



**April 15, 2026**

# **Meeting Materials**

**STATE EMPLOYEES HEALTH CARE COMMISSION**  
**April 15, 2026, 9:30 am**

**MEETING AGENDA**

The Public May Listen to the [Kansas State Employee Health Plan - YouTube](#)

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**Welcome and Introductions by Secretary Proffitt**

**Action Items:**

- 1. Approval of Minutes [*Action Item*] - Secretary Proffitt  
From **February 6, 2026****
- 2. ASO Contract [*Action Item*] – Jennifer Flory**

**Discussion Items:**

- 3. Financial Report – Segal**
- 4. Initial Discussion of Plan Design for Plan Year 2027**
- 5. Next Meeting: June 2, 2026**

**Appendix**

- A – Review of Rates and Plan Design Decisions
- B – 2024 & 2025 Member Cost Share Data
- C - Follow-up items from February Meeting

# Agenda Item

## #1

**STATE OF KANSAS**  
**STATE EMPLOYEES HEALTH CARE COMMISSION**  
**MEETING MINUTES**  
**February 06, 2026**

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The State of Kansas State Employees Health Care Commission (HCC) meeting was called to order on Friday, February 6, at 9:30 a.m. The meeting was conducted in person at the KPERS Board Room in Topeka, Kansas, with a virtual video broadcast available to the public using [YouTube](#) and the SEHP website.

The following members were present:

- Commission Chair Adam Proffitt
- Commissioner Cristi Cain
- Commissioner Steve Dechant
- Commissioner William Sutton
- 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
- Michelle Lopez, SEHP Assistant Manager, Health Plan Operations
- Anna Garner, SEHP Project Analyst
- Jordan Brewer, Department of Administration, Chief Counsel
- Tracy Diel, Department of Administration, Attorney
- Melanie Ingleby, Segal Consulting
- Kirsten Schatten, Segal Consulting
- Eileen Pincay, Segal Consulting

Topic	Discussion	Action	Follow-up
Welcome and Roll Call	Commission Chair Adam Proffitt called the meeting to order at 9:30 am.	Roll call of the commissioners: <ul style="list-style-type: none"> <li>• Commissioner Cristi Cain - present</li> <li>• Commissioner Steve Dechant – present</li> <li>• Commissioner Beverly Gossage -absent</li> <li>• Commissioner Anthony Hensley - absent</li> <li>• Commissioner William Sutton – present</li> <li>• Commissioner Vicki Schmidt - present</li> </ul>	
1. Approval of Minutes  [Action Item]	Commission Chair Adam Proffitt opened the floor for any comments or edits.	Commissioner Schmidt made a motion to approve the minutes of December 18, 2025, with a request to add all members appointed to the Employee Advisory Committee (EAC) to the minutes.  2nd – Commissioner Dechant  The motion was passed.	
2. Financial Report	Melanie Ingleby with Segal Consulting presented a summary of the financial data through the end of December 2025 and reviewed the multi-year projections.		
3. GLP1s	Brian Hermreck and Rick Edwards with CVS Caremark presented details on the implementation of the 35 BMI requirement for use of GLP-1s for anti-obesity management (AOM) treatment. There was an in-depth discussion of the regarding the Prior Authorization (PA) process, requirements for approval, the		Secretary Proffitt asked, how long is the waiting period before the member is eligible for another GLP-1 if the continuation of therapy weight loss criteria is not met?  Requested Segal provide the GLP-1 AOM spend for calendar year 2025 and

	<p>appeals, and the PA renewal process including the continuation of therapy 5% reduction in body weight requirement.</p>		<p>what it's expected to be for 2026 and what is the PMPM for the State and for the employees.</p> <p>Commissioner Schmidt ask about the peer to peer reviews, is the physician on the Caremark side a specialist in bariatric care?</p> <p>Requested the rebate language in the contract and a clarification on whether future payments would be made as a result of the Zinc settlement with the Attorney General's office.</p> <p>Requested Segal provide the PMPM cost of benefit enhancements in the future.</p> <p>Commissioner Sutton requested Segal provide a cost-benefit analysis of no coverage of below a 35% BMI vs the loss of the CVS Caremark rebates.</p>
<p>4. HealthQuest Health Center</p>	<p>Director Jennifer Flory announced Dr. Blaker's resignation from the HealthQuest Health Center and discussed Marathon's recruitment plan.</p>		

Next HCC Meeting	April 15, 2026, 9:30-11:00 a.m. KPERS Board Room	Commission Chair Proffitt requested Commissioners begin submitting their suggestions for plan designs ideas now for modeling the PY2027 benefits at the April HCC meeting.	
Adjournment		Commissioner Cain made a motion to adjourn.  2nd – Commissioner Dechant	
The meeting was adjourned at 10:50 a.m.			

# Agenda Item #2



State of Kansas  
State Employee Health Plan

# RFP Evaluation

## Medical TPA Services

April 15, 2026



# Agenda

**Introduction**

**Key Requirements**

**Review Process**

**Responding Vendors**

**Key Differentiators by Vendor**

**Network Breadth and Discounts**

**Financial Summary**

**Appendix**

# Introduction

- The State of Kansas State Employee Health Plan (SEHP), on behalf of the Kansas State Employees Health Care Commission (HCC), solicited proposals via a Request for Proposal (RFP), to administer the four (4) medical plans offered to State employees.
- The SEHP offers comprehensive medical benefits to approximately 43,400 eligible employees, with 39,900 enrolled in the SEHP medical plans
  - Aetna enrollment: 4,500
  - BCBSKS enrollment: 35,400
- On behalf of SEHP, Segal was asked to assist with the analysis of proposals received - focusing primarily, but not solely, on the financial components; while the SEHP focused primarily, but not solely, on the technical responses.
- Proposals assume a January 1, 2027, effective date, with a three-year contract period

# Key Requirements

- Excerpt of expectations, from Section 4.1 of the RFP – General Requirements:
  - Administer the SEHP’s current plan designs
  - Offer a Nationwide Provider Network
  - Administer the plans subject to the insurance laws of the State of Kansas
  - Comply with privacy and security provisions of HIPAA, including the BAA, the Financial Services Modernization Act of 1999, the HITECH Act of 2009, and any other federal or state law pertaining to protection of personally identifiable information
  - Comply with State policy on computer security, as well as encryption standards specified in applicable State and Federal policy and law, including State of Kansas ITEC, HIPAA, HITECH, FISMA, NIST, and FIPS standards for the storage and transmission of confidential or restricted data
  - Minimum of five years continuous experience providing the services requested in this scope of work, to groups of similar size and complexity
  - Work must be performed within the United States - proposing to offshore work or use of offshore workers on the SEHP data may result in elimination from consideration at the discretion of the State of Kansas
  - Provide complete administration and support services for the SEHP, including but not limited to claims processing, accounting, data processing, cost control, quality assurance, utilization review, marketing, customer service, fiscal and other services related to the health care program
  - All products and services not specifically mentioned in this solicitation, but which are necessary to provide the functional capabilities described by the specifications, shall be included

# Review Process

The SEHP reviewed the proposals submitted by each of the medical plan administrators. SEHP staff along with staff from Segal reviewed the following:

- Network breadth and depth - across the state of Kansas, as well as nationally
- Cost - administration fees, network discounts, cost containment programs
- Ability to meet the Key Requirements
- Ability to administer the current plan designs and programs as well as any other future benefit structure
- Administration and support services for the SEHP including:
  - Printing and mailing ID cards
  - Member services – hours of operation, toll-free line, other modes of communication
  - Ability to process all member claims and provider payments
  - Tools and resources to assist members with navigation and shopping for appropriate care
- Provide an integrated member portal with secure sign-on for access to all services (Individual family claims history, EOBs, accumulations toward deductibles and out-of-pocket maximums, member services, ancillary services, assistance finding a provider, access to tools and resources, etc.)

# Responding Vendors

- The Request for Proposal (RFP) EVT0010632, to provide Medical Plan Administrative Services, was posted on December 31, 2025, and closed on February 4, 2026. Two bids were received
- The following vendors submitted proposals:
  - Aetna
  - BCBS of Kansas
- The SEHP held negotiations with both vendors and followed with a request for Best and Final Offers
- Aetna and BCBS of Kansas continued to advance through the evaluation process

# Network Access by Region

## Summary of Responses to Exhibit 8



Eligible	Covered Lives	Statewide	Aetna						BCBSKS					
			Hospitals	MH & SUD Facilities	Primary Care Physicians	Specialty Physicians	MH Providers	Total	Hospitals	MH & SUD Facilities	Primary Care Physicians	Specialty Physicians	MH Providers	Total
48,876	40,092	Region 1	47	48	3,116	13,864	3,959	21,034	53	72	8,623	6,562	3,472	18,782
5,153	4,042	Region 2	21	17	371	1,449	1,055	2,913	21	13	1,118	569	810	2,531
5,198	4,239	Region 3	17	8	191	964	481	1,661	17	5	1,169	408	459	2,058
8,816	6,949	Region 4	18	20	675	2,919	786	4,418	20	26	2,108	998	869	4,021
16,947	13,418	Region 5	31	39	1,140	4,412	3,203	8,825	32	23	2,486	5,321	575	8,437
2,106	1,667	Region 6	20	4	251	1,112	187	1,574	20	6	934	656	150	1,766
<b>87,096</b>	<b>70,407</b>	<b>Total</b>	<b>154</b>	<b>136</b>	<b>5,744</b>	<b>24,720</b>	<b>9,671</b>	<b>40,425</b>	<b>163</b>	<b>145</b>	<b>16,438</b>	<b>14,514</b>	<b>6,335</b>	<b>37,595</b>

# Network Penetration Summary

## *In and Out of State*

	% of Eligible In-Network					
	Baseline Blend Aetna (CPOS II) & BCBSKS	Proposed Blend Aetna (CPOS II) & BCBSKS	Proposed Blend Aetna (Local Best) & BCBSKS	Aetna (CPOS II)	Aetna (Local Best)	BCBS of Kansas
<b>All Regions (includes out-of-state)</b>						
Inpatient	97.6%	96.1%	96.1%	99.1%	99.1%	96.1%
Outpatient	97.8%	95.2%	95.2%	98.1%	98.1%	95.1%
Professional	99.5%	95.2%	95.2%	96.1%	96.1%	95.0%
Ancillary/Other	89.5%	92.6%	92.6%	71.2%	71.2%	94.0%
<b>Total</b>	<b>97.8%</b>	<b>95.4%</b>	<b>95.4%</b>	<b>97.2%</b>	<b>97.2%</b>	<b>95.3%</b>

- Overall, Aetna’s network penetration is slightly higher than BCBS’s, primarily due to the large population in and around the Kansas City metropolitan area.
- BCBS’s Ancillary network penetration is notably higher than Aetna’s in all regions. Ancillary services include diagnostic imaging and lab work, physical/speech/occupational therapy, custodial care (home health, hospice, skilled nursing, etc.).

# Network Discounts

## Aggregate Summary, by Place of Service

		Baseline Blend Aetna (CPOS II) & BCBSKS	Proposed Blend Aetna (CPOS II) & BCBSKS	Proposed Blend Aetna (Local Best) & BCBSKS	Aetna (CPOS II)	Aetna (Local Best)	BCBS of Kansas
Network	Place of Service	Discount	Discount	Discount	Discount	Discount	Discount
<b>In-Network</b>							
	Inpatient	62.5%	61.9%	62.1%	68.1%	71.1%	61.2%
	Outpatient	66.6%	65.6%	65.8%	66.0%	68.4%	65.3%
	Professional	51.8%	53.8%	53.8%	59.7%	60.1%	53.2%
	Ancillary/Other	58.9%	51.0%	51.1%	57.8%	57.9%	50.4%
	<b>Total</b>	<b>62.4%</b>	<b>61.9%</b>	<b>62.1%</b>	<b>65.2%</b>	<b>67.3%</b>	<b>61.5%</b>
<b>Out-of-Network</b>							
	Inpatient	74.5%	42.6%	42.6%	54.9%	54.9%	41.9%
	Outpatient	77.3%	55.9%	55.9%	44.0%	44.0%	55.9%
	Professional	52.2%	53.3%	53.3%	60.9%	60.9%	53.2%
	Ancillary/Other	52.5%	57.0%	57.0%	63.6%	63.6%	53.5%
	<b>Total</b>	<b>71.7%</b>	<b>52.5%</b>	<b>52.5%</b>	<b>55.5%</b>	<b>55.5%</b>	<b>52.2%</b>
<b>Net Effective Discount</b>		<b>62.6%</b>	<b>61.4%</b>	<b>61.6%</b>	<b>64.9%</b>	<b>67.0%</b>	<b>61.0%</b>

- Discounts from the repricing exercise, as shown in this exhibit, showed greater variation than expected.
- The out-of-network percentages are not 'discounts' but are based on the carrier's methodology for reimbursing out-of-network charges, typically based on geography, local prevalent rate, complexity, setting, percent of Medicare, etc. Higher percentages indicate a greater shift in member out of pocket costs through potential balance billing.

# Blended Administration Fee – Illustrative Only

*Based on Current Enrollment with Aetna and BCBS of Kansas*

## ***For Illustrative Purposes Only***

- SEHP currently offers the same 4 medical benefit plans through two separate networks – Aetna and BCBS of Kansas
  - Aetna’s proposed fee of \$35.75 PEPM, representing the enrollment range of 0-4,999 employees, multiplied by approximately 4,500 enrolled employees
  - BCBS’s’ proposed fee of \$32.70 PEPM, multiplied by approximately 35,400 enrolled employees
  - The sum is then divided by the total number of enrolled employees (~39,900)
- The same methodology applies across all years - 2027 through 2029

<b>Employee Enrollment</b>	<b>PY 2027</b>	<b>PY 2028</b>	<b>PY 2029</b>
39,900	\$33.04	\$33.04	\$33.04

# Financial Summary

## First-Year Cost

February 2026 Enrolled Actives and Early Retirees: 39,851

Medical Cost Projection Actives & Early Retirees	2026 Baseline Blend Aetna (CPOS II) & BCBSKS	2027 Proposed Blend Aetna (CPOS II) & BCBSKS	2027 Proposed Blend Aetna (Local Best) & BCBSKS	2027 Aetna Only (CPOS II)	2027 Aetna Only (Local Best)	2027 BCBS Only
<b>Repricing Results</b>	Current Discounts					
Net Effective Discount	62.6%	61.4%	61.6%	64.9%	67.0%	61.0%
Differential from Baseline	N/A	103.1%	102.6%	93.9%	88.3%	104.3%
<b>Projected Paid Medical</b>						
2027 Baseline Projected Claims (April 2026 HCC Rpt)	\$446,583,442	\$446,583,442	\$446,583,442	\$446,583,442	\$446,583,442	\$446,583,442
Discount Differential	N/A	103.1%	102.6%	93.9%	88.3%	104.3%
Adjusted Paid Claims	\$446,583,442	\$460,468,259	\$458,279,763	\$419,159,790	\$394,318,097	\$465,621,109
<b>Estimated Admin</b>						
Annual Admin Fees*	\$14,867,611	\$15,800,124	\$15,800,124	\$11,883,568	\$11,883,568	\$15,637,532
Total Claims and Admin*	\$461,451,053	\$476,268,383	\$474,079,888	\$431,043,359	\$406,201,665	\$481,258,642
<b>Variance from 2027</b>						
\$ Change from Current Dual Network Offering	N/A	\$14,817,331	\$12,628,835	-\$30,407,694	-\$55,249,387	\$19,807,589
% Change from Current Dual Network Offering	N/A	3.21%	2.74%	-6.59%	-11.97%	4.29%

\* Admin fees represent only the core PEPM fee - they do not include attribution fees, value-based payments, BlueCard fees, and various cost saving program fees that are based on a percent of savings.

- Network penetration is very high, for both Aetna and BCBS
- Aetna's net effective discounts are 3.9 – 6.0 percentage points higher than BCBS's network discount.
- Aetna's Local Best network offers greater discounts on inpatient and outpatient services in the Kansas City area. Specifically, Johnson and Wyandotte counties in Kansas, and Jackson, Platte, Cass, and Clay counties in Missouri.

# Financial Summary

## 3-Year Cost

Medical Cost Projection Actives & Early Retirees	Proposed Blend Aetna (CPOS II) & BCBSKS	Proposed Blend Aetna (Local Best) & BCBSKS	Aetna Only (CPOS II)	Aetna Only (Local Best)	BCBS Only
<b>Projected Medical Claims</b>					
2027	\$460,468,259	\$458,279,763	\$419,159,790	\$394,318,097	\$465,621,109
2028	\$485,794,013	\$483,485,150	\$442,213,579	\$416,005,593	\$491,230,270
2029	\$512,512,684	\$510,076,833	\$466,535,326	\$438,885,900	\$518,247,935
<b>Proj 3-Year Medical Claims</b>	<b>\$1,458,774,956</b>	<b>\$1,451,841,747</b>	<b>\$1,327,908,695</b>	<b>\$1,249,209,590</b>	<b>\$1,475,099,315</b>
<b>Admin Fees &amp; Other Fees</b>					
2027	\$15,800,124	\$15,800,124	\$11,883,568	\$11,883,568	\$15,637,532
2028	\$15,800,124	\$15,800,124	\$11,883,568	\$11,883,568	\$15,637,532
2029	\$15,800,124	\$15,800,124	\$11,883,568	\$11,883,568	\$15,637,532
<b>Proj 3-Year Admin Fees</b>	<b>\$47,400,373</b>	<b>\$47,400,373</b>	<b>\$35,650,705</b>	<b>\$35,650,705</b>	<b>\$46,912,597</b>
<b>Total Estimated Medical Plan Cost</b>					
2027	\$476,268,383	\$474,079,888	\$431,043,359	\$406,201,665	\$481,258,642
2028	\$501,594,138	\$499,285,275	\$454,097,147	\$427,889,161	\$506,867,803
2029	\$528,312,808	\$525,876,958	\$478,418,894	\$450,769,468	\$533,885,468
<b>Projected 3-Year Total Plan Cost</b>	<b>\$1,506,175,329</b>	<b>\$1,499,242,120</b>	<b>\$1,363,559,400</b>	<b>\$1,284,860,295</b>	<b>\$1,522,011,913</b>
<b>Variance from 3-Year Multi-Vendor Arrangement</b>					
\$ Change from Current Dual Network Offering		(\$6,933,209)	(\$142,615,930)	(\$221,315,035)	\$15,836,583
% Change from Current Dual Network Offering		-0.46%	-9.47%	-14.69%	1.05%

\* Assumes 5.5% trend on medical claims, consistent with assumption used in Segal's financial updates

- Admin fees represent the proposed PEPM fee, multiplied by the number of enrolled employees, multiplied further by 12 months

# Additional Fee Negotiations

## Aetna

- Aetna agreed to reduce shared savings percentages for the National Advantage Program (NAP), from 40% to 30% of savings, with an individual claim cap of \$100,000.

## BCBS

- BCBS agreed to reduce the shared savings percentage for the SmartShopper program, from 32% to 27% of savings, with an individual claim cap of \$100,000.
- BCBS has negotiated custom Administrative Expense Allowance (AEA) Fees for institutional and professional claims incurred within the BlueKC service area. The fees will be reduced from \$9.75 to \$8.25 per institutional claim and from \$4.00 to \$3.25 per professional claim. BlueKC accounts for greater than 97% of the total AEA Fees.
- BCBS will place a \$4.50 PEPM cap on total Patient Centered Medical Home (PCMH) value-based fees invoiced to the SEHP. BCBS stated that 2025 cost savings is approximately 0.5%.

	Historical BCBS PCMH Fees		
	Out of BCBSKS Service Area *	In State	Total
<b>2023</b>	\$645,801	\$1,901,899	\$2,547,700
<b>2024</b>	\$1,024,552	\$1,453,326	\$2,477,878
<b>2025</b>	\$1,048,904	\$744,922	\$1,793,825

\* Approximately 97% paid to Kansas City area providers

# Vendor Qualifications – Key Differentiators

## *Aetna*

- **Pros**

- Aetna’s in-network discounts are greater than BCBS’s. Aetna’s CPOS II discount is approximately 3.7 percentage points better, while the Local Best discount is approximately 5.8 percentage points better than BCBS’s discount.
- Aetna is offering an annual Health Plan Allowance based on level of enrollment – from \$130K for 1-4,999 enrolled employees, to \$1M for 30,000+ enrolled employees. Eligible expense reimbursements include costs associated with a pre-implementation audit, implementation of any new or expanded programs, 3<sup>rd</sup> party audit, communications, postage, etc.
- Current vendor - no disruption for current contracts (~4,500) enrolled with Aetna.

- **Cons**

- Performance Guarantee for Turnaround Time for Claims Processing and Call Response Time are tracked at Book of Business level – not at client-specific level.

# Vendor Qualifications – Key Differentiators

## *BCBS of Kansas*

- **Pros**

- BCBS services noted as “included” in the ASO PEPM fee, are truly included in the fee.
- BCBS is offering an annual General Fund (allowance) of \$500K, to be used at the SEHP’s discretion.
- All Performance Guarantees are tracked based on SEHP-specific data – not book of business.
- Current vendor - no disruption for current contracts (~35,400) enrolled with BCBS.

- **Cons**

- BCBS’s net effective discount is lower than Aetna’s; approximately 3.7 percentage points behind Aetna’s CPOS II discounts, and 5.8 percentage points behind Aetna’s Local Best discounts.
- BCBS’s proposed 2027 ASO fee of \$32.70 is up 7% from the current 2026 fee of \$30.51, citing improvements in technology and infrastructure

# Appendix

**Provider Type Details – Primary Care, Specialists, and Mental Health**

**Administration Fees by Carrier**

**Network Penetration by Region and Place of Service**

**Network Discounts (Aggregate) by Place of Service**

# Provider Type Details

## *Primary Care, Specialists, and Mental Health Categories*

Exhibit 8 – Network Access, shows significant differences between Aetna and BCBS in the number of providers categorized as Primary Care Physicians (PCP), Specialists, and Mental Health providers.

Both vendors were asked to provide a list of provider types in each of those categories. Aetna’s response was more general, contrasting with BCBS’s more detailed lists.

<b>Provider Category</b>	<b>Aetna</b>	<b>BCBS of Kansas</b>
Primary Care Physicians (PCP)	Family Practice, Internal Medicine, General Practice, Geriatric Medicine, and Pediatricians	Family Practice, Internal Medicine, General Practice, Geriatric Medicine, Pediatricians, Physician Assistants, and Advanced Practice Registered Nurses (APRN)
Specialists	All non-Behavioral Health Specialists	BCBS provided a list of 54 specialties from Allergist to Vascular Surgeon.
Mental Health Providers	All Behavioral Health providers – includes Substance Abuse and Mental Health	BCBS provided a list of 150 Behavioral Health specialties – including Psychiatrists, Psychologists, Neurologists, Therapists, Counselors, Social Workers, and more.

# Aetna Administration Fee

## *Monthly Per-Employee Administration Fee*

- Aetna’s per-employee, per-month (PEPM), administration fee is dependent on enrollment, as noted in the sliding scale, below.
- The proposed 2027 ASO fee of \$35.75 is no change from the current 2026 fee of \$35.75, for the 1-4,999 enrollment range.
- Currently, there are approximately 4,500 employees enrolled with Aetna – corresponding to an admin fee of \$35.75 PEPM

<b>Employee Enrollment</b>	<b>PY 2027</b>	<b>PY 2028</b>	<b>PY 2029</b>
1 – 4,999	\$35.75	\$35.75	\$35.75
5,000 -9,999	\$29.90	\$29.90	\$29.90
10,000 – 14,999	\$28.95	\$28.95	\$28.95
15,000 – 19,999	\$27.45	\$27.45	\$27.45
20,000 – 29,999	\$25.95	\$25.95	\$25.95
30,000+	\$24.85	\$24.85	\$24.85

# BCBS of Kansas Administration Fee

## *Monthly Per-Employee Administration Fee*

- BCBS's proposed per-employee, per-month (PEPM), administration fee is not dependent on enrollment
- The proposed 2027 ASO fee of \$32.70 is up 7% from the current 2026 fee of \$30.51
- Currently, there are approximately 35,400 employees enrolled with BCBS

<b>Employee Enrollment</b>	<b>PY 2027</b>	<b>PY 2028</b>	<b>PY 2029</b>
Enrollment Agnostic	\$32.70	\$32.70	\$32.70

# Network Penetration by Region

## *In State Only*

- Aetna has greater overall network penetration in Region 1, which includes the Kansas City metropolitan area.
- BCBS's Professional penetration is higher than Aetna's in regions 2, 3, and 4.
- Across all regions, Aetna's Ancillary penetration is significantly lower than BCBS's.

	% of Eligible In-Network					
	Baseline Blend Aetna (CPOS II) & BCBSKS	Proposed Blend Aetna (CPOS II) & BCBSKS	Proposed Blend Aetna (Local Best) & BCBSKS	Aetna (CPOS II)	Aetna (Local Best)	BCBS of Kansas
<b>Region 1</b>						
Inpatient	96.6%	93.1%	93.1%	99.5%	99.5%	93.0%
Outpatient	97.5%	92.5%	92.5%	97.8%	97.8%	92.2%
Professional	99.6%	93.9%	93.9%	95.8%	95.8%	93.8%
Ancillary/Other	91.6%	94.5%	94.5%	81.2%	81.2%	94.7%
<b>Total</b>	<b>97.6%</b>	<b>93.0%</b>	<b>93.0%</b>	<b>97.3%</b>	<b>97.3%</b>	<b>92.8%</b>
<b>Region 2</b>						
Inpatient	99.1%	99.1%	99.1%	99.6%	99.6%	99.1%
Outpatient	99.1%	99.1%	99.1%	99.2%	99.2%	99.1%
Professional	97.2%	97.2%	97.2%	95.8%	95.8%	97.2%
Ancillary/Other	97.4%	97.4%	97.4%	73.9%	73.9%	97.8%
<b>Total</b>	<b>98.6%</b>	<b>98.6%</b>	<b>98.6%</b>	<b>97.9%</b>	<b>97.9%</b>	<b>98.6%</b>
<b>Region 3</b>						
Inpatient	99.7%	99.7%	99.7%	98.1%	98.1%	99.8%
Outpatient	99.8%	99.8%	99.8%	99.7%	99.7%	99.8%
Professional	98.5%	98.5%	98.5%	95.6%	95.6%	98.5%
Ancillary/Other	98.7%	98.7%	98.7%	56.6%	56.6%	98.9%
<b>Total</b>	<b>99.5%</b>	<b>99.5%</b>	<b>99.5%</b>	<b>96.3%</b>	<b>96.3%</b>	<b>99.5%</b>
<b>Region 4</b>						
Inpatient	99.4%	99.4%	99.4%	99.5%	99.5%	99.4%
Outpatient	98.8%	98.8%	98.8%	98.4%	98.4%	98.7%
Professional	98.2%	98.2%	98.2%	97.5%	97.5%	98.2%
Ancillary/Other	92.2%	92.2%	92.2%	76.7%	76.7%	99.1%
<b>Total</b>	<b>98.4%</b>	<b>98.4%</b>	<b>98.4%</b>	<b>97.4%</b>	<b>97.4%</b>	<b>98.7%</b>
<b>Region 5</b>						
Inpatient	99.5%	99.5%	99.5%	98.6%	98.6%	99.3%
Outpatient	99.3%	99.3%	99.3%	97.7%	97.7%	99.4%
Professional	96.8%	96.8%	96.8%	96.8%	96.8%	96.5%
Ancillary/Other	94.2%	94.2%	94.2%	74.4%	74.4%	97.1%
<b>Total</b>	<b>98.7%</b>	<b>98.7%</b>	<b>98.7%</b>	<b>97.1%</b>	<b>97.1%</b>	<b>98.7%</b>
<b>Region 6</b>						
Inpatient	99.9%	99.9%	99.9%	99.6%	99.6%	99.9%
Outpatient	99.2%	99.2%	99.2%	99.3%	99.3%	99.2%
Professional	95.2%	95.2%	95.2%	96.6%	96.6%	95.2%
Ancillary/Other	78.7%	78.7%	78.7%	27.6%	27.6%	78.7%
<b>Total</b>	<b>97.9%</b>	<b>97.9%</b>	<b>97.9%</b>	<b>95.3%</b>	<b>95.3%</b>	<b>97.9%</b>

# Network Discounts

## By Region

Region	Current Distribution of Claim Dollars		Baseline Blend Aetna (CPOS II) & BCBSKS	Proposed Blend Aetna (CPOS II) & BCBSKS	Proposed Blend Aetna (Local Best) & BCBSKS	Aetna (CPOS II)	Aetna (Local Best)	BCBS of Kansas
	Eligible	% of Total	Discount	Discount	Discount	Discount	Discount	Discount
Region 1	\$563,564,265	48.1%	61.0%	61.2%	61.5%	64.4%	67.2%	60.8%
Region 2	\$45,565,291	3.9%	56.5%	59.6%	59.6%	60.7%	61.6%	59.7%
Region 3	\$52,331,044	4.5%	57.8%	60.3%	60.3%	59.8%	60.3%	60.2%
Region 4	\$91,692,574	7.8%	64.0%	61.0%	61.1%	63.9%	66.0%	60.5%
Region 5	\$187,869,217	16.0%	65.1%	61.0%	61.2%	68.3%	68.8%	59.7%
Region 6	\$27,263,677	2.3%	66.9%	60.7%	60.8%	64.4%	64.6%	60.7%
Other/Out-of-State	\$203,566,776	17.4%	66.1%	63.5%	63.6%	66.1%	68.3%	63.4%
<b>Total</b>	<b>\$1,171,852,844</b>		<b>62.6%</b>	<b>61.4%</b>	<b>61.6%</b>	<b>64.9%</b>	<b>67.0%</b>	<b>61.0%</b>

- Discounts from the repricing exercise, as shown in this exhibit, showed greater variation than expected.
- Aetna's Local Best network has significantly higher discounts than their CPOS II network for inpatient and outpatient services in the Kansas City area. Specifically, Johnson and Wyandotte counties in Kansas, and Jackson, Platte, Cass, and Clay counties in Missouri.

# Agenda Item #3



April 2, 2026

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

**Re: Projection Summary – February 2026**

Dear Ms. Flory:

This letter provides a summary of the financial update with data through February of 2026 and the key assumptions included in the projections.

**Experience: January 2026 to February 2026**

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 first two months of 2026 ended with a loss of \$4.1M compared to the initial budget.

There was a revenue gain of \$1.0M (0.9%) for the first two months, stemming from an increase in interest and state employer funding. On the expense side, the overall loss was \$5.1M (4.8%). Rx claims were responsible for this entire amount with a slight offsetting gain on the medical side. Claims for the period were heavily influenced by invoice timing and are expected to be balanced in March. However, even after adjusting for invoices, both medical and pharmacy claims are running higher than expected. Medical claims per invoice are 3.7% over projected and pharmacy claims 9.5%. This increase in experience is reflected in our projections.

The reserve balance through February closed at \$32.3M versus \$36.4M from the initial projected budget. Below is a breakout of the various components.

January 2026 to February 2026 Financials (in Millions)				
	Budgeted	Actual	Gain/(Loss) \$	Gain/(Loss) %
Program Revenue	\$106.3	\$107.3	\$1.0	0.9%
Medical self-insured claims	\$63.5	\$61.1	\$2.4	3.8%
Rx self-insured claims	\$20.0	\$28.6	\$(8.6)	(43.0)%
Dental self-insured claims	\$5.4	\$5.2	\$0.2	3.7%
Health Savings Contributions*	\$8.4	\$8.2	\$0.2	2.4%
ASO/Premium	\$7.9	\$7.6	\$0.3	3.8%
Contract Fees/Other**	\$1.3	\$1.2	\$0.1	7.7%
Administrative Fund	\$0.9	\$0.6	\$0.3	33.3%
Program Expenses	\$107.3	\$112.4	\$(5.1)	(4.8)%
Net Income/(Net Expense)	\$(1.0)	\$(5.2)	\$(4.2)	
<b>Reserve Balance (All Funds)***</b>	<b>\$36.4</b>	<b>\$32.3</b>	<b>\$(4.1)</b>	

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

## Enrollment

The average 2026 enrollment through February decreased by 0.1% from what was projected in the initial budget forecast. The decreased 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-Feb)	Actual (Jan-Feb)	Change in #	Change in %
Active & COBRA	39,358	39,343	(15)	0.0%
Non-Medicare Retiree	523	523	-	0.0%
Medicare Members	7,308	7,298	(11)	-0.1%
<b>Total</b>	<b>47,189</b>	<b>47,164</b>	<b>(26)</b>	<b>-0.1%</b>

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

The table below shows a snapshot of the February 2026 enrollment. This serves as the basis for enrollment assumptions for 2026. February enrollment is 0.1% lower than January enrollment, which was the basis for future enrollment in the prior projection.

Contracts (February-2026)				
	Active	COBRA	Non-Medicare Retiree	Medicare Retiree
Medical				
Plan A	19,856	45	174	
Plan C	16,470	39	343	
Plan J	583	1	1	
Plan N	2,330	4	5	
Medicare				
Aetna (MA)				742
Plan C/C Select (Supp)				5,313
Plan G/G Select (Supp)				930
Plan N (Supp)				302
Medical Total	39,239	89	523	7,287
Contracts (February-2026)				
	Active	COBRA	Non-Medicare Retiree	Medicare Retiree
Dental Total	40,112	106	511	7,725
Vision Total	32,841	84	420	4,665

## 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 2026, and four (4) additional calendar years.

Financial Projections (in Millions) – as of February 28, 2026						
	CY 2025	CY 2026	CY 2027	CY 2028	CY 2029	CY 2030
<b>Program Revenue</b>	\$618.5	\$644.4	\$693.8	\$751.1	\$814.0	\$883.0
<i>Medical self-insured claims</i>	\$384.0	\$416.7	\$446.6	\$461.0	\$487.1	\$513.5
<i>Rx self-Insured claims</i>	\$121.2	\$133.4	\$139.6	\$149.0	\$161.4	\$175.1
<i>Dental self-Insured claims</i>	\$31.1	\$31.8	\$33.7	\$34.1	\$35.1	\$36.1
Health Savings Contributions*	\$34.2	\$33.6	\$33.8	\$33.8	\$33.8	\$33.8
<i>ASO/Premium</i>	\$45.7	\$47.2	\$48.6	\$50.1	\$51.7	\$53.3
<i>Contract Fees/Other**</i>	\$7.5	\$7.6	\$7.7	\$7.7	\$7.8	\$7.9
<i>Administrative Fund</i>	\$5.2	\$5.0	\$5.3	\$5.3	\$5.4	\$5.4
<b>Program Expenses</b>	\$629.0	\$675.3	\$715.3	\$740.9	\$782.2	\$825.1
Net Income/(Net Expense)	\$(10.4)	\$(30.9)	\$(21.5)	\$10.1	\$31.7	\$57.9
Reserve Balance (All Funds)	\$37.5	\$6.5	\$(14.9)	\$(15.0)	\$16.8	\$74.6
* 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 emerging experience impacted the baseline per capita figures used as the basis of the projection in the follow manner: Medical –Increase; Pharmacy – Increase; Dental – Neutral.

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.

Similarly, the projected pharmacy costs for 2026 and future periods have increased since the prior update due to higher pharmacy claims experience being incorporated into the baseline of our future projections.

Projected dental costs for future periods have remained consistent since the last update.

Then total impact of emerging experience is a \$17.9M decrease in the projected reserve balance at the end of CY 2026.

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

## Funding and Reserves

The projected funding used in calculating the fund balances below considers the plan offerings and funding rate changes approved at the June 25' HCC meeting. In 2026, employee and retiree rates are scheduled to increase by 2% and employer rates are scheduled to increase 8%. After these rate actions were applied, the model solved for an 8.8% increase to future funding (beyond what has been approved) in order for the Reserve Balance to match the Reserve Target at the end of the projection period (CY 2030). This is 1.8% higher than the calculated amount at the February HCC meeting.

The model is using the reserve target prescribed by the 2021 House Bill 2218, which is 10% of the average of the past three year's total expenses. The reserve balance is currently below the reserve target, and the shortfall is projected to continue growing through 2028. Projections under this funding pattern result in negative reserve balances in 2027 and 2028.

The future funding increases can be found at the bottom of the table. The employee funding is effective January 1<sup>st</sup> each year and the employer funding is effective July 1<sup>st</sup> each year. Thus, the 8.8% increase shown in 2029 represents the employer contribution between 7/1/2029-6/30/2030, while the employee funding would be 1/1/2029-12/31/2029.

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

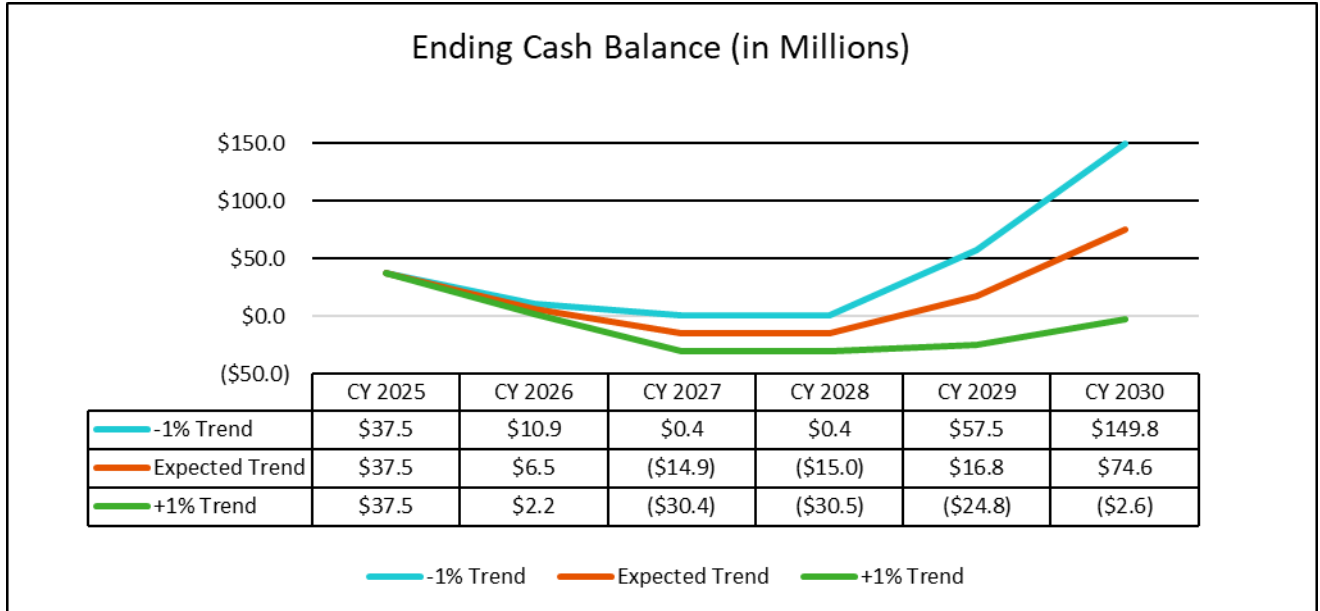
<b>2021 House Bill No. 2218 Target (10% of Three Prior Years Total Plan Expenses) in CY 2025-2030 (in Millions)</b>						
	2025	2026	2027	2028	2029	2030
10% of Prior Total Plan Expenses (3-Year Average)	\$53.8	\$58.3	\$62.9	\$67.3	\$71.1	\$74.6
Reserve Balance (All Funds)	\$37.5	\$6.5	\$(14.9)	\$(15.0)	\$16.8	\$74.6
Fund Balance vs. Target Surplus/(Shortfall)	\$(16.3)	\$(51.8)	\$(77.8)	\$(82.3)	\$(54.3)	\$0.0
<b>Funding Rate Increase</b>						
Employer	<b>7.5%</b>	<b>8.0%</b>	8.8%	8.8%	8.8%	8.8%
Employee	<b>0.0%</b>	<b>2.0%</b>	8.8%	8.8%	8.8%	8.8%

Please see below what the reserve and funding rates would be if the model balanced to \$0 at the end of 2027. Funding may need to be accelerated rather than following the prescribed schedule in the tables, which smooths the increase over multiple years. If employee rates were held constant, employer rates in 2027 would need to increase by 17.9% to avoid a negative balance in 2027.

<b>2021 House Bill No. 2218 Target (10% of Three Prior Years Total Plan Expenses) in CY 2025-2030 (in Millions)- Avoiding Negative Balances</b>						
	2025	2026	2027	2028	2029	2030
10% of Prior Total Plan Expenses (3-Year Average)	\$53.8	\$58.3	\$62.9	\$67.3	\$71.1	\$74.6
Reserve Balance (All Funds)	\$37.5	\$6.5	\$-	\$(0.1)	\$33.5	\$74.6
Fund Balance vs. Target Surplus/(Shortfall)	\$(16.3)	\$(51.8)	\$(62.9)	\$(67.4)	\$(37.6)	\$0.0
<b>Funding Rate Increase</b>						
Employer	<b>7.5%</b>	<b>8.0%</b>	13.1%	6.3%	6.3%	6.3%
Employee	<b>0.0%</b>	<b>2.0%</b>	13.1%	6.3%	6.3%	6.3%

## 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 1% higher or lower than assumed:



This analysis illustrates the importance of having an appropriate reserve. If trend is 1% higher than the assumptions from 2026-2030, the cash balance will decrease to -\$2.6M at the end of CY 2030, assuming the current proposed funding increases of 8.8% remain intact. If this occurred, an additional funding increase of approximately 8.7% in 2031 & 2032 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 2032. Alternatively, a lower trend of 1% would provide a significant surplus and would allow the Program to potentially lower future rate increases to balance to the target reserve.

2027 - 2030 Funding Rate Sensitivity		
-\$1M	Current	+\$1M
8.7%	8.8%	8.9%

Due to the funding rate for 2026 being locked at 8.0% for employers and 2.0% for employees, the funding rate is sensitive to any changes in the claims data in the underlying projection. The table above displays the sensitivity of the 2027, 2028, 2029, and 2030 funding rates based on a \$1M gain or loss in the budget projections. Note that this gain or loss impacts the current 2026 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 2026+		
	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 \$2.8M per month were estimated based on specific membership data.

## Adjustments from RFPs

The PBM RFP contract was awarded in 2025 to CVS. The updated pricing terms (2026-2028) have been incorporated into the projection.

## Funding Rates

The funding rates and member contributions for 2026 were approved by the HCC at the June 2025 meeting. Future funding rates are set at the rate that the Reserve Balance is equal to the Target Reserve at the end of 2030.

## Program Actuarial Values

At the June 2025 HCC meeting, Plan C and N deductibles were increased to meet new HDHP limits for 2026. Non-Single tier deductible for employee was changed from \$3,300 to \$3,400 based on new IRS requirement in 2026. Plan A deductible increased to \$1,000 from \$800 and specialist copays increased to \$60 from \$40 for Plan A, as well. The Actuarial Value of the plans for 2025 and 2026 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)
2025 Plan Actuarial Value	85.62%	82.66%	92.56%	84.96%	78.75%	83.18%
2026 Plan Actuarial Value	84.75%	82.64%	92.54%	84.96%	78.75%	83.18%

## Contract Fees

Plan Staff provided fees for each contract that are consistent with their budgets.

## ASO Fees

The Program provided per contract BCBS, Aetna, and Delta ASO fees and per prescription Caremark ASO fees for year 2026. 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 2026-2030
- Premium Discount: 50% for 2026-2030

## 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 3.50%/3.25%/3.00% of the annual cash balance for FY 2026/2027/2028+.
- Coverage Tier Factor: The purpose of these factors is to capture the cost impact of migration between contract tiers.
  - Medical and Rx: 1.00/2.85/1.57/2.69 for Employee Only/Employee + Spouse/Employee + Child(ren)/Employee + Family
  - Dental: 1.00/2.02/2.53/3.88 for Employee Only/Employee + Spouse/Employee + Child(ren)/Employee + Family

## 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 1<sup>st</sup> to December 31<sup>st</sup>; 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 1<sup>st</sup> to June 30<sup>th</sup>
- **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 an Associate or 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.



Kirsten Schatten, ASA, FCA, MAAA  
Senior Vice President



Melanie Ingleby, FSA, MAAA  
Vice President



## **Kansas State Employees Health Care Commission**

# **Financial Report Data Through February 2026**

April 15th, 2026

Melanie Ingleby FSA, MAAA

Kirsten Schatten ASA, FCA, MAAA

# January – February 2026 Experience

January 2026 to February 2026 Financials (in Millions)				
	Budgeted	Actual	Gain/(Loss) \$	Gain/(Loss) %
Program Revenue	\$106.3	\$107.3	\$1.0	0.9%
Medical self-insured claims	\$63.5	\$61.1	\$2.4	3.8%
Rx self-insured claims	\$20.0	\$28.6	\$(8.6)	(43.0)%
Dental self-insured claims	\$5.4	\$5.2	\$0.2	3.7%
Health Savings Contributions*	\$8.4	\$8.2	\$0.2	2.4%
ASO/Premium	\$7.9	\$7.6	\$0.3	3.8%
Contract Fees/Other**	\$1.3	\$1.2	\$0.1	7.7%
Administrative Fund	\$0.9	\$0.6	\$0.3	33.3%
Program Expenses	\$107.3	\$112.4	\$(5.1)	(4.8)%
Net Income/(Net Expense)	\$(1.0)	\$(5.2)	\$(4.2)	
<b>Reserve Balance (All Funds)***</b>	<b>\$36.4</b>	<b>\$32.3</b>	<b>\$(4.1)</b>	
<p>* Includes Health Savings and Health Reimbursement Contributions  ** Includes Contract Fees, Voluntary Benefit, Onsite Clinic, Wellness Program, EAP, MAP, Transparent Tools, Data Warehouse, HRA ASO, Non-State Administrative Expenses, Flex and PCORI. See full break out on Itemized Non Claims Expenses page of the projection.  *** Total may not fully reconcile due to some intermediate values shown rounded to 1 decimal.</p>				

# Multi-Year Projection Summary

Financial Projections (in Millions) – as of February 28, 2026						
	CY 2025	CY 2026	CY 2027	CY 2028	CY 2029	CY 2030
<b>Program Revenue</b>	\$618.5	\$644.4	\$693.8	\$751.1	\$814.0	\$883.0
<i>Medical self-insured claims</i>	\$384.0	\$416.7	\$446.6	\$461.0	\$487.1	\$513.5
<i>Rx self-Insured claims</i>	\$121.2	\$133.4	\$139.6	\$149.0	\$161.4	\$175.1
<i>Dental self-Insured claims</i>	\$31.1	\$31.8	\$33.7	\$34.1	\$35.1	\$36.1
<i>Health Savings Contributions*</i>	\$34.2	\$33.6	\$33.8	\$33.8	\$33.8	\$33.8
<i>ASO/Premium</i>	\$45.7	\$47.2	\$48.6	\$50.1	\$51.7	\$53.3
<i>Contract Fees/Other**</i>	\$7.5	\$7.6	\$7.7	\$7.7	\$7.8	\$7.9
<i>Administrative Fund</i>	\$5.2	\$5.0	\$5.3	\$5.3	\$5.4	\$5.4
<b>Program Expenses</b>	\$629.0	\$675.3	\$715.3	\$740.9	\$782.2	\$825.1
<b>Net Income/(Net Expense)</b>	<b>\$(10.4)</b>	<b>\$(30.9)</b>	<b>\$(21.5)</b>	<b>\$10.1</b>	<b>\$31.7</b>	<b>\$57.9</b>
<b>Reserve Balance (All Funds)</b>	<b>\$37.5</b>	<b>\$6.5</b>	<b>\$(14.9)</b>	<b>\$(15.0)</b>	<b>\$16.8</b>	<b>\$74.6</b>
* 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.						

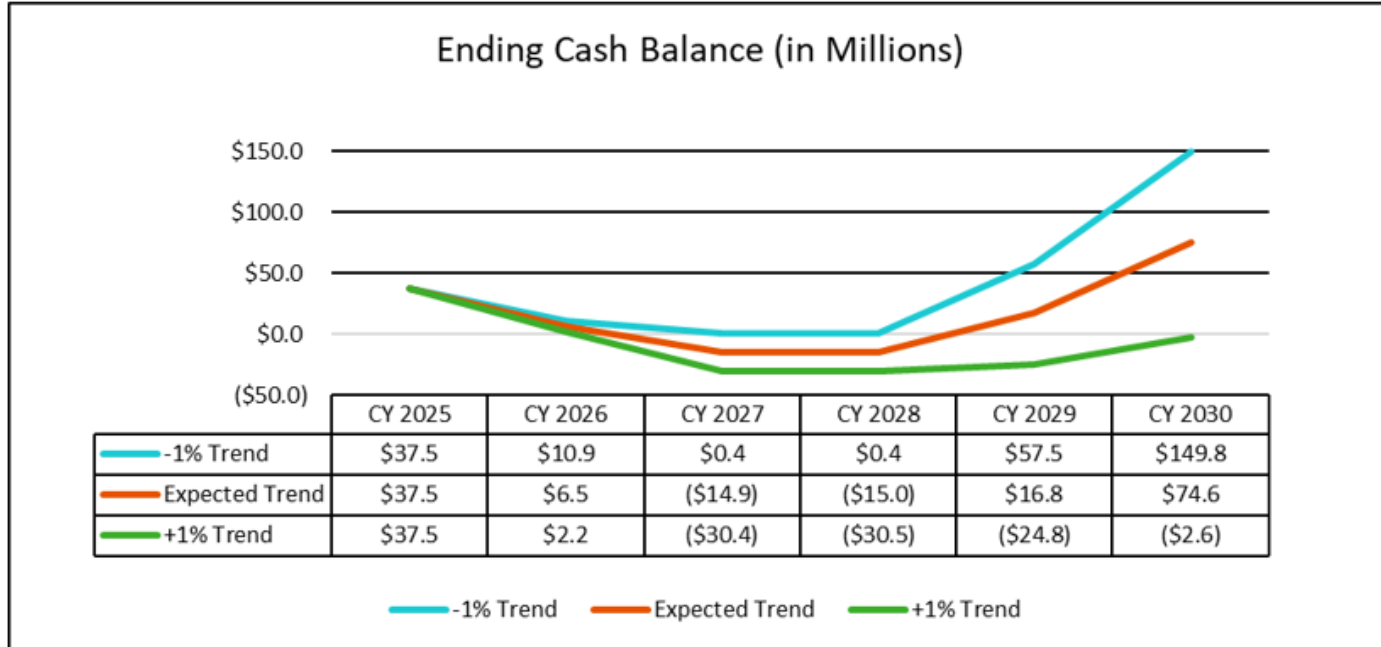
# Funding & Reserves

2021 House Bill No. 2218 Target (10% of Three Prior Years Total Plan Expenses) in CY 2025-2030 (in Millions)						
	2025	2026	2027	2028	2029	2030
10% of Prior Total Plan Expenses (3-Year Average)	\$53.8	\$58.3	\$62.9	\$67.3	\$71.1	\$74.6
Reserve Balance (All Funds)	\$37.5	\$6.5	\$(14.9)	\$(15.0)	\$16.8	\$74.6
Fund Balance vs. Target Surplus/(Shortfall)	\$(16.3)	\$(51.8)	\$(77.8)	\$(82.3)	\$(54.3)	\$0.0
<b>Funding Rate Increase</b>						
Employer	7.5%	8.0%	8.8%	8.8%	8.8%	8.8%
Employee*	0.0%	2.0%	8.8%	8.8%	8.8%	8.8%

2021 House Bill No. 2218 Target (10% of Three Prior Years Total Plan Expenses) in CY 2025-2030 (in Millions)- Avoiding Negative Balances						
	2025	2026	2027	2028	2029	2030
10% of Prior Total Plan Expenses (3-Year Average)	\$53.8	\$58.3	\$62.9	\$67.3	\$71.1	\$74.6
Reserve Balance (All Funds)	\$37.5	\$6.5	\$-	\$(0.1)	\$33.5	\$74.6
Fund Balance vs. Target Surplus/(Shortfall)	\$(16.3)	\$(51.8)	\$(62.9)	\$(67.4)	\$(37.6)	\$0.0
<b>Funding Rate Increase</b>						
Employer	7.5%	8.0%	13.1%	6.3%	6.3%	6.3%
Employee*	0.0%	2.0%	13.1%	6.3%	6.3%	6.3%

# Sensitivity Analysis

2027 - 2030 Funding Rate Sensitivity		
-\$1M	Current	+\$1M
8.7%	8.8%	8.9%



**Kansas State Employees Health Care Commission**  
**Financial Data Through February 2026 and Enrollment Data Through February 2026**  
**Cost Impact of Plan Changes**

		2027	2028	2029	2030
<b>Baseline Total Costs</b>		\$ 715,307,702	\$ 740,945,089	\$ 782,221,525	\$ 825,145,535
<b>Plan A - 20,075 Contracts</b>	<b>Change</b>	<b>Cost/(Savings)</b>	<b>Cost/(Savings)</b>	<b>Cost/(Savings)</b>	<b>Cost/(Savings)</b>
Increase the Deductible from \$1,000/\$2,000 to \$1,250/\$2,500 (\$250/\$500)	N	\$ (1,872,882)	\$ (2,205,608)	\$ (2,343,967)	\$ (2,493,671)
Increase the Coinsurance from 20% to 25%	N	\$ (1,407,405)	\$ (1,657,437)	\$ (1,761,409)	\$ (1,873,906)
Increase the Deductible from \$1,000/\$2,000 to \$1,150/\$2,300 (\$150/\$300)	N	\$ (1,143,440)	\$ (1,346,577)	\$ (1,431,048)	\$ (1,522,446)
Increase the OOP max from \$5,250/\$10,500 to \$5,500/\$11,000 (\$250/\$500)	N	\$ (731,045)	\$ (860,918)	\$ (914,924)	\$ (973,358)
Increase the Specialist Copay \$60 to \$70	N	\$ (499,996)	\$ (588,822)	\$ (625,759)	\$ (665,725)
Increase the OOP Max from \$5,250/\$10,500 to \$5,400/\$10,800 (\$150/\$300)	N	\$ (340,845)	\$ (401,397)	\$ (426,577)	\$ (453,821)
Apply Deductible to both Medical and Pharmacy	N	\$ (263,890)	\$ (310,772)	\$ (330,267)	\$ (351,360)
Increase PCP Copay from \$20 to \$30	N	\$ (255,391)	\$ (300,762)	\$ (319,629)	\$ (340,043)
Increase PCP Copay from \$20 to \$25	N	\$ (127,743)	\$ (150,437)	\$ (159,874)	\$ (170,084)
Eliminate the Special Case Pharmacy Tier					
40% Coinsurance to a max of \$100 per 30 day supply	N	\$ (101,396)	\$ (119,410)	\$ (126,900)	\$ (135,005)
Increase the Emergency Room Copay from \$100 to \$125	N	\$ (89,813)	\$ (105,769)	\$ (112,404)	\$ (119,582)
Increase the Telehealth Copay from \$10 to \$15	N	\$ (29,858)	\$ (35,163)	\$ (37,368)	\$ (39,755)
Eliminate the Coinsurance caps for Diabetes and Asthma					
Generics 10% Coinsurance		In Progress			
Preferred Brands 20% Coinsurance	N				
<b>Plan C - 16,852 Contracts</b>	<b>Change</b>	<b>Cost/(Savings)</b>	<b>Cost/(Savings)</b>	<b>Cost/(Savings)</b>	<b>Cost/(Savings)</b>
Increase the OOP Max from \$4,500/\$9,000 to \$4,750/\$9,500 (\$250/\$500)	N	\$ (978,996)	\$ (1,151,682)	\$ (1,226,151)	\$ (1,301,331)
Increase the Coinsurance from 10% to 15%	N	\$ (814,127)	\$ (957,732)	\$ (1,019,660)	\$ (1,082,180)
Increase the OOP Max from \$4,500/\$9,000 to \$4,650/\$9,300 (\$150/\$300)	N	\$ (602,083)	\$ (708,285)	\$ (754,083)	\$ (800,319)
Increase the member plus coverage tiers Deductibles: from \$3,400/\$5,500 to \$3450* /\$5,700	N	\$ (42,947)	\$ (50,523)	\$ (53,790)	\$ (57,088)
Increase the Single only Deductible from \$2,750 to \$2,900 (\$150)	N	\$ (55,313)	\$ (65,070)	\$ (69,277)	\$ (73,525)
<b>Plan N - 2,339 Contracts</b>	<b>Change</b>	<b>Cost/(Savings)</b>	<b>Cost/(Savings)</b>	<b>Cost/(Savings)</b>	<b>Cost/(Savings)</b>
Increase the OOP Max from \$6,650/\$13,300 to \$6,900/\$13,800 (\$250/\$500)	N	\$ (149,789)	\$ (176,221)	\$ (187,614)	\$ (199,114)
Increase the OOP Max from \$6,650/\$13,300 to \$6,800/\$13,600 (\$150/\$300)	N	\$ (129,896)	\$ (152,818)	\$ (162,698)	\$ (172,671)
Increase the member plus coverage tiers Deductibles: from \$3,400/\$5,500 to \$3450* /\$5,700	N	\$ (4,754)	\$ (5,593)	\$ (5,955)	\$ (6,320)
Increase the Single only Deductible from \$2,750 to \$2,900 (\$150)	N	\$ (4,211)	\$ (4,954)	\$ (5,275)	\$ (5,598)
<b>Plan J - 585 Contracts</b>	<b>Change</b>	<b>Cost/(Savings)</b>	<b>Cost/(Savings)</b>	<b>Cost/(Savings)</b>	<b>Cost/(Savings)</b>
Increase the OOP Max from \$7,350/\$14,700 to \$7,600/\$15,200	N	\$ (17,676)	\$ (20,797)	\$ (22,141)	\$ (23,498)
Increase the OOP Max from \$7,350/\$14,700 to \$7,500/\$15,000	N	\$ (10,432)	\$ (12,274)	\$ (13,067)	\$ (13,868)
<b>Prescription Drug All Plans - 39,851 Contracts</b>	<b>Change</b>	<b>Cost/(Savings)</b>	<b>Cost/(Savings)</b>	<b>Cost/(Savings)</b>	<b>Cost/(Savings)</b>
Increase the Generic Drug Coinsurance from 20% to 25%	N	\$ (414,795)	\$ (488,218)	\$ (519,324)	\$ (551,817)
Increase the Preferred Brand Drugs Coinsurance from 35% to 40%	N	\$ (237,594)	\$ (279,651)	\$ (297,468)	\$ (316,080)
<b>GLP-1 for Weight Loss (Provided by CVS at the request of Segal)</b>	<b>Change</b>	<b>Cost/(Savings)</b>	<b>Cost/(Savings)</b>	<b>Cost/(Savings)</b>	<b>Cost/(Savings)</b>
Terminate Coverage of GLP-1s prescribed for AOM	N	\$ -	\$ -	\$ -	\$ -
Add a \$200 Copay per 30 day supply of GLP-1s for AOM	N	\$ 1,100,000	\$ 1,193,500	\$ 1,294,948	\$ 1,405,018
Implement a set baseline requirement for All GLP-1 AOM use or a BMI of 35 or higher. Apply the BMI to initial treatment and ongoing therapy. Eliminating the 5% Weight loss continuation of care option.	N	\$ 13,563,800	\$ 14,716,723	\$ 15,967,644	\$ 17,324,894
Initial BMI required for AOM treatment of 35 or higher. At each renewal of the PA the member must demonstrate a continuous 5% reduction in weight from the prior PA.	N	\$ 22,000,000	\$ 23,870,000	\$ 25,898,950	\$ 28,100,361
<b>HSA/HRA</b>	<b>Change</b>	<b>Cost/(Savings)</b>	<b>Cost/(Savings)</b>	<b>Cost/(Savings)</b>	<b>Cost/(Savings)</b>
Reduce HSA/HRA Contribution by	0%	\$ -	\$ -	\$ -	\$ -
Reduce HealthQuest Rewards by	0%	\$ -	\$ -	\$ -	\$ -
<b>Total Additional Cost/(Savings) for Plan Change</b>		\$ -	\$ -	\$ -	\$ -

2027	2028	2029	2030
PEPM	PEPM	PEPM	PEPM
\$ (7.77)	\$ (9.16)	\$ (9.73)	\$ (10.35)
\$ (5.84)	\$ (6.88)	\$ (7.31)	\$ (7.78)
\$ (4.75)	\$ (5.59)	\$ (5.94)	\$ (6.32)
\$ (3.03)	\$ (3.57)	\$ (3.80)	\$ (4.04)
\$ (2.08)	\$ (2.44)	\$ (2.60)	\$ (2.76)
\$ (1.41)	\$ (1.67)	\$ (1.77)	\$ (1.88)
\$ (1.10)	\$ (1.29)	\$ (1.37)	\$ (1.46)
\$ (1.06)	\$ (1.25)	\$ (1.33)	\$ (1.41)
\$ (0.53)	\$ (0.62)	\$ (0.66)	\$ (0.71)
\$ (0.42)	\$ (0.50)	\$ (0.53)	\$ (0.56)
\$ (0.37)	\$ (0.44)	\$ (0.47)	\$ (0.50)
\$ (0.12)	\$ (0.15)	\$ (0.16)	\$ (0.17)
PEPM	PEPM	PEPM	PEPM
\$ (4.84)	\$ (5.70)	\$ (6.06)	\$ (6.44)
\$ (4.03)	\$ (4.74)	\$ (5.04)	\$ (5.35)
\$ (2.98)	\$ (3.50)	\$ (3.73)	\$ (3.96)
\$ (0.21)	\$ (0.25)	\$ (0.27)	\$ (0.28)
\$ (0.27)	\$ (0.32)	\$ (0.34)	\$ (0.36)
PEPM	PEPM	PEPM	PEPM
\$ (5.34)	\$ (6.28)	\$ (6.68)	\$ (7.09)
\$ (4.63)	\$ (5.44)	\$ (5.80)	\$ (6.15)
\$ (0.17)	\$ (0.20)	\$ (0.21)	\$ (0.23)
\$ (0.15)	\$ (0.18)	\$ (0.19)	\$ (0.20)
PEPM	PEPM	PEPM	PEPM
\$ (2.52)	\$ (2.96)	\$ (3.15)	\$ (3.35)
\$ (1.49)	\$ (1.75)	\$ (1.86)	\$ (1.98)
PEPM	PEPM	PEPM	PEPM
\$ (0.87)	\$ (1.02)	\$ (1.09)	\$ (1.15)
\$ (0.50)	\$ (0.58)	\$ (0.62)	\$ (0.66)
PEPM	PEPM	PEPM	PEPM
\$ -	\$ -	\$ -	\$ -
\$ 2.30	\$ 2.50	\$ 2.71	\$ 2.94
\$ 28.36	\$ 30.77	\$ 33.39	\$ 36.23
\$ 46.00	\$ 49.92	\$ 54.16	\$ 58.76
PEPM	PEPM	PEPM	PEPM
\$ -	\$ -	\$ -	\$ -
\$ -	\$ -	\$ -	\$ -

**Kansas State Employees Health Care Commission  
2026 Variance Report -  
Budget vs. Actual**

	Jan-2026			Feb-2026			Mar-2026		
	Initial Budget	Actual	Gain/(Loss)	Initial Budget	Actual	Gain/(Loss)	Initial Budget	Updated Budget	Gain/(Loss)
<b>Revenue</b>									
State ER	40,891,607	40,865,183	(26,424)	34,313,383	34,739,327	425,944	37,018,820	37,000,946	(17,874)
State EE	6,584,933	6,543,928	(41,005)	6,584,933	6,562,418	(22,516)	7,180,452	7,194,389	13,937
Non-State ER	4,532,352	4,568,469	36,117	4,532,352	4,538,387	6,035	4,532,352	4,518,251	(14,101)
Non-State EE	680,081	689,573	9,492	680,081	679,905	(175)	680,081	676,349	(3,732)
Direct Bill	2,871,399	2,947,475	76,076	2,871,399	2,872,016	617	2,871,399	2,865,316	(6,082)
COBRA	111,857	89,799	(22,059)	111,857	104,608	(7,249)	111,857	106,311	(5,547)
Voluntary Benefit	364,213	400,270	36,057	364,213	402,399	38,187	364,213	364,213	-
Interest/Other	93,815	132,495	38,680	93,815	558,735	464,920	93,815	93,815	-
Zinc Rx Settlement / Funding from GBA	-	-	-	-	-	-	-	-	-
Administrative Fund	291,618	294,638	3,020	291,618	294,986	3,368	291,618	291,363	(255)
<b>Total</b>	<b>56,421,875</b>	<b>56,531,830</b>	<b>109,955</b>	<b>49,843,651</b>	<b>50,752,781</b>	<b>909,130</b>	<b>53,144,607</b>	<b>53,110,954</b>	<b>(33,653)</b>
<b>Expenses</b>									
Medical Claims	37,816,750	36,563,034	1,253,716	25,663,364	24,530,574	1,132,790	27,149,259	34,974,206	(7,824,946)
Rx Claims	10,633,341	6,639,139	3,994,203	9,389,733	21,931,992	(12,542,259)	9,500,629	4,767,356	4,733,273
Dental Claims	3,000,222	2,662,825	337,397	2,404,339	2,550,186	(145,847)	2,435,177	2,448,374	(13,197)
Health Savings ER	6,702,846	6,641,448	61,398	1,672,530	1,576,251	96,279	674,163	673,168	995
ASO/Premium	3,947,507	3,757,833	189,675	3,947,507	3,822,438	125,069	3,947,507	3,939,028	8,479
Voluntary Benefit	364,213	400,270	(36,057)	364,213	205,253	158,960	364,213	364,213	-
Onsite Clinic (Marathon)	196,529	201,752	(5,222)	196,529	198,544	(2,015)	196,529	196,529	-
Other Contract Fees/Flex	65,017	74,003	(8,986)	65,017	73,781	(8,764)	65,017	65,017	-
PCORI	-	-	-	-	-	-	-	-	-
Administrative Fund	439,211	385,497	53,715	439,211	227,137	212,074	439,211	439,211	-
<b>Total</b>	<b>63,165,636</b>	<b>57,325,799</b>	<b>5,839,837</b>	<b>44,142,443</b>	<b>55,116,156</b>	<b>(10,973,712)</b>	<b>44,771,706</b>	<b>47,867,101</b>	<b>(3,095,396)</b>
<b>Net Cash Flow</b>	<b>(6,743,761)</b>	<b>(793,969)</b>	<b>5,949,793</b>	<b>5,701,207</b>	<b>(4,363,375)</b>	<b>(10,064,582)</b>	<b>8,372,901</b>	<b>5,243,852</b>	<b>(3,129,049)</b>
Beginning Balance (Reserve Fund)	32,165,136	32,165,136	-	25,568,968	31,462,025	5,893,058	31,417,768	27,030,802	(4,386,966)
Ending Balance (Reserve Fund)	25,568,968	31,462,025	5,893,058	31,417,768	27,030,802	(4,386,966)	39,938,262	32,422,502	(7,515,760)
Beginning Balance (Administrative Fund)	5,292,508	5,292,508	-	5,147,841	5,201,650	53,809	5,003,174	5,269,498	266,324
Ending Balance (Administrative Fund)	5,147,841	5,201,650	53,809	5,003,174	5,269,498	266,324	4,858,508	5,121,650	263,143
Beginning Balance (Both Funds)	37,457,644	37,457,644	-	30,716,809	36,663,675	5,946,866	36,420,942	32,300,300	(4,120,642)
Ending Balance (Both Funds)	30,716,809	36,663,675	5,946,866	36,420,942	32,300,300	(4,120,642)	44,796,770	37,544,152	(7,252,617)
<b>Enrollment (Subscriber)</b>	<b>Initial</b>	<b>Updated</b>	<b>Difference</b>	<b>Initial</b>	<b>Updated</b>	<b>Difference</b>	<b>Initial</b>	<b>Updated</b>	<b>Difference</b>
Active	39,266	39,266	-	39,266	39,239	(27)	39,266	39,239	(27)
COBRA	92	92	-	92	89	(3)	92	89	(3)
Non-Medicare Retiree	523	523	-	523	523	-	523	523	-
Medicare Retiree	7,308	7,308	-	7,308	7,287	(21)	7,308	7,287	(21)
<b>Total</b>	<b>47,189</b>	<b>47,189</b>	<b>-</b>	<b>47,189</b>	<b>47,138</b>	<b>(51)</b>	<b>47,189</b>	<b>47,138</b>	<b>(51)</b>
Revenue PEPM	1,196	1,198	2	1,056	1,077	20	1,126	1,127	1
Expenses PEPM	1,339	1,215	(124)	935	1,169	234	949	1,015	67

**Kansas State Employees Health Care Commission  
2026 Variance Report -  
Budget vs. Actual**

	Apr-2026			May-2026			Jun-2026		
	Initial Budget	Updated Budget	Gain/(Loss)	Initial Budget	Updated Budget	Gain/(Loss)	Initial Budget	Updated Budget	Gain/(Loss)
<b>Revenue</b>									
State ER	43,807,200	43,787,796	(19,404)	37,228,975	37,210,332	(18,644)	31,607,945	31,609,640	1,695
State EE	7,180,452	7,194,389	13,937	7,180,452	7,194,389	13,937	5,989,415	6,004,308	14,893
Non-State ER	4,532,352	4,518,251	(14,101)	4,532,352	4,518,251	(14,101)	4,532,352	4,518,251	(14,101)
Non-State EE	680,081	676,349	(3,732)	680,081	676,349	(3,732)	680,081	676,349	(3,732)
Direct Bill	2,871,399	2,865,316	(6,082)	2,871,399	2,865,316	(6,082)	2,871,399	2,865,316	(6,082)
COBRA	111,857	106,311	(5,547)	111,857	106,311	(5,547)	111,857	106,311	(5,547)
Voluntary Benefit	364,213	364,213	-	364,213	364,213	-	364,213	364,213	-
Interest/Other	93,815	93,815	-	93,815	93,815	-	93,815	93,815	-
Zinc Rx Settlement / Funding from GBA	-	-	-	-	-	-	-	-	-
Administrative Fund	291,618	291,363	(255)	291,618	291,363	(255)	291,618	291,363	(255)
<b>Total</b>	<b>59,932,986</b>	<b>59,897,803</b>	<b>(35,183)</b>	<b>53,354,762</b>	<b>53,320,339</b>	<b>(34,168)</b>	<b>46,542,695</b>	<b>46,529,566</b>	<b>(13,129)</b>
<b>Expenses</b>									
Medical Claims	31,570,357	32,528,669	(958,312)	36,432,112	37,540,946	(1,108,834)	30,290,492	31,196,197	(905,705)
Rx Claims	11,441,230	10,644,365	796,866	11,714,147	11,922,127	(207,980)	11,869,481	12,080,218	(210,738)
Dental Claims	2,441,183	2,453,446	(12,263)	3,059,004	3,074,371	(15,367)	2,453,239	2,465,563	(12,324)
Health Savings ER	7,207,804	7,206,078	1,726	592,274	591,367	907	662,891	661,908	983
ASO/Premium	3,947,507	3,939,028	8,479	4,189,341	4,180,862	8,479	3,947,507	3,939,028	8,479
Voluntary Benefit	364,213	364,213	-	364,213	364,213	-	364,213	364,213	-
Onsite Clinic (Marathon)	196,529	196,529	-	196,529	196,529	-	196,529	196,529	-
Other Contract Fees/Flex	65,017	65,017	-	65,017	65,017	-	65,017	65,017	-
PCORI	-	-	-	-	-	-	-	-	-
Administrative Fund	439,211	439,211	-	439,211	439,211	-	439,211	439,211	-
<b>Total</b>	<b>57,673,051</b>	<b>57,836,555</b>	<b>(163,504)</b>	<b>57,051,849</b>	<b>58,374,644</b>	<b>(1,322,795)</b>	<b>50,288,580</b>	<b>51,407,884</b>	<b>(1,119,304)</b>
<b>Net Cash Flow</b>	<b>2,259,935</b>	<b>2,061,248</b>	<b>(198,687)</b>	<b>(3,697,087)</b>	<b>(5,054,305)</b>	<b>(1,356,963)</b>	<b>(3,745,885)</b>	<b>(4,878,318)</b>	<b>(1,132,433)</b>
Beginning Balance (Reserve Fund)	39,938,262	32,422,502	(7,515,760)	42,345,791	34,631,598	(7,714,193)	38,796,297	29,725,141	(9,071,156)
Ending Balance (Reserve Fund)	42,345,791	34,631,598	(7,714,193)	38,796,297	29,725,141	(9,071,156)	35,198,005	24,994,671	(10,203,334)
Beginning Balance (Administrative Fund)	4,858,508	5,121,650	263,143	4,713,841	4,973,802	259,962	4,569,174	4,825,954	256,780
Ending Balance (Administrative Fund)	4,713,841	4,973,802	259,962	4,569,174	4,825,954	256,780	4,424,507	4,678,106	253,599
Beginning Balance (Both Funds)	44,796,770	37,544,152	(7,252,617)	47,059,631	39,605,400	(7,454,231)	43,365,471	34,551,095	(8,814,375)
Ending Balance (Both Funds)	47,059,631	39,605,400	(7,454,231)	43,365,471	34,551,095	(8,814,375)	39,622,512	29,672,777	(9,949,734)
<b>Enrollment (Subscriber)</b>	<b>Initial</b>	<b>Updated</b>	<b>Difference</b>	<b>Initial</b>	<b>Updated</b>	<b>Difference</b>	<b>Initial</b>	<b>Updated</b>	<b>Difference</b>
Active	39,266	39,239	(27)	39,266	39,239	(27)	39,266	39,239	(27)
COBRA	92	89	(3)	92	89	(3)	92	89	(3)
Non-Medicare Retiree	523	523	-	523	523	-	523	523	-
Medicare Retiree	7,308	7,287	(21)	7,308	7,287	(21)	7,308	7,287	(21)
<b>Total</b>	<b>47,189</b>	<b>47,138</b>	<b>(51)</b>	<b>47,189</b>	<b>47,138</b>	<b>(51)</b>	<b>47,189</b>	<b>47,138</b>	<b>(51)</b>
Revenue PEPM	1,270	1,271	1	1,131	1,131	0	986	987	1
Expenses PEPM	1,222	1,227	5	1,209	1,238	29	1,066	1,091	25

**Kansas State Employees Health Care Commission  
2026 Variance Report -  
Budget vs. Actual**

	Jul-2026			Aug-2026			Sep-2026		
	Initial Budget	Updated Budget	Gain/(Loss)	Initial Budget	Updated Budget	Gain/(Loss)	Initial Budget	Updated Budget	Gain/(Loss)
<b>Revenue</b>									
State ER	40,827,826	40,828,893	1,067	34,249,602	34,251,429	1,827	37,165,195	37,156,467	(8,728)
State EE	5,989,415	6,004,308	14,893	5,989,415	6,004,308	14,893	6,584,933	6,599,348	14,415
Non-State ER	4,884,484	4,869,276	(15,208)	4,884,484	4,869,276	(15,208)	4,884,484	4,869,276	(15,208)
Non-State EE	680,081	676,349	(3,732)	680,081	676,349	(3,732)	680,081	676,349	(3,732)
Direct Bill	2,871,399	2,865,316	(6,082)	2,871,399	2,865,316	(6,082)	2,871,399	2,865,316	(6,082)
COBRA	111,857	106,311	(5,547)	111,857	106,311	(5,547)	111,857	106,311	(5,547)
Voluntary Benefit	364,213	364,213	-	364,213	364,213	-	364,213	364,213	-
Interest/Other	93,815	93,815	-	93,815	93,815	-	93,815	93,815	-
Zinc Rx Settlement / Funding from GBA	-	-	-	-	-	-	-	-	-
Administrative Fund	291,618	291,363	(255)	291,618	291,363	(255)	291,618	291,363	(255)
<b>Total</b>	<b>56,114,707</b>	<b>56,099,843</b>	<b>(14,864)</b>	<b>49,536,483</b>	<b>49,522,379</b>	<b>(14,104)</b>	<b>53,047,595</b>	<b>53,022,458</b>	<b>(25,136)</b>
<b>Expenses</b>									
Medical Claims	38,982,191	40,152,749	(1,170,558)	32,793,239	33,772,965	(979,726)	32,093,104	33,060,317	(967,213)
Rx Claims	(949,204)	(744,608)	(204,596)	12,181,877	12,398,161	(216,284)	12,288,307	12,506,481	(218,174)
Dental Claims	3,074,112	3,089,554	(15,443)	2,465,355	2,477,739	(12,385)	2,471,435	2,483,850	(12,415)
Health Savings ER	7,095,530	7,093,926	1,605	458,179	457,417	762	432,407	431,674	734
ASO/Premium	3,947,507	3,939,028	8,479	3,947,507	3,939,028	8,479	3,947,507	3,939,028	8,479
Voluntary Benefit	364,213	364,213	-	364,213	364,213	-	364,213	364,213	-
Onsite Clinic (Marathon)	196,529	196,529	-	196,529	196,529	-	196,529	196,529	-
Other Contract Fees/Flex	65,017	65,017	-	65,017	65,017	-	65,017	65,017	-
PCORI	221,140	221,140	-	-	-	-	-	-	-
Administrative Fund	439,211	439,211	-	439,211	439,211	-	439,211	439,211	-
<b>Total</b>	<b>53,436,245</b>	<b>54,816,758</b>	<b>(1,380,513)</b>	<b>52,911,127</b>	<b>54,110,281</b>	<b>(1,199,154)</b>	<b>52,297,730</b>	<b>53,486,319</b>	<b>(1,188,589)</b>
<b>Net Cash Flow</b>	<b>2,678,462</b>	<b>1,283,085</b>	<b>(1,395,377)</b>	<b>(3,374,644)</b>	<b>(4,587,902)</b>	<b>(1,213,258)</b>	<b>749,865</b>	<b>(463,861)</b>	<b>(1,213,725)</b>
Beginning Balance (Reserve Fund)	35,198,005	24,994,671	(10,203,334)	38,024,060	26,425,604	(11,598,456)	34,797,009	21,985,550	(12,811,459)
Ending Balance (Reserve Fund)	38,024,060	26,425,604	(11,598,456)	34,797,009	21,985,550	(12,811,459)	35,694,467	21,669,537	(14,024,930)
Beginning Balance (Administrative Fund)	4,424,507	4,678,106	253,599	4,274,968	4,530,259	255,290	4,125,429	4,382,411	256,981
Ending Balance (Administrative Fund)	4,274,968	4,530,259	255,290	4,125,429	4,382,411	256,981	3,975,891	4,234,563	258,672
Beginning Balance (Both Funds)	39,622,512	29,672,777	(9,949,734)	42,299,028	30,955,862	(11,343,166)	38,922,439	26,367,961	(12,554,478)
Ending Balance (Both Funds)	42,299,028	30,955,862	(11,343,166)	38,922,439	26,367,961	(12,554,478)	39,670,358	25,904,100	(13,766,258)
<b>Enrollment (Subscriber)</b>	<b>Initial</b>	<b>Updated</b>	<b>Difference</b>	<b>Initial</b>	<b>Updated</b>	<b>Difference</b>	<b>Initial</b>	<b>Updated</b>	<b>Difference</b>
Active	39,266	39,239	(27)	39,266	39,239	(27)	39,266	39,239	(27)
COBRA	92	89	(3)	92	89	(3)	92	89	(3)
Non-Medicare Retiree	523	523	-	523	523	-	523	523	-
Medicare Retiree	7,308	7,287	(21)	7,308	7,287	(21)	7,308	7,287	(21)
<b>Total</b>	<b>47,189</b>	<b>47,138</b>	<b>(51)</b>	<b>47,189</b>	<b>47,138</b>	<b>(51)</b>	<b>47,189</b>	<b>47,138</b>	<b>(51)</b>
Revenue PEPM	1,189	1,190	1	1,050	1,051	1	1,124	1,125	1
Expenses PEPM	1,132	1,163	31	1,121	1,148	27	1,108	1,135	26

**Kansas State Employees Health Care Commission  
2026 Variance Report -  
Budget vs. Actual**

	Oct-2026			Nov-2026			Dec-2026		
	Initial Budget	Updated Budget	Gain/(Loss)	Initial Budget	Updated Budget	Gain/(Loss)	Initial Budget	Updated Budget	Gain/(Loss)
<b>Revenue</b>									
State ER	43,743,419	43,733,932	(9,488)	37,165,195	37,156,467	(8,728)	37,165,195	37,156,467	(8,728)
State EE	6,584,933	6,599,348	14,415	6,584,933	6,599,348	14,415	6,584,933	6,599,348	14,415
Non-State ER	4,884,484	4,869,276	(15,208)	4,884,484	4,869,276	(15,208)	4,884,484	4,869,276	(15,208)
Non-State EE	680,081	676,349	(3,732)	680,081	676,349	(3,732)	680,081	676,349	(3,732)
Direct Bill	2,871,399	2,865,316	(6,082)	2,871,399	2,865,316	(6,082)	2,871,399	2,865,316	(6,082)
COBRA	111,857	106,311	(5,547)	111,857	106,311	(5,547)	111,857	106,311	(5,547)
Voluntary Benefit	364,213	364,213	-	364,213	364,213	-	364,213	364,213	-
Interest/Other	93,815	93,815	-	93,815	93,815	-	93,815	93,815	-
Zinc Rx Settlement / Funding from GBA	-	-	-	-	-	-	-	-	-
Administrative Fund	291,618	291,363	(255)	291,618	291,363	(255)	291,618	291,363	(255)
<b>Total</b>	<b>59,625,819</b>	<b>59,599,922</b>	<b>(25,896)</b>	<b>53,047,595</b>	<b>53,022,458</b>	<b>(25,136)</b>	<b>53,047,595</b>	<b>53,022,458</b>	<b>(25,136)</b>
<b>Expenses</b>									
Medical Claims	40,071,387	41,270,365	(1,198,978)	35,457,654	36,520,790	(1,063,136)	33,582,089	34,591,428	(1,009,338)
Rx Claims	13,392,702	13,630,484	(237,782)	14,045,164	14,294,530	(249,366)	13,058,135	13,289,976	(231,842)
Dental Claims	3,096,913	3,112,470	(15,557)	2,483,640	2,496,117	(12,477)	2,489,766	2,502,273	(12,507)
Health Savings ER	7,162,103	7,160,426	1,677	663,351	662,368	984	462,885	462,118	767
ASO/Premium	3,947,507	3,939,028	8,479	3,947,507	3,939,028	8,479	3,947,507	3,939,028	8,479
Voluntary Benefit	364,213	364,213	-	364,213	364,213	-	364,213	364,213	-
Onsite Clinic (Marathon)	196,529	196,529	-	196,529	196,529	-	196,529	196,529	-
Other Contract Fees/Flex	65,017	65,017	-	65,017	65,017	-	65,017	65,017	-
PCORI	-	-	-	-	-	-	-	-	-
Administrative Fund	439,211	439,211	-	439,211	439,211	-	439,211	439,211	-
<b>Total</b>	<b>68,735,581</b>	<b>70,177,742</b>	<b>(1,442,161)</b>	<b>57,662,286</b>	<b>58,977,802</b>	<b>(1,315,516)</b>	<b>54,605,352</b>	<b>55,849,793</b>	<b>(1,244,442)</b>
<b>Net Cash Flow</b>	<b>(9,109,762)</b>	<b>(10,577,820)</b>	<b>(1,468,058)</b>	<b>(4,614,692)</b>	<b>(5,955,344)</b>	<b>(1,340,652)</b>	<b>(1,557,757)</b>	<b>(2,827,335)</b>	<b>(1,269,578)</b>
Beginning Balance (Reserve Fund)	35,694,467	21,669,537	(14,024,930)	26,732,298	11,239,566	(15,492,733)	22,265,200	5,432,070	(16,833,130)
Ending Balance (Reserve Fund)	26,732,298	11,239,566	(15,492,733)	22,265,200	5,432,070	(16,833,130)	20,855,036	2,752,583	(18,102,453)
Beginning Balance (Administrative Fund)	3,975,891	4,234,563	258,672	3,826,352	4,086,715	260,363	3,676,813	3,938,867	262,054
Ending Balance (Administrative Fund)	3,826,352	4,086,715	260,363	3,676,813	3,938,867	262,054	3,529,220	3,791,019	261,799
Beginning Balance (Both Funds)	39,670,358	25,904,100	(13,766,258)	30,558,650	15,326,280	(15,232,370)	25,942,013	9,370,936	(16,571,076)
Ending Balance (Both Funds)	30,558,650	15,326,280	(15,232,370)	25,942,013	9,370,936	(16,571,076)	24,384,256	6,543,602	(17,840,654)
<b>Enrollment (Subscriber)</b>	<b>Initial</b>	<b>Updated</b>	<b>Difference</b>	<b>Initial</b>	<b>Updated</b>	<b>Difference</b>	<b>Initial</b>	<b>Updated</b>	<b>Difference</b>
Active	39,266	39,239	(27)	39,266	39,239	(27)	39,266	39,239	(27)
COBRA	92	89	(3)	92	89	(3)	92	89	(3)
Non-Medicare Retiree	523	523	-	523	523	-	523	523	-
Medicare Retiree	7,308	7,287	(21)	7,308	7,287	(21)	7,308	7,287	(21)
<b>Total</b>	<b>47,189</b>	<b>47,138</b>	<b>(51)</b>	<b>47,189</b>	<b>47,138</b>	<b>(51)</b>	<b>47,189</b>	<b>47,138</b>	<b>(51)</b>
Revenue PEPM	1,264	1,264	1	1,124	1,125	1	1,124	1,125	1
Expenses PEPM	1,457	1,489	32	1,222	1,251	29	1,157	1,185	28

**Kansas State Employees Health Care Commission  
2026 Variance Report -  
Budget vs. Actual**

	Jan-2026 - Feb-2026			Jan-Dec 2026			
	Initial Budget	Updated Budget	Gain/(Loss)	Initial Budget	Actual/Budget	\$ Gain/(Loss)	% Gain/(Loss)
<b>Revenue</b>							
State ER	75,204,990	75,604,510	399,521	455,184,364	455,496,880	312,516	0.1%
State EE	13,169,867	13,106,346	(63,521)	79,019,202	79,099,831	80,629	0.1%
Non-State ER	9,064,704	9,106,856	42,152	56,501,014	56,395,516	(105,498)	-0.2%
Non-State EE	1,360,162	1,369,478	9,316	8,160,969	8,132,968	(28,002)	-0.3%
Direct Bill	5,742,797	5,819,490	76,693	34,456,785	34,472,653	15,868	0.0%
COBRA	223,715	194,407	(29,308)	1,342,290	1,257,514	(84,776)	-6.3%
Voluntary Benefit	728,425	802,669	74,244	4,370,550	4,444,794	74,244	1.7%
Interest/Other	187,630	691,231	503,601	1,125,780	1,629,380	503,601	44.7%
Zinc Rx Settlement / Funding from GBA	-	-	-	-	-	-	-
Administrative Fund	583,236	589,624	6,388	3,499,417	3,503,257	3,840	0.1%
<b>Total</b>	<b>106,265,526</b>	<b>107,284,611</b>	<b>1,019,086</b>	<b>643,660,369</b>	<b>644,432,793</b>	<b>772,423</b>	<b>0.1%</b>
<b>Expenses</b>							
Medical Claims	63,480,114	61,093,608	2,386,506	401,901,999	416,702,238	(14,800,240)	-3.7%
Rx Claims	20,023,074	28,571,131	(8,548,056)	128,565,542	133,360,221	(4,794,679)	-3.7%
Dental Claims	5,404,561	5,213,011	191,550	31,874,384	31,816,768	57,616	0.2%
Health Savings ER	8,375,376	8,217,699	157,677	33,786,964	33,618,149	168,815	0.5%
ASO/Premium	7,895,014	7,580,270	314,744	47,611,919	47,212,384	399,535	0.8%
Voluntary Benefit	728,425	605,522	122,903	4,370,550	4,247,647	122,903	2.8%
Onsite Clinic (Marathon)	393,059	400,296	(7,237)	2,358,354	2,365,590	(7,237)	-0.3%
Other Contract Fees/Flex	130,034	147,784	(17,750)	780,201	797,951	(17,750)	-2.3%
PCORI	-	-	-	221,140	221,140	-	0.0%
Administrative Fund	878,422	612,634	265,789	5,270,535	5,004,746	265,789	5.0%
<b>Total</b>	<b>107,308,080</b>	<b>112,441,955</b>	<b>(5,133,875)</b>	<b>656,741,587</b>	<b>675,346,835</b>	<b>(18,605,248)</b>	<b>-2.8%</b>
<b>Net Cash Flow</b>	<b>(1,042,554)</b>	<b>(5,157,344)</b>	<b>(4,114,789)</b>	<b>(13,081,218)</b>	<b>(30,914,042)</b>	<b>(17,832,824)</b>	
Beginning Balance (Reserve Fund)	32,165,136	32,165,136	-	32,165,136	32,165,136	-	
Ending Balance (Reserve Fund)	31,417,768	27,030,802	(4,386,966)	20,855,036	2,752,583	(18,102,453)	
Beginning Balance (Administrative Fund)	5,292,508	5,292,508	-	5,292,508	5,292,508	-	
Ending Balance (Administrative Fund)	4,997,322	5,269,498	272,177	3,521,390	3,791,019	269,629	
Beginning Balance (Both Funds)	37,457,644	37,457,644	-	37,457,644	37,457,644	-	
Ending Balance (Both Funds)	36,415,090	32,300,300	(4,114,789)	24,376,426	6,543,602	(17,832,824)	
<b>Enrollment (Subscriber)</b>	<b>Initial</b>	<b>Updated</b>	<b>Difference</b>	<b>Initial</b>	<b>Updated</b>	<b>Difference</b>	<b>% Difference</b>
Active	39,266	39,253	(14)	39,266	39,241	(25)	-0.1%
COBRA	92	91	(2)	92	89	(3)	-3.0%
Non-Medicare Retiree	523	523	-	523	523	-	0.0%
Medicare Retiree	7,308	7,298	(11)	7,308	7,289	(19)	-0.3%
<b>Total</b>	<b>47,189</b>	<b>47,164</b>	<b>(26)</b>	<b>47,189</b>	<b>47,142</b>	<b>(47)</b>	<b>-0.1%</b>
Revenue PEPM	1,126	1,137	11	1,137	1,139	2	0.2%
Expenses PEPM	1,137	1,192	55	1,160	1,194	34	2.9%

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

Trend Assumptions	2024	2025	2026	2027	2028	2029	2030
Interest Rate on Fund Balance (Fiscal Year)	4.5%	4.00%	3.50%	3.25%	3.00%	3.00%	3.0%
Admin/Contract Fee Trend/Vision Trend	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%
Medical claim trend rate	8.0%	5.5%	5.5%	5.5%	5.5%	5.5%	5.5%
Prescription drug claim trend rate	6.8%	8.5%	8.5%	8.5%	8.5%	8.5%	8.5%
Dental claim trend rate	-0.4%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
Medicare Advantage trend rate	7.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%
Funding Rate Assumptions							
Medical	Target based on 10% of Total Expenses						
Employer % Change (eff. July 1)	Fixed	Fixed	Fixed	Calculated	Calculated	Calculated	Calculated
State Employer	5.0%	7.5%	8.0%	8.8%	8.8%	8.8%	8.8%
Non-State Employer	Fixed	Fixed	Fixed	Calculated	Calculated	Calculated	Calculated
5.0%	5.0%	7.5%	8.0%	8.8%	8.8%	8.8%	8.8%
State Employee % Change (eff. Jan 1)	Fixed	Fixed	Fixed	Calculated	Calculated	Calculated	Calculated
Employee	0.0%	0.0%	2.0%	8.8%	8.8%	8.8%	8.8%
Employee + Spouse	0.0%	0.0%	2.0%	8.8%	8.8%	8.8%	8.8%
Employee + Child(ren)	0.0%	0.0%	2.0%	8.8%	8.8%	8.8%	8.8%
Employee + Family	0.0%	0.0%	2.0%	8.8%	8.8%	8.8%	8.8%
Non-State Employee % Change (eff. Jan 1)	Fixed	Fixed	Fixed	Calculated	Calculated	Calculated	Calculated
Employee	0.0%	0.0%	2.0%	8.8%	8.8%	8.8%	8.8%
Employee + Spouse	0.0%	0.0%	2.0%	8.8%	8.8%	8.8%	8.8%
Employee + Child(ren)	0.0%	0.0%	2.0%	8.8%	8.8%	8.8%	8.8%
Employee + Family	0.0%	0.0%	2.0%	8.8%	8.8%	8.8%	8.8%
Non-Medicare Retiree Contrib % Change (eff. Jan 1)	Fixed	Fixed	Fixed	Calculated	Calculated	Calculated	Calculated
Employee	0.0%	0.0%	2.0%	8.8%	8.8%	8.8%	8.8%
Employee + Spouse	0.0%	0.0%	2.0%	8.8%	8.8%	8.8%	8.8%
Employee + Child(ren)	0.0%	0.0%	2.0%	8.8%	8.8%	8.8%	8.8%
Employee + Family	0.0%	0.0%	2.0%	8.8%	8.8%	8.8%	8.8%
Dental							
Employer contribution % increase (eff. July 1)	3.3%	3.3%	3.3%	3.3%	3.3%	3.3%	3.3%
Active ee contribution % incr. (eff. Jan 1)	0.0%	0.0%	3.3%	3.3%	3.3%	3.3%	3.3%
Retirees contribution % increase (eff. Jan 1)	0.0%	0.0%	3.3%	3.3%	3.3%	3.3%	3.3%
Plan N EE+CH (Now \$1,000)		\$ -	\$ -	\$ -	\$ -		
Wellness Assumptions							
Earned HSA/HRA Contribution (\$500/\$1,000)	60%	60%	60%	60%	60%	60%	60%
Wellness Contribution Credit \$40 per month	50%	50%	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 Cash							
Funding from GBA							
Expense Cost/(Savings)							

**Kansas State Employees Health Care Commission**  
**Financial Data Through February 2026 and Enrollment Data Through February 2026**  
**Multi-Year Projection**

	2026 Projected	2027 Projected	2028 Projected	2029 Projected	2030 Projected
<b>Revenue</b>					
State ER	\$ 455,496,880	\$ 492,473,924	\$ 534,813,030	\$ 580,839,400	\$ 630,876,427
State EE	\$ 79,099,831	\$ 86,393,688	\$ 94,215,263	\$ 102,711,120	\$ 111,940,235
Non-State ER	\$ 56,395,516	\$ 60,925,746	\$ 66,130,798	\$ 71,787,129	\$ 77,934,250
Non-State EE	\$ 8,132,968	\$ 8,852,992	\$ 9,653,378	\$ 10,522,909	\$ 11,467,636
Direct Bill	\$ 34,472,653	\$ 35,921,807	\$ 37,537,942	\$ 39,236,856	\$ 41,023,524
COBRA	\$ 1,257,514	\$ 1,381,391	\$ 1,504,601	\$ 1,638,498	\$ 1,517,303
Voluntary Benefit	\$ 4,444,794	\$ 4,370,550	\$ 4,370,550	\$ 4,370,550	\$ 4,370,550
Interest/Other	\$ 1,629,380	\$ 86,018	\$ (505,003)	\$ (447,852)	\$ 566,678
Rx Settlement	\$ -	\$ -	\$ -	\$ -	\$ -
Administrative Fund	\$ 3,503,257	\$ 3,429,591	\$ 3,368,273	\$ 3,311,122	\$ 3,311,122
<b>Total</b>	<b>\$ 644,432,793</b>	<b>\$ 693,835,707</b>	<b>\$ 751,088,833</b>	<b>\$ 813,969,731</b>	<b>\$ 883,007,725</b>
<b>Expenses</b>					
Medical Claims	\$ 416,702,238	\$ 446,583,442	\$ 460,952,765	\$ 487,080,756	\$ 513,509,873
Rx Claims	\$ 133,360,221	\$ 139,584,786	\$ 148,957,501	\$ 161,422,754	\$ 175,143,689
Dental Claims	\$ 31,816,768	\$ 33,693,841	\$ 34,053,894	\$ 35,072,159	\$ 36,122,617
Health Savings ER	\$ 33,618,149	\$ 33,772,570	\$ 33,772,570	\$ 33,772,567	\$ 33,772,567
ASO/Premium	\$ 47,212,384	\$ 48,619,117	\$ 50,120,239	\$ 51,672,534	\$ 53,277,870
Voluntary Benefit	\$ 4,247,647	\$ 4,370,550	\$ 4,370,550	\$ 4,370,550	\$ 4,370,550
Marathon (Onsite Clinic)	\$ 2,365,590	\$ 2,358,354	\$ 2,358,354	\$ 2,405,521	\$ 2,453,631
Other Contract Fees/Flex	\$ 797,951	\$ 780,201	\$ 782,060	\$ 797,701	\$ 813,655
PCORI	\$ 221,140	\$ 229,255	\$ 237,669	\$ 246,391	\$ 255,434
Expenses Cost/(Savings)	\$ -	\$ -	\$ -	\$ -	\$ -
Administrative Fund	\$ 5,004,746	\$ 5,315,587	\$ 5,339,488	\$ 5,380,591	\$ 5,425,649
<b>Total</b>	<b>\$ 675,346,835</b>	<b>\$ 715,307,702</b>	<b>\$ 740,945,089</b>	<b>\$ 782,221,525</b>	<b>\$ 825,145,535</b>
<b>Net Cash Flow</b>	<b>\$ (30,914,042)</b>	<b>\$ (21,471,995)</b>	<b>\$ 10,143,744</b>	<b>\$ 31,748,206</b>	<b>\$ 57,862,190</b>
<b>Beginning Balance (Reserve Fund)</b>	<b>\$ 32,165,136</b>	<b>\$ 2,752,583</b>	<b>\$ (16,833,417)</b>	<b>\$ (14,928,394)</b>	<b>\$ 18,889,281</b>
<b>Ending Balance (Reserve Fund)</b>	<b>\$ 2,752,583</b>	<b>\$ (16,833,417)</b>	<b>\$ (14,928,394)</b>	<b>\$ 18,889,281</b>	<b>\$ 78,865,999</b>
<b>Beginning Balance (Administrative Fund)</b>	<b>\$ 5,292,508</b>	<b>\$ 3,791,019</b>	<b>\$ 1,905,023</b>	<b>\$ (66,192)</b>	<b>\$ (2,135,661)</b>
<b>Ending Balance (Administrative Fund)</b>	<b>\$ 3,791,019</b>	<b>\$ 1,905,023</b>	<b>\$ (66,192)</b>	<b>\$ (2,135,661)</b>	<b>\$ (4,250,188)</b>
<b>Beginning Balance (Both Funds)</b>	<b>\$ 37,457,644</b>	<b>\$ 6,543,602</b>	<b>\$ (14,928,394)</b>	<b>\$ (14,994,585)</b>	<b>\$ 16,753,620</b>
<b>Ending Balance (Both Funds)</b>	<b>\$ 6,543,602</b>	<b>\$ (14,928,394)</b>	<b>\$ (14,994,585)</b>	<b>\$ 16,753,620</b>	<b>\$ 74,615,811</b>
<b>Target based on HB.2218</b>	<b>\$ 58,302,144</b>	<b>\$ 62,941,356</b>	<b>\$ 67,320,426</b>	<b>\$ 71,053,321</b>	<b>\$ 74,615,811</b>
<b>Fund Balance vs. HB.2218 Target Surplus/(Shortfall)</b>	<b>\$ (51,758,543)</b>	<b>\$ (77,869,750)</b>	<b>\$ (82,315,011)</b>	<b>\$ (54,299,701)</b>	<b>\$ (0)</b>
<b>Enrollment (Subscriber)</b>					
Active	39,067	39,239	39,239	39,239	39,239
COBRA	97	89	89	89	89
Non-Medicare Retiree	515	523	523	523	523
Medicare Retiree	7,366	7,287	7,287	7,287	7,287
<b>Total</b>	<b>47,045</b>	<b>47,138</b>	<b>47,138</b>	<b>47,138</b>	<b>47,138</b>
Revenue PEPM	\$ 1,142	\$ 1,227	\$ 1,328	\$ 1,439	\$ 1,561
Expenses PEPM	\$ 1,196	\$ 1,265	\$ 1,310	\$ 1,383	\$ 1,459

**Kansas State Employees Health Care Commission**  
**Financial Data Through February 2026 and Enrollment Data Through February 2026**  
**Itemized Non Claims Expenses Projected by Staff**

	2026	2026	2026	2026	2026	2026	2026	2026	2026	2026	2026	2026	2026	2026	2026
	January	February	March	April	May	June	July	August	September	October	November	December	To Date	Projected	
<b>ASO/Premium</b>															
BCBS ASO/Premium	2,893,800	3,033,613											5,927,414	36,293,280	
Aetna Premium (Medicare Retiree)	159,231	158,020											317,251	1,909,479	
Aetna ASO	174,853	158,988											333,841	1,908,819	
ASO-Delta (Dental)	50,429	50,956											101,384	617,016	
ASO-Caremark (Rx)	64,570	169,274											233,844	1,712,600	
Premium- Surency (Vision)	382,856	227,334											610,190	4,792,255	
Premium-Silverscript (Medicare Rx)	15,719	15,816											31,535	278,469	
MDX Medical Inc (Transparency Service)	16,375	8,437											24,812	100,000	
<b>Total</b>	<b>3,757,833</b>	<b>3,822,438</b>	-	-	-	-	-	-	-	-	-	-	<b>7,580,270</b>	<b>47,611,919</b>	
<b>Voluntary Benefit</b>															
Supplemental	400,270	205,253											605,522	4,370,550	
<b>Total</b>	<b>400,270</b>	<b>205,253</b>											<b>605,522</b>	<b>4,370,550</b>	
<b>Onsite Clinic</b>															
Marathon	201,752	198,544											400,296	2,358,354	
<b>Total</b>	<b>201,752</b>	<b>198,544</b>											<b>400,296</b>	<b>2,358,354</b>	
<b>Other Contract Fees/Flex</b>															
Compsych (Employee Assistant Program)	33,157	33,157											66,314	387,250	
Itedium (COBRA)	7,949	8,189											16,139	92,951	
ITEDIUM (MAP Enrollment)	15,179	18,355											33,534	300,000	
Metlife (HRA ASO)	-	-											-	-	
NueSynergy (Flex Spending Account)	17,718	14,079											31,797	-	
<b>Grand Total</b>	<b>74,003</b>	<b>73,781</b>	-	-	-	-	-	-	-	-	-	-	<b>147,784</b>	<b>780,201</b>	
<b>Administrative Fund Cost</b>															
Compsych (Employee Assistant Program)	-	-											-	-	
RX Savings (Transparency Tools)	97,873	97,873											195,745	1,150,000	
Gainwell DXC/Artemis Health (Data Warehouse)	3,132	3,132											6,264	156,600	
CITI/Sagebrush (SEHP Audit)	-	(162,837)											(162,837)	262,006	
Segal (Actuarial Fees)	41,000	41,000											82,000	492,000	
Marathon (Wellness)	72,292	72,292											144,585	836,222	
Operational Expenses	171,200	175,677											346,877	2,373,707	
<b>Total</b>	<b>385,497</b>	<b>227,137</b>	-	-	-	-	-	-	-	-	-	-	<b>612,634</b>	<b>5,270,535</b>	

# Agenda Item

## #4

# APPENDIX - A

# HCC Plan Design & Rate Decisions

Plan Years 2020 - 2026

# Rate Decisions

- **PY 2020**

- Employee and Employee + children: No rate increase
- Employee + Spouse & Family: Rates reduced 6%
- FY 2021 Employer Rate increase of 4.5%

- **PY 2021**

- Employee and Employee + children: No rate increase
- Employee + Spouse & Family: Rates reduced 2%
- FY 2022 Employer Rate increase of 3%

- **PY 2022**

- Employee and Employee + children: No rate increase
- Employee + Spouse & Family: Rates reduced 2%
- FY 2023 Employer Rate increase of 5%

PY = Plan Year – Employee Rates (EE) are on the Plan Year which is the calendar year.

FY = Fiscal Year – Employer Rates (ER) are on the Fiscal Year.

# Rate Decisions

- **PY 2023**

- Employee and Employee + children: No rate increase
- Employee + Spouse & Family: No rate increase
- Reduced PY 2023 employee dental rates all coverage tiers by \$13.38
- FY 2024 Employer Rate increase of 7.5%
- Increased Employer rate by \$13.38 for dental

- **PY 2024**

- Employee and Employee + children: No rate increase
- Employee + Spouse & Family: No rate increase
- FY 2025 Employer Rate increase of 5%

- **PY 2025**

- Employee and Employee + children: No rate increase
- Employee + Spouse & Family: No rate increase
- FY 2026 Employer Rate increase of 7.5%

PY = Plan Year – Employee Rates (EE) are on the Plan Year which is the calendar year.  
FY = Fiscal Year – Employer Rates (ER) are on the Fiscal Year.

# Rate Decisions

- **PY 2026**

- Employee Rates increase 2%
- FY 2027 Employer Rate increase of 8%
- Dental: Employer rate and Employee plus dependent rates increases by 3.3%

PY = Plan Year – Employee Rates (EE) are on the Plan Year which is the calendar year.

FY = Fiscal Year – Employer Rates (ER) are on the Fiscal Year.

# Plan Design Changes

## Plan A

### PY 2021

- Changed to a 2 tier Deductible \$1,000/\$2,000 eliminating 3<sup>rd</sup> tier of \$3,000

### PY 2022

- Reduced the Deductible from \$1000/\$2000 to \$900/\$1,800
- Reduced PCP office visit Copay from \$40 to \$30 per visit
- Reduced the Out of Pocket (OOP) Max from \$6,250/\$10,500 to \$5,250/\$10,500

## Plan C

### PY 2020

- Reduced Coinsurance from 20% to 10%

### PY 2022

- Reduced the Out of Pocket (OOP) Max from \$5,500/\$11,000 to \$4,500/\$9,000

## Pharmacy – All Plans

### PY 2022

- Reduced the Preferred Brand Coinsurance from 40% to 35%
- Reduced the Non Preferred Brand Coinsurance from 65% to 60%

# Plan Design Changes

## Plan A

### PY 2023

- Reduced the Deductible from \$900/\$1,800 to \$800/\$1,600
- Reduced the PCP office visit Copay from \$30 to \$20 per visit
- Reduced the Specialist office visit Copay from \$60 to \$40 per visit

## Plan C & Plan N

### PY 2023

- Increased the first Deductible on Employee + Dependent coverage tiers from \$2,800 to \$3,000. Required change for QHDHPs
- Family deductible remains at \$5,500.
- Employee only plans remain at \$2,750.

# Plan Design Changes

## Medical - All Plans

### PY 2024

- Added hearing aid coverage
  - Subject to Deductible & Coinsurance
  - Maximum benefit of \$5,000 per three (3) year period

## Plans C & N

### PY 2024

- Increased the first Deductible on Employee + Dependent coverage tiers from \$3,000 to \$3,200.  
Required change for QHDHPs
- Family Deductible remains \$5,500
- Employee Only Deductible remains \$2,750

# Plan Design Changes

## Medical - All Plans

### PY 2025

- Orthodontics lifetime maximum increased from \$1,000 to \$1,500
- Dental annual maximum increased from \$1,700 to \$2,000
- Added coverage for residential treatment centers **retroactive to January 1, 2024**
- Breast cancer screening coverage for ultrasound and MRI scans covered at 100%. **Retroactive to January 1, 2024**

## Plan C & Plan N

### PY 2025

- Increased the first Deductible on employee + dependent coverage tiers from \$3,200 to \$3,300 Required change for QHDHPs
- Family deductible remains at \$5,500
- Employee only plans remain at \$2,750

# Plan Design Changes

## Plan A

### PY 2026

- Deductible increased \$200/\$400 to \$1,000 for single and \$2,000 for family
- Specialist Office Visit copay increased \$20 to \$60 copay

## Pharmacy – All Plans

### PY2026

- Changed the Prior Authorization criteria for GLP-1 medication prescribed as Anti-Obesity Medications (AOM).

## Plans C & N

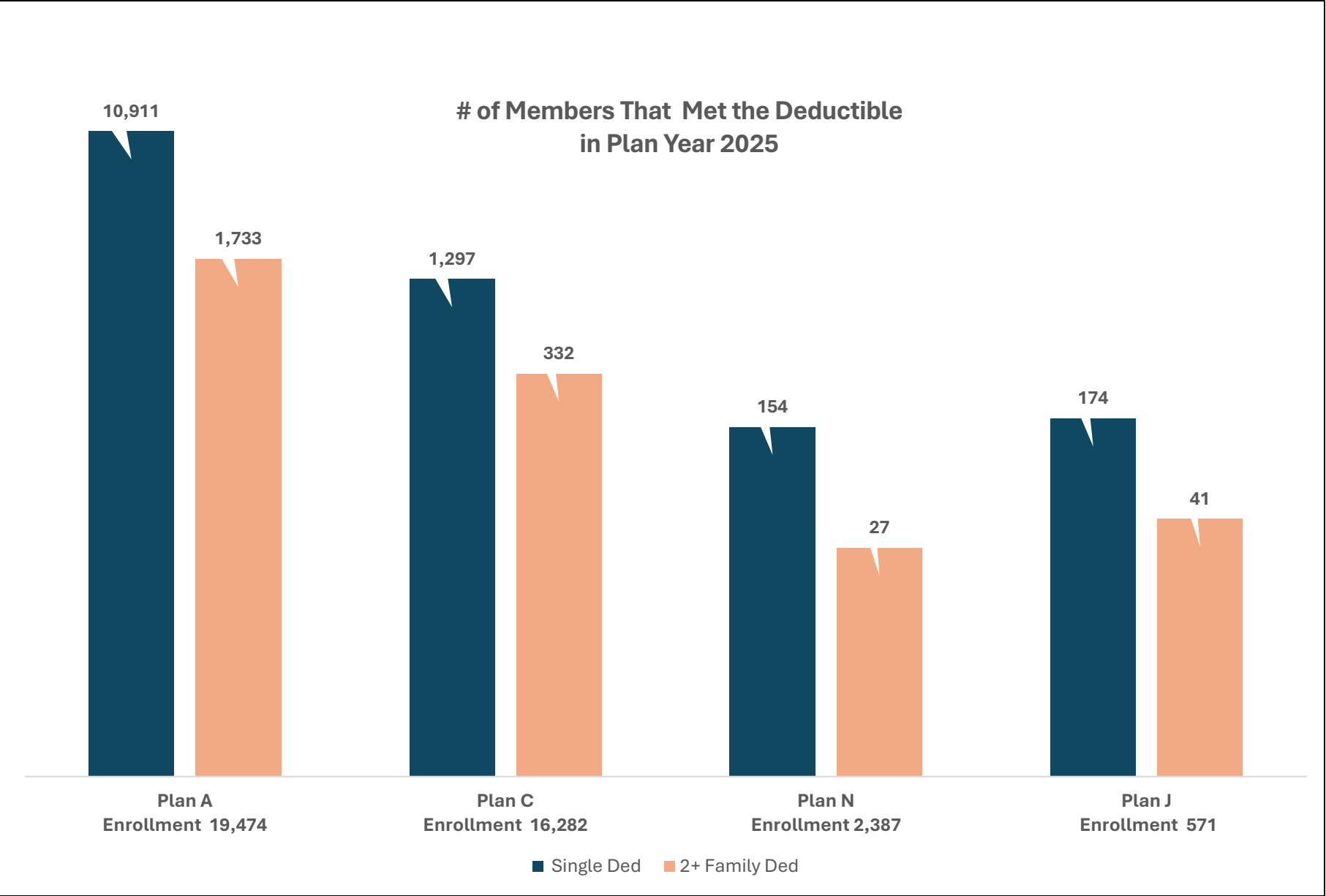
### PY 2026

- Increased the first Deductible on Employee + Dependent(s) coverage tiers from \$3,300 to \$3,400  
Required change for QHDHPs
- Family deductible remains at \$5,500
- No change to Member only Deductible

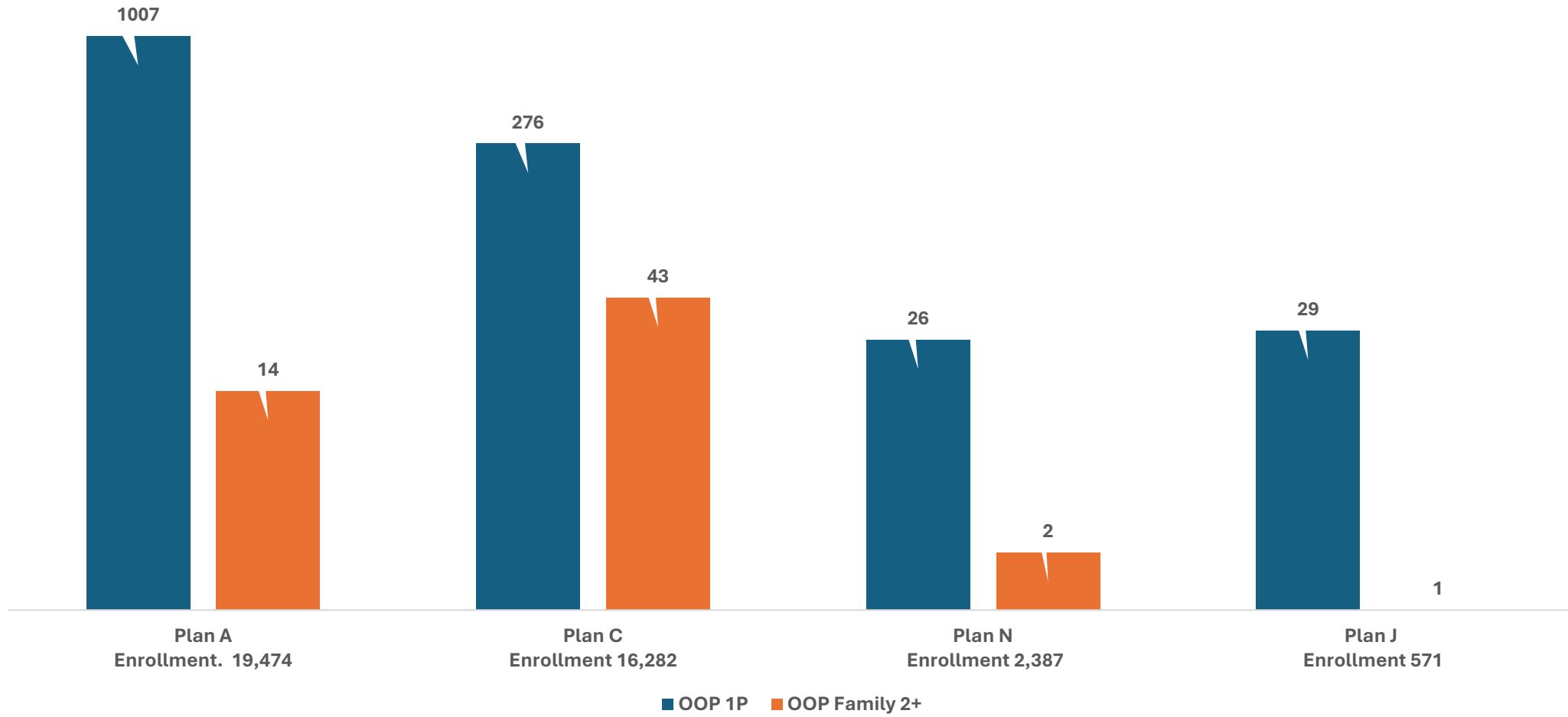
# APPENDIX - B

# Cost Share Data for

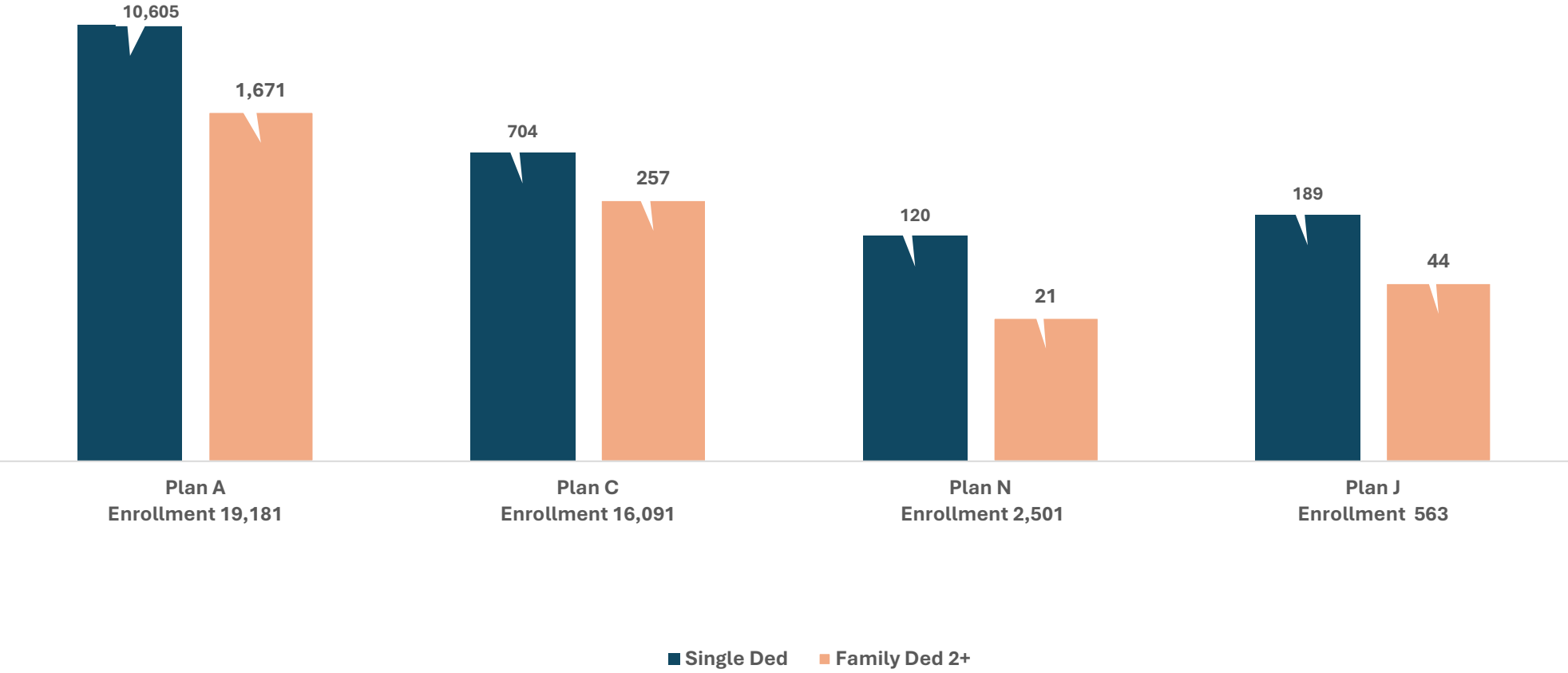
Plan Years 2024 & 2025



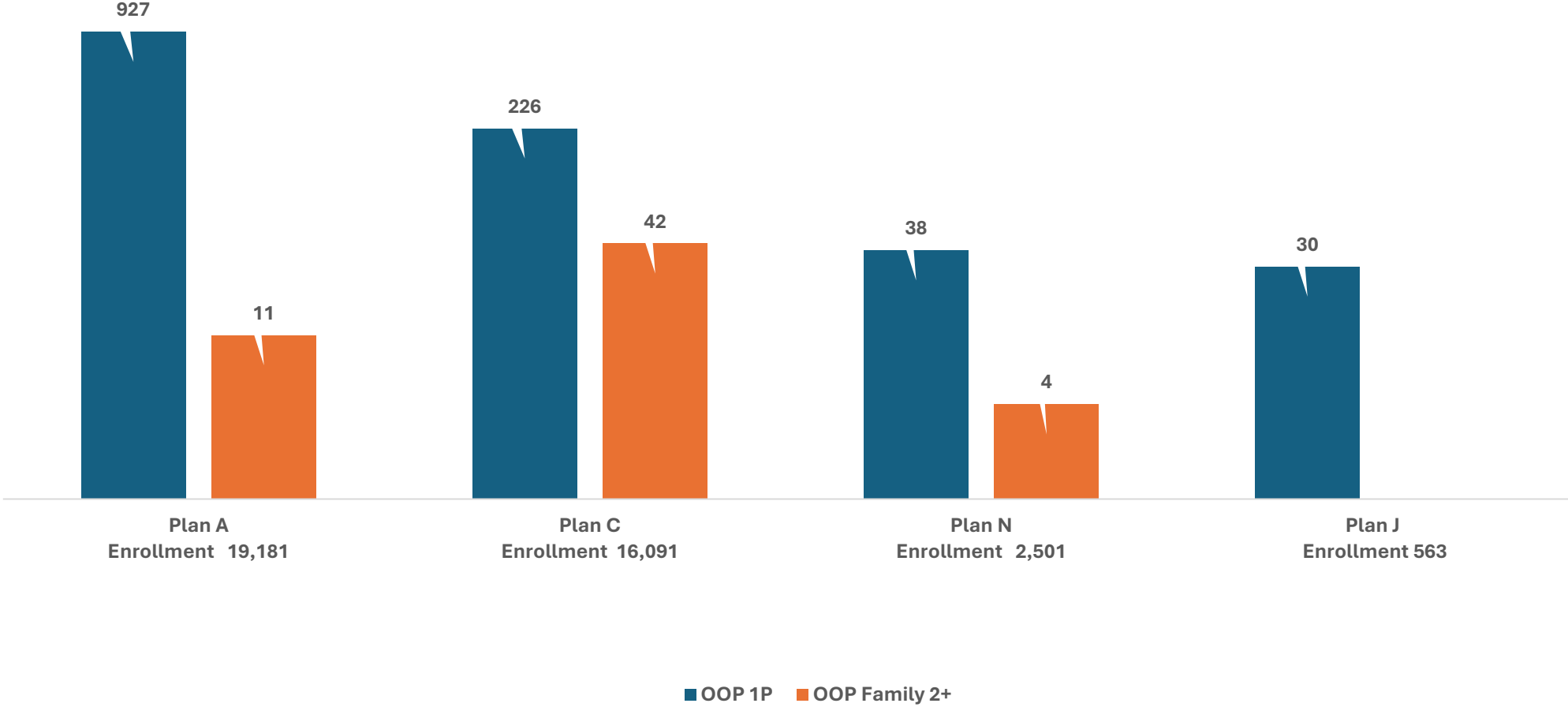
### # of Members that Met the OOP Max in Plan Year 2025



# of Members that Met the Deductible in Plan Year 2024



# of Members that Met the OOP Max in Plan Year 2024



# APPENDIX - C

# Follow up Items

February 13, 2026 HCC Meeting

# GLP-1s AOM Coverage

How long is the waiting period before a member is eligible again for a GLP-1 for Anti-Obesity Management (AOM) if they previously did not meet the continuation of therapy weight loss criteria?

- *Caremark's response: If a member has a BMI over 35 but fails to lose or maintain 5% weight loss and are denied, then per the clinical criteria they can file for a new PA after **three months** of not being on therapy. That becomes their new baseline weight and they would probably be approved given they have a BMI higher than 35.*

# GLP-1 AOM Spend

	2025				2026 thru 3/16/2026			
	Net Cost	Member Cost	Scripts	Utilizers	Net Cost	Member Cost	Scripts	Utilizers
Wegovy	\$7,796,432	\$3,957,215	20,796	3,784	\$1,236,418	\$1,149,591	4,000	3,810
Saxenda	\$34,248	\$13,653	80	31	\$1,450	\$781	3	3
Zepbound	\$4,022,738	\$3,292,891	10,074	2,166	\$73,163	\$205,198	310	294
Total	\$11,853,418	\$7,263,759	30,950	5,981	\$1,311,031	\$1,355,570	4,313	4,107
Per Script	\$382.99	\$234.69	Rx/Util	5.17	\$303.97	\$314.30	Rx/Util	1.05
PEPM	\$25.07	\$15.36			\$13.31	\$13.67		
					2026 Projection			\$13,431,800
					2026 Proj PEPM			\$28.21

# GLP-1 Peer to Peer Reviews

Is the physician on the Caremark side of the Peer to Peer review a specialist in bariatric care?

- *Caremark's response: Second level appeals are reviewed by a medical doctor within CVS Caremark's medical affairs area. There is no state law requirement that it be a Specialist review. Thus, it's just a physician within our medical affairs group.*

# GLP- 1 Coverage

Provide a cost-benefit analysis comparing the impact of eliminating coverage of GLP-1s for AOMs for all member's whose BMI is 35 or under (no continuation of therapy) vs the loss of the manufacturer's rebates on GLP-1s. (provided by Caremark)

## Kansas State Employees High BMI (35+) opportunity

Claims Period: 07/01/2025 - 09/30/2025  
Trended to: 01/01/2027 - 12/31/2027

	Rxs	Client cost	Utilizers
Baseline non-specialty	984,500	\$81,566,100	57,166
<b>First-year savings</b>			
		Utilizer impact	1,465 (2.56%)
Net savings with rebate impact (% non-specialty)		<b>-\$13,563,800 (-16.63%)</b>	

# Clarification on Zinc Settlement

Will the Plan be receiving future settlement payments related to the Attorney General's (AG) consent agreement?

*Response: The settlement involved administrative payments made by the drug manufacturers to Zinc. Caremark agreed to settle this matter with the AG. As part of the settlement, Caremark agreed to pay these fees as rebates at the Point of Sale moving forward. Therefore, we are not expecting additional lump sum payments related to the settlement.*

# Rebates

Provide the contract language on rebates.

- Rebates or Formulary Rebates means compensation or remuneration of any kind received or recovered from a pharmaceutical manufacturer by Vendor, any affiliate, or any subcontractor, including but not limited to any group purchasing organization, directly or indirectly related to the purchase or utilization of Covered Products by eligible Members, regardless of how categorized, including, but not limited to, incentive rebates; credits; rebates, regardless of how categorized (including biosimilars, OTCs multi-source brands, market share incentives; promotional allowances; commissions; educational grants; market share of utilization; drug pull-through programs; inflation protection; implementation allowances; clinical detailing; rebate submission fees; and administrative or management fees. Rebates also include any bona fide fees, including Manufacturer Administrative Fees, or Corporate Fees that Vendor, any affiliate, or any subcontractor, including but not limited to any group purchasing organization, receives from a pharmaceutical manufacturer for administrative costs including but not limited to formulary placement, and/or access. Rebates do not include pharmacy purchase discounts and related service fees Vendor or its affiliates receive from pharmaceutical companies which are attributable to or based on the purchase of product to stock, or the dispensing of products from, Vendor's affiliated mail order and specialty drug pharmacies. For the avoidance of doubt, 100% of Rebates shall be passed through to Client. All items listed above are fully auditable by Client during an eligible rebate audit and Vendor may not redact any manufacturer Rebate contracts selected for audit. Vendor agrees to affirmatively and immediately disclose to Client all fees that Vendor, any affiliate, or any subcontractor is currently charging to any pharmaceutical manufacturer in order for Client to assess whether those fees are in fact Rebates that should be passed through to Client. This fee disclosure obligation applies to any other fees created during the initial term of this contract and any renewals.

# Benefit Enhancements

For future benefit enhancements for consideration by the HCC, request that Segal provide in addition to the total cost impact information, the Per Employee Per Month cost.

- Done