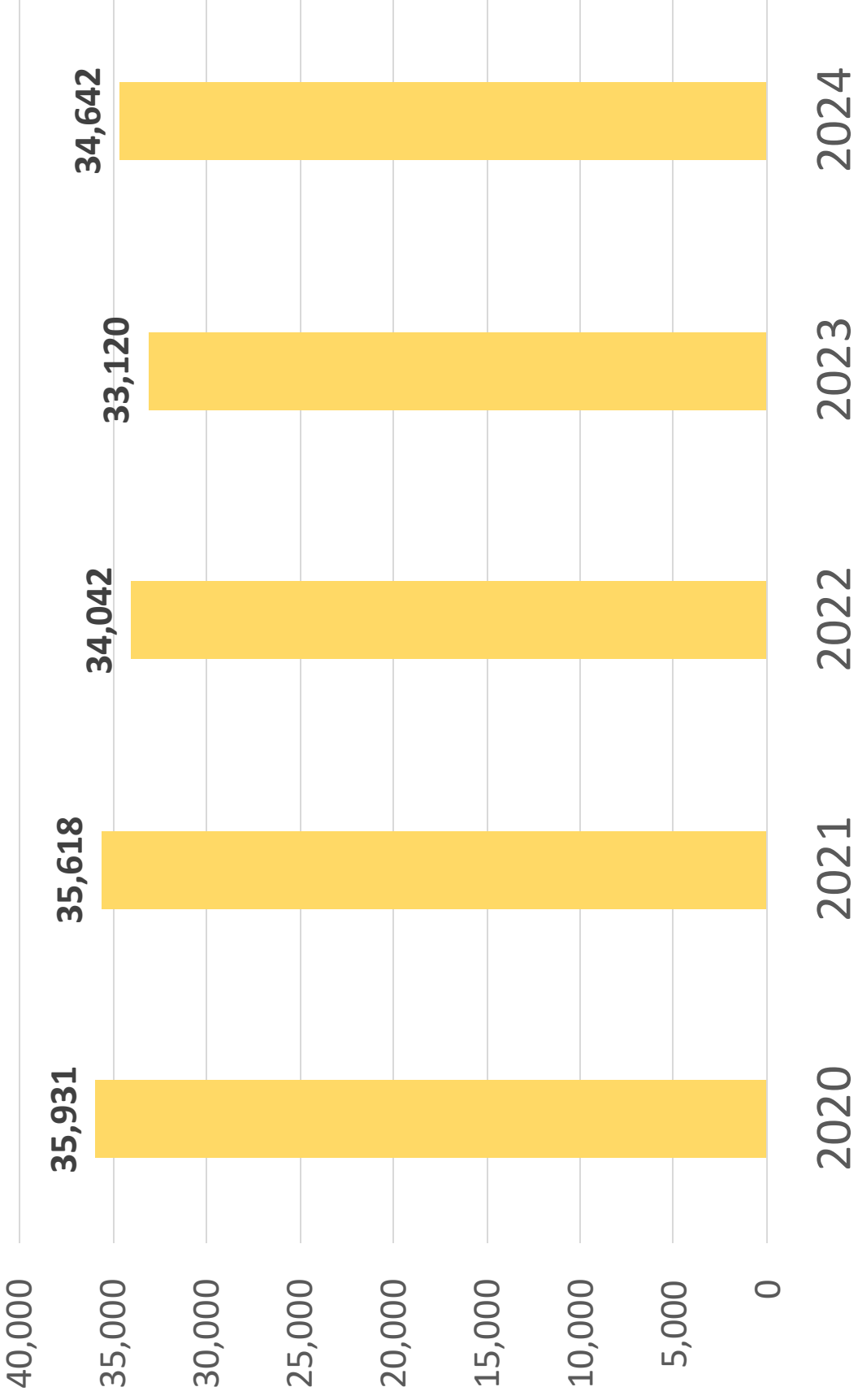
Total Employee Enrollment 2020-2024



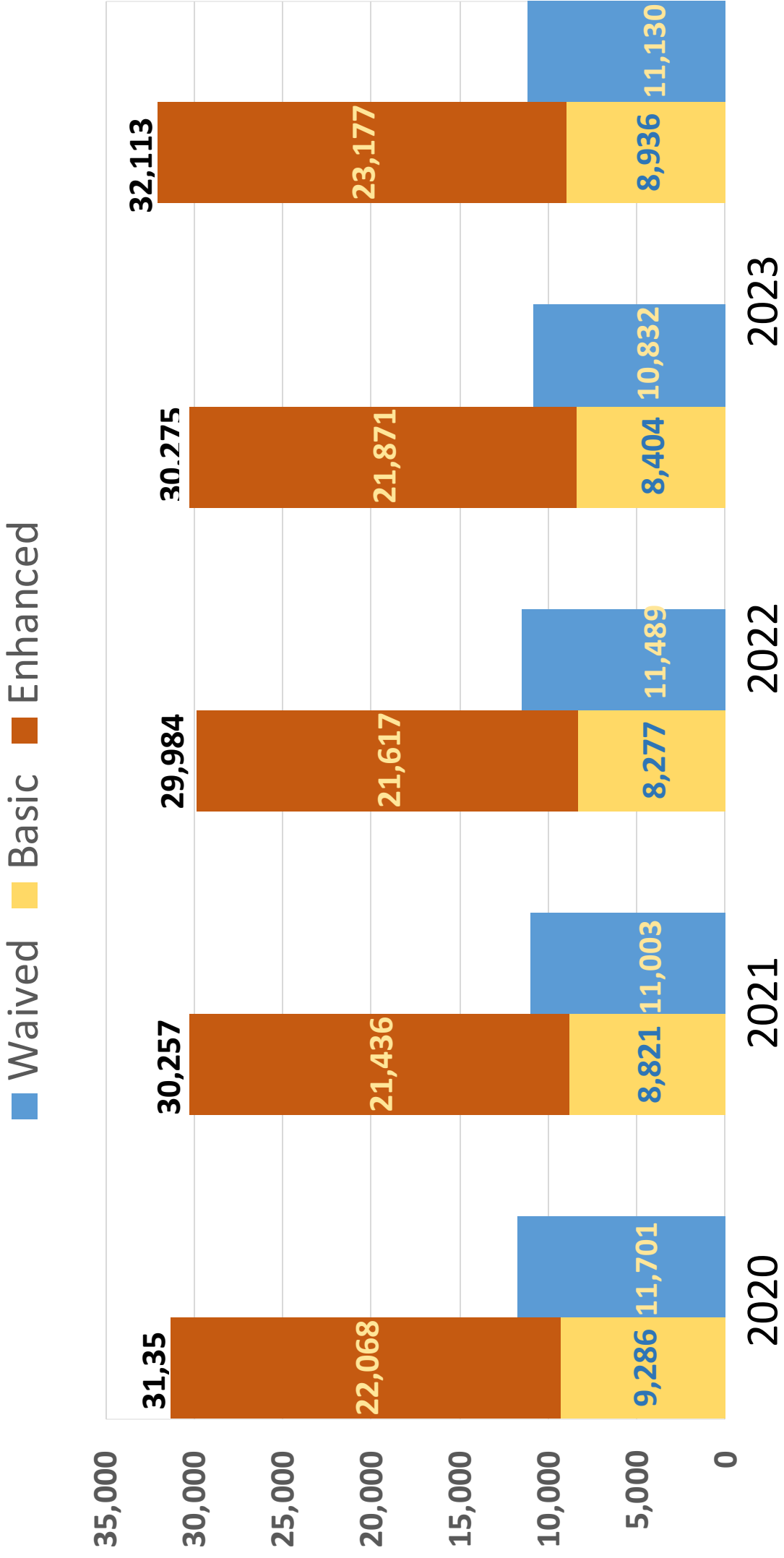
Enrollment by Benefit Tier for Plan 2020-2024



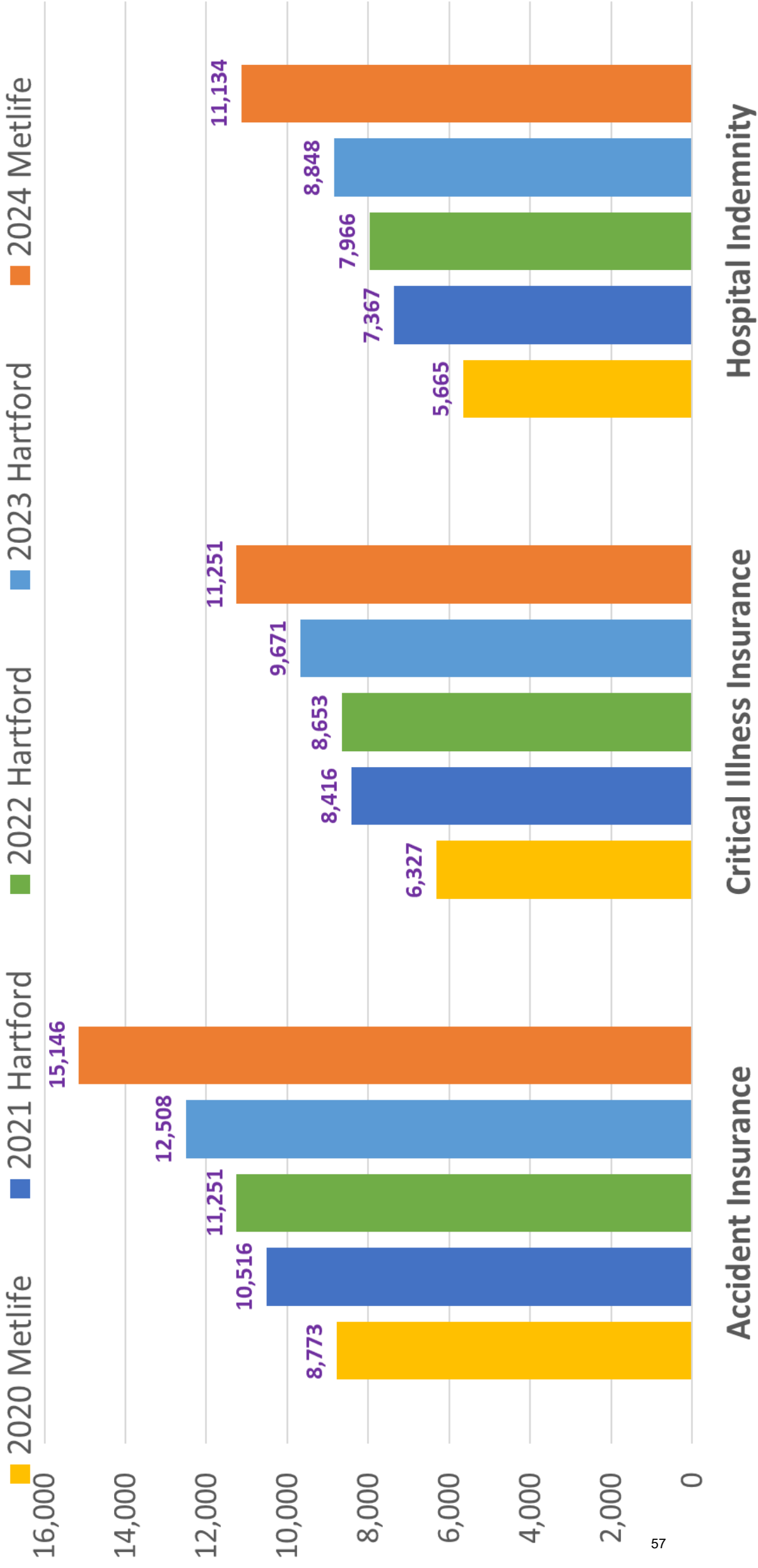
Dependent Enrollment for 2020-2024



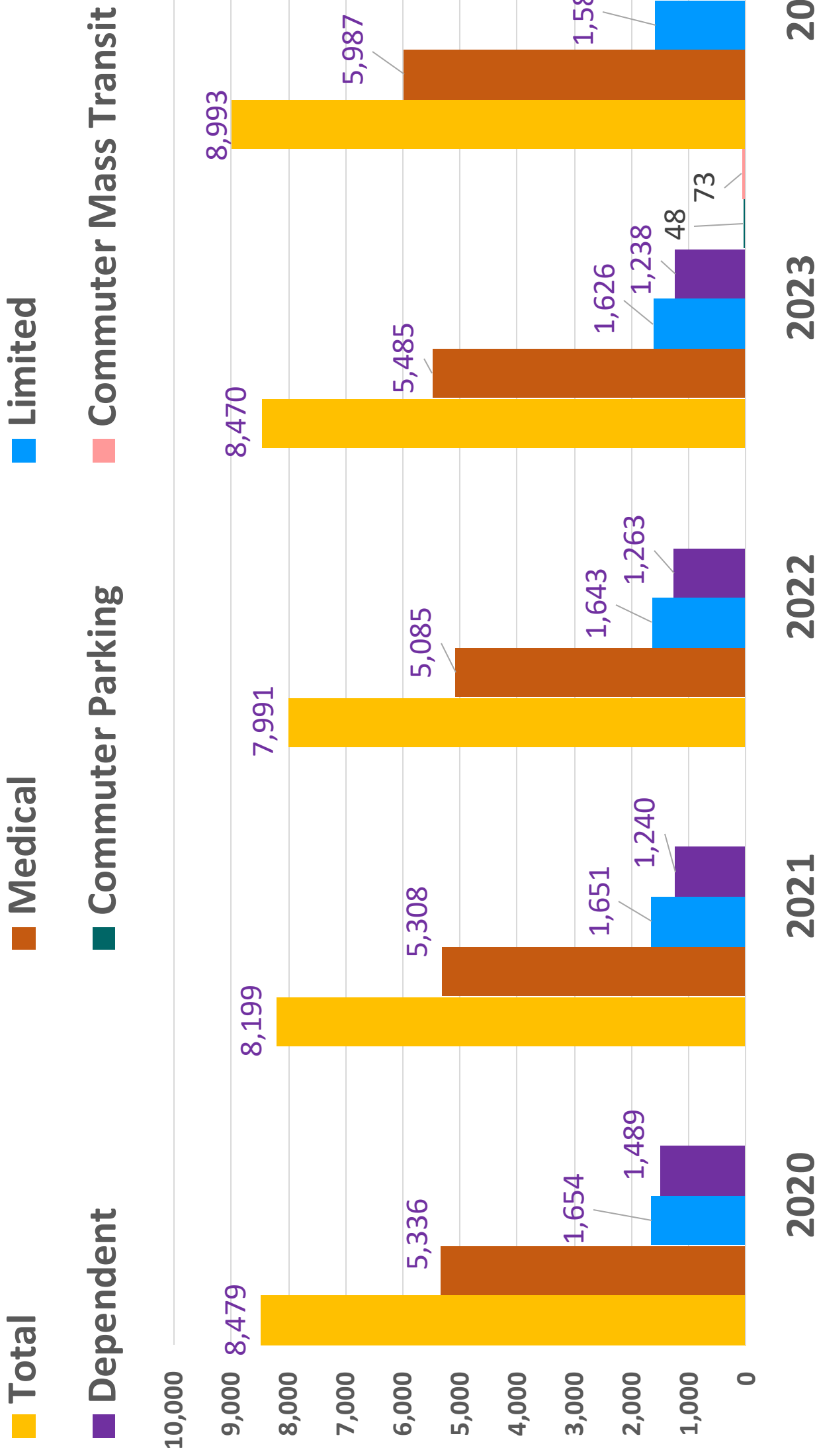
Prescription Eyewear Insurance Enrollment 2020-2024



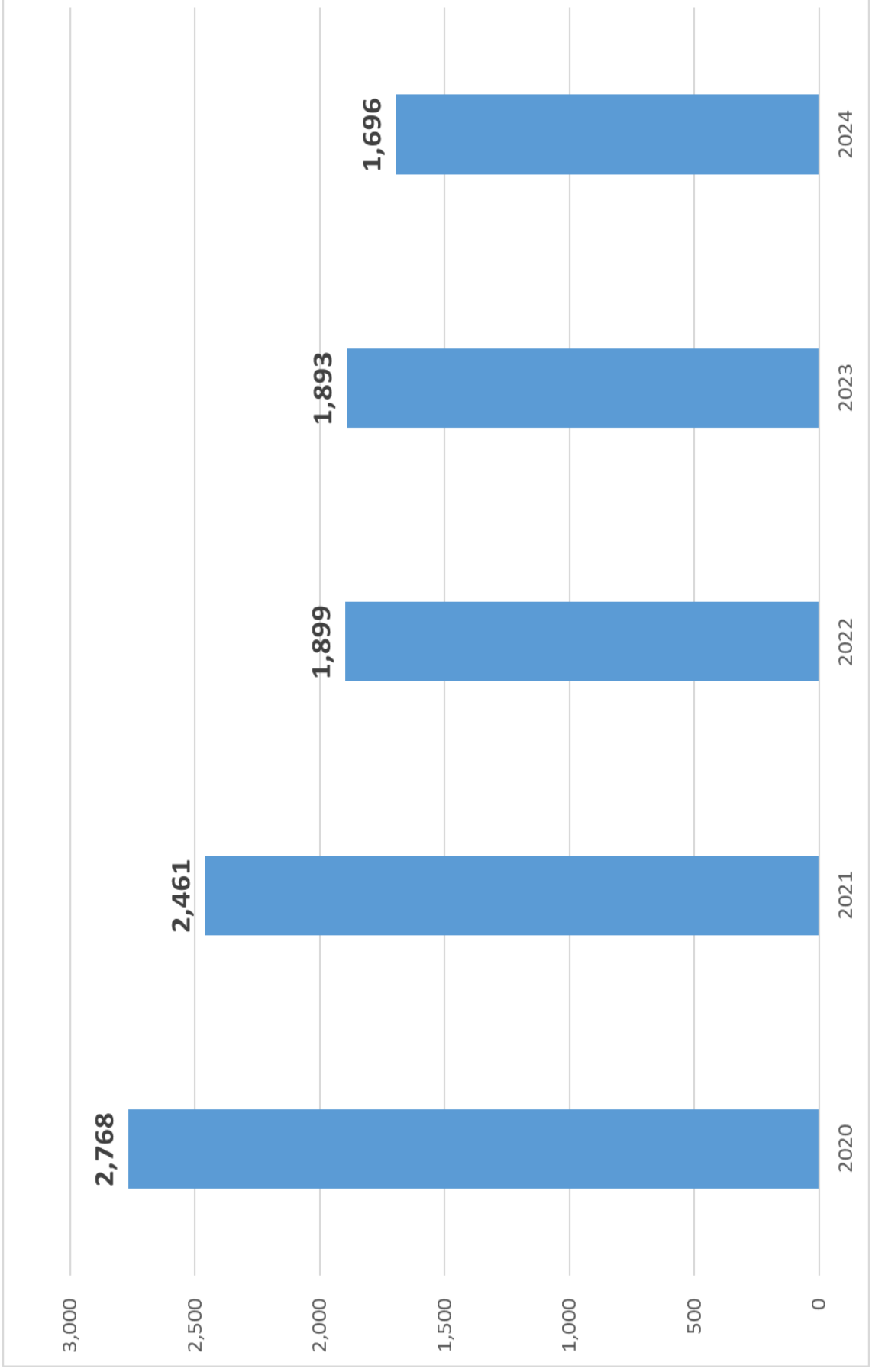
Voluntary Insurance Enrollment 2020-2024



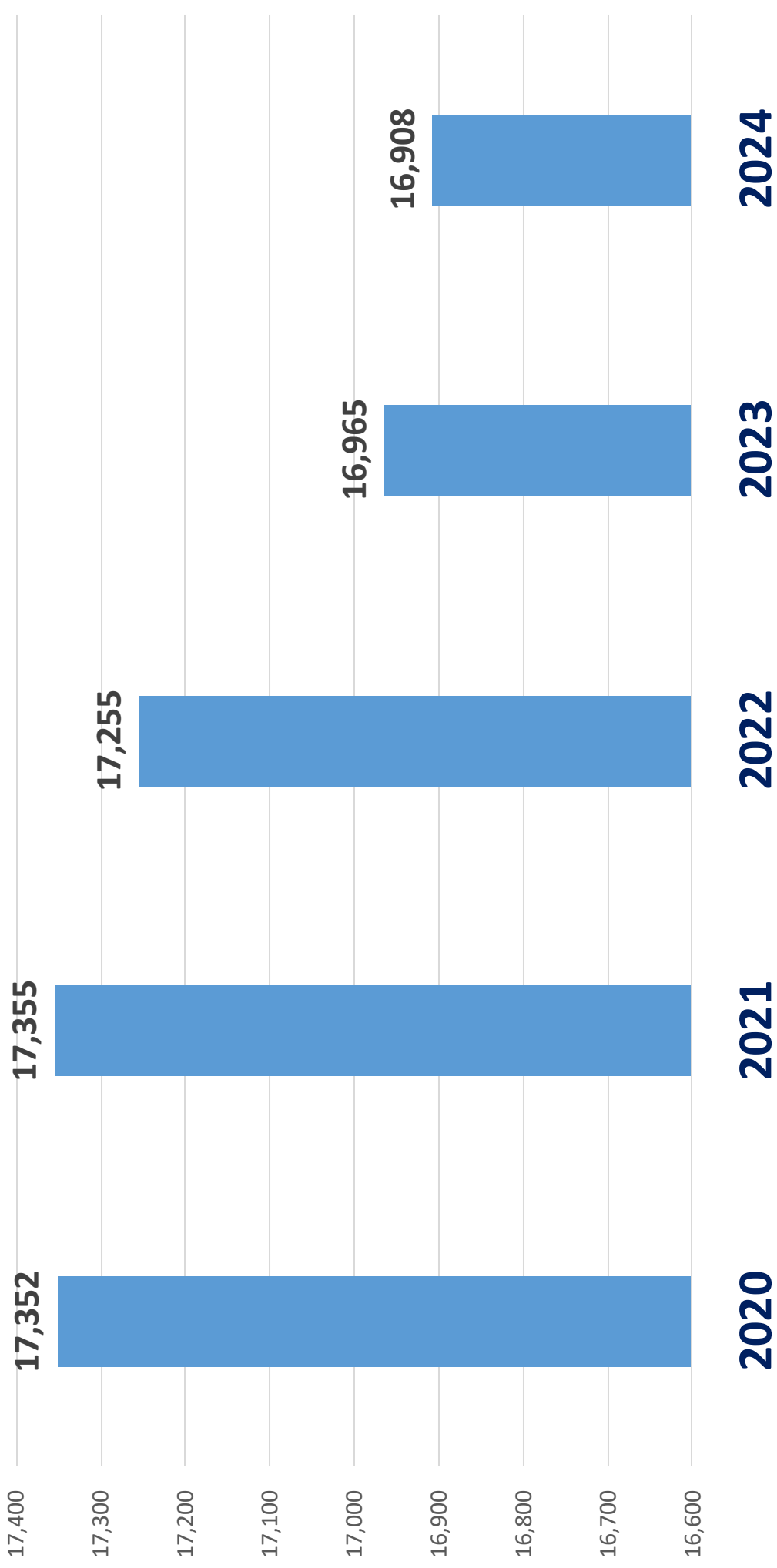
Flexible Spending Account Enrollment 2020-2024



HRA Accounts 2020-2024



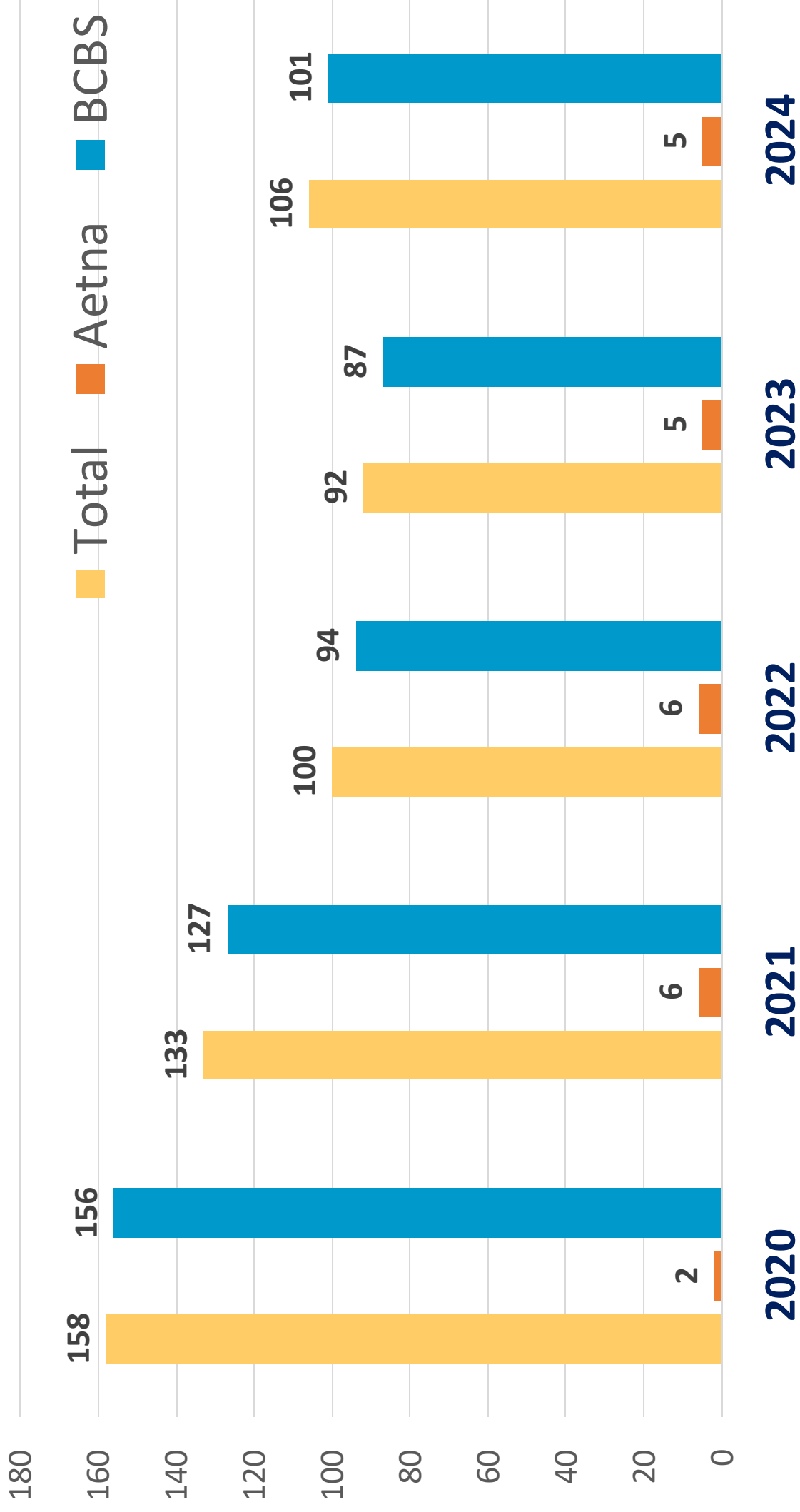
HSA Accounts 2020-2024



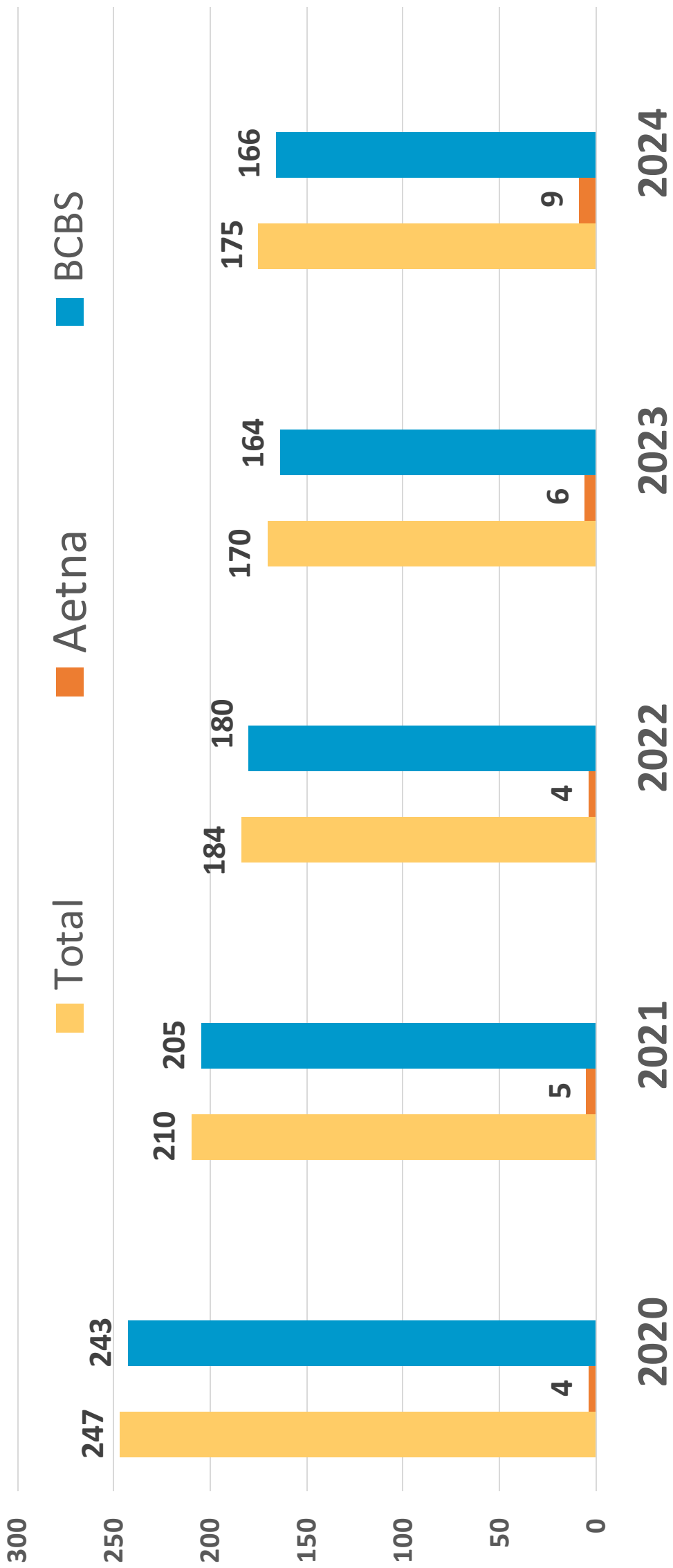
Direct Bill/ Open Enrollment

2020-2024

Direct Bill Plan A Enrollment 2020 - 2024



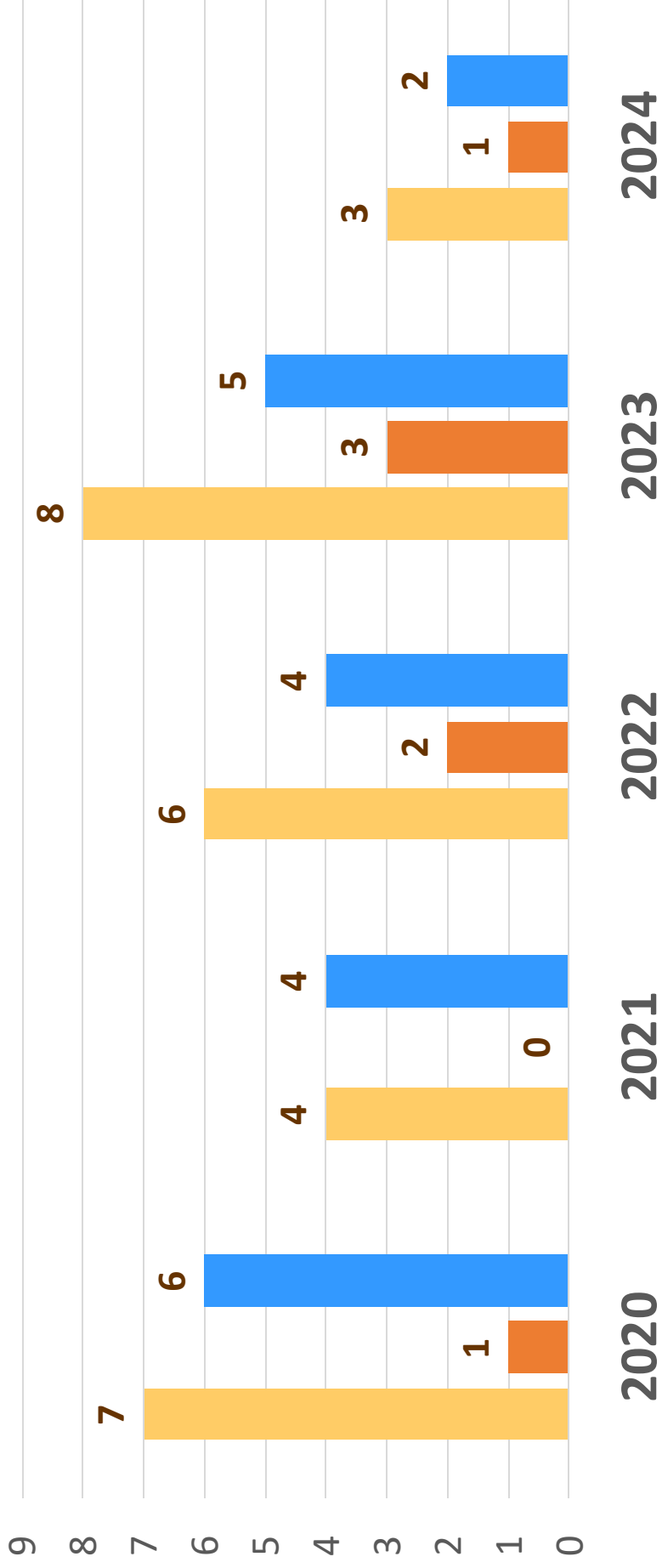
Direct Bill Plan C Enrollment 2020 - 2024



Direct Bill Plan J Enrollment

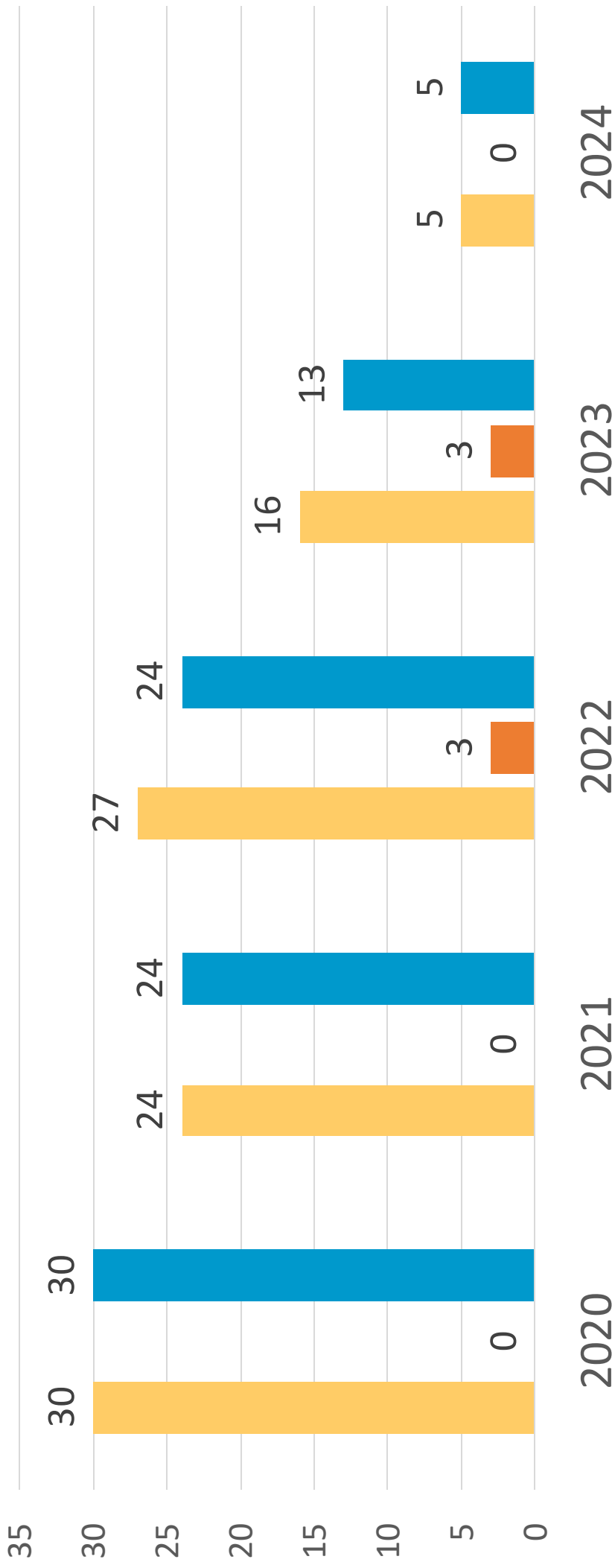
2020 - 2024

Total Aetna BCBS

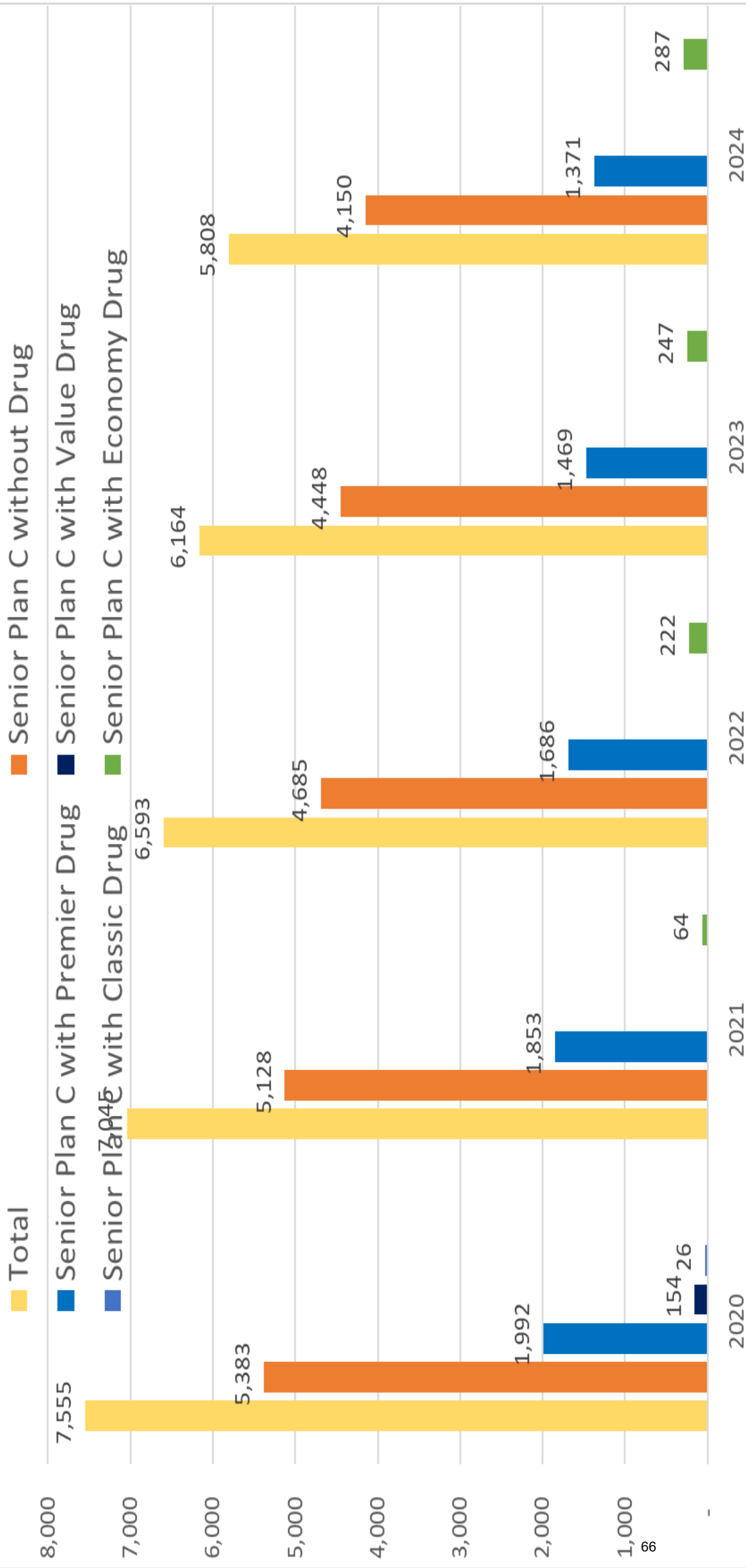


Direct Bill Plan N Enrollment 2020 - 2024

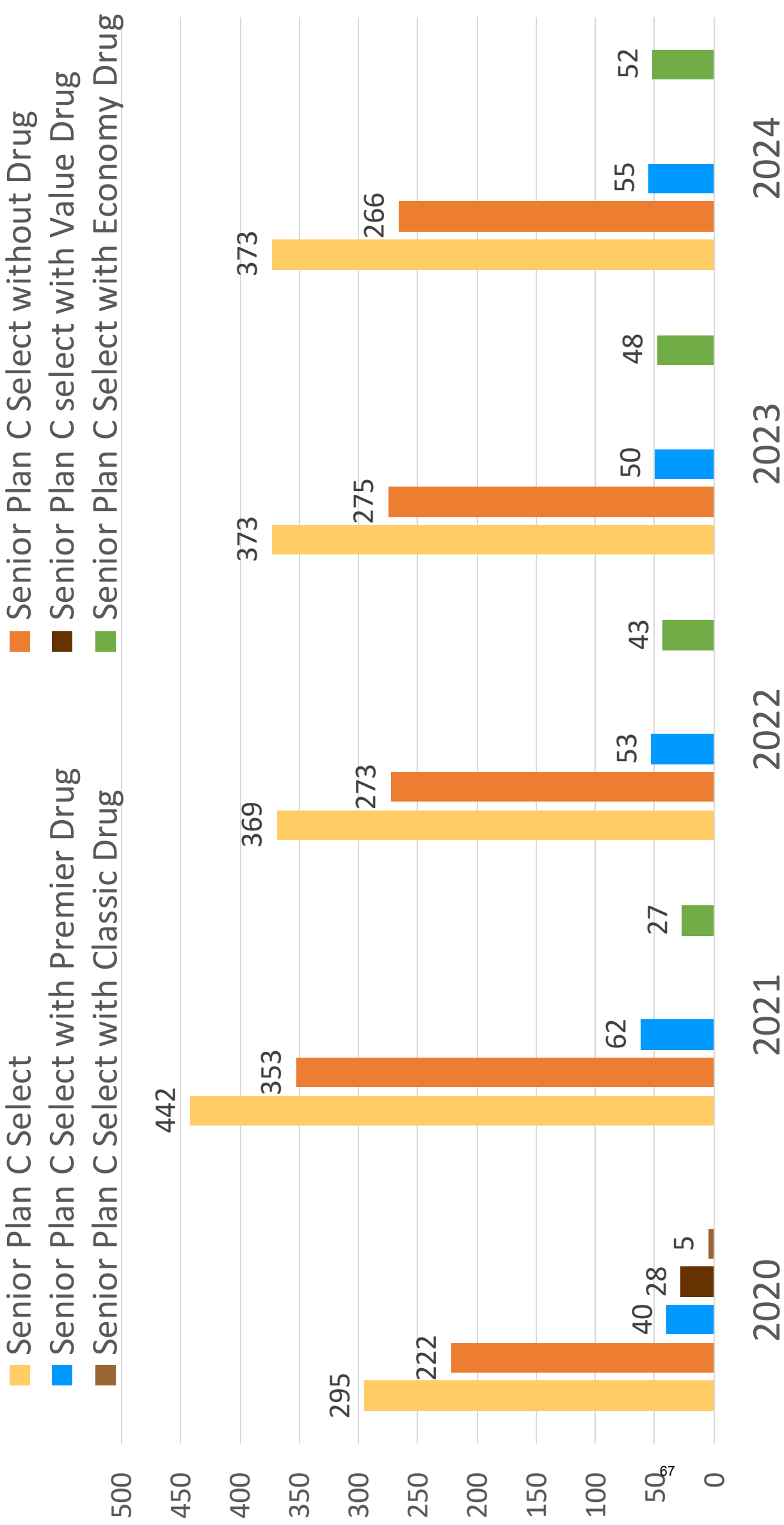
■ Total
 ■ Aetna
 ■ BCBS



Direct Bill Open Enrollment Senior Plan C for Years 2020-2024

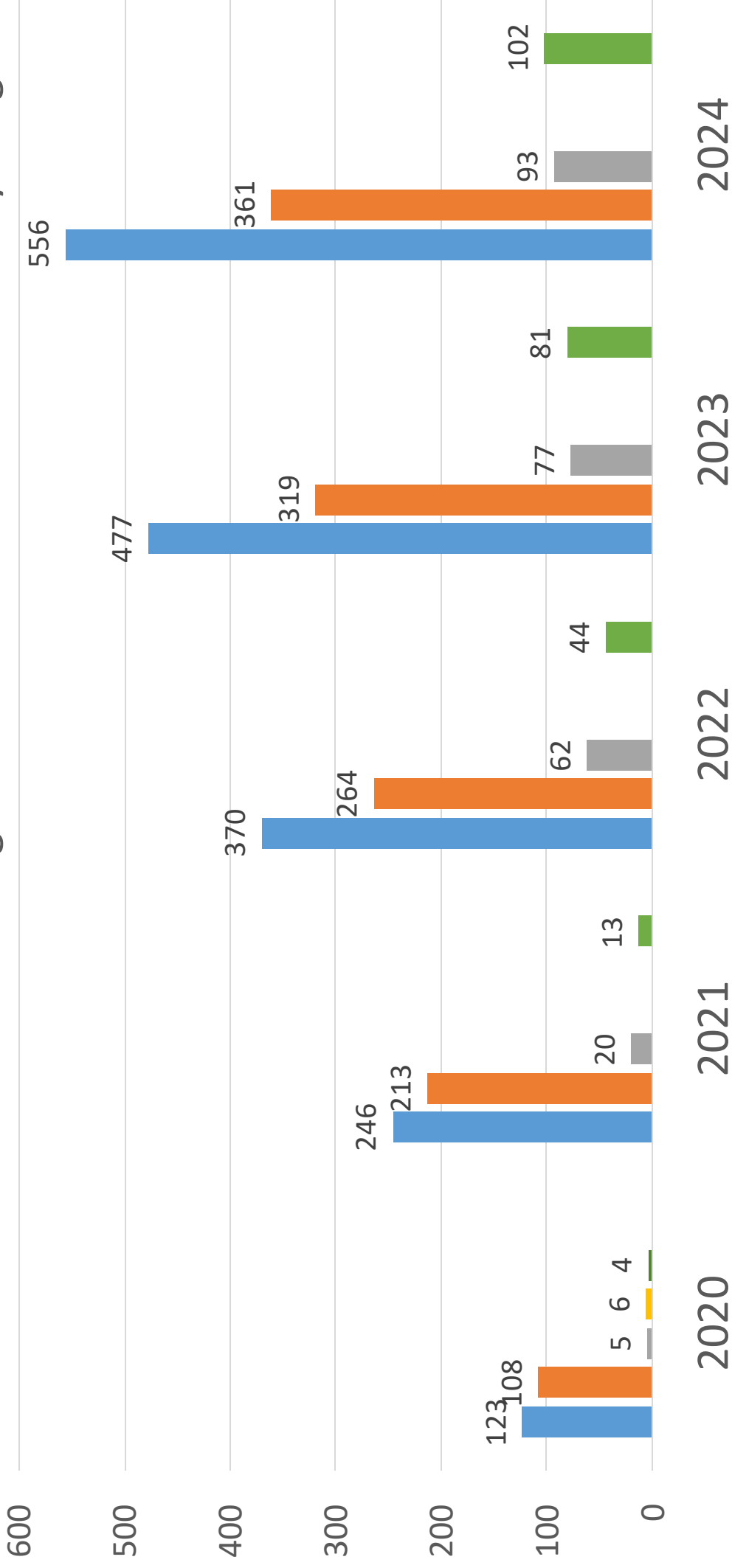


Direct Bill Enrollment Senior Plan C Select 2020-2024



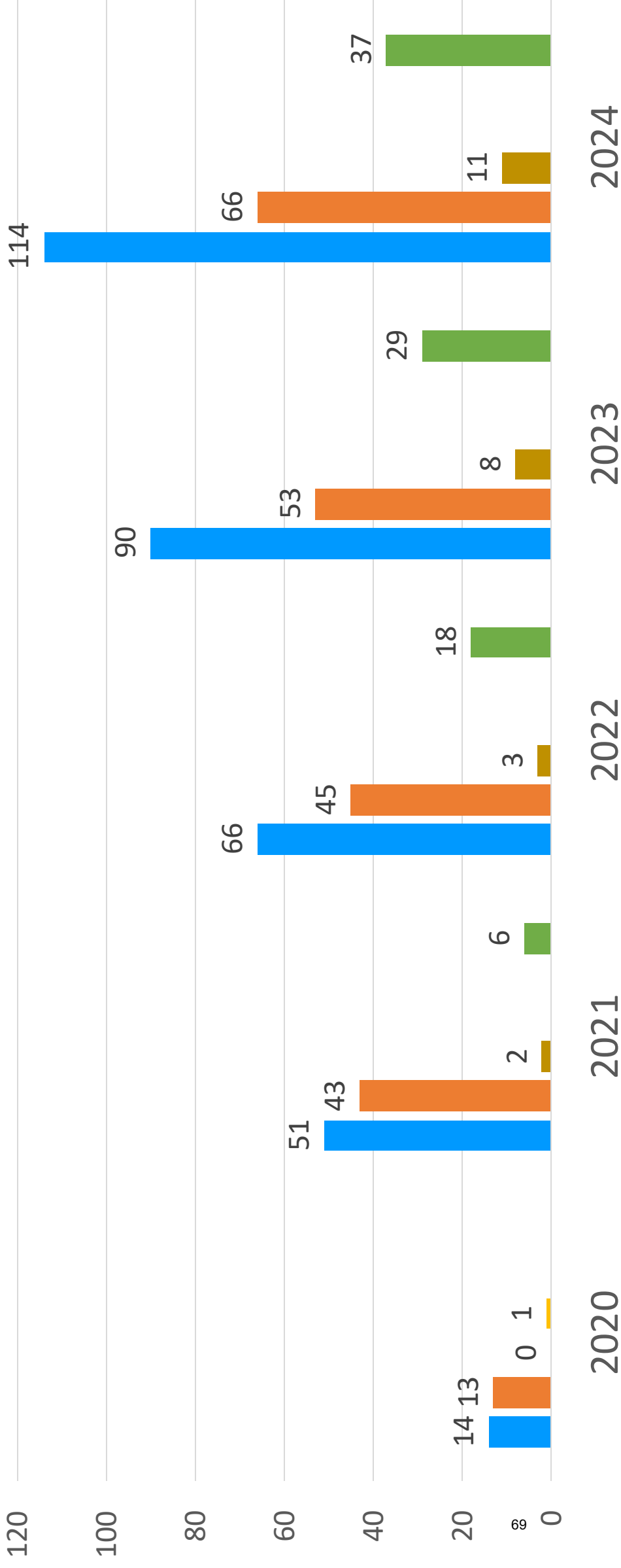
Direct Bill Enrollment Senior Plan G 2020-2024

- Senior Plan G
- Senior Plan G without Drug
- Senior Plan G with Premier Drug
- Senior Plan G with Value Drug
- Senior Plan G with Classic Drug
- Senior Plan G with Economy Drug



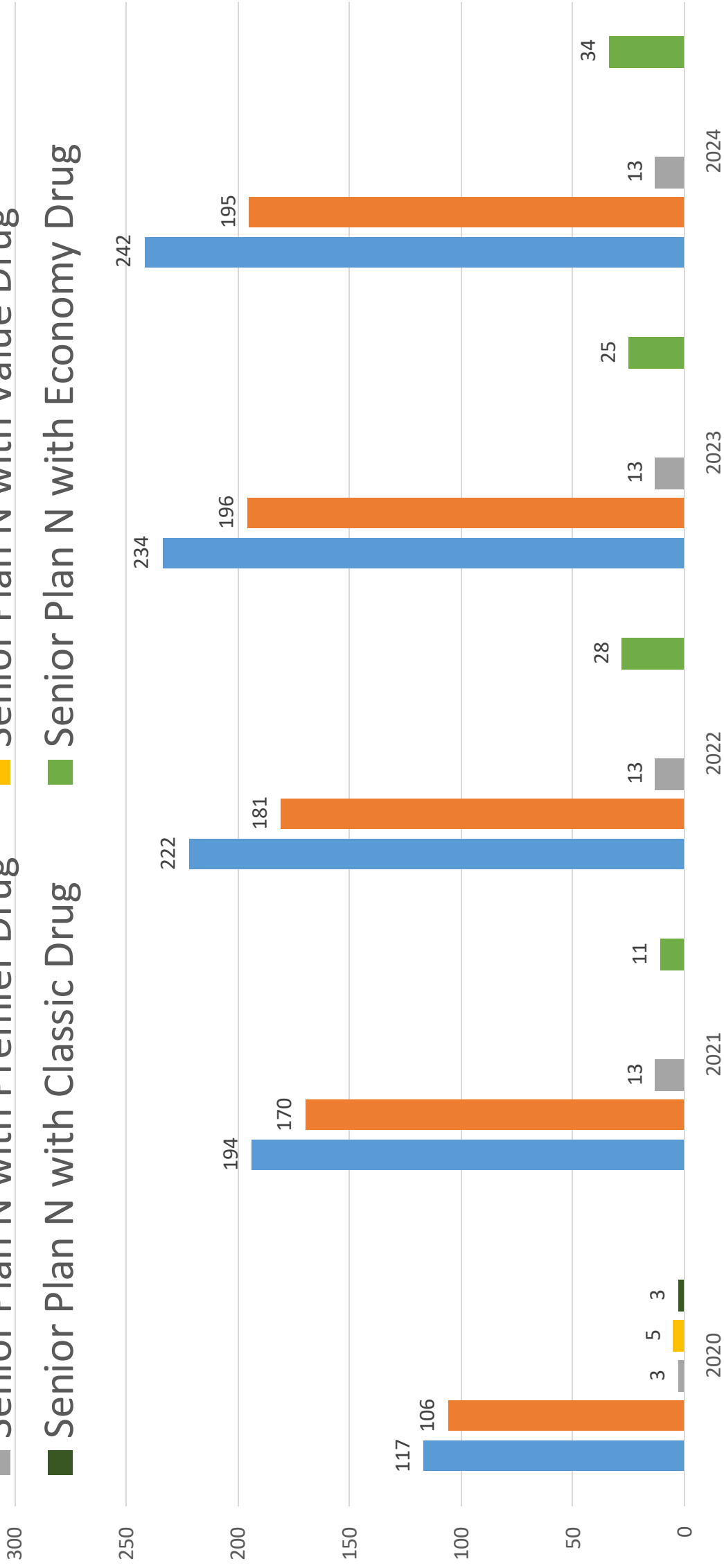
Direct Bill Enrollment Senior Plan G Select 2020-2024

- Senior Plan G Select
- Senior Plan G Select with Premier Drug
- Senior Plan G Select without Drug
- Senior Plan G select with Value Drug
- Senior Plan G select with Classic Drug
- Senior Plan G select with Economy Drug

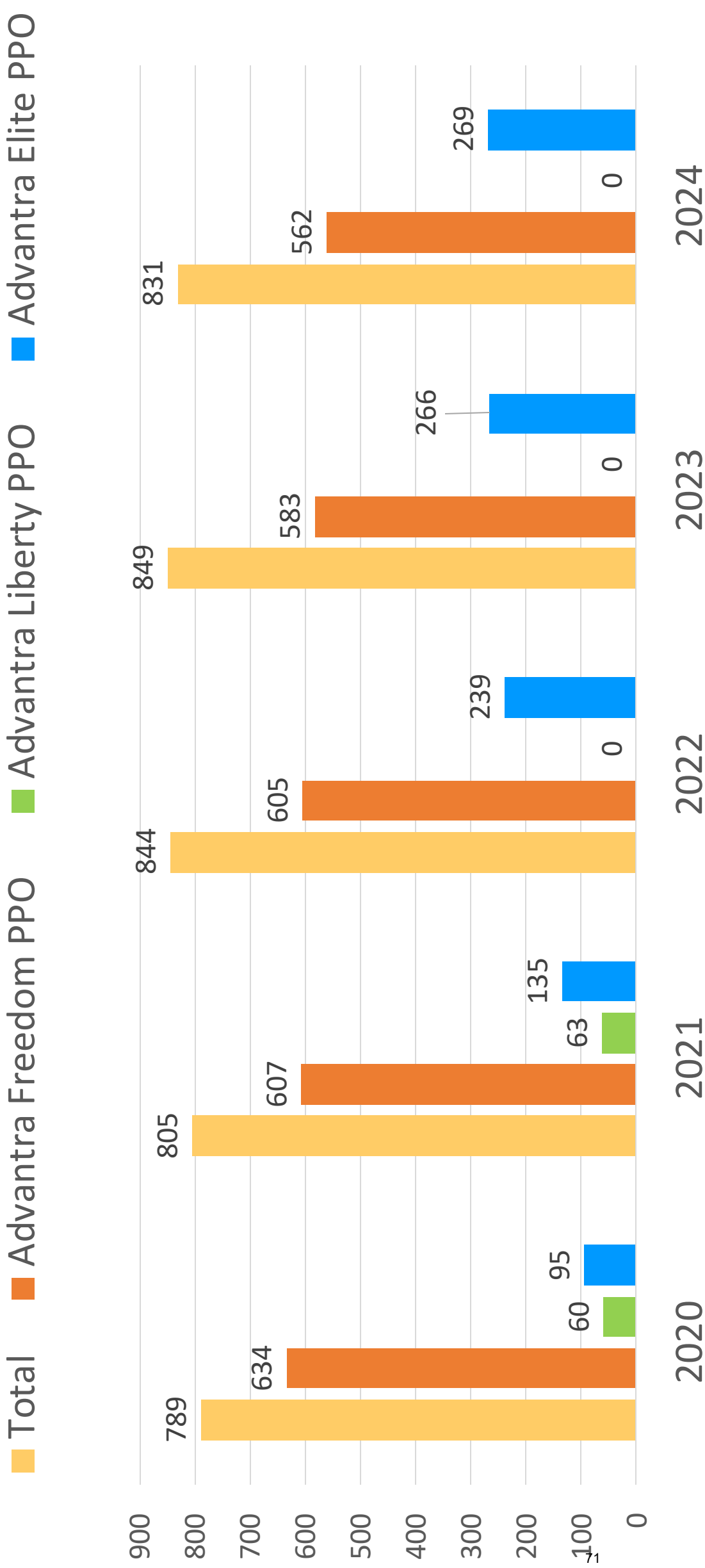


Direct Bill Enrollment Senior Plan N 2020-2024

- Senior Plan N
- Senior Plan N without Drug
- Senior Plan N with Premier Drug
- Senior Plan N with Value Drug
- Senior Plan N with Classic Drug
- Senior Plan N with Economy Drug

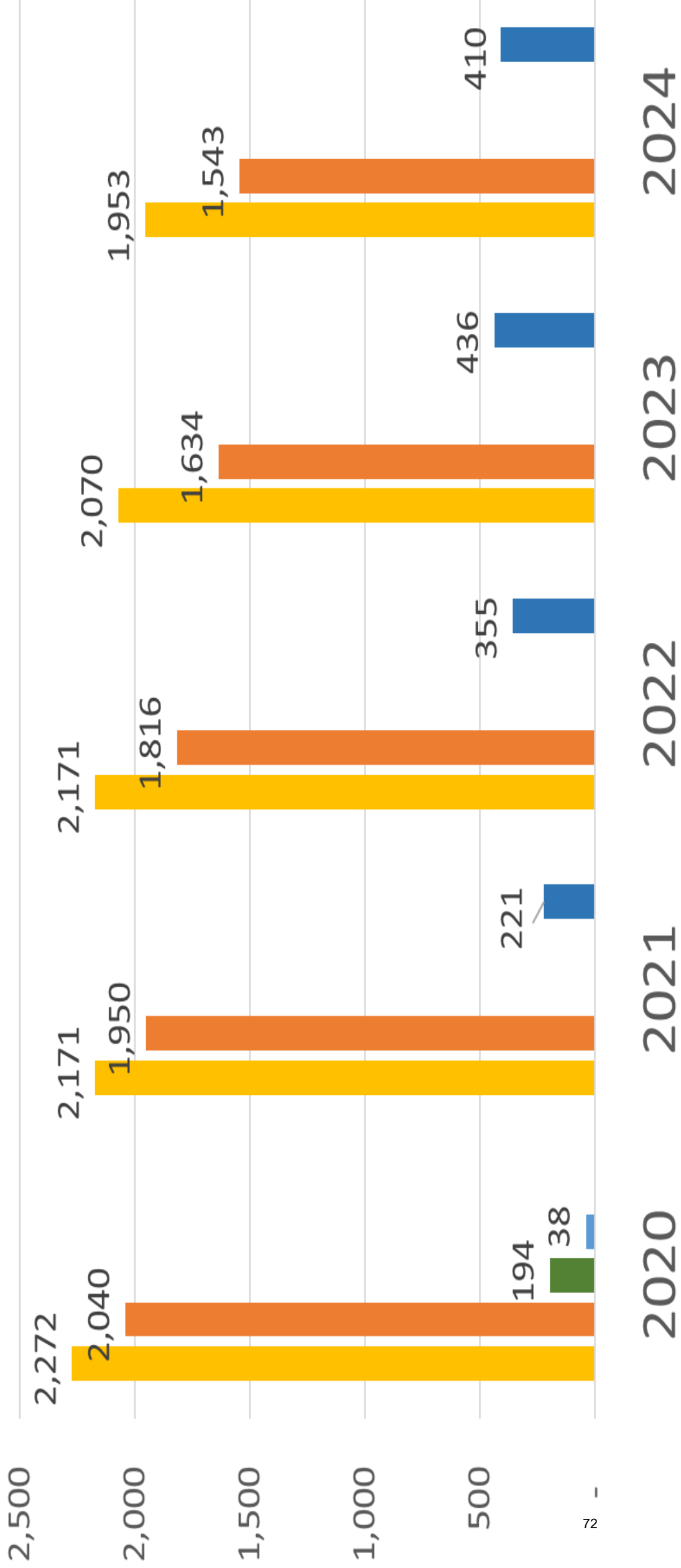


Medicare Advantage Plans Enrollment 2020-2024

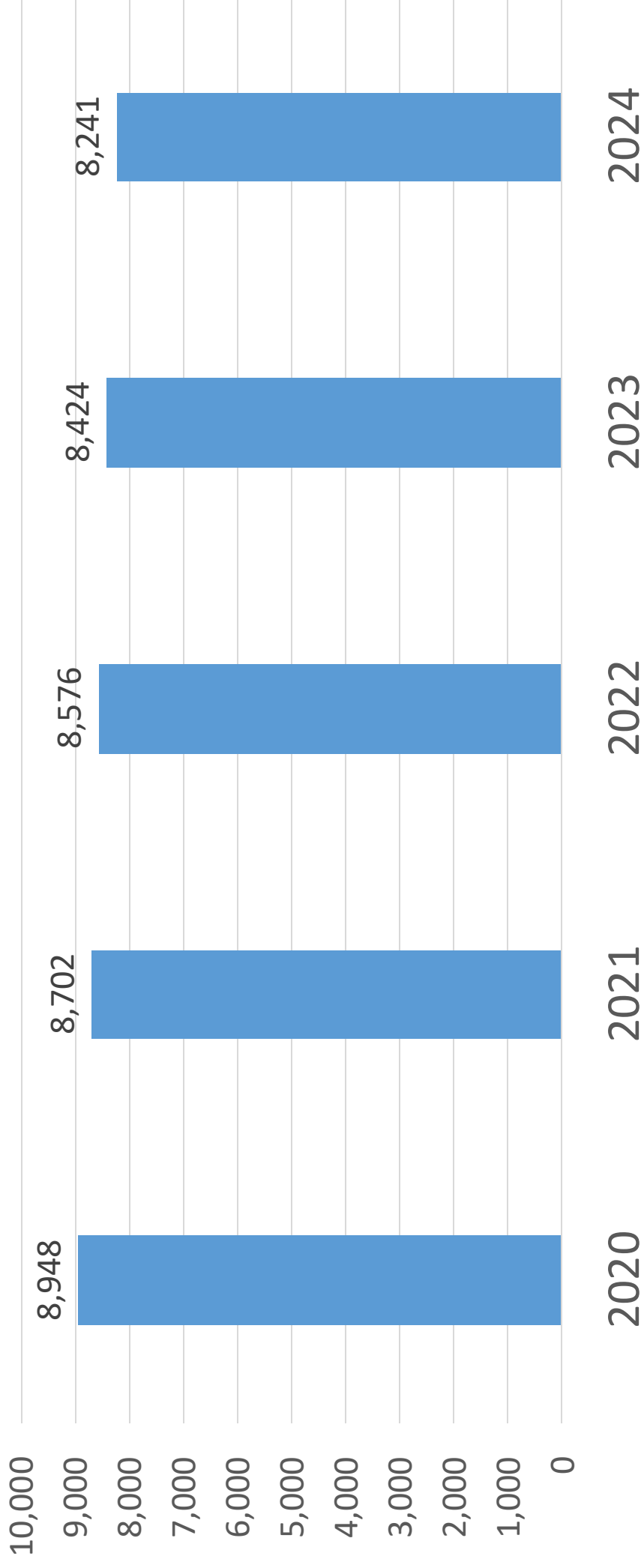


Direct Bill Part D Contracts by Years 2020-2024

■ Total ■ Premier ■ Value ■ Classic ■ Economy

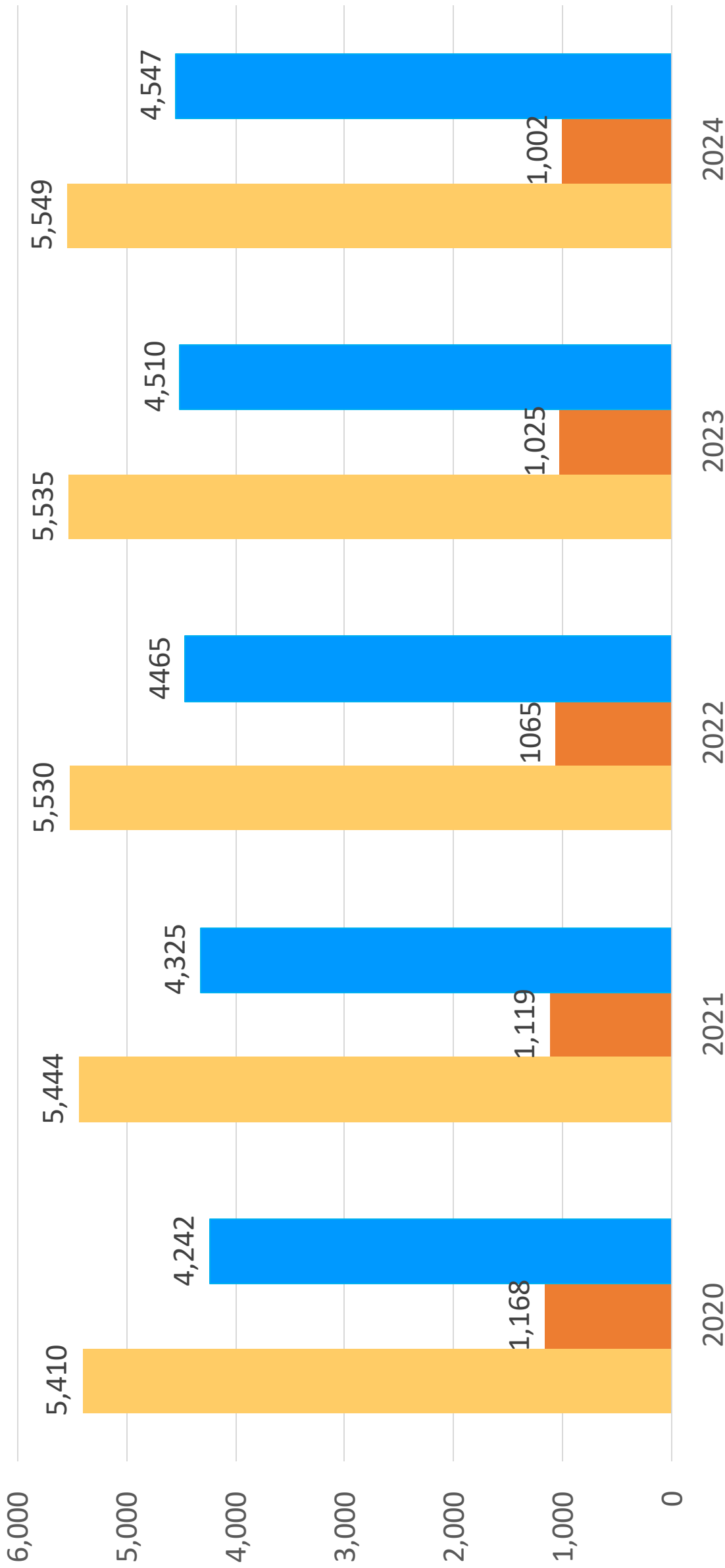


Direct Bill Dental Enrollment 2020-2024



Direct Bill Prescription Eyewear Insurance Enrollment 2020-2024

■ Total ■ Basic ■ Enhanced



Definitions

- **Voluntary Accident Plan:** Can cover your family for a variety of accidental injuries, including broken bones, concussions, dislocations, and second and third-degree burns. Provides a lump sum payment when a covered person has medical services/treatments related to accidental injuries. These costs may include ambulance transport, certain doctor visits, medical testing or physical therapy.
- **Voluntary Critical Illness Plan:** Covers specific conditions including cancer, heart attack, stroke or Alzheimer's disease. Provides a lump sum payment to you if you are diagnosed with a covered condition, which helps you focus on your recovery instead of your finances. Covers specific conditions including cancer, heart attack, stroke or Alzheimer's disease. Provides a lump sum payment to you if you are diagnosed with a covered condition, which helps you focus on your recovery instead of your finances.
- **Voluntary Hospital Indemnity Plan:** If you experience a covered event and meet the policy and certificate requirements for an inpatient hospital stay, a lump sum payment will be made directly to you. Typically, a flat amount is paid for the day you are admitted to a hospital and a per day amount is paid for each day of a covered hospital stay.

Definitions

- **Flexible Spending Accounts (FSA):** allows you to set aside funds on a pre-tax basis for any qualified medical, dental, vision, mass transit, parking or daycare expense. There are five accounts available:
 - **Healthcare FSA:** allows reimbursement for qualified medical, dental or vision expenses not covered by insurance. Common expenses for the Healthcare FSA include Co-pays, prescriptions, eyeglasses, dental services, and orthodontics. Up to \$640 of unused Health Care FSA contributions may be carried over to the following calendar year.
 - **Limited Purpose FSA:** allows reimbursement for qualified dental or vision expenses. You are eligible to enroll if you participate in a Health Savings Account (HSA), Plan C or N. Up to \$640 of unused Limited Purpose FSA contributions may be carried over to the following calendar year.
 - **Dependent Care FSA:** allows reimbursement when a dependent under the age of 13 or adult dependent is physically or mentally incapable of self-care. Common Dependent Care costs include daycare centers, before/after school care and adult daycare centers. There is a 75-day grace period, where you can continue to incur expenses up until March 15, 2024. The deadline to submit Dependent Care claims against your 2023 Plan Year balance is April 30, 2024. Funds in a Dependent Care FSA do not roll over to the following year.
 - **Mass Transit FSA** allows reimbursement for qualified mass transit tickets or passes, or State of Kansas Vanpools. Unused contributions may be carried over to the following calendar year.
 - **Parking FSA** allows reimbursement for parking associated with your daily commute. Unused contributions may be carried over to the following calendar year.

Definitions

- **Health Savings Account:** A Health Savings Account (HSA) is a tax-advantaged savings account available to you when you enroll in our Qualified High Deductible Health Plans, Plan C or Plan N. Both the State and you contribute to the HSA account. You may use the money in your account to pay for eligible health expenses for you and your tax qualified dependents. Your HSA is your account, and is always portable, even if you retire or stop working for the State of Kansas, or your employer.
- **Health Reimbursement Account:** A Health Reimbursement Account (HRA) is a tax-advantaged savings account available to you if you enroll in Plans C, J, N or Q. The State contributes to the HRA account on your behalf. You may use the money in your HRA to pay for eligible health expenses. When you earn HealthQuest rewards, you are eligible to receive contributions in your HRA. The HRA will end if you terminate employment and does not have a rollover provision.

Definitions

- **Medicare Supplement Plan:** Medicare Supplement (Medigap) plans are designed to help pay your share of health-care costs under Medicare Part A and Part B.
- **Medicare Advantage Plan:** Medicare Advantage Plans, sometimes called “Part C” or “MA Plans,” are approved by Medicare. If you join a Medicare Advantage Plan, the plan will provide all of your Medicare Part A (Hospital Insurance) and Medicare Part B (Medical Insurance) coverage.
- **Medicare Part D Plan:** Medicare Part D is a prescription drug benefit program

Agenda Item #5

State of Kansas

Benchmarking Study

February HCC Meeting

80

February 16, 2024

Overview

Background

Key Findings

Benchmarking: Plan Details

Benchmarking: Plan Value

Background

- Kansas's health plan features were compared to National and Regional averages
 - Plan A was used as PPO comparison
 - Plan C was used as HDHP comparison
- Regional States:
 - Colorado
 - Iowa
 - Missouri
 - Nebraska
 - Oklahoma
- Medical and Pharmacy
- Data Collected:
 - Plan type (PPO, HMO, CDHP, etc.)
 - Plan design (deductibles, copays, maximum out-of-pocket limits, etc.)
 - Cost (total costs/premiums, employee/state cost share, coverage tier structure)
- Kansas and Regional States plan information is current
- The National States data primarily comes from the 2023 Segal's *State Employee Health Benefits Study*⁸²
 - Total Premium data pulled from 2018 Study and trended to current period

Regional Plans Abbreviations

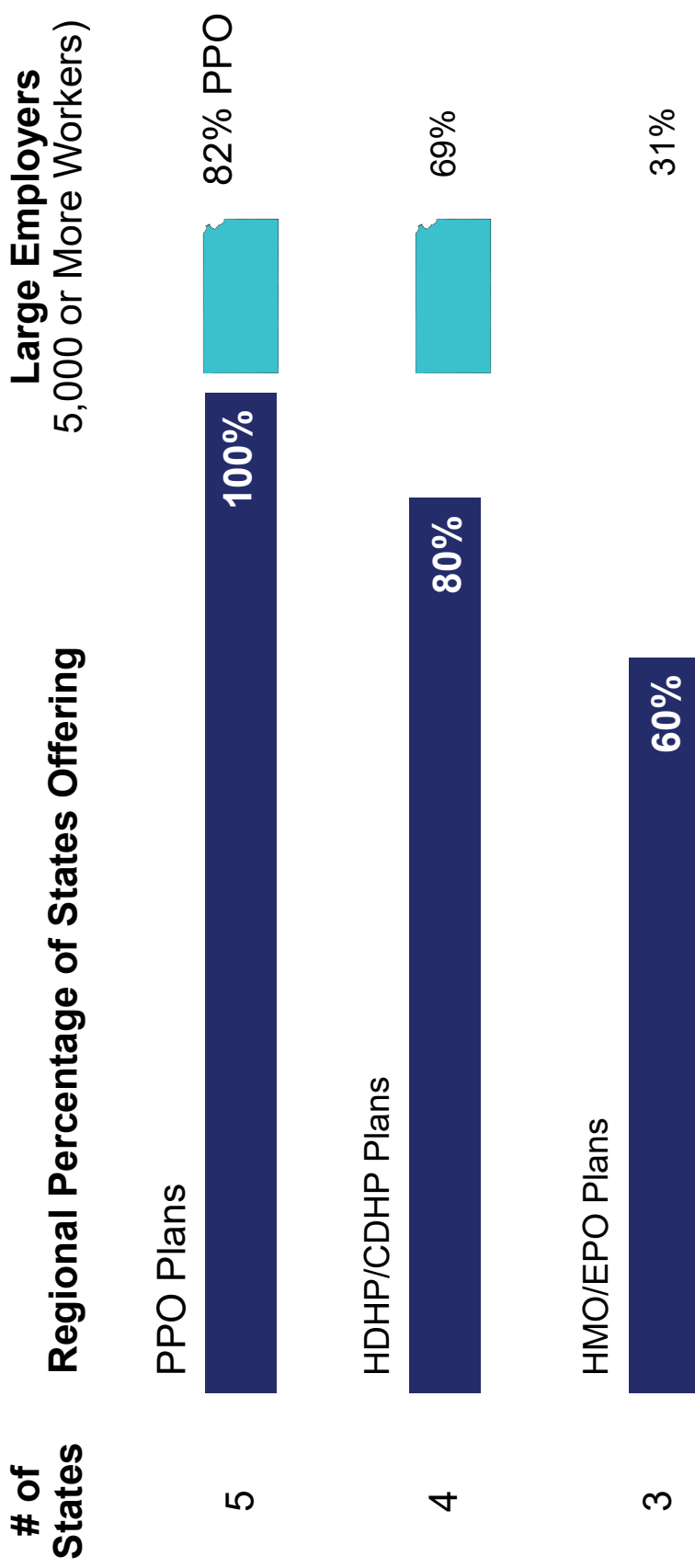
State	Plan	Abbreviation
Colorado	Cigna Copay Plus	CO-PPO2
Colorado	Kaiser Permanente Copay Plus	CO-HMO1
Colorado	Kaiser Permanente Copay Basic	CO-HMO2
Colorado	Cigna Copay Basic	CO-PPO1
Colorado	Cigna HDHP	CO-HDHP1
Colorado	Kaiser Permanente HDHP	CO-HDHP2
Iowa	National Choice	IA-PPO
Iowa	Iowa Choice	IA-HMO
Kansas	Plan A	Plan A
Kansas	Plan C	Plan C
Missouri	PPO 1250	MO-PPO2
Missouri	PPO 750	MO-PPO1
Missouri	Health Savings Account	MO-HDHP
Nebraska	Consumer Focused Health Plan	NE-HDHP
Nebraska	WellNebraska (w/o Wellness Incentives)	NE-PPO2
Nebraska	Regular Health Plan	NE-PPO3
Nebraska	WellNebraska (w/ Wellness Incentives)	NE-PPO1
Oklahoma	HealthChoice HDHP	OK-HDHP
Oklahoma	HealthChoice Basic	OK-PPO2
Oklahoma	HealthChoice High	OK-PPO1
Oklahoma	GlobalHealth HMO	OK-HMO3
Oklahoma	BlueLincs HMO	OK-HMO1
Oklahoma	Community Care HMO	OK-HMO2

Key Findings

- Kansas plans have improved their rank relative to regional plans in this benchmarking study versus the one presented in 2020 for several metrics:
 - Plan benefit value, employee contributions, and overall plan richness
- Plan C ranks higher than Plan A due to it having a more valuable plan design with a lower contribution for the member
- Plan A has an actuarial value similar to average benchmark plan
 - Benefit features where member cost share is higher includes ER and filling brand drugs
- Plan C has an actuarial value at the top of the comparison because of the HSA/HRA contribution, lower coinsurance and lower out of pocket max
- The overall plan richness, which aggregates plan design value and employee contribution amounts, shows Plan C above average and Plan A is below average for single coverage
 - Family coverage is lagging behind as both plans rank towards the bottom

Regional Plan Types

Regionally, all states offer PPO plans . All but one state offers HDHP/CDHP plans, and 3 out of 5 states offer HMO/EPO Plans.



Regional Actuarial Value (AV) Benchmarking

Actuarial value provides measurement of overall plan value to the member out-of-pocket (OOP) costs (deductible, coinsurance, copays).

Below is a ranking of the actuarial values for the plans in the region. High actuarial value = low member OOP costs. Both plans improved their rank relative to last the last benchmarking study.

Comparison of Actuarial Value

■ Kansas ■ Regional

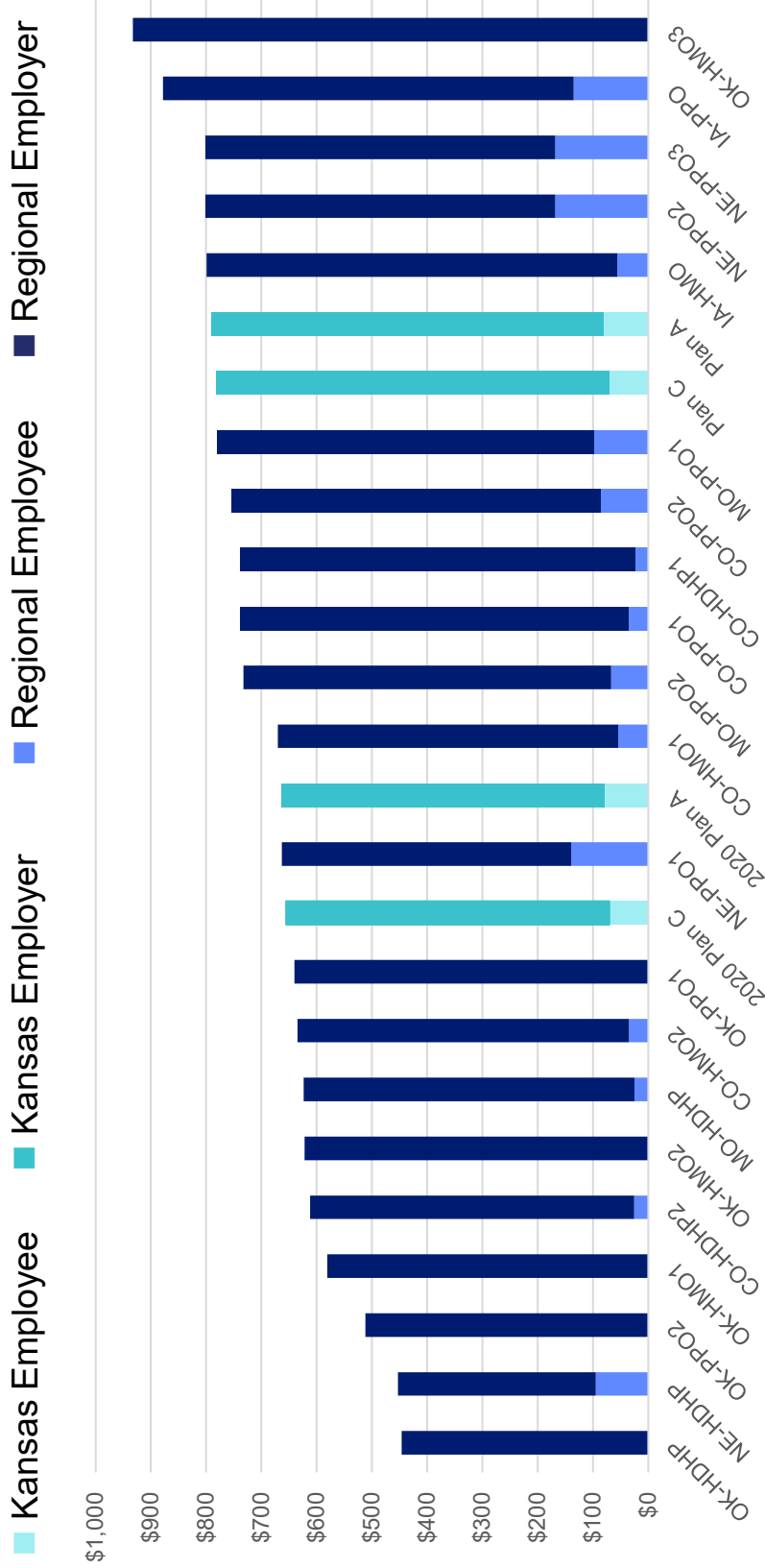


Total Premium – Single

Total Premium = EE Premium + ER Premium

Single premiums for the Kansas plans are higher than most benchmark plans – this is attributed to better plan designs and possibly a higher risk group.

Total Single Premiums



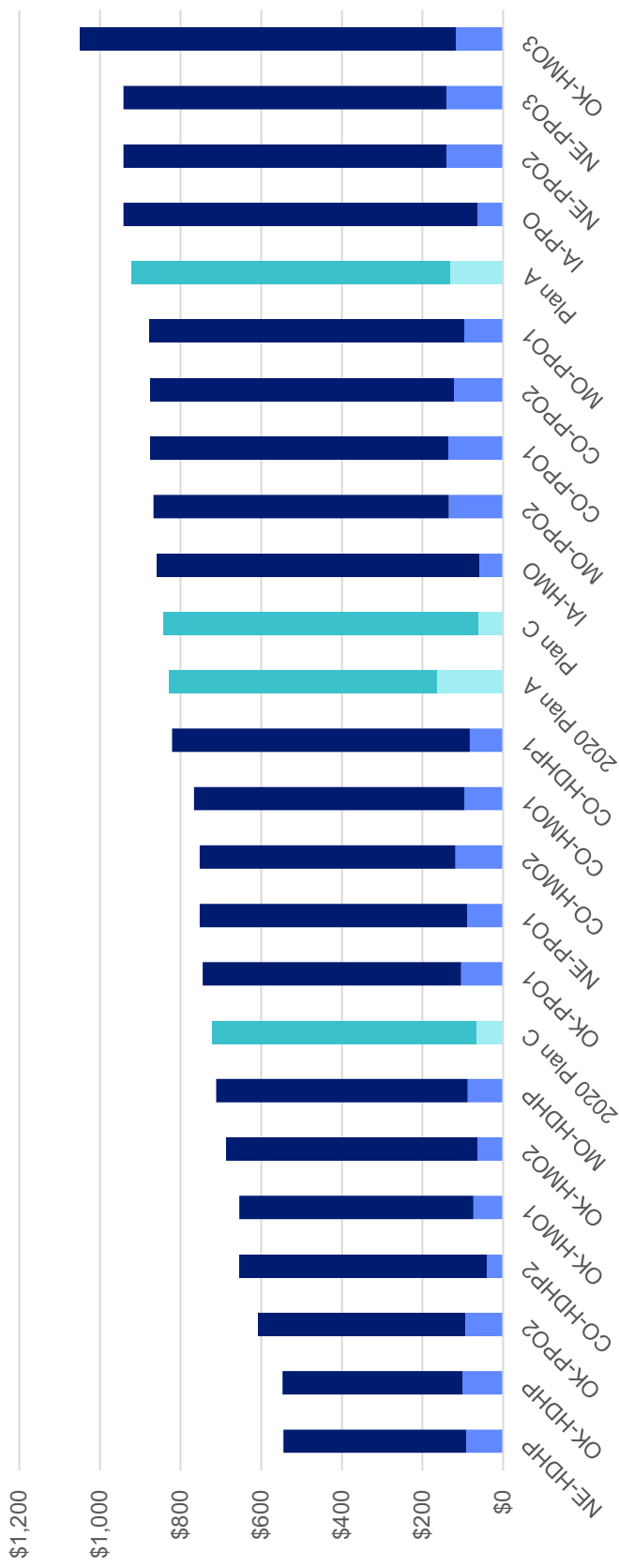
Allowed Cost – Single

Allowed Costs = Total Premium + Member Out of Pocket Claims Costs

Kansas plans have higher allowed costs than the benchmark plans. They rank almost identical to last study.

Allowed Cost Single Premiums

■ Kansas Cost Share
 ■ Kansas Premium
 ■ Regional Cost Share
 ■ Regional Premium



Overall Plan Richness – Single

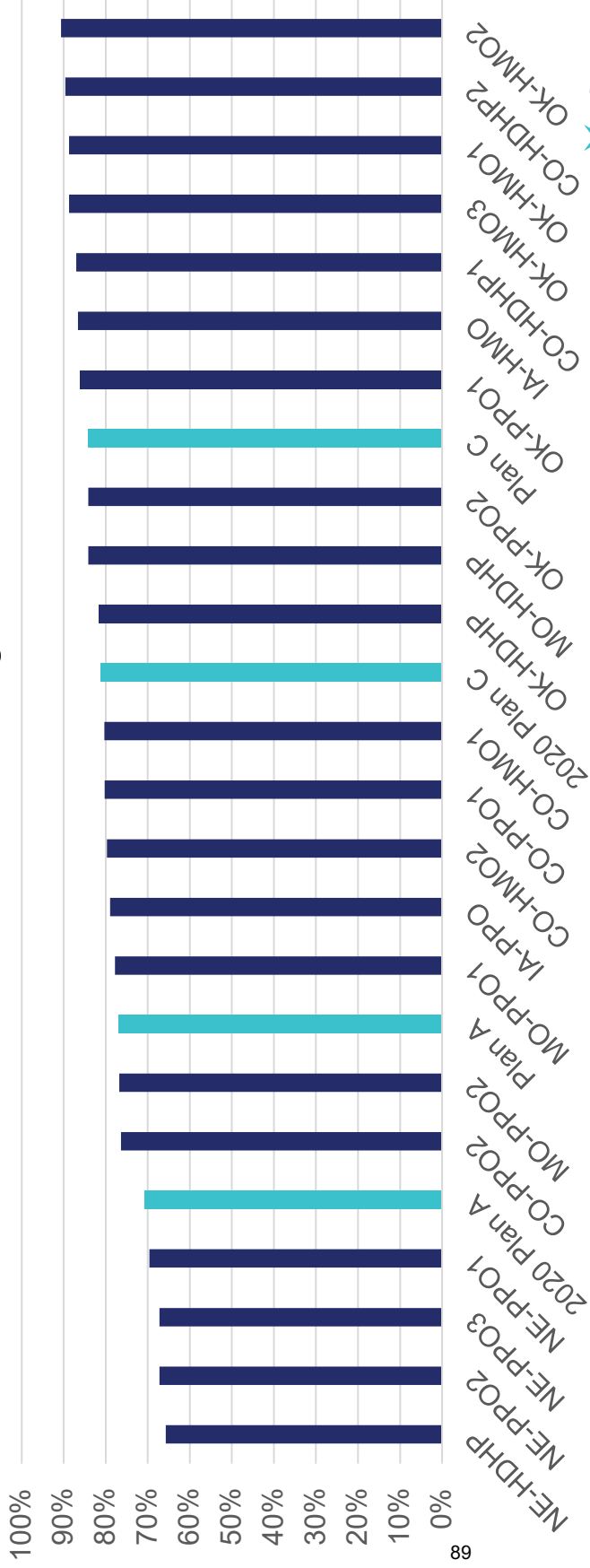
Plan Richness % = 100% - (EE Contribution + Member OOP Claims) / Allowed Cost

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 – Plan C is better, and Plan A is worse. Both plans made improvements in rank from the prior benchmark study due to design enhancements and holding employee contributions flat.

Plan Richness

■ Kansas ■ Regional



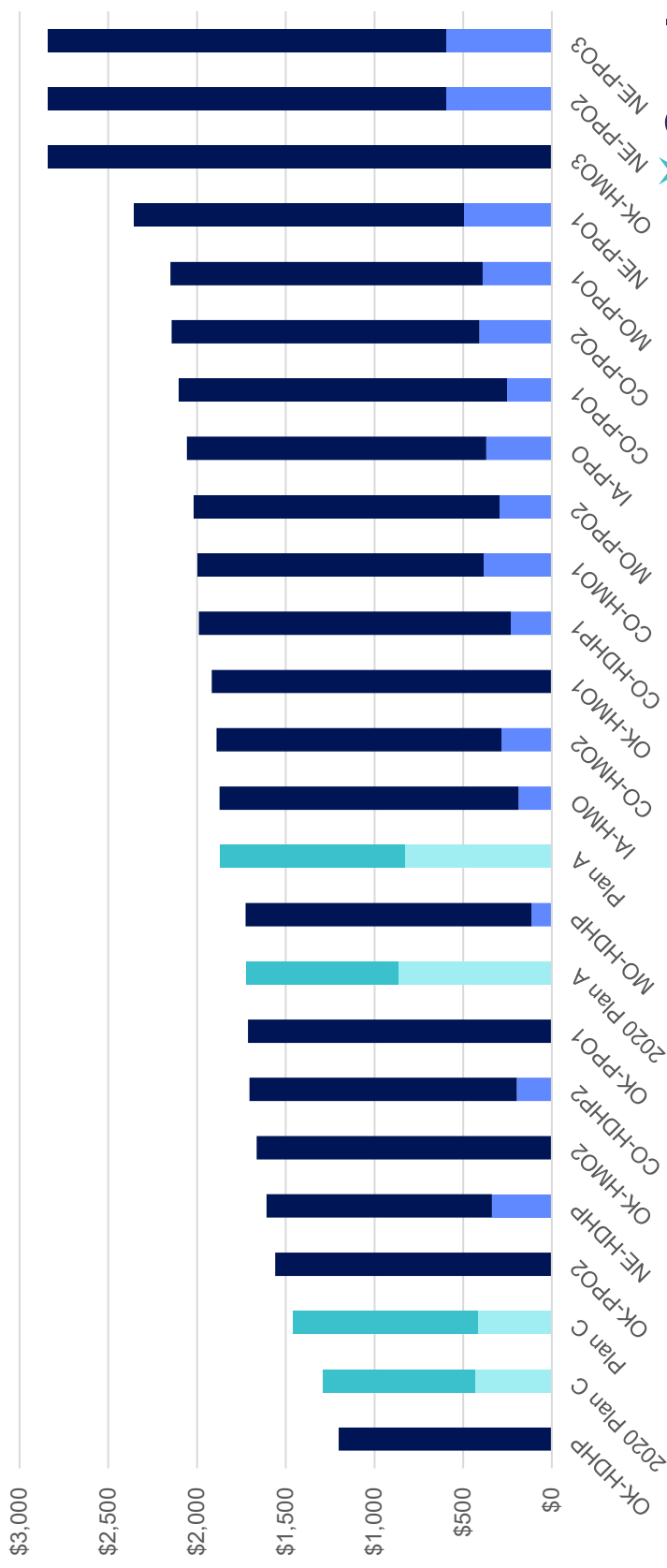
Total Premium – Family

$$\text{Total Premium} = \text{EE Premium} + \text{ER Premium}$$

Family premiums for the Kansas plans are lower than most benchmark. This is driven by the employer contribution which is less than the benchmark plans.

Total Family Premiums

- Kansas Employee
- Kansas Employer
- Regional Employee
- Regional Employer

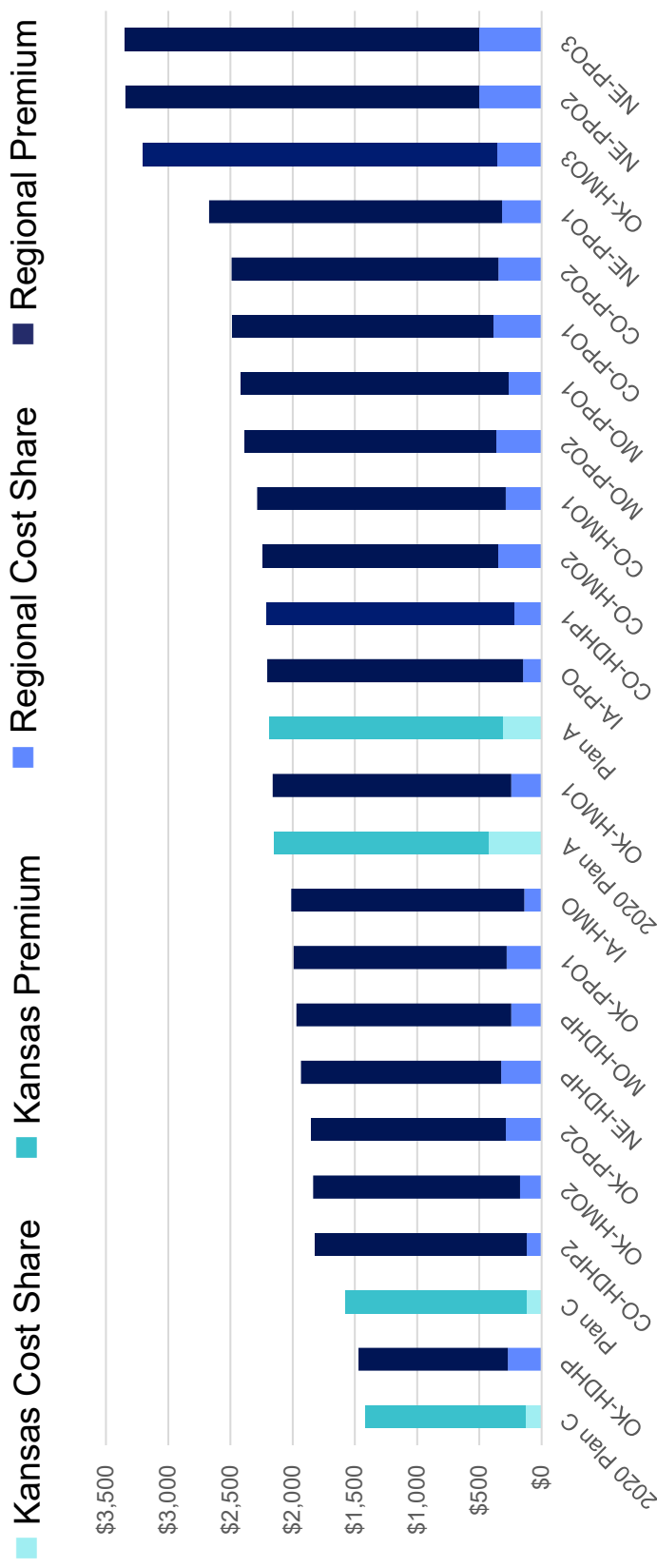


Allowed Cost – Family

Allowed Costs = Total Premium + Member Out of Pocket Claims Costs

Plan A is in the middle when ranking the allowed family cost, while Plan C has one of the lowest allowed cost.

Allowed Cost Family Premiums



Overall Plan Richness – Family

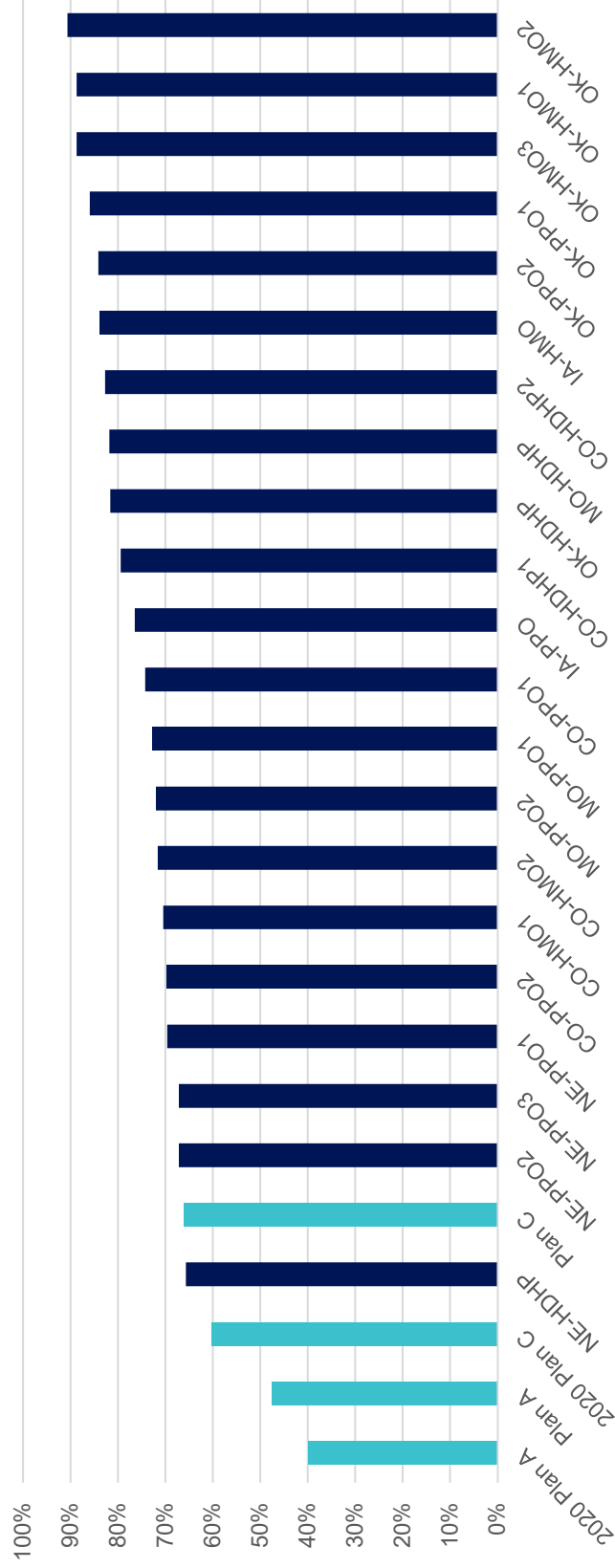
Plan Richness % = 100% - (EE Contribution + Member OOP Claims) / Allowed Cost

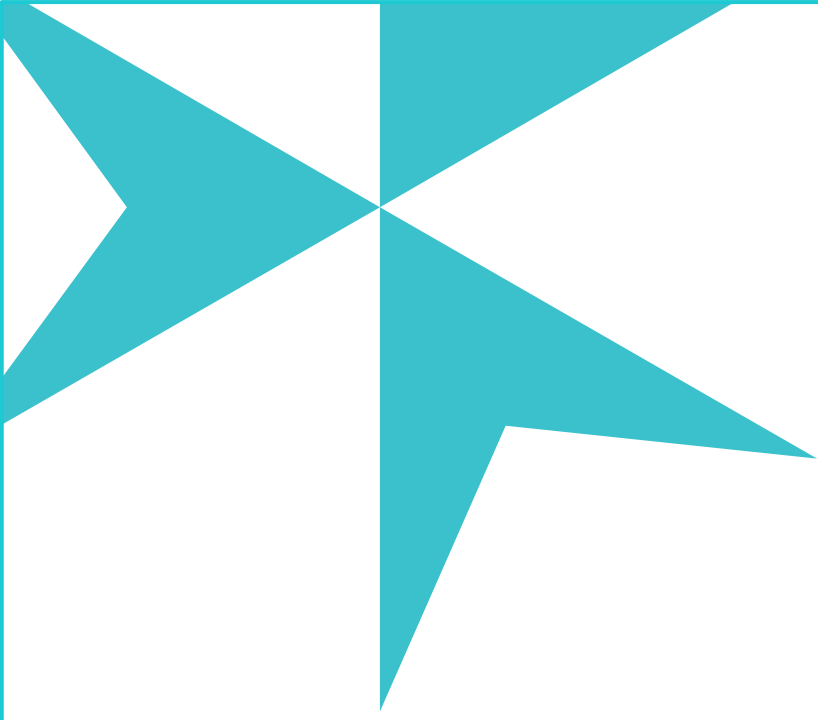
Plan Richness measures plan premiums relative to the Total cost to illustrate the overall subsidy.

While the Kansas plans have made material improvements, they remain on the low end of plan richness for families, which means the member pays the highest percentage of total cost. This is driven by the contributions charged.

Plan Richness

■ Kansas ■ Regional





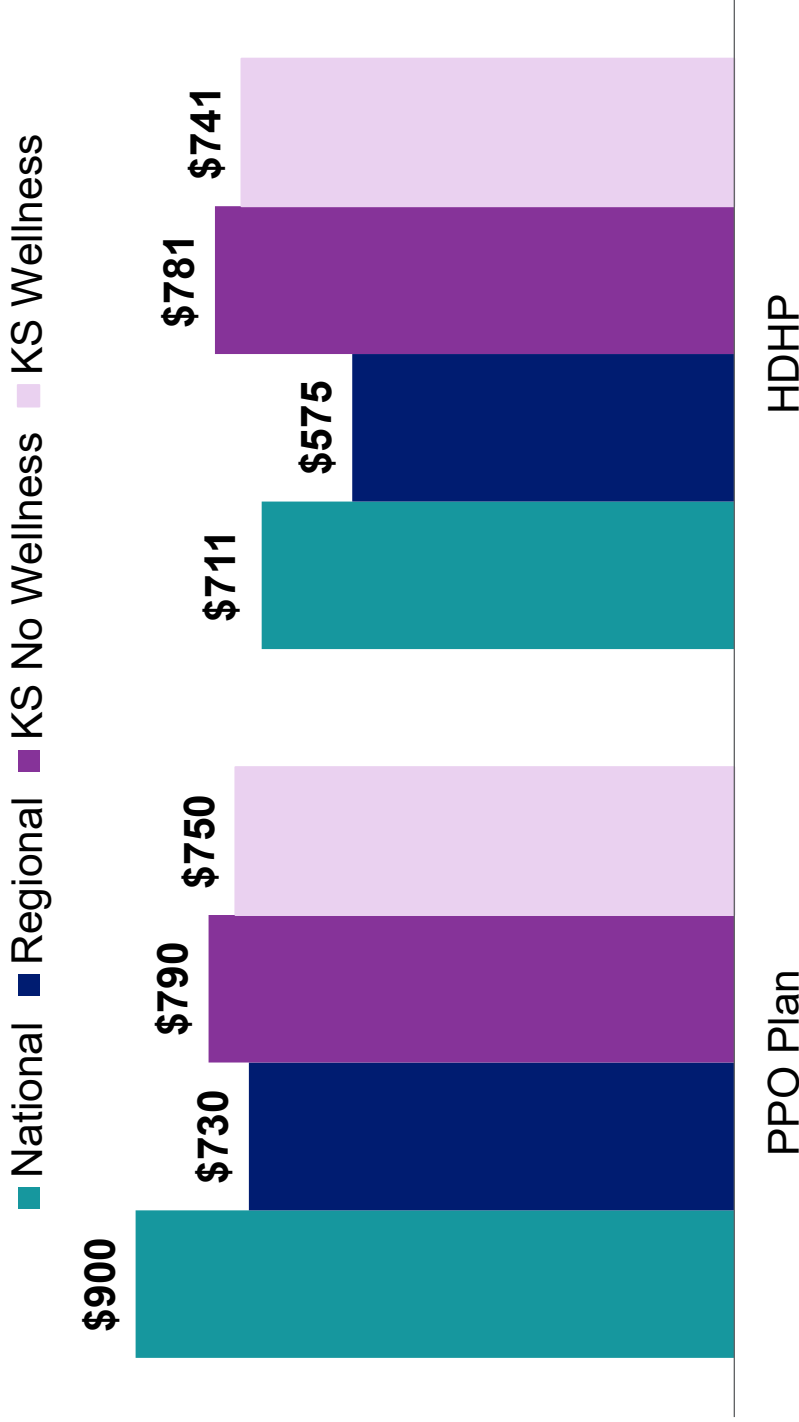
2024 Benchmarking Report

Appendix

Single Total Monthly Premiums

Single Total Premium = Employer Single Premium + Employee Single Premium

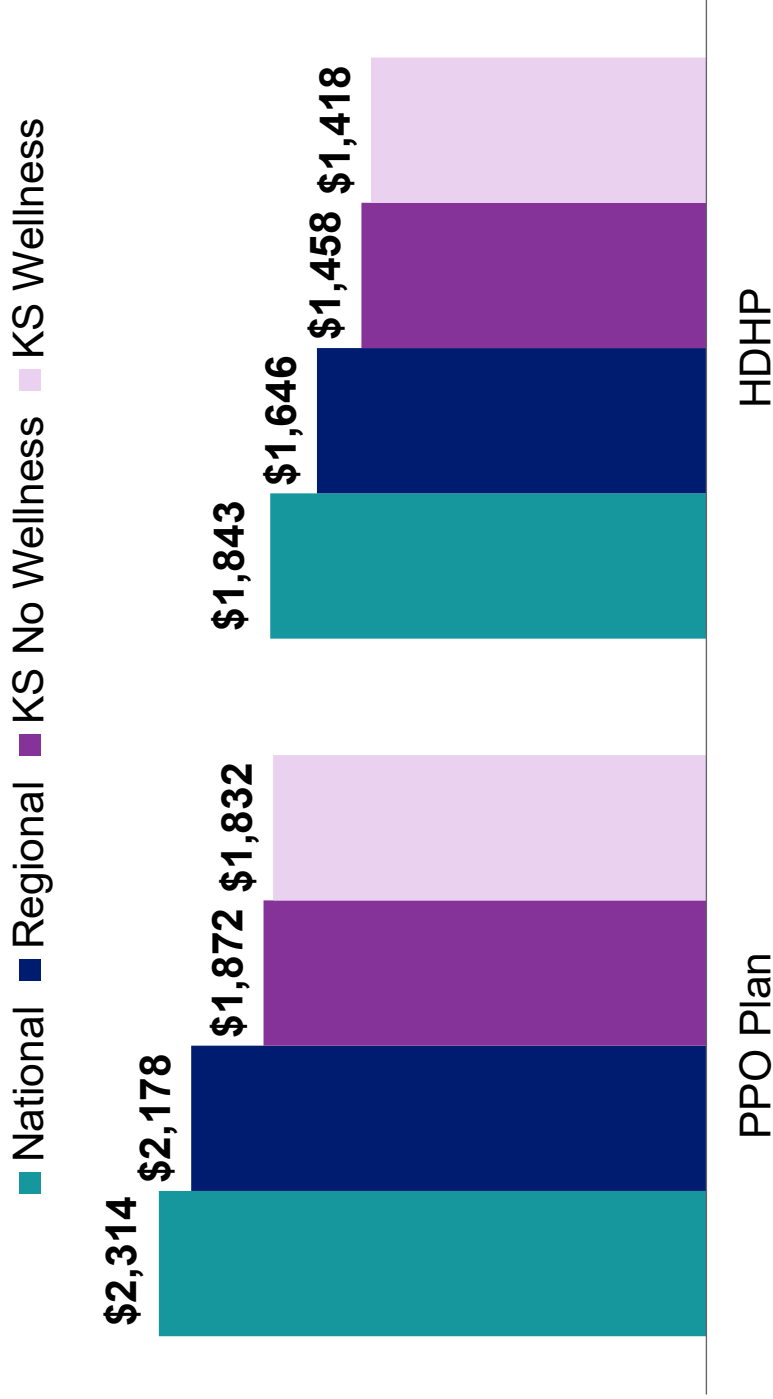
Total monthly premiums are higher than the regional average and lower than the national average for Plan A employees who do and do not receive wellness discounts. Total monthly premiums are higher than both benchmarks for Plan C employees who do and do not receive wellness discounts.



Family Total Monthly Premiums

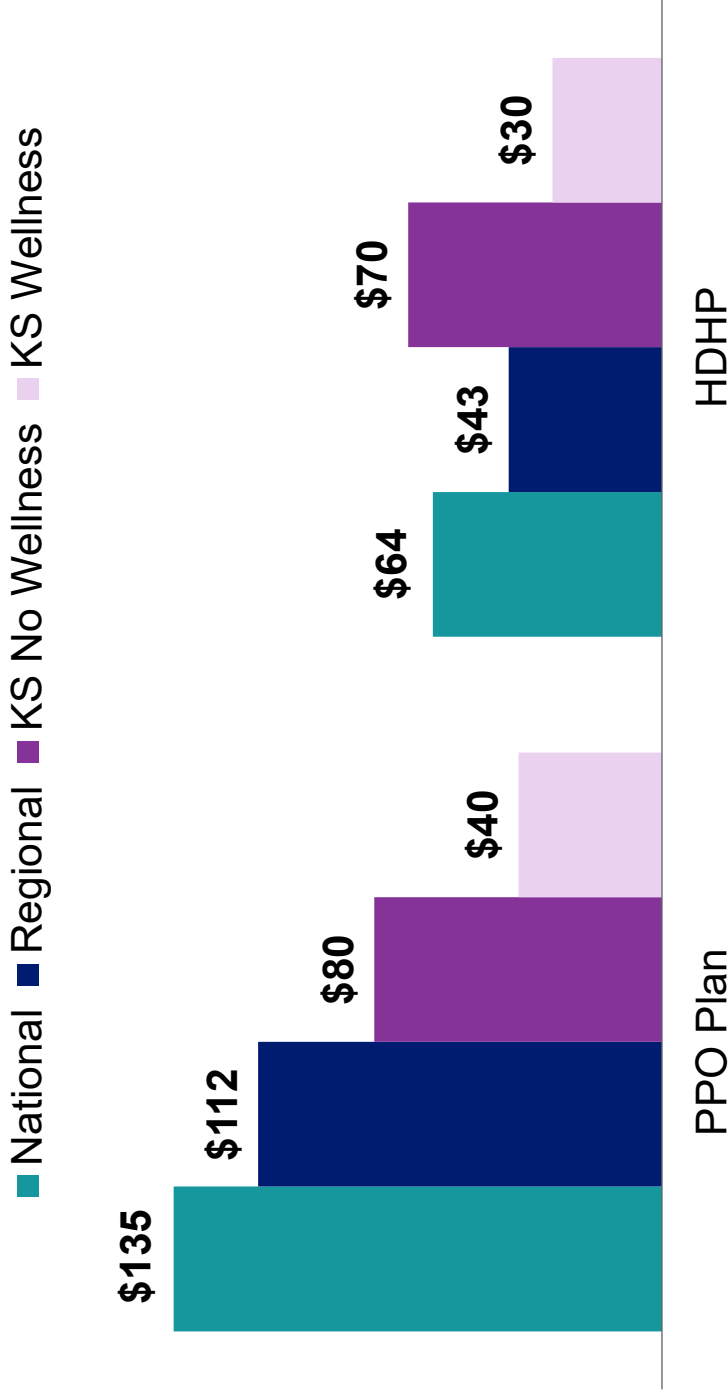
Family Total Premium = Employer Family Premium + Employee Family Premium

Family total monthly premiums are lower than both the national and regional averages for Plan A and Plan C employees who do and do not receive wellness discounts.



Single Employee Contributions

Monthly employee premiums are lower than both national and regional averages for Plan A employees who do and do not receive wellness discounts. Employee premiums are higher than both benchmarks for Plan C employees without a wellness discount and lower than both benchmarks for Plan C employees receiving a wellness discount.

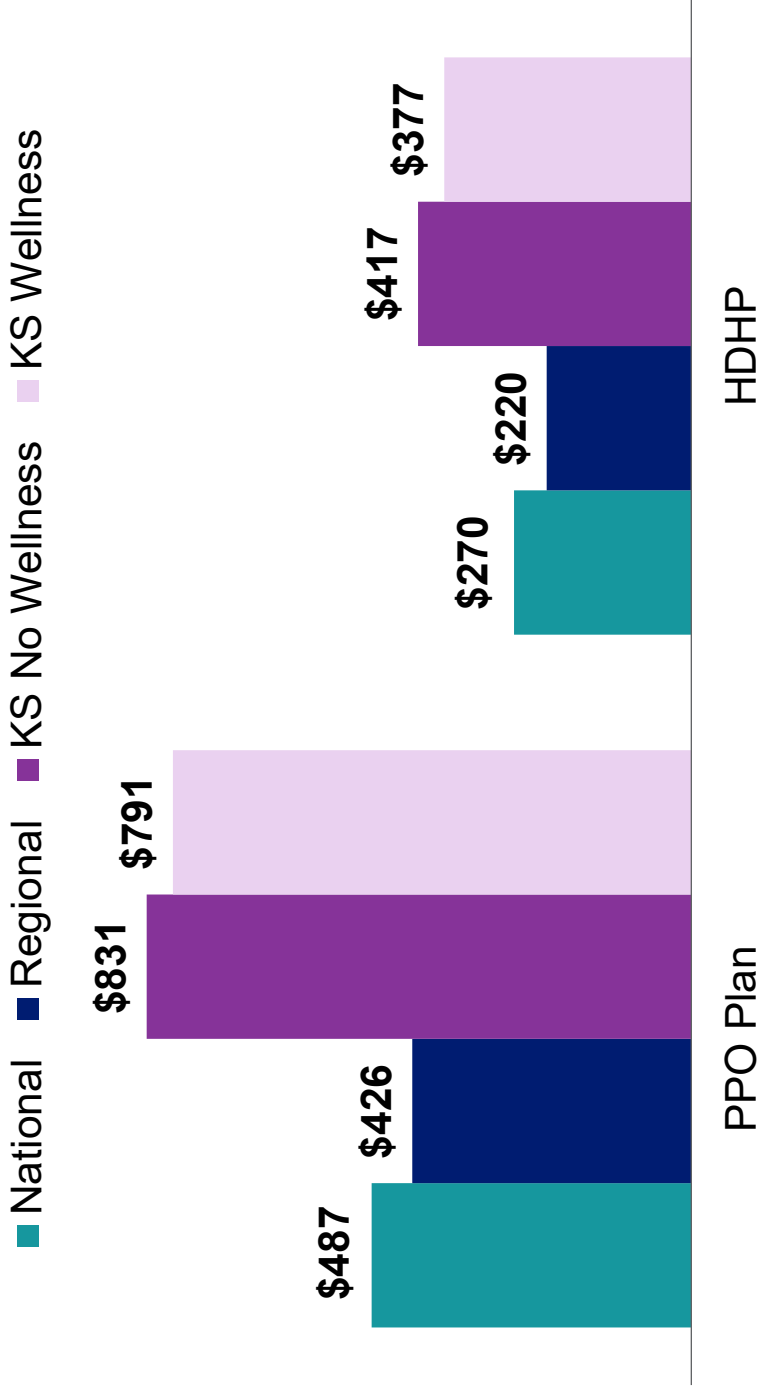


*Plan A can earn \$20, instead of \$40, if only half of wellness points fulfilled

*No wellness discount assumed for benchmarking employee contributions

Family Employee Contributions

Family employee monthly premiums are higher than both the national and regional averages for Plan A and Plan C employees who do and do not receive wellness discounts.

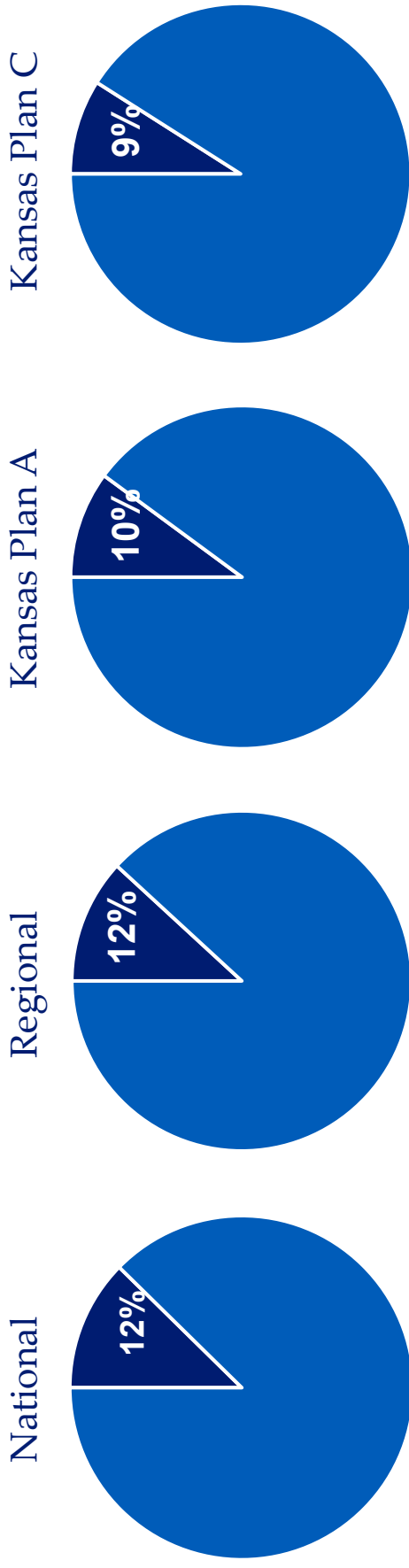


*Plan A can earn \$20, instead of \$40, if only half of wellness points fulfilled

*No wellness discount assumed for benchmarking employee contributions

Employee Single Premium Share

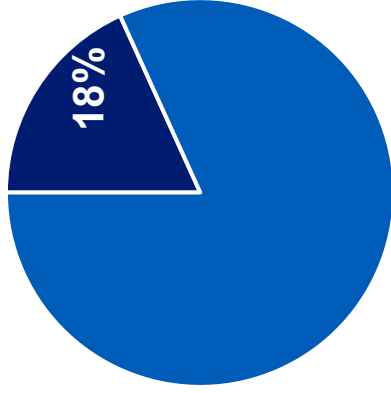
Employee single premium sharing for Plan A and Plan C are both less than regional average and national averages. Kansas premium share is based off premiums with no wellness discounts. With the wellness discount, the employee cost share would be 5% for Plan A and 4% for Plan C, respectively.



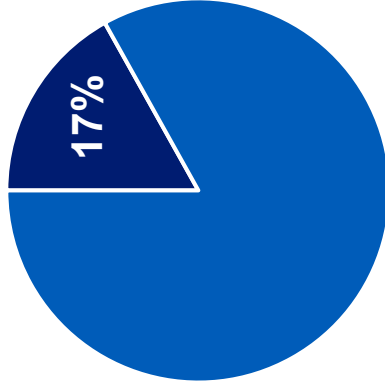
Employee Family Premium Share

Employee family premium sharing for both Plan A and Plan C is higher than the benchmarks. Kansas premium share is based off premiums with no wellness discounts. With the wellness discount, the employee cost share would be 42% for Plan A and 26% for Plan C, respectively.

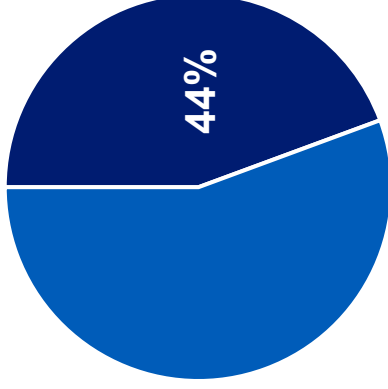
National



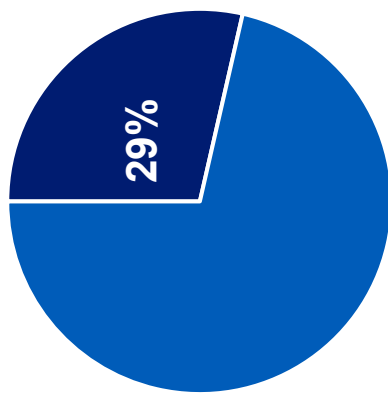
Regional



Kansas Plan A

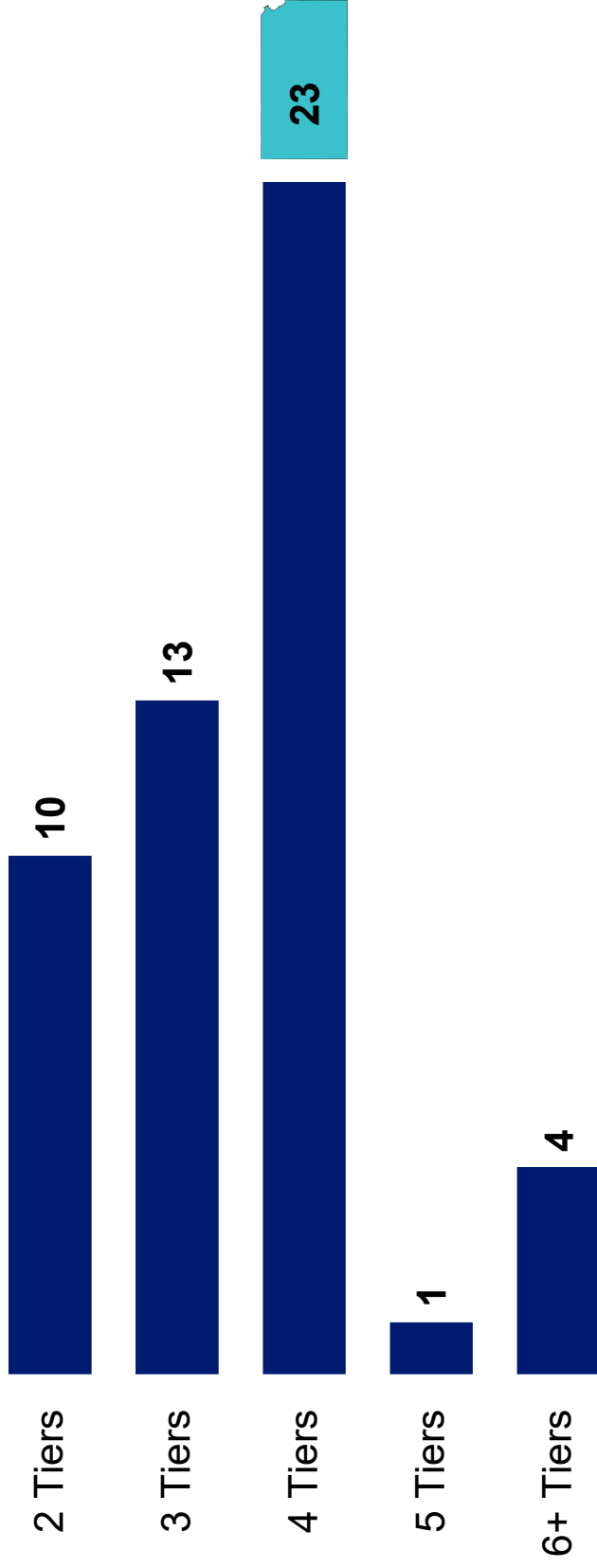


Kansas Plan C



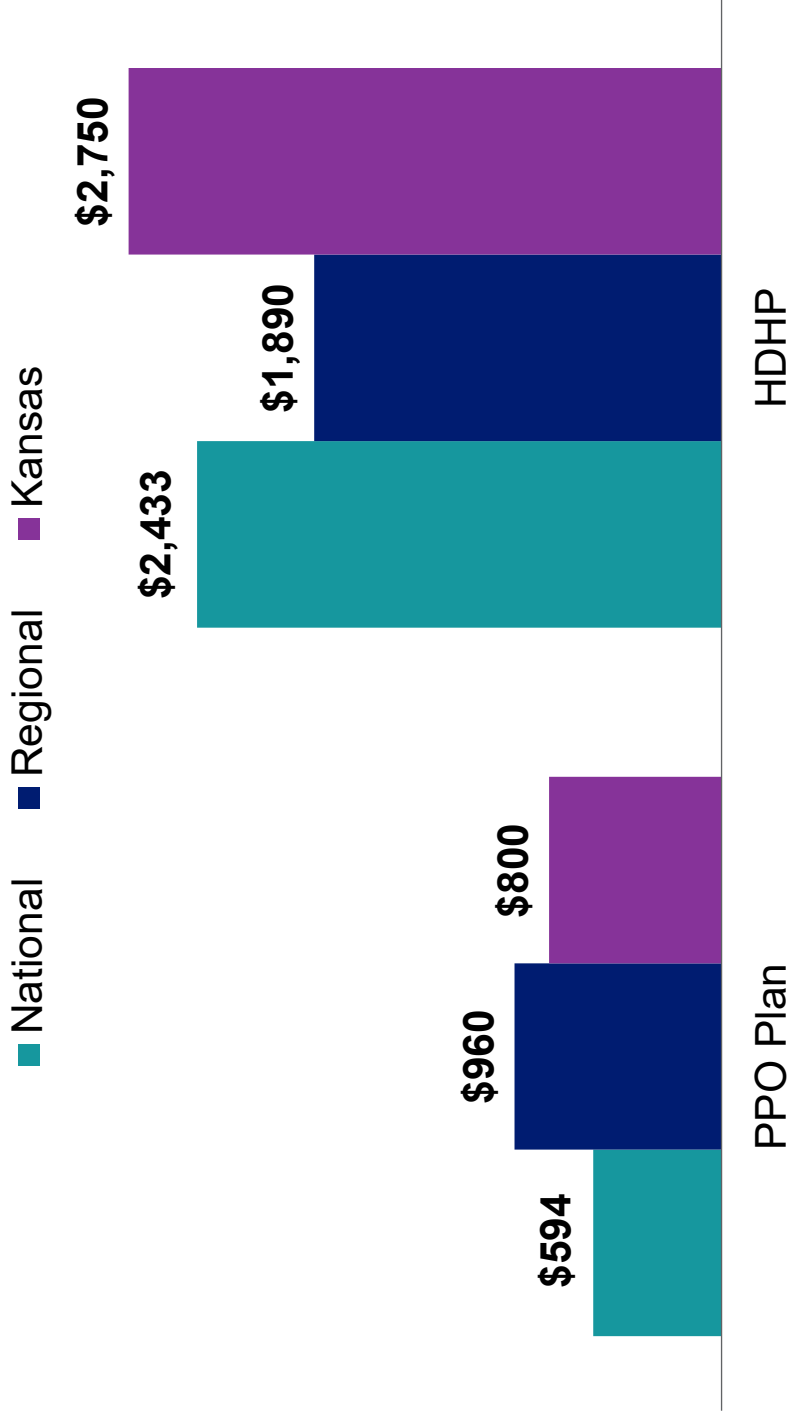
Coverage Tier Structure

The majority of states utilize a 3 or 4-tier coverage premium structure.



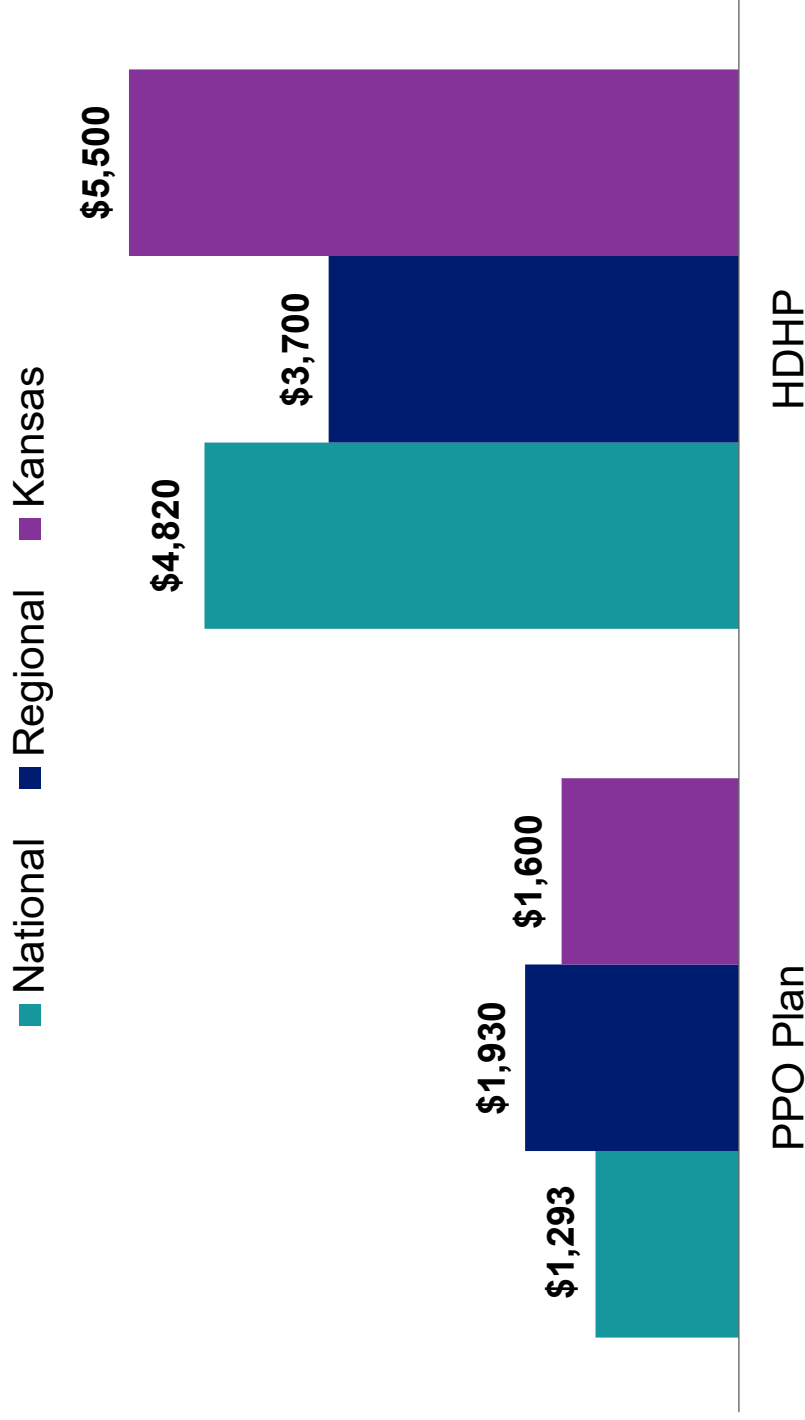
Single Deductibles

Single employee deductibles are above the national, but below the regional average for Plan A. Plan C's embedded deductible is higher than both benchmarks. The majority of benchmark plans offer a true family deductible. For single coverage there is no difference in how these deductibles function.



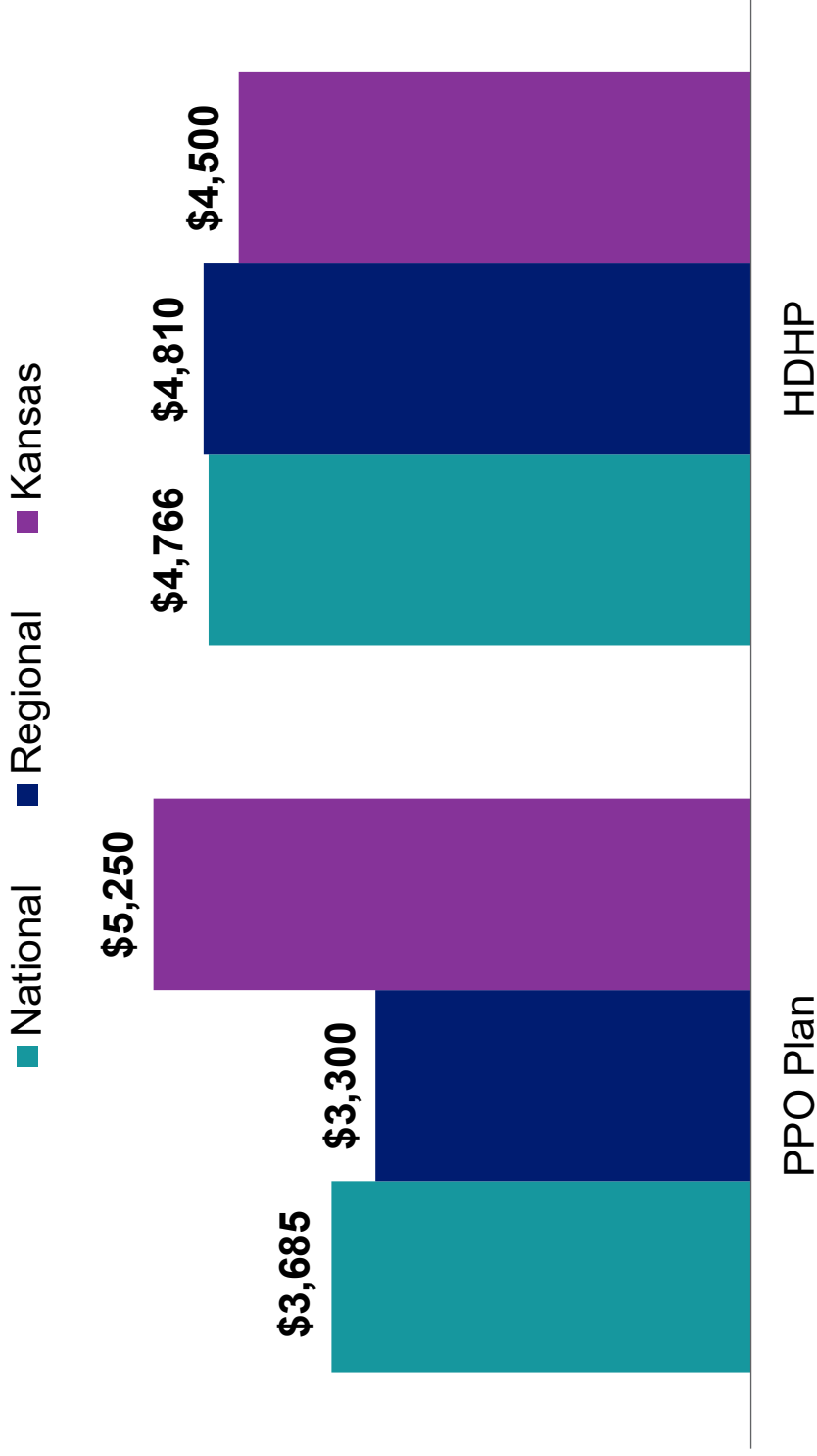
Family Deductibles

The comparison on family deductibles mirror the results of the single deductible, only the dollars are scaled. An embedded deductible for family coverage is financially better for members, because once a member reaches the single deductible amount, they move into coinsurance. Conversely, a true family deductible requires the entire family deductible to be satisfied. The majority of the HDHP regional plans use a true family approach.



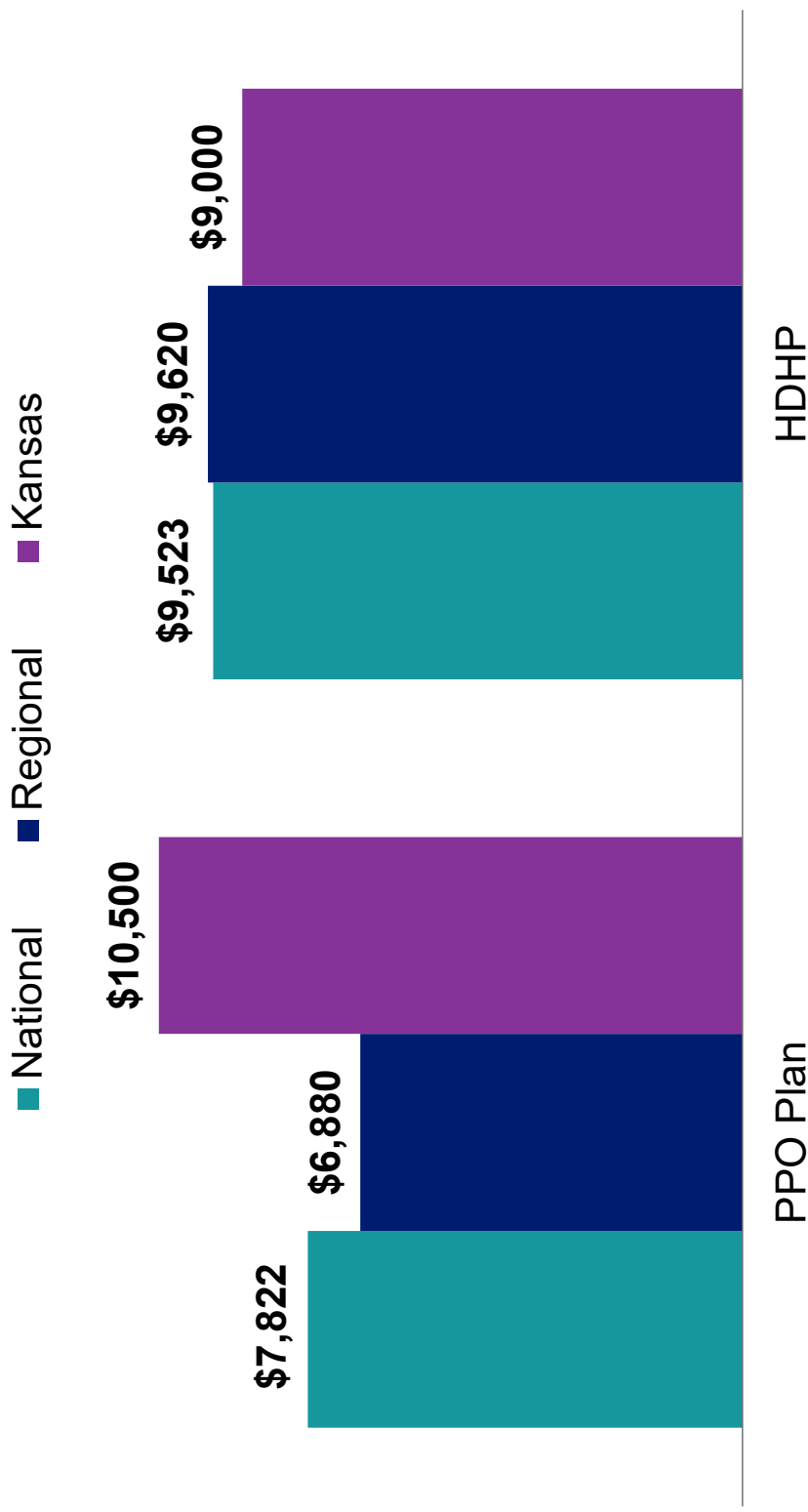
Single Maximum Out-of-Pocket Levels

Single employee out-of-pocket maximums are higher than both the national and regional averages for Plan A and lower than both for Plan C.



Family Maximum Out-of-Pocket Level

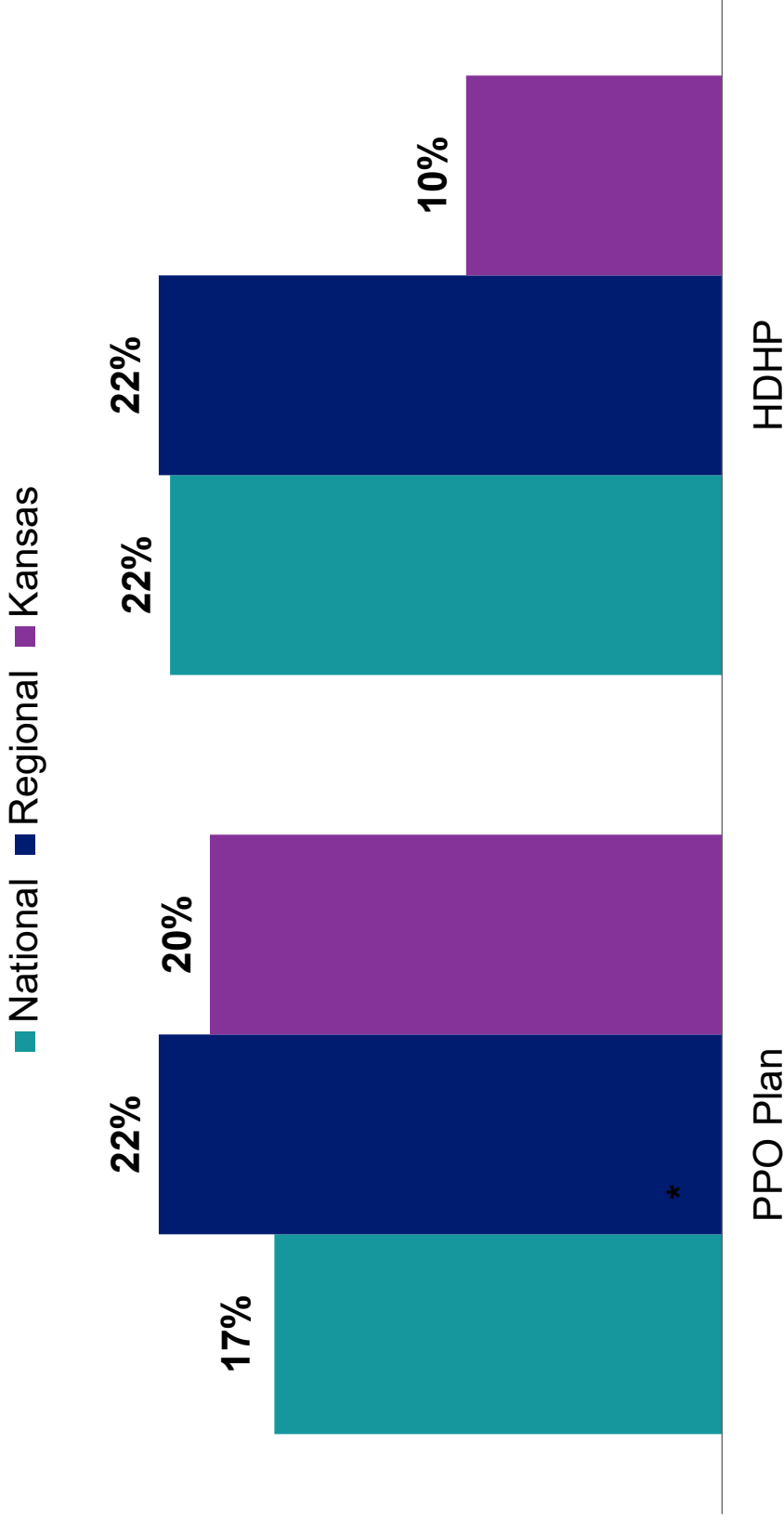
The comparison on family OOP Max levels mirror the results of the single levels, only the dollars are scaled.



Coinsurance Percentage

Members experience similar coinsurance percentages on Plan A compared to other PPOs.

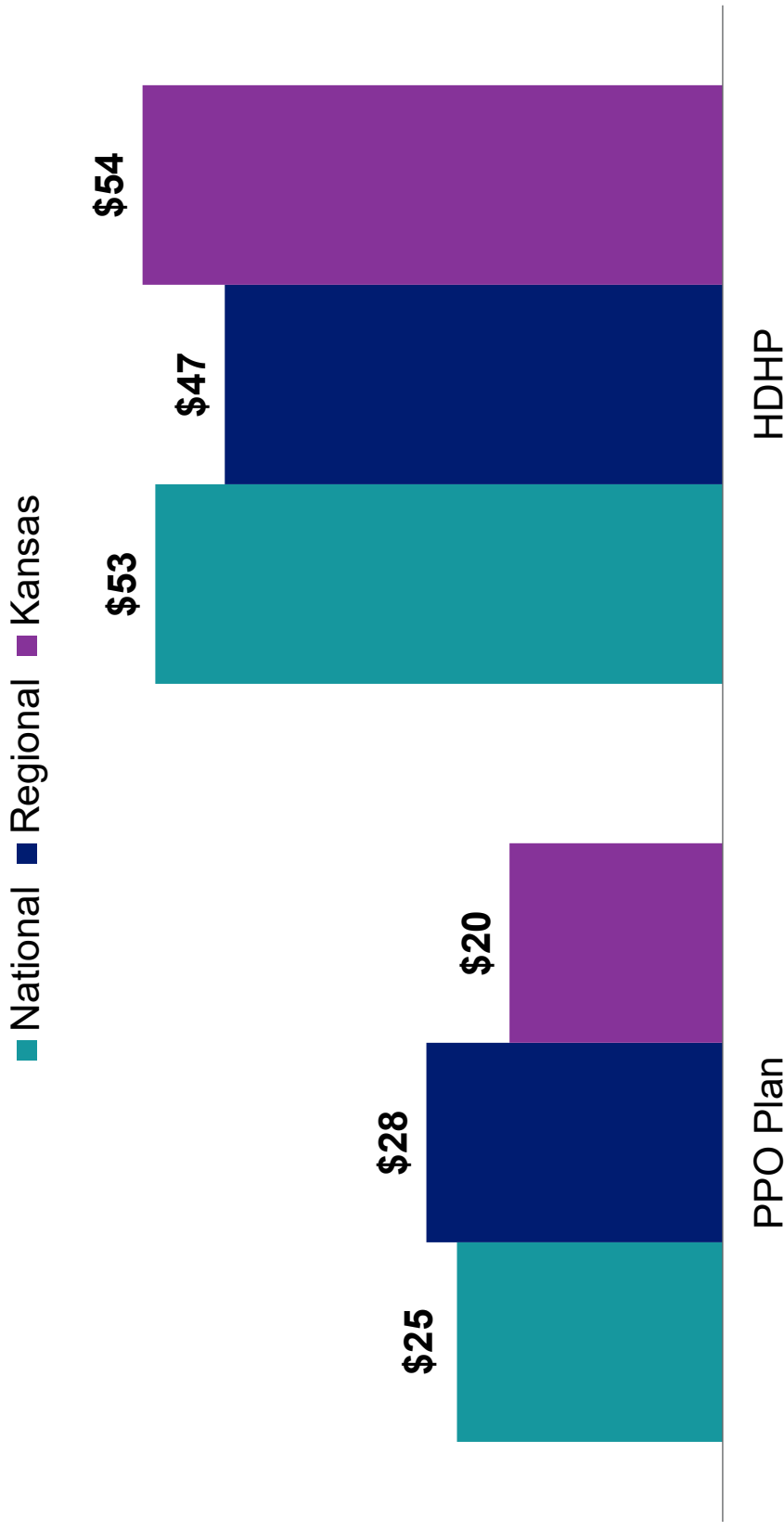
Plan C has lower coinsurance than the national and regional averages.



PCP Cost per Visit

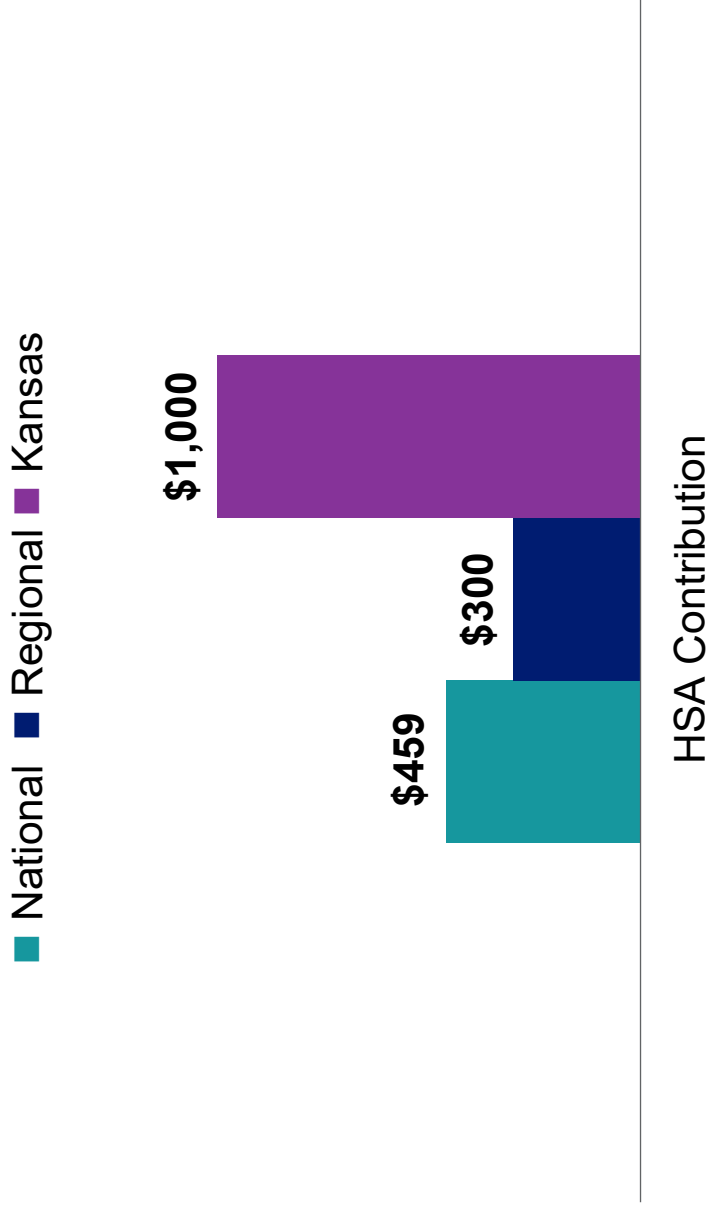
Plan A members experience lower costs when they see a PCP due to a \$20 copay which is below benchmark.

Plan C members costs are higher than the benchmark plans.



HDHP HSA/HRA Contribution

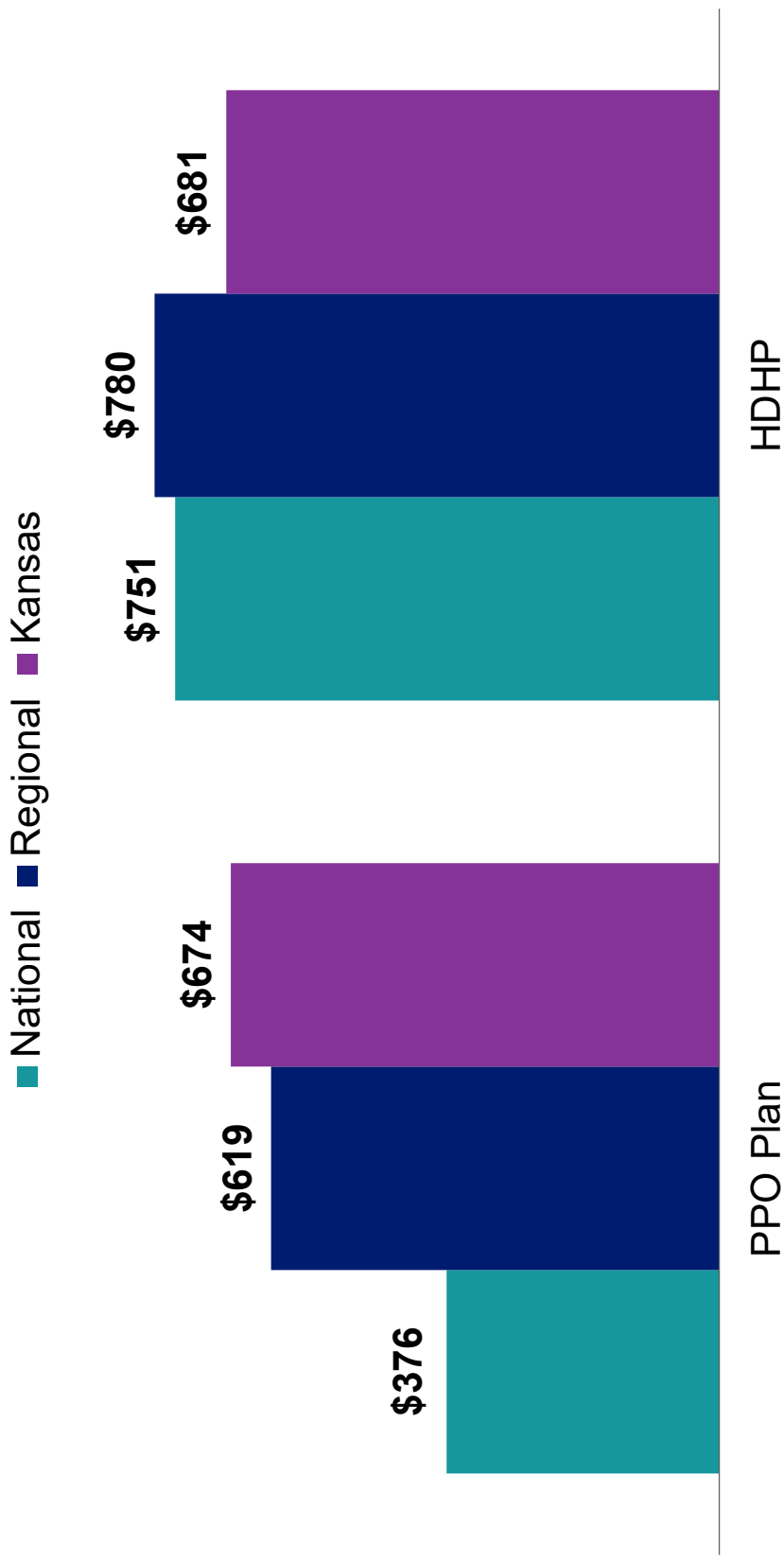
Plan C members receive a \$1,000 annual contribution to their HSA/HRA account for single coverage which is higher than the National and Regional averages.



ER Cost per Visit

Plan A members experience higher costs when visiting the ER than benchmark. This is primarily due to the benefit running through the deductible and coinsurance rather than a single copay.

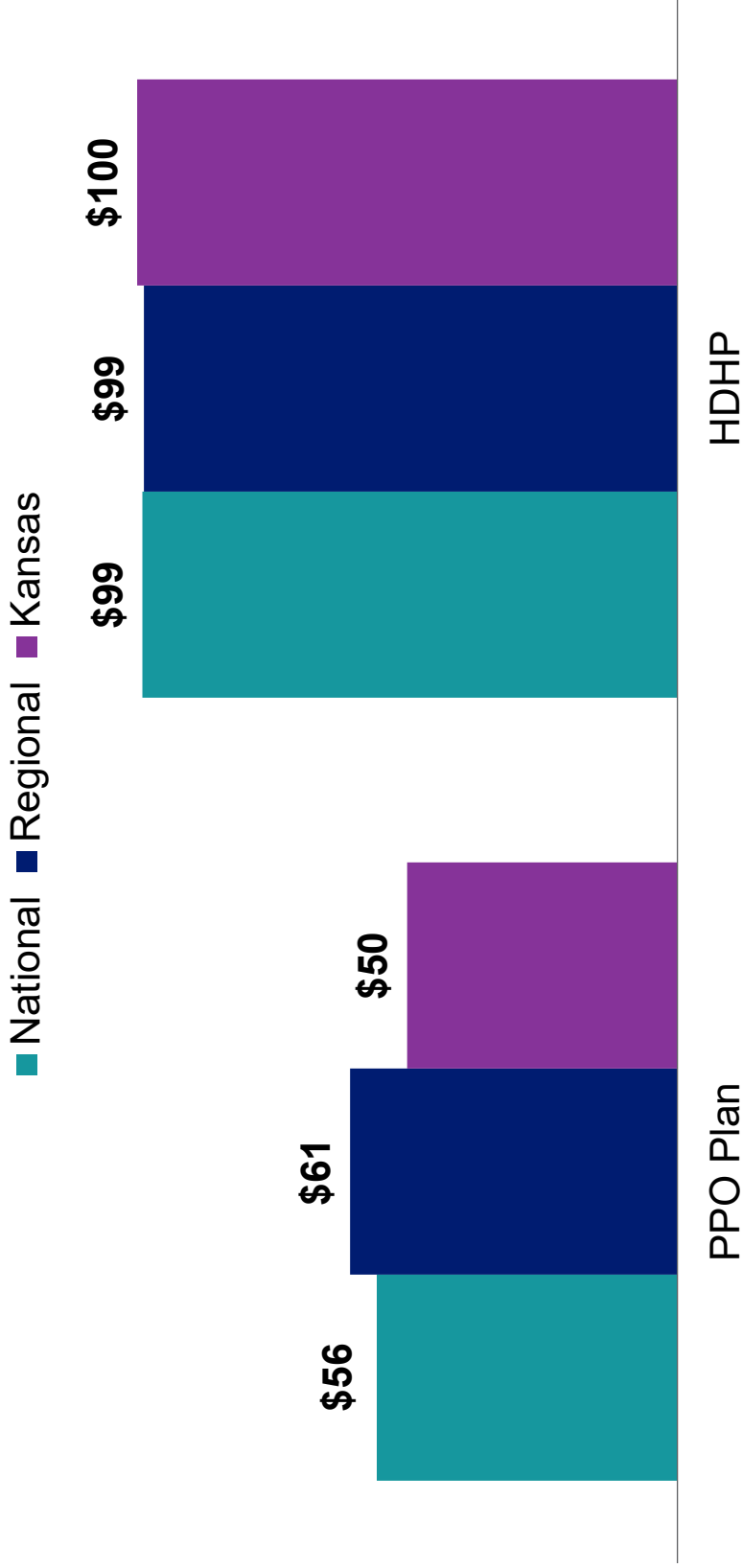
Plan C members pay less than the benchmark plans when using the ER.



Urgent Care Cost per Visit

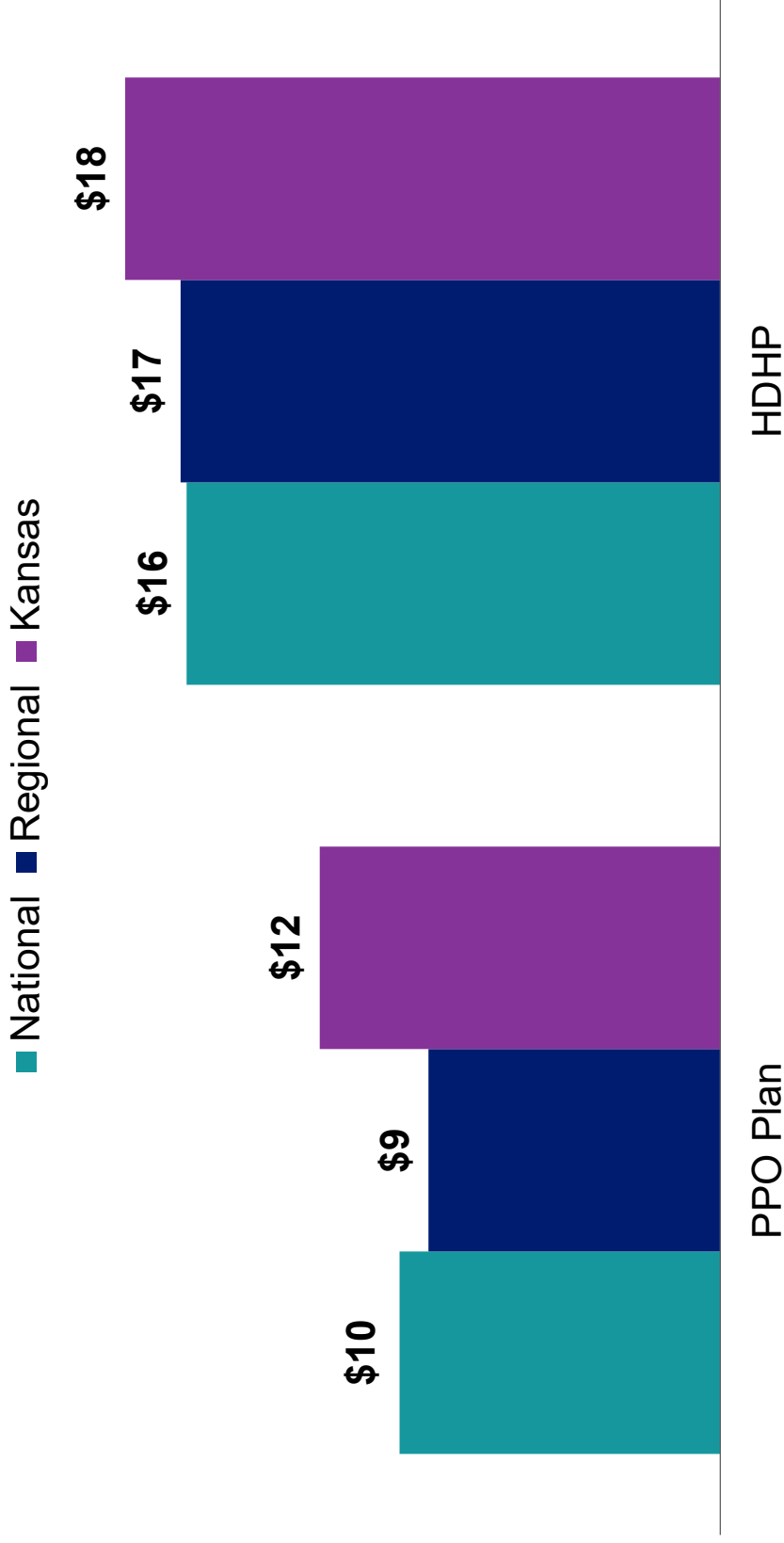
Plan A members experience lower costs when visiting the Urgent Care than benchmark.

Plan C members pay about the same as the national and regional averages.



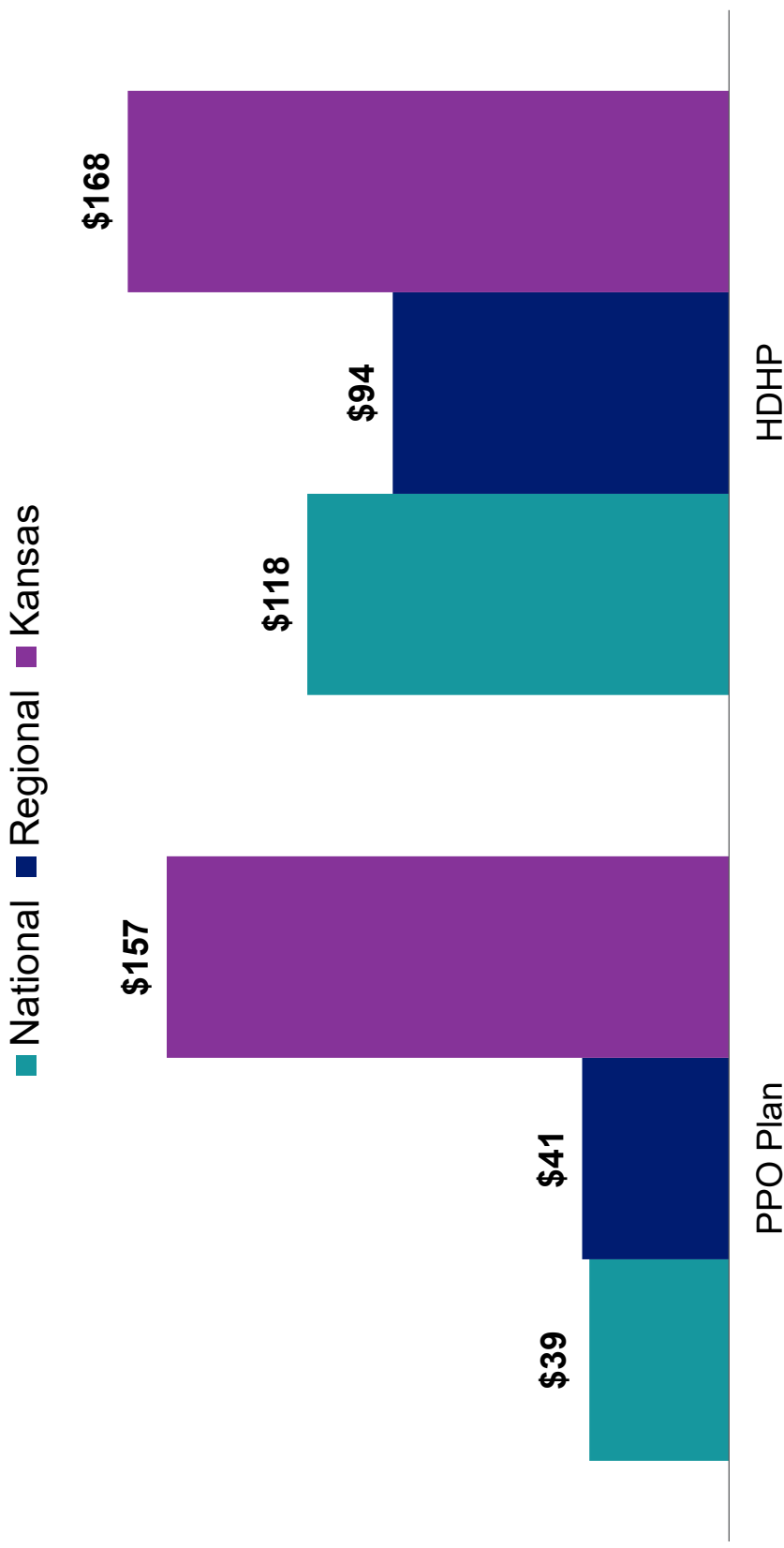
Average Cost Per Script – Retail Generic

Members experience about the same costs as benchmark plans when filling a generic prescription.



Average Cost Per Script – Retail Formulary Brand

Members experience higher costs when filling a formulary brand prescription. This is driven by the SEHP's coinsurance vs. copay on the PPO, and higher coinsurance percentages for the HDHP.



Thank You

Agenda Item #6

February 6, 2024

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

Re: Projection Summary – December 2023

Dear Ms. Flory:

This letter provides a summary of the financial update with data through December of 2023 and key assumptions included in the projections.

Experience: January 2023 to December 2023

Segal collected the actual experience and compared it to what was projected in our initial budget. Because the projection is developed monthly, we summarize the emerging experience and analyze the gain/(loss) for the period. The calendar year 2023 ended with a loss of \$5.1M compared to the initial budget.

The revenue gain of \$12.0M (2.3%) stems from enrollment growth throughout the year. On the expense side, the overall loss was \$17.2M (3.3%). Medical claims were responsible for almost the entire amount. The claims experience was exceptionally higher towards the end of the year. November for example, has a \$7.6M weekly invoice average. Significantly higher than it was in 2022 (\$6.1M) and 2021 (\$6.7M). The 2023 medical trend was 10%, exceeding the plan’s historical trend and market projections. As we’ve mentioned in the prior report, large claims activity is the reason for this. All of the remaining expense items had small deviations from their budgeted amounts. The total loss is just under 1% of total program revenue in 2023.

The reserve balance through December closed at \$66.9M versus the \$72.0M from the initial projected budget. Below is a breakout of the various components.

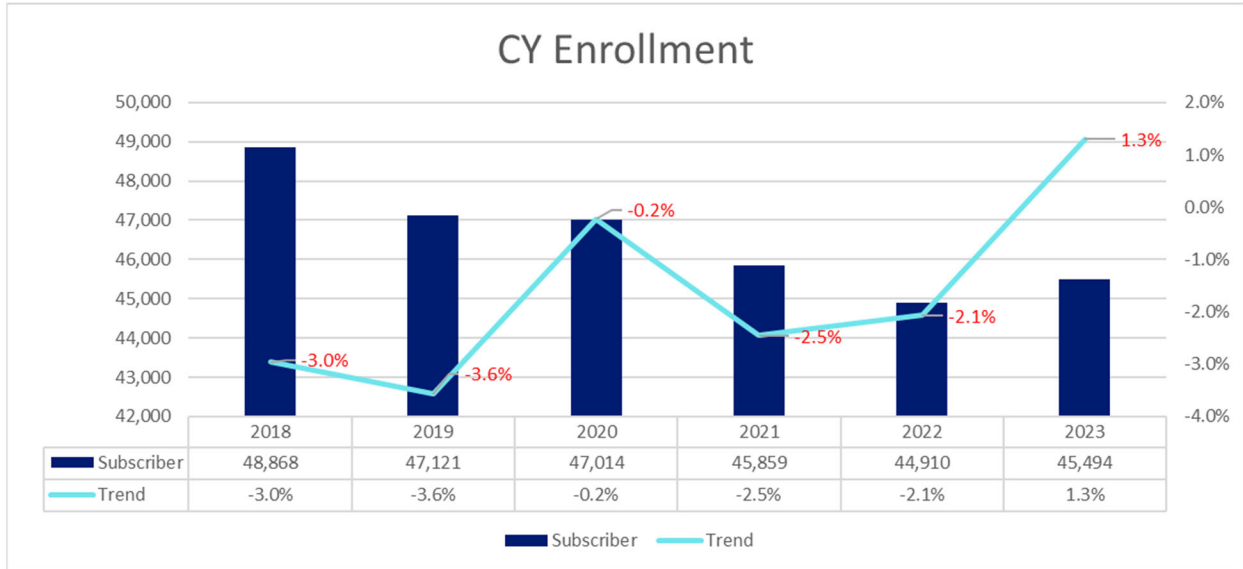
January 2023 to December 2023 Financials (in Millions)				
	Budgeted	Actual	Gain/(Loss) \$	Gain/(Loss) %
Program Revenue	\$514.1	\$526.1	\$12.0	2.3%
Medical self-insured claims	\$306.0	\$323.0	\$ (17.0)	(5.6)%
Rx self-insured claims	\$97.2	\$98.4	\$ (1.2)	(1.2)%
Dental self-insured claims	\$27.1	\$27.4	\$ (0.3)	(1.1)%
Health Savings Contributions*	\$32.7	\$33.2	\$ (0.5)	(1.5)%
ASO/Premium	\$42.0	\$41.1	\$0.9	2.1%
Contract Fees/Other**	\$9.9	\$8.8	\$1.1	11.1%
Administrative Fund	\$4.1	\$4.3	\$ (0.2)	(4.9)%
Program Expenses	\$519.0	\$536.2	\$ (17.2)	(3.3)%
Net Income/(Net Expense)	\$ (4.9)	\$ (10.0)	\$5.1	
Reserve Balance (All Funds)*	\$72.0	\$66.9	\$ (5.1)	

* Includes Health Savings and Health Reimbursement Contributions

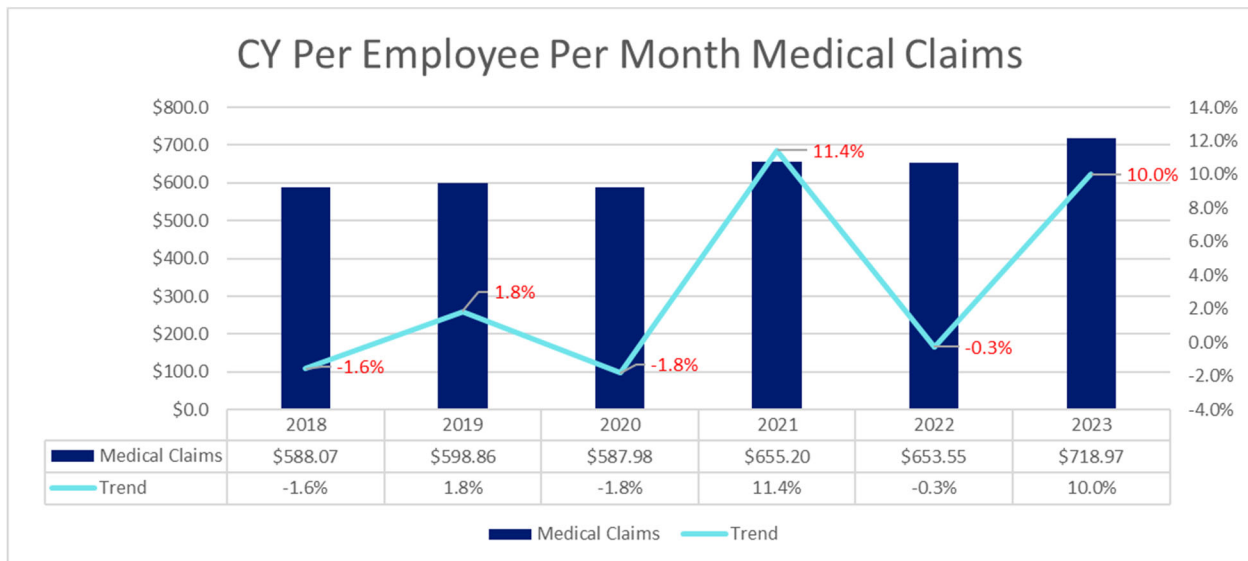
** Includes Contract Fees, Voluntary Benefit, Onsite Clinic, Wellness Program, EAP, MAP, Transparent Tools, Data Warehouse, HRA ASO, Non-State Administrative Expenses, Flex and PCORI. See full break out on Itemized Non Claims Expenses page of the projection.

Historical Trends: 2018 - 2023

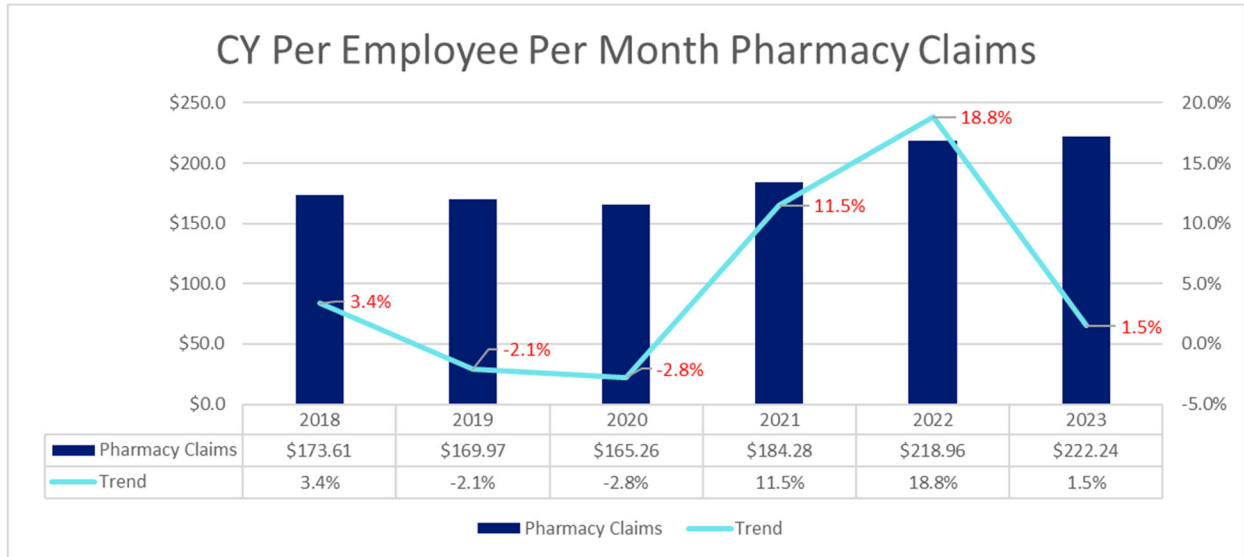
In this section, we have shown the historical trends for enrollment, medical, pharmacy, and dental claims. The graph below indicates that enrollment has been decreasing steadily over the past years but increased 1.3% in 2023 CY vs 2022 CY. The five-year effective trend is -1.4%.



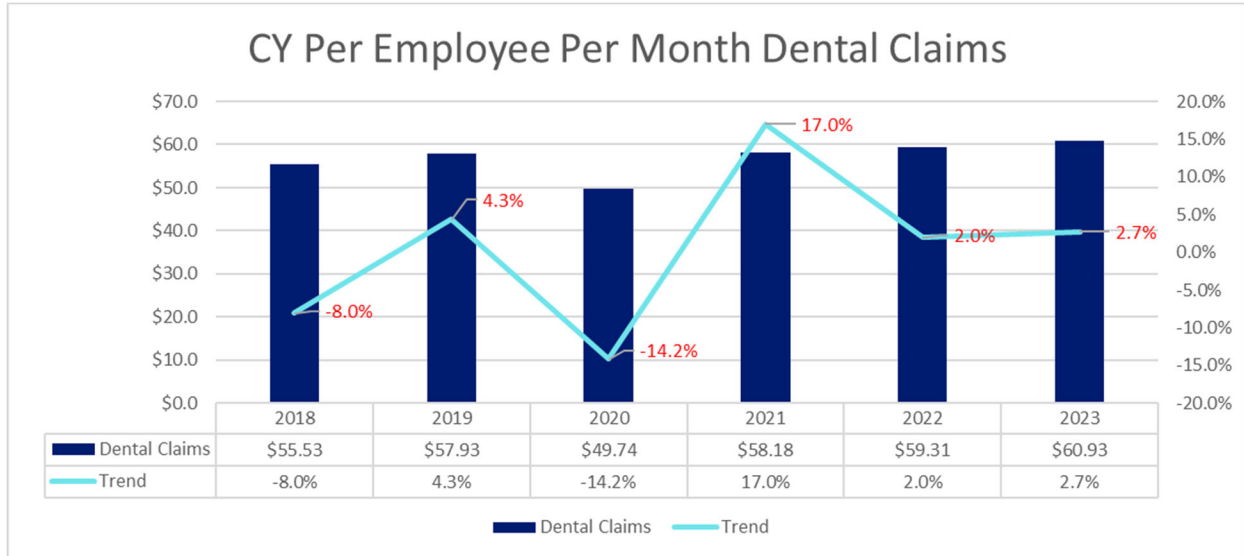
The emerging medical claims on a PEPM basis are up 10.0% in 2023 CY vs. 2022 CY. The graph below shows how that compares to historical trends. COVID-19 had a major impact on annual costs in 2020 and 2021, however the five-year effective trend (2018 to 2023) is 4.1%.



The net pharmacy claims on a PEPM basis increased 1.5% 2023 CY vs. 2022 CY. Financial improvements garnered through the RFP mitigated underlying price and utilization trends in 2023. The graph below shows how that compares to historical trends. Over the period, the five-year effective trend was 5.1%. The annual trend results have been volatile.



The emerging dental claims on a PEPM basis are up 2.7% in 2023 CY vs. 2022 CY. The graph below shows historical trends. Similar to medical, the graph shows the impact from COVID-19, primarily in 2020. The five-year effective trend is 1.9%.



Enrollment

The average 2023 enrollment increased by 1.0% from what was projected in the initial budget forecast. The increased headcount does have a direct correlation to revenue and expenses; however, the net impact to the overall financials is negligible.

Enrollment Monthly Avg.	Projected (Jan-Dec)	Actual (Jan-Dec)	Change in #	Change in %
Active & COBRA	36,588	37,159	571	1.6%
Non-Medicare Retiree	289	281	(8)	-2.9%
Medicare Members	8,168	8,054	(114)	-1.4%
Total	45,045	45,494	449	1.0%

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

The table below shows a snapshot of the January 2024 enrollment. This serves as the basis for enrollment assumptions for 2024. Compared to December 2023, the total medical enrollment increased 100 subscribers. Participation in Plan A has increased from 48.8% to 49.2% of total subscribers. Medicare members decreased 0.7% from 7,953 to 7,895, and dental and vision enrollment also increased by 269 and 416, respectively.

Contracts (January-2024)				
	Active	COBRA	Non-Medicare Retiree	Medicare Retiree
Medical				
Plan A	18,644	66	152	
Plan C	15,823	60	229	
Plan J	636	-	3	
Plan N	2,745	7	3	
Medicare				
Aetna (MA)				830
Plan C/C Select (Supp)				6,144
Plan G/G Select (Supp)				680
Plan N (Supp)				241
Medical Total	37,848	133	387	7,895
Contracts (January-2024)				
	Active	COBRA	Non-Medicare Retiree	Medicare Retiree
Dental Total	38,442	127	377	7,931
Vision Total	32,108	111	328	5,289

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 December 31, 2023						
	CY 2023	CY 2024	CY 2025	CY 2026	CY 2027	CY 2028
Program Revenue	\$526.1	\$556.7	\$578.6	\$612.3	\$652.7	\$695.8
<i>Medical self-insured claims</i>	\$323.0	\$342.9	\$362.4	\$382.0	\$411.1	\$424.9
<i>Rx self-Insured claims</i>	\$98.4	\$100.9	\$103.0	\$111.7	\$121.2	\$131.5
<i>Dental self-Insured claims</i>	\$27.4	\$29.0	\$30.0	\$30.8	\$32.4	\$32.7
Health Savings Contributions*	\$33.2	\$32.9	\$32.9	\$32.9	\$32.9	\$32.9
ASO/Premium	\$41.1	\$42.9	\$44.3	\$45.8	\$47.2	\$48.7
Contract Fees/Other**	\$8.8	\$6.9	\$6.9	\$7.0	\$7.1	\$7.1
Administrative Fund	\$4.3	\$5.1	\$5.1	\$5.1	\$5.2	\$5.3
Program Expenses	\$536.2	\$560.7	\$584.6	\$615.4	\$657.1	\$683.2
Net Income/(Net Expense)	\$(10.0)	\$(4.1)	\$(6.0)	\$(3.1)	\$(4.4)	\$12.7
Reserve Balance (All Funds)	\$66.9	\$62.8	\$56.8	\$53.7	\$49.2	\$61.9
* 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 ending balance in CY 2023 is \$66.9 compared to the initial budget projection \$72.0M. This \$5.1M delta equates to 1.0% of total program expenses.

The emerging experience impacted the baseline per capita figures used as the basis of the projection in the follow manner: Medical – Increase; Pharmacy –Slight Increase; Dental – Slight Increase.

The projected medical costs for future periods have increased since the prior update due to higher medical claims experience being incorporated into the baseline of our future projections. This can be attributed to large claims being significantly higher than in historical years as presented in the December report.

Similarly, the projected pharmacy costs for 2024 and future periods have increased slightly since the prior update. The 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.

The table below illustrates how actual financials have deviated from the initial budget over the last three (3) years. The results have fluctuated annually. However, cumulatively the net gain on cash flow is only 0.1% of total revenue.

Cumulative Budget VS. Actual					
	2021	2022*	2023	Total \$	Total %
Revenue:					
Budget	\$486,878,645	\$498,146,009	\$514,142,044	\$1,499,166,697	
Actual	\$485,579,581	\$505,368,314	\$526,132,585	\$1,517,080,480	
Gain/(Loss)	(\$1,299,064)	\$7,222,305	\$11,990,541	\$17,913,782	1.2%
Expenses:					
Budget	\$490,311,585	\$501,968,372	\$518,999,225	\$1,511,279,182	
Actual	\$495,843,214	\$494,951,771	\$536,170,468	\$1,526,965,452	
Gain/(Loss)	(\$5,531,629)	\$7,016,601	(\$17,171,243)	(\$15,686,271)	-1.0%
Net Cash Flow:					
Gain/(Loss)	(\$6,830,693)	\$14,238,906	(\$5,180,702)	\$2,227,511	0.1%

*Budget adjusted for \$10M GBA contribution

These projections are very complicated and incorporate future inflation and utilization that drive claims costs, known changes, impact of RFPs, enrollment difference, seasonality, etc.

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 higher than the 6.2% calculated at the December HCC meeting and driven by emerging medical claims.

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.

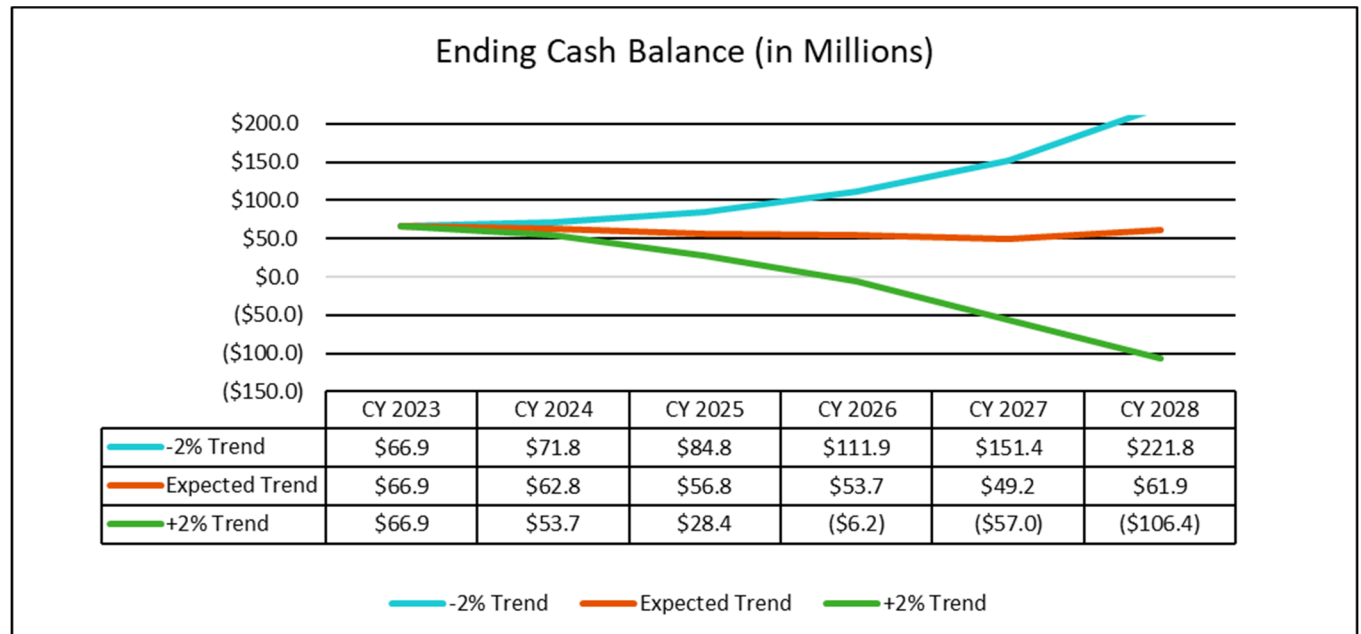
The future funding increases can be found at the bottom of the first table. The employee funding is effective January 1st each year and the employer funding is effective July 1st each year. Thus, the 6.9% increase shown in 2028 represents the employer contribution between 7/1/2028-6/30/2029, while the 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	\$56.1	\$58.7	\$61.9
Reserve Balance (All Funds)	\$66.9	\$62.8	\$56.8	\$53.7	\$49.2	\$61.9
Fund Balance vs. Target Surplus/(Shortfall)	\$18.6	\$11.9	\$3.7	\$(2.4)	\$(9.5)	\$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	\$472.8	\$495.3	\$524.6	\$564.7	\$589.1
IBNR Claim Reserve (7.5% of self-insured claims)	\$33.7	\$35.5	\$37.1	\$39.3	\$42.4	\$44.2
Claim Fluctuation Reserve (5.5% of self-insured claims)	\$24.7	\$26.0	\$27.2	\$28.9	\$31.1	\$32.4
Total Target Reserves	\$58.3	\$61.5	\$64.4	\$68.2	\$73.4	\$76.6
Reserve Balance (All Funds)	\$66.9	\$62.8	\$56.8	\$53.7	\$49.2	\$61.9
Fund Balance vs. Target Surplus/(Shortfall)	\$8.6	\$1.3	\$(7.6)	\$(14.5)	\$(24.2)	\$(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:



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 -\$106.4 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 27.1% 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
2023 Variance Report - Through December
Budget vs. Actual

	Jan-2023		Feb-2023		Mar-2023	
	Initial Budget	Actual	Initial Budget	Actual	Initial Budget	Actual
Revenue						
State ER	31,221,533	31,272,222	24,989,197	25,492,652	27,151,647	27,487,961
State EE	5,894,348	5,910,023	5,894,348	5,959,149	6,474,145	6,487,930
Non-State ER	3,970,554	4,015,177	3,970,554	3,989,872	3,970,554	3,988,393
Non-State EE	741,938	756,474	741,938	759,816	741,938	755,789
Direct Bill	2,700,951	2,761,219	2,700,951	2,671,781	2,700,951	2,670,908
COBRA	241,760	204,751	241,760	211,684	241,760	226,021
Voluntary Benefit	393,333	397,313	393,333	402,830	393,333	432,791
Interest/Other	179,408	188,953	179,408	282,838	179,408	221,519
Administrative Fund	260,329	288,687	260,329	292,024	260,329	292,410
Total	45,604,155	45,794,821	39,371,819	40,062,646	42,114,067	42,563,723
				690,827		449,656
Expenses						
Medical Claims	23,294,322	22,795,463	22,137,944	20,222,148	26,246,936	27,238,480
Rx Claims	7,611,165	7,787,566	7,259,126	7,584,044	7,314,280	7,280,949
Dental Claims	2,030,361	2,063,043	2,035,386	2,081,420	2,588,626	2,708,114
Health Savings ER	6,405,029	6,305,741	792,793	691,413	816,643	1,159,075
ASO/Premium	3,497,223	3,429,459	3,497,223	2,835,818	3,497,223	3,199,544
Voluntary Benefit	393,333	397,313	393,333	402,830	393,333	432,791
Onsite Clinic (Marathon)	268,936	248,757	268,936	247,047	268,936	49,760
Other Contract Fees/Flex	225,314	318,531	225,314	260,561	225,314	190,211
PCORI	-	-	-	-	-	-
Administrative Fund	269,730	189,676	269,730	192,780	269,730	440,875
Total	43,995,415	43,535,550	36,879,786	34,518,061	41,621,022	42,699,797
				(2,361,725)		1,078,775
Net Cash Flow	1,608,741	2,259,272	2,492,033	5,544,585	493,045	(136,075)
Beginning Balance (Reserve Fund)	67,342,399	67,342,399	68,960,541	69,502,660	71,461,975	74,948,001
Ending Balance (Reserve Fund)	68,960,541	69,502,660	71,461,975	74,948,001	71,964,421	74,960,390
Beginning Balance (Administrative Fund)	9,546,952	9,546,952	9,537,551	9,645,963	9,528,149	9,745,207
Ending Balance (Administrative Fund)	9,537,551	9,645,963	9,528,149	9,745,207	9,518,748	9,596,742
Beginning Balance (Both Funds)	76,889,351	76,889,351	78,498,092	79,148,623	80,990,124	84,693,207
Ending Balance (Both Funds)	78,498,092	79,148,623	80,990,124	84,693,207	81,483,169	84,557,133
Enrollment (Subscriber)						
Active	36,327	36,327	36,327	36,493	36,327	36,571
COBRA	261	261	261	247	261	235
Non-Medicare Retiree	289	289	289	295	289	288
Medicare Retiree	8,168	8,168	8,168	8,142	8,168	8,108
Total	45,045	45,045	45,045	45,177	45,045	45,202
Revenue PEPM	1,012	1,017	874	887	935	942
Expenses PEPM	977	966	819	764	924	945

Kansas State Employees Health Care Commission
2023 Variance Report - Through December
Budget vs. Actual

	Apr-2023		May-2023		Jun-2023	
	Initial Budget	Actual	Initial Budget	Actual	Initial Budget	Actual
Revenue						
State ER	33,577,494	33,971,074	27,345,158	27,641,065	22,826,747	23,554,393
State EE	6,474,145	6,548,199	6,474,145	6,525,094	5,314,551	5,449,613
Non-State ER	3,970,554	3,997,258	3,970,554	4,053,832	3,970,554	4,001,390
Non-State EE	741,938	762,590	741,938	772,621	741,938	767,118
Direct Bill	2,700,951	2,648,812	2,700,951	2,638,357	2,700,951	2,615,646
COBRA	241,760	247,035	241,760	225,246	241,760	244,361
Voluntary Benefit	393,333	436,782	393,333	434,519	393,333	368,634
Interest/Other	179,408	267,573	179,408	288,108	179,408	270,908
Administrative Fund	260,329	297,521	260,329	297,648	260,329	284,909
Total	48,539,914	49,176,844	42,307,578	42,876,491	36,629,572	37,556,972
				531,594		927,401

	Apr-2023		May-2023		Jun-2023	
	Initial Budget	Actual	Initial Budget	Actual	Initial Budget	Actual
Expenses						
Medical Claims	22,654,717	27,273,536	22,664,718	23,925,690	29,641,278	22,163,413
Rx Claims	8,036,713	8,742,303	7,839,062	3,339,611	8,037,499	9,455,006
Dental Claims	2,076,008	2,178,978	2,081,128	2,133,169	2,607,826	2,165,654
Health Savings ER	6,977,429	5,655,374	7,450,093	2,193,335	7,212,433	757,835
ASO/Premium	3,497,223	3,524,035	3,497,223	3,517,238	3,497,223	3,498,931
Voluntary Benefit	393,333	222,771	393,333	648,530	393,333	368,634
Onsite Clinic (Marathon)	268,936	4,162	268,936	351,117	268,936	187,973
Other Contract Fees/Flex	225,314	186,271	225,314	265,564	225,314	184,786
PCORI	-	-	-	-	-	-
Administrative Fund	269,730	313,488	269,730	285,348	269,730	268,381
Total	44,399,405	48,100,919	37,984,538	36,659,602	45,662,383	39,050,611
				(1,324,936)		(6,611,772)

Net Cash Flow	4,140,509	1,075,925	4,323,040	6,216,889	(9,032,812)	(1,493,639)	7,539,173
Beginning Balance (Reserve Fund)	71,964,421	74,960,390	76,114,331	76,052,283	80,446,772	82,256,871	1,810,099
Ending Balance (Reserve Fund)	76,114,331	76,052,283	80,446,772	82,256,871	71,423,361	80,746,704	9,323,342
Beginning Balance (Administrative Fund)	9,518,748	9,596,742	9,509,347	9,580,775	9,499,945	9,593,076	93,130
Ending Balance (Administrative Fund)	9,509,347	9,580,775	9,499,945	9,593,076	9,490,544	9,609,604	119,060
Beginning Balance (Both Funds)	81,483,169	84,557,133	85,623,678	85,633,057	89,946,717	91,849,946	1,903,229
Ending Balance (Both Funds)	85,623,678	85,633,057	89,946,717	91,849,946	80,913,906	90,356,308	9,442,402

Enrollment (Subscriber)						
	Initial Budget	Actual	Initial Budget	Actual	Initial Budget	Actual
Active	36,327	36,657	36,327	36,743	36,327	36,712
COBRA	261	240	(21)	248	(13)	255
Non-Medicare Retiree	289	288	289	286	289	280
Medicare Retiree	8,168	8,085	8,168	8,066	8,168	8,052
Total	45,045	45,270	45,045	45,343	45,045	45,299
Revenue PEPM	1,078	1,086	939	946	813	829
Expenses PEPM	986	1,063	843	808	1,014	862

Kansas State Employees Health Care Commission
2023 Variance Report - Through December
Budget vs. Actual

	Jul-2023		Aug-2023		Sep-2023	
	Initial Budget	Actual	Initial Budget	Actual	Initial Budget	Actual
Revenue						
State ER	31,321,479	31,911,073	25,089,143	25,139,238	27,445,104	28,591,108
State EE	5,314,551	5,454,065	5,314,551	5,513,132	5,894,348	6,117,185
Non-State ER	4,312,569	4,318,140	4,312,569	4,537,828	4,312,569	4,553,459
Non-State EE	741,938	768,892	741,938	803,945	741,938	811,826
Direct Bill	2,700,951	2,614,900	2,700,951	2,638,539	2,700,951	2,608,868
COBRA	241,760	257,729	241,760	280,838	241,760	252,475
Voluntary Benefit	393,333	368,501	393,333	369,083	393,333	403,868
Interest/Other	179,408	280,417	179,408	(135,039)	179,408	423,961
Administrative Fund	260,329	283,886	260,329	288,738	260,329	305,436
Total	45,466,320	46,257,604	39,233,983	39,436,302	42,169,742	44,068,187
						1,898,445
Expenses						
Medical Claims	23,635,817	31,946,241	24,587,969	25,074,201	30,089,378	31,979,419
Rx Claims	7,898,563	8,553,734	8,015,828	7,663,704	8,568,516	9,088,122
Dental Claims	2,091,406	2,566,862	2,096,564	2,214,819	2,827,169	2,405,497
Health Savings ER	6,882,029	6,670,280	6,258,843	6,270,005	6,019,993	7,170,067
ASO/Premium	3,497,223	3,485,470	3,497,223	3,509,502	3,497,223	3,230,895
Voluntary Benefit	393,333	367,510	393,333	369,083	393,333	403,868
Onsite Clinic (Marathon)	268,936	177,585	268,936	180,633	268,936	176,799
Other Contract Fees/Flex	97,417	42,239	97,417	58,373	67,500	40,040
PCOR	200,000	179,817	-	-	-	-
Administrative Fund	397,627	415,861	397,627	447,187	427,544	456,889
Total	45,362,352	54,405,600	39,980,741	40,144,507	46,541,593	48,498,589
						1,956,996
Net Cash Flow	103,968	(8,147,996)	(746,758)	(708,205)	(4,371,851)	(4,430,402)
						(58,551)
Beginning Balance (Reserve Fund)	71,423,361	80,746,704	71,664,627	72,730,683	71,055,168	72,180,926
Ending Balance (Reserve Fund)	71,664,627	72,730,683	71,055,168	72,180,926	66,850,532	67,901,976
Beginning Balance (Administrative Fund)	9,490,544	9,609,604	9,353,246	9,477,629	9,215,947	9,319,180
Ending Balance (Administrative Fund)	9,353,246	9,477,629	9,215,947	9,319,180	9,048,732	9,167,728
Beginning Balance (Both Funds)	80,913,906	90,356,308	81,017,873	82,208,312	80,271,116	81,500,106
Ending Balance (Both Funds)	81,017,873	82,208,312	80,271,116	81,500,106	75,899,265	77,069,704
Enrollment (Subscriber)						
Active	36,327	36,622	36,327	36,912	36,327	37,162
COBRA	261	270	261	277	261	280
Non-Medicare Retiree	289	285	289	280	289	272
Medicare Retiree	8,168	8,034	8,168	8,029	8,168	8,023
Total	45,045	45,211	45,045	45,498	45,045	45,737
Revenue PEPM	1,009	1,023	871	867	936	964
Expenses PEPM	1,007	1,203	888	882	1,033	1,060

Kansas State Employees Health Care Commission
2023 Variance Report - Through December
Budget vs. Actual

	Oct-2023		Nov-2023		Dec-2023	
	Initial Budget	Actual	Initial Budget	Actual	Initial Budget	Actual
Revenue						
State ER	33,677,441	35,132,328	27,445,104	28,658,494	27,445,104	28,667,167
State EE	5,894,348	6,218,028	5,894,348	6,151,616	5,894,348	6,154,715
Non-State ER	4,312,569	4,565,430	4,312,569	4,555,504	4,312,569	4,488,811
Non-State EE	741,938	794,093	741,938	786,965	741,938	786,469
Direct Bill	2,700,951	2,601,254	2,700,951	2,593,078	2,700,951	2,565,484
COBRA	241,760	227,928	241,760	242,703	241,760	222,976
Voluntary Benefit	393,333	408,782	375,000	375,856	375,000	376,130
Interest/Other	179,408	315,761	179,408	261,829	179,408	260,575
Administrative Fund	260,329	308,008	260,329	309,499	260,329	309,512
Total	48,402,078	50,571,613	42,151,408	43,935,544	42,151,408	43,831,839
Expenses						
Medical Claims	24,494,261	27,115,230	25,519,192	30,504,753	31,017,181	32,783,755
Rx Claims	8,422,050	9,338,107	9,027,193	10,136,458	9,141,915	9,406,916
Dental Claims	2,106,918	2,165,801	2,112,115	2,016,225	2,646,655	2,675,918
Health Savings ER	6,810,479	6,890,475	6,499,693	963,193	313,500	552,293
ASO/Premium	3,497,223	3,812,444	3,497,223	3,527,847	3,497,223	3,533,343
Voluntary Benefit	393,333	408,782	375,000	375,856	375,000	376,130
Onsite Clinic (Marathon)	268,936	176,084	268,936	191,143	268,936	175,917
Other Contract Fees/Flex	67,500	41,255	67,500	51,839	67,500	41,403
PCORI	-	-	-	-	-	-
Administrative Fund	427,544	446,507	427,544	434,099	427,544	415,458
Total	46,488,246	50,394,686	41,944,396	48,201,414	48,139,347	49,961,133
Net Cash Flow	1,913,832	176,927	207,012	(4,265,869)	(5,987,939)	(6,129,294)
Beginning Balance (Reserve Fund)	66,850,532	67,901,976	68,931,579	68,217,403	69,305,807	64,076,133
Ending Balance (Reserve Fund)	68,931,579	68,217,403	69,305,807	64,076,133	63,485,083	58,052,785
Beginning Balance (Administrative Fund)	9,048,732	9,167,728	8,881,517	9,029,229	8,714,302	8,904,629
Ending Balance (Administrative Fund)	8,881,517	9,029,229	8,714,302	8,904,629	8,547,087	8,798,683
Beginning Balance (Both Funds)	75,899,265	77,069,704	77,813,097	77,246,632	78,020,109	72,980,762
Ending Balance (Both Funds)	77,813,097	77,246,632	78,020,109	72,980,762	72,032,170	66,851,469
Enrollment (Subscriber)						
Active	36,327	37,328	36,327	37,597	36,327	37,688
COBRA	261	264	261	263	261	261
Non-Medicare Retiree	289	272	289	273	289	261
Medicare Retiree	8,168	8,001	8,168	7,988	8,168	7,953
Total	45,045	45,865	45,045	46,121	45,045	46,163
Revenue PEPM	1,075	1,103	936	953	936	950
Expenses PEPM	1,032	1,099	931	1,045	1,069	1,082

Kansas State Employees Health Care Commission
2023 Variance Report - Through December
Budget vs. Actual

	Jan-2023 - Dec-2023			Jan-Dec 2023 Actual/Budget	% Difference	
	Initial Budget	Actual	\$ Difference			
Revenue						
State ER	339,535,154	347,518,775	7,983,621	347,518,775	7,983,621	2.4%
State EE	70,732,174	72,488,750	1,756,575	72,488,750	1,756,575	2.5%
Non-State ER	49,698,742	51,065,094	1,366,352	51,065,094	1,366,352	2.7%
Non-State EE	8,903,250	9,326,599	423,348	9,326,599	423,348	4.8%
Direct Bill	32,411,414	31,628,847	(782,567)	31,628,847	(782,567)	-2.4%
COBRA	2,901,125	2,843,748	(57,378)	2,843,748	(57,378)	-2.0%
Voluntary Benefit	4,683,333	4,775,089	91,756	4,775,089	91,756	2.0%
Interest/Other	2,152,902	2,927,405	774,503	2,927,405	774,503	36.0%
Administrative Fund	3,123,949	3,558,280	434,331	3,558,280	434,331	13.9%
Total	514,142,044	526,132,585	11,990,541	526,132,585	11,990,541	2.3%
Expenses						
Medical Claims	305,983,712	323,022,328	17,038,616	323,022,328	17,038,616	5.6%
Rx Claims	97,171,909	98,376,519	1,204,610	98,376,519	1,204,610	1.2%
Dental Claims	27,100,163	27,375,501	275,338	27,375,501	275,338	1.0%
Health Savings ER	32,725,661	33,183,079	457,418	33,183,079	457,418	1.4%
ASO/Premium	41,966,681	41,104,526	(862,155)	41,104,526	(862,155)	-2.1%
Voluntary Benefit	4,683,333	4,774,098	90,765	4,774,098	90,765	1.9%
Onsite Clinic (Marathon)	3,227,236	2,166,979	(1,060,257)	2,166,979	(1,060,257)	-32.9%
Other Contract Fees/Flex	1,816,716	1,681,072	(135,644)	1,681,072	(135,644)	-7.5%
PCORI	200,000	179,817	(20,183)	179,817	(20,183)	-10.1%
Administrative Fund	4,123,813	4,306,548	182,735	4,306,548	182,735	4.4%
Total	518,999,225	536,170,468	17,171,243	536,170,468	17,171,243	3.3%
Net Cash Flow	(4,857,181)	(10,037,882)	(5,180,702)	(10,037,882)	(5,180,702)	
Beginning Balance (Reserve Fund)	67,342,399	67,342,399	-	67,342,399	-	
Ending Balance (Reserve Fund)	63,485,083	58,052,785	(5,432,298)	58,052,785	(5,432,298)	
Beginning Balance (Administrative Fund)	9,546,952	9,546,952	-	9,546,952	-	
Ending Balance (Administrative Fund)	8,547,087	8,798,683	251,596	8,798,683	251,596	
Beginning Balance (Both Funds)	76,889,351	76,889,351	-	76,889,351	-	
Ending Balance (Both Funds)	72,032,170	66,851,469	(5,180,702)	66,851,469	(5,180,702)	
Enrollment (Subscriber)						
Active	36,327	36,901	574	36,327	574	1.6%
COBRA	261	258	(3)	258	(3)	-1.0%
Non-Medicare Retiree	289	281	(8)	281	(8)	-2.9%
Medicare Retiree	8,168	8,054	(114)	8,054	(114)	-1.4%
Total	45,045	45,494	449	45,045	449	1.0%
Revenue PEPM	951	964	13	951	13	1.3%
Expenses PEPM	960	982	22	982	22	2.3%

**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%	5.00%	4.50%	4.00%	4.00%	4.00%
Admin/Contract Fee Trend/Vision Trend	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%
Medical claim trend rate	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						
Target based on 10% of Total Expenses						
Medical						
Employer % Change (eff. July 1)			Fixed	Calculated	Calculated	Calculated
State Employer	7.5%	5.0%	5.0%	6.9%	6.9%	6.9%
Non-State Employer			Fixed	Calculated	Calculated	Calculated
State Employee % Change (eff. Jan 1)	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%
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	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	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 contribution % 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%	10.0%
Additional Funding						
Additional Cash	\$ -					

Kansas State Employees Health Care Commission
Financial Data and Enrollment Data Through December 2023
Itemized Non Claims Expenses Projected by Staff

	2023 January	2023 February	2023 March	2023 April	2023 May	2023 June	2023 July	2023 August	2023 September	2023 October	2023 November	2023 December	2023 To Date	2023 Projected
ASO/Premium														
BCBS ASO/Premium	2,746,213	2,135,989	2,501,325	2,820,543	2,815,116	2,809,330	2,806,319	2,808,414	2,816,339	2,810,793	2,812,406	2,807,363	32,690,150	34,028,790
Aetna Premium (Medicare Retiree)	110,367	111,993	111,531	110,389	111,530	111,322	111,410	110,150	111,881	111,409	111,808	111,985	1,335,774	1,366,365
Aetna ASO	115,401	118,583	118,333	118,297	120,335	119,620	120,656	122,015	124,803	126,198	123,802	124,768	1,452,809	1,335,008
ASO-Delta (Dental)	47,386	48,347	48,385	48,495	48,475	48,686	48,665	48,840	49,181	49,304	49,474	49,605	584,841	574,664
ASO-Caremark (Rx)	77,839	94,792	85,776	92,793	92,012	94,437	86,330	93,131	96,992	98,623	109,717	101,618	1,124,058	911,782
Premium-Surety (Vision)	297,413	288,639	299,160	291,730	298,842	284,131	283,200	287,406	-	580,070	289,307	296,463	3,496,361	3,337,979
Premium-SilverScript (Medicare Rx)	29,803	28,848	29,342	29,507	27,732	27,467	26,545	26,348	27,006	26,348	26,348	25,590	330,882	358,092
MDX Medical Inc (Transparency Service)	5,037	8,627	5,693	12,282	3,197	3,939	2,346	13,199	4,694	9,701	4,985	15,952	89,652	54,000
Total	3,429,459	2,835,818	3,199,544	3,524,035	3,517,238	3,498,931	3,485,470	3,509,502	3,230,895	3,812,444	3,527,847	3,533,343	41,104,526	41,966,681
Voluntary Benefit														
Supplemental	368,532	372,228	400,962	205,384	600,363	343,219	342,346	343,919	375,423	378,961	375,856	376,130	4,483,321	4,500,000
LTC	28,782	30,602	31,829	17,387	48,167	25,415	25,164	25,164	28,445	29,821	-	-	290,777	183,333
Total	397,313	402,830	432,791	222,771	648,530	368,634	367,510	369,083	403,868	408,782	375,856	376,130	4,774,098	4,683,333
Onsite Clinic														
Marathon	248,757	247,047	49,760	4,162	351,117	187,973	177,585	180,633	176,799	176,084	191,143	175,917	2,166,979	3,227,236
Total	248,757	247,047	49,760	4,162	351,117	187,973	177,585	180,633	176,799	176,084	191,143	175,917	2,166,979	3,227,236
Other Contract Fees/Flex														
Cerner (Wellness Program)	133,458	74,521	2,270	-	-	-	-	-	-	-	-	-	210,248	-
Compsych (Employee Assistant Program)	27,897	27,897	27,897	27,897	27,897	27,897	27,897	27,897	27,897	27,897	27,897	27,897	167,383	167,383
Itidium (COBRA)	9,559	5,801	7,295	7,281	7,246	7,246	7,246	7,246	7,246	8,286	7,330	7,306	89,086	135,000
ITEDIUM (MAP Enrollment)	14,996	17,001	15,277	15,371	15,275	15,290	17,695	15,617	15,354	15,406	26,960	16,530	200,772	420,000
RX Savings (Transparency Tools)	99,633	99,633	99,633	99,633	99,633	99,633	99,633	99,633	99,633	99,633	99,633	99,633	597,795	600,000
DXC/Gain (Data Warehouse)	15,789	17,398	20,146	18,348	97,784	17,416	-	18,150	-	-	-	-	205,033	239,333
Metlife (HRA ASO)	2,180	2,323	1,801	1,793	1,792	1,794	1,771	1,809	1,825	1,863	1,874	1,879	22,704	35,000
NueSynergy (Café/Flex Spending Account)	15,020	15,989	15,893	15,948	15,938	15,510	15,527	15,551	15,615	15,701	15,675	15,689	188,052	220,000
Grand Total	318,531	260,561	190,211	186,271	265,564	184,786	42,239	58,373	40,040	41,255	51,839	41,403	1,681,072	1,816,716
Administrative Fund Cost														
Compsych (Employee Assistant Program)							27,897	27,897	27,897	27,897	27,897	27,897	167,383	167,383
RX Savings (Transparency Tools)							99,633	99,633	99,633	99,633	99,633	99,633	597,795	600,000
DXC/Gain (Data Warehouse)							-	-	36,301	18,150	18,150	18,150	90,752	119,667
CITI/Sagebrush (SEHP Audit)							24,022	20,901	9,754	8,193	8,193	8,193	166,984	164,000
Segal (Actuarial Fees)							41,000	41,000	41,000	41,000	41,000	41,000	492,000	500,000
Marathon (Wellness)							64,397	64,397	64,397	64,397	64,397	64,397	772,764	772,764
Operational Expenses	148,676	140,633	192,416	193,823	155,928	138,962	158,912	193,359	177,908	187,237	174,829	156,188	2,018,870	1,800,000
Total	189,676	192,780	440,875	313,488	285,348	268,381	415,861	447,187	456,889	446,507	434,099	415,458	4,306,548	4,123,813

Kansas State Employees Health Care Commission Revenue/Expense Category Definitions

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 Chubb (long-term care) and MetLife/Hartford (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 Chubb (long-term care) and MetLife/Hartford (accident, critical illness, and hospital indemnity)
Wellness Program	Marathon
Other Contract Fees/Flex	Fees paid to outside vendors such as Marathon(Wellness Program), iTEDIUM (MAP Enrollment), Compsych (Employee Assistant Program) and CTI/Sagebrush (SEHP Audit), NueSynergy, Salaries and Wages to maintain Flex account etc.
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

APPENDIX - A

Follow Up Items from the December HCC Meeting

2/16/2024

Benchmarking SEHP Dental Benefits

- **The SEHP dental plan currently has:**
 - \$1,000 Orthodontic Benefit Lifetime Maximum
 - \$1,700 Annual Dental Benefit Maximum per member per year
 - Diagnostic and Preventive dental services do not count towards the Annual Benefit Maximum. This is done to make sure all members are getting their preventive services even if they have other dental expenses during the plan year.
- **Delta Dental of Kansas (DDK) Book of Business:**
 - Most of their large employers, have an Orthodontic Lifetime Benefit Maximum of between \$1,500 - \$2,000.
 - Most of their large employers, have an Annual Benefit Maximum between \$1,500 - \$2,500.

Increasing the Lifetime Orthodontic Benefit Maximum

- Cost impact to increase the Lifetime Orthodontic Maximum to:
 - \$1,200 - 1% increase to overall claims – approx. cost increase \$293,476
 - \$1,500 - 2.5% increase to overall claims – approx. cost increase \$733,692
 - \$1,750 - 3.75% increase to overall claims - approx. cost increase \$1,100,538
 - \$2,000 - 5% increase to overall claims - approx. cost increase \$1,467,384

Increasing the Annual Dental Benefit Maximum

- The SEHP current \$1,700 maximum benefit is in line with Delta Dental of Kansas (DDKs) other large employers.
- Increasing the Annual Benefit Maximum from \$1,700 to:
 - \$2,000 will increase cost by 1.5% of claims – an approx. cost increase of \$440,215

HealthQuest Health Center (HQHC)

Mental Health Services

- Marathon responded to the question on where members were limited to a set number of mental health visits:

“Marathon Health provides evidence-based, outcome-based mental health services without limits on sessions. Marathon Health behavioral health services are not intended to be all-encompassing of mental health-related concerns and some members may need to access care through alternative access points and/or symptoms warrant a higher or lower level of care. Marathon Health Behavioral Health Specialists provide sessions with identified therapeutic goals and consistent outcome measures demonstrating treatment progress. If at any time, additional sessions are not clinically appropriate, Marathon Health Behavioral Health Specialists will discuss directly with the member and assist with care management to transition out of services or to another access point.”

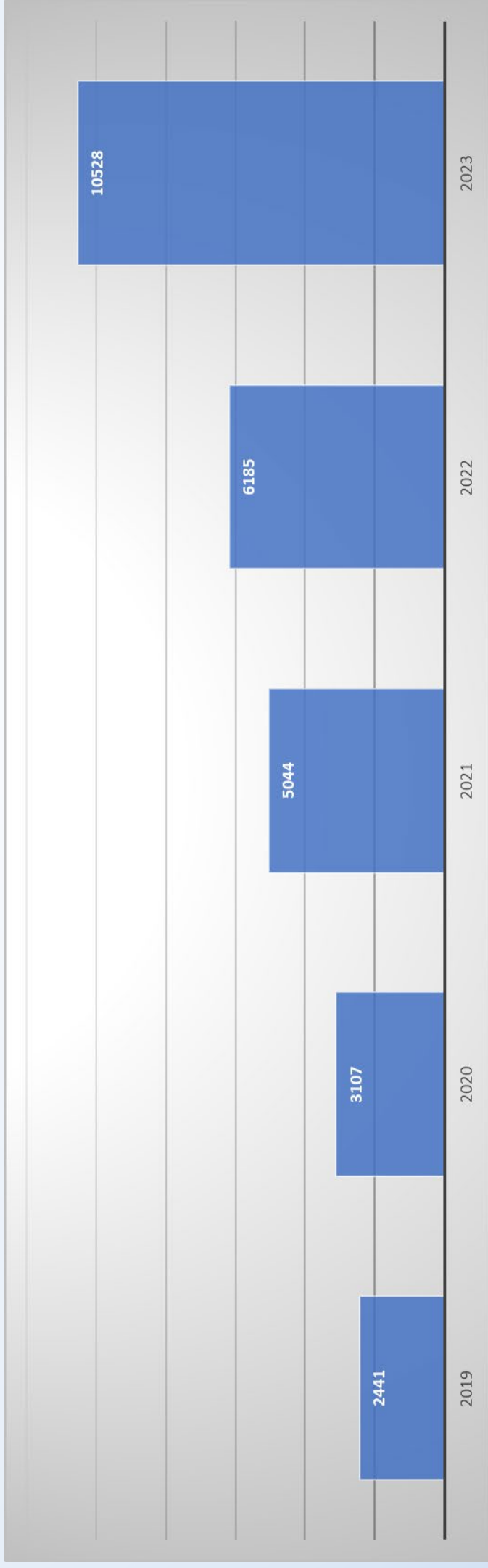
HQHC Mental Health Wait List

- The current wait list to see the mental health provider at the HQHC is 41 members.
- Members on the wait list want an in person appointment
 - Virtual mental health appointments are available through the Anywhere program

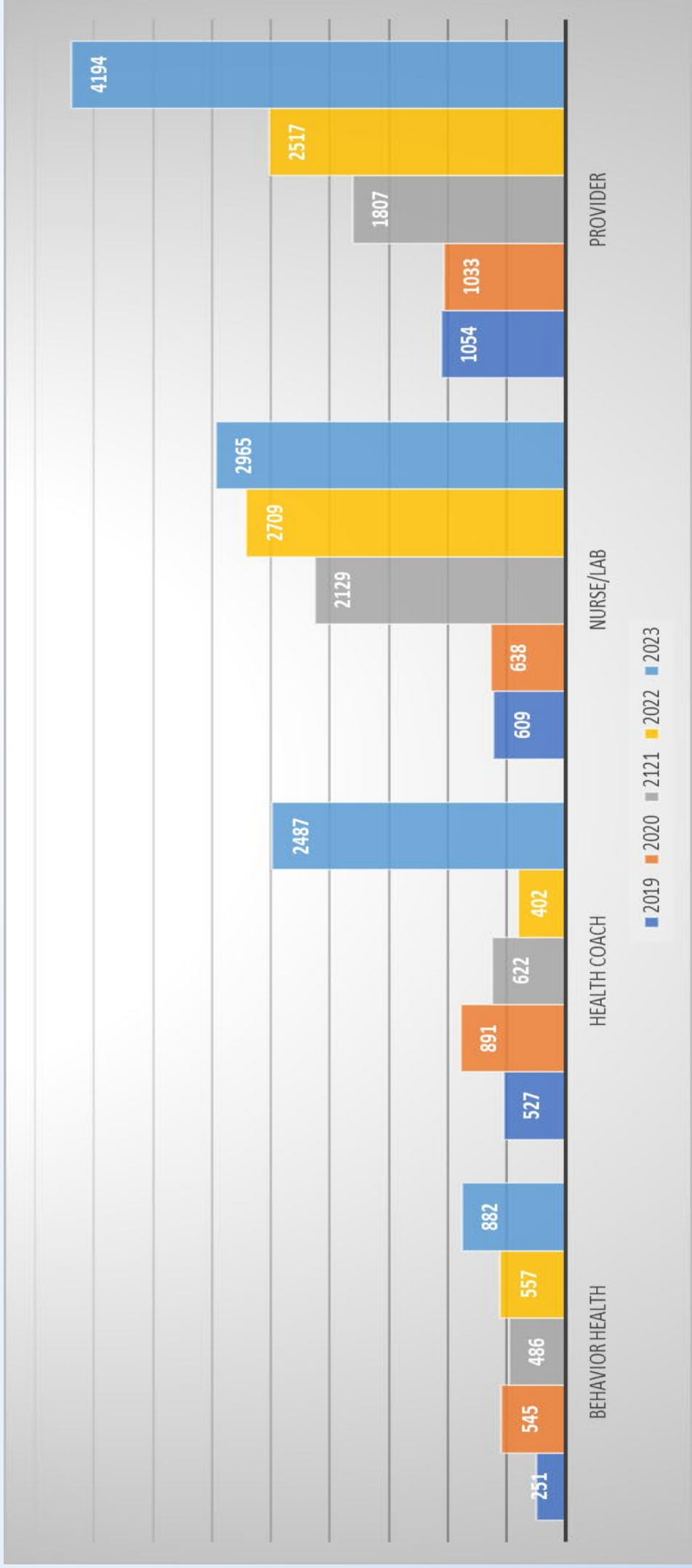
Walk-in Data

	Walk-ins	Walk-ins Accommodated Same Day	Walk-ins Accommodated within in one business day	Walk-ins No Future Appointment Scheduled
Dec. 2023	4	3	0	1
Jan. 2024	8	3	4	1
Total	12	6	4	2

Member Utilization 2019-2023



Member Utilization Break down 2019-2023



APPENDIX - B



Report from Judge Showalter, President, EAC

August 21, 2023, Employee Advisory Committee (EAC)

- Direct Bill Non Medicare Rate Discussion - Jennifer Flory talked about the Direct Bill Non-Medicare Rate. Wade Schneider made a motion to support the funding for this program. Drue Campbell seconded the motion, and the motion was approved unanimously.
- Plan Year 2024 Open Enrollment Discussion - Jennifer Flory brought up an active enrollment for employees to be required to complete enrollment elections through the MAP. After a brief discussion, Drue Campbell made a motion to continue to have employees be required to actively enroll. Katrin Osterhaus seconded the motion, and the motion was approved.

Appoint Committees -

- Membership Sub-Committee-Adam Noble, Tressie Lewis, Drue Campbell & Warren Wiebe
- Review Bylaws Sub-Committee-Roberta Robinson, Michael Lundin & Katrin Osterhaus