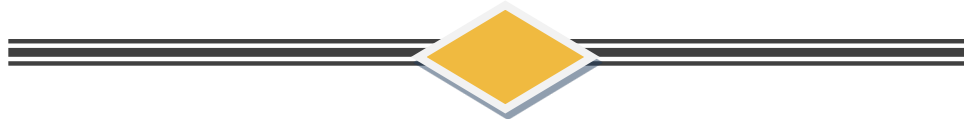
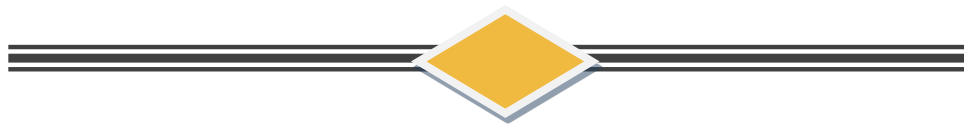




Kansas
STATE EMPLOYEES
HEALTH CARE COMMISSION



ANNUAL
REPORT



PLAN YEAR
2020

**Kansas
State Employees Health Care Commission
2020 Annual Report**

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EXECUTIVE SUMMARY

- For Plan Year (PY) 2021, including the additional employer and employee contributions, the opinion of the State Employee Health Plan (SEHP) actuaries is that the SEHP fund should have sufficient funds to pay the health care expenses for a self-funded plan covering approximately 83,000 lives for PY 2021.
- The PY2021 Open Enrollment period was October 1-31, 2020. Staff conducted ten (10) virtual personnel officer meetings via GoToWebinar for 412 representatives from State agencies and Non State Public Employer Group prior to the start of Open Enrollment. Due to COVID-19 circumstances, there were no on-site meetings held. SEHP members had access 24/7 to the on-demand webinar and Open Enrollment presentation in video or Power Point format with full transcript that met ADA compliance. In addition, SEHP members had full access to all vendor-specific videos and materials posted on the new SEHP website. The SEHP assisted members and human resources staff with questions sent to the SEHPBenefits email box. The SEHP received a total of 791 emails during Open Enrollment compared 487 for the same period in 2019.
- For PY 2020 and 2021, employees have five (5) plan design options from which to choose: Plan A is a traditional Preferred Provider Organization (PPO); Plan C and Plan N are Qualified High Deductible Health Plans (QHDHPs); and Plan J and Plan Q are PPOs designed to promote member consumerism and include a Health Reimbursement Account (HRA). Plan C and Plan N members are eligible to elect a Health Savings Account (HSA) or a Health Reimbursement Account (HRA). All Health Plan options are administered by both Health Plan vendors: Aetna and Blue Cross Blue Shield of Kansas.
- The HealthQuest (HQ) Health Center, operated by Marathon Health, opened in May 2019 and is located in the Mills Building at 901 S. Kansas Avenue, Topeka, KS. The COVID-19 pandemic created both challenges and opportunities for the Health Center, including the newly popular option of telehealth services to address the health needs of state employees and their families covered under the State Employee Health Plan. Marathon partnered with the SEHP to offer curbside COVID PCR testing to state employees that began in June 2020. In November 2020, COVID testing was expanded to include drive thru Rapid and PCR testing of all State and Non State public employees served by the SEHP and was then further expanded to include spouses and dependent children of State and Non State employees covered under the SEHP.

BACKGROUND

The Kansas State Employees Health Care Commission (HCC) was created by the 1984 Legislature through the enactment of K.S.A. 75-6501 et seq. to “develop and provide for the implementation and administration of a state health care benefits program. . . . [It] may provide benefits for persons qualified to participate in the program for hospitalization, medical services, surgical services, nonmedical remedial care and treatment rendered in accordance with a religious method of healing and other health services.” Under K.S.A. 75-6504(b), the HCC is authorized to “negotiate and enter into contracts with qualified insurers, health maintenance organizations and other contracting parties for the purpose of establishing the state health care benefits program.”

The HCC is composed of five (5) members and met eight (8) times during 2020. The Secretary of Administration and the Commissioner of Insurance serve as members of the HCC as mandated by statute, while the Governor appoints the other three members. K.S.A. 75-6502 requires one member to be a representative of the general public, one member to be a current state employee in the classified service, and one member to be a retired state employee from the classified service. The 2020 HCC members were:

DeAngela Burns-Wallace Chair and Secretary of Administration

Jose Castillo, active employee from the classified service beginning 6/25/2020

Steve Dechant, retired employee from the classified service

Ximena Garcia, M.D. representative from the general public

Vicki Schmidt, Commissioner of Insurance

Heather Young, active employee from the classified service through 6/24/2020

An Employee Advisory Committee (EAC) assists the HCC. It is composed of 21 members, 18 of whom are active employees and three who participate through Direct Bill. Members are selected on the basis of geographic location, agency, gender, age, and plan participation in order to ensure a balanced membership representing a broad range of employee and Direct Bill member interests. Each member serves a three-year term. (See Exhibit A.) The EAC met five times during 2020.

Effective July 1, 2011, the staff that administers the State Employee Health Plan (SEHP) became part of the Division of Health Care Finance within the Kansas Department of Health and Environment (KDHE). Effective July 1, 2020, Governor Kelly's Executive Reorganization Order No. 45 moved the staff that administers the State Employee Health Plan to the new Division of the State Employee Health Benefits Plan, inclusive of the State Employee Health Plan (SEHP) and the State Self Insurance Fund (SSIF), under the Department of Administration. The Director of the State Employee Health Benefits Plan (SEHBP) reports directly to the Secretary of Administration. The SEHP is responsible for bringing recommendations to the HCC and carrying out the operations of the SEHP. For the fifth year in a row, Segal Consulting provided the actuarial and consulting services for the Health Plan.

I. SUMMARY OF CHANGES AND OTHER ACTIVITIES IN PLAN YEAR 2020

This section provides a summary of improvements, changes, and other activities in the State Employee Health Plan (SEHP) offerings approved by the HCC in 2019, for implementation in Plan Year (PY) 2020, which began January 1, 2020 (i.e., calendar year 2020). The summary includes a record of the HCC's contracting activities during the year and an overview of the enrollment trends during 2020. The HealthQuest program is highlighted separately in Section III of this report. The impact of these plan changes on SEHP finances in 2020 and in future years is summarized in Section IV.

HEALTH PLAN ADMINISTRATION

This was the third year of the HCC's three-year contract with each vendor for administrative services. The following vendors provided administrative and network services for all five of the active SEHP programs in 2020:

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

HEALTH PLAN CHANGES

The HCC voted to decrease the member share of the Plan C coinsurance from 20% to 10%. The overall deductible on Plans C and N for member plus dependent coverage remained \$5,500; however, due to a change in IRS regulations which govern Qualified High Deductible Health Plans (QHDHP) like Plans C and N, how the deductible is applied for enrollees with spousal or dependent coverage required a slight change. The initial family member would need to meet a deductible of \$2,800. The balance of the covered family members would need to meet the remaining deductible amount of \$2,700.

The HCC voted to revisit the prior commission decision to end employee's coverage on the last day of employment and ultimately voted to return to the prior policy of ending employee coverage on the last day of the month following termination.

The HCC voted to increase the employer contribution by 4.5%. For employee contributions, the commission made no change in the employee only and employee plus children tier rates for 2020. The employee contributions for employee plus spouse and the family coverage tiers were decreased by 6%. The coverage tiers that include spouses have experienced substantial increases over the prior five years and the HCC wanted to provide some relief to those memberships.

Dental rates were increased approximately 3% for all coverage tiers.

Details on all of the Plan Year 2020 offerings can be found by visiting: https://healthbenefitsprogram.ks.gov/docs/default-source/site-documents/sehp/open-enrollment/2020/2020-books/2020-active-booklet-072020.pdf?sfvrsn=950f1246_2

Medicare Eligible Direct Bill Plan Changes

The Health Care Commission added additional standardized Medicare Supplement plan options from Blue Cross Blue Shield of Kansas (BCBSKS) for PY 2019, and these plan options continued for PY 2020. In addition to the Medicare Supplement plans, Medicare eligible Direct Bill members had the option of enrolling in a Medicare Part C plan, also known as Medicare Advantage plans. Medicare Eligible members for 2020 had the choice of three options from Aetna.

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

- Premier
- Value
- Classic.

Complete details on all the Medicare plan offerings for Direct Bill members can be found at:

https://healthbenefitsprogram.ks.gov/docs/default-source/site-documents/sehp/open-enrollment/2020/2020-books/sehp2020retiree-directbillbook-072020.pdf?sfvrsn=23cfe5c_2

OPEN ENROLLMENT FOR PLAN YEAR 2020

The Open Enrollment (OE) period was October 1-31, 2019. Staff presented onsite at 10 personnel officer meetings across the state to state agencies and Non State Public Employer Groups prior to the start of OE. There were 366 individuals in attendance at these

meetings. During OE, staff presented at 19 onsite meetings for employees in 11 cities. An estimated 1,755 employees attended these onsite meetings. Plan information was available to members through on-demand enrollment videos available 24/7 for State and Non State Public Employer Group employees. The on-demand enrollment videos were also available to members in a PowerPoint format with a full text script. SEHP assisted members and human resources staff with questions from 487 emails received at the benefits email address during OE. Members had access to an interactive decision tool to assist them in determining enrollment selections for their medical, dental, vision, voluntary benefits and flexible spending account participation. This was the second year for the interactive decision tool called “ASK ALEX,” and was accessed by members 10,632 separate times during OE. The number of visits to the “ASK ALEX” interactive tool represent an increase from last year of more than 3,000 visits, or 42%. Members were also provided online access to vendor videos with closed captioning, and the OE presentation with closed captioning.

During the OE period, 38,887 State and Non State Public Employer Group employees utilized the online membership system to review their Health Plan coverage and save their elections for Plan Year 2020. A total of 708 employees (652 employees from state agencies and 56 from the Non State Public Employer Group) did not actively engage in the enrollment process and were enrolled in Plan N with an HRA for 2020. There were 204 employees in this group that were already enrolled in Plan N during 2019.

Final Health Plan enrollment numbers as of November 28, 2019 for State and Non State active employees were as follows:

Vendor	Plan A	Plan C	Plan J	Plan N	Plan Q	Waived
Aetna	1,199	922	77	342	65	
BCBSKS	16,460	15,393	534	2,623	329	
Total	17,659	16,315	611	2,965	394	5,110

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

Vendor	Enrolled	Waived
Delta Dental	37,526	5,528

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

Vendor	FSA Plan	Enrolled
NueSynergy	Health Care	5,336
	Limited Purpose	1,654
	Dependent Care	1,489
	Total	8,479

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

Vendor	Plan	Enrolled	Waived
Surency Life & Health	Basic Plan	9,286	
	Enhanced Plan	31,354	
	Total	40,640	11,701

Voluntary Benefit Plan enrollment numbers:

Vendor	Plan	Enrolled
MetLife	Accident Insurance	8,773
	Critical Illness	6,327
	Hospital Indemnity	5,665

Direct Bill

The Direct Bill Open Enrollment for retirees was held from October 16 - November 15, 2019. The Direct Bill call center staff conducted 21 Direct Bill Open Enrollment meetings at 10 locations throughout the state. There were approximately 1,560 individuals who attended an onsite meeting. A video of the Open Enrollment presentation was posted on the SEHP website for those members who could not attend a meeting in person.

Open Enrollment for 2020 was the eleventh year for retirees to have the option to use the online membership system for Open Enrollment. Direct Bill members who needed assistance had the option to contact the dedicated call center for assistance to complete any enrollment

changes. Those members who elected to make no health plan enrollment changes did not need to take any action, as their current election rolled forward for Plan Year 2020.

Plan Year 2020 enrollment numbers for all Direct Bill members as of November 27, 2019:

Direct Bill Pre-Medicare Enrollment:

Vendor	Plan A	Plan C	Plan J	Plan N	Plan Q
Aetna	2	4	1	0	1
BCBSKS	156	243	6	30	30
Total	158	247	7	30	31

Direct Bill Medicare-Eligible Enrollment:

Vendor	Senior Plan C	Senior Plan C Select	Senior Plan G	Senior Plan G Select	Senior Plan N
BCBSKS	7,555	295	123	14	128

Direct Bill Medicare Part D Prescription Drug Plan Enrollment:

Vendor	Premier	Value	Classic
Envision	2,040	194	38

Direct Bill Medicare Advantage Plan Enrollment:

Vendor	Advantra Freedom PPO	Advantra Liberty PPO	Advantra Elite PPO
Aetna	634	60	95

Direct Bill Members Enrollment:

Vendor	Dental	Basic Vision	Enhanced Vision
Delta Dental	8,948		
Surency Vision		1,168	4,242

NON STATE PUBLIC EMPLOYERS

K.S.A. 75-6506(c) authorizes the Kansas State Employees Health Care Commission to designate by rules and regulations the inclusion of public schools and certain local governmental entities into the SEHP. The following chart shows the enrollment by type of eligible group as of January 1, 2020:

Summary	Number of Groups	Covered Employees
Educational Entities	20	1,448
Cities	40	227
Counties	16	1,580
Townships	2	3
Public Hospitals & Community Mental Health Centers	16	1,031
Misc. Local Governmental Entities	41	201
Total	135	4,490

ADDITIONAL HEALTH PLAN OFFERINGS

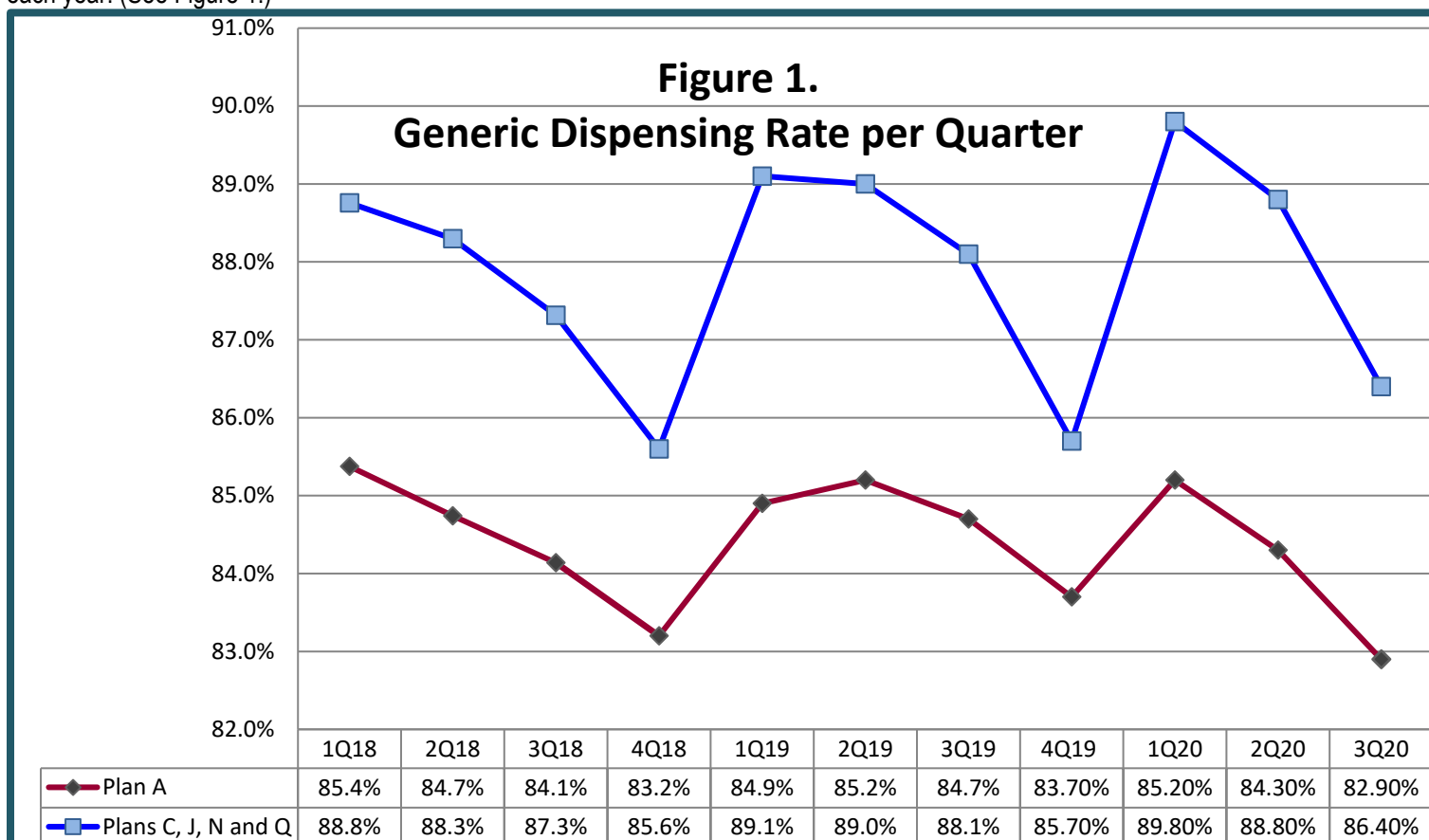
Preferred Lab Services

The SEHP has negotiated discount pricing arrangements with two preferred labs vendors. The negotiated discount pricing offered by the preferred lab vendors results in a cost savings to the Health Plan and the members. The two preferred lab vendors available to members are: Quest Diagnostics that offers a statewide and nationwide preferred lab network and Stormont-Vail Healthcare, Inc. is the regional preferred lab vendor. Members on Plan A have the option of using a preferred lab vendor for covered lab services, with the covered lab charges paid 100% by the plan.

For Plans C, J, N and Q, the benefit works differently due in part to federal guidelines that govern Qualified High Deductible Health Plans (QHDHPs) such as Plans C and N. For Plan C, J, N and Q members who use either of the preferred lab vendors for covered lab work, they will receive the negotiated discount price for covered lab services while in the deductible phase. Once their deductible has been satisfied, covered lab services provided by a preferred lab vendor are paid at 100% by the plan. The preferred lab benefit is optional. Members have coverage for covered lab services when provided by other lab providers, subject to the applicable plan deductible and coinsurance.

Prescription Drug Coverage

The HCC continued its multi-tiered coinsurance plan design for the prescription drug plan. The plan design encourages and rewards cost-effective consumer purchases through coinsurance. On Plan A, prescription drugs are not subject to the deductible. Members pay coinsurance for their prescriptions and their coinsurance accumulates toward the combined medical and pharmacy out of pocket maximum. On Plans C, J, N and Q, prescriptions are treated like any other medical service and are subject to the plan's combined medical and pharmacy deductible. Once the deductible is satisfied, the same coinsurance tiers as Plan A apply to purchases and accumulate toward the combined medical and pharmacy out of pocket maximum. Through proactive plan management, increased consumer awareness, and the introduction of several new generic products, the generic dispensing rate has continued to be above 80% each year. (See Figure 1.)



* Starting in PY 2018, the blue line represents Plans C, J, N and Q data. Plans J, N and Q were new plan offerings.

Smart Shopper

The Sapphire Smart Shopper program for all active BCBSKS members started June 1, 2018 and continues to be available to BCBSKS members. The Health Plan worked with BCBSKS and Sapphire to identify medical procedures where shopping for the service can reduce the cost of care, saving the Health Plan and the member money. For these identified services, when a member calls a SmartShopper Personal Assistant for shopping help or visits the BCBSKS website and searches for a health care provider before they receive the service, they can see the estimated cost for the service at different facilities offering the care. If they choose to use the lower cost facilities for services, they will be eligible for a cash reward for shopping. Information on the Smart Shopper program can be found at: https://healthbenefitsprogram.ks.gov/docs/default-source/site-documents/sehp/vendor-documents/bcbs/smartshopper_state_of_kansas_steps.pdf?sfvrsn=cfa4e44_8

Premium Billing

Effective July 1, 2016, premium billing for the Non State Public Employer Group and Direct Bill members was done by SEHP staff using the Membership Administration Portal (MAP).

Long Term Care Insurance

The SEHP offers a Voluntary Group Long Term Care (LTC) Insurance program through LifeSecure Insurance Company. The program is offered to State of Kansas benefits-eligible active employees, retired employees, and their family members. The Long Term Care Insurance cost is paid entirely by the employee.

Flu Shot Clinics

The SEHP partnered with the KDHE Division of Disease Control and Prevention to provider state employees and their families flu shot clinics throughout the state. Through the program, 83 flu shot clinics were held in 70 locations and 2,736 flu shots were provided.

Member Type	Flu Shots Given
Employee	2,541
Spouses	91
Dependents	104
Total	2,736

HEALTHQUEST HEALTH CENTER

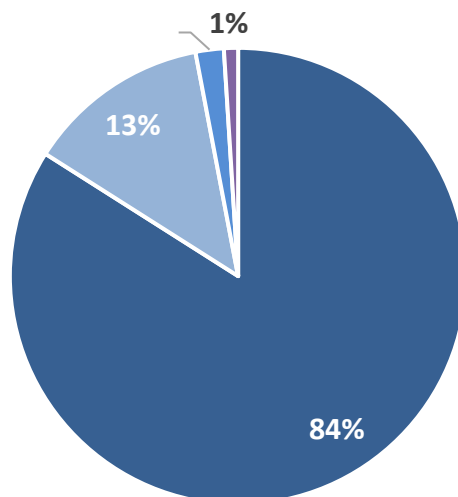
During the 2017 Legislative Session, a proviso was passed to establish an onsite employee health center in Topeka under the Department of Administration. The Department of Administration released an Invitation for Bids (IFB) but did not receive any bids meeting the requirements. As the Secretary of the Department of Administration also serves as HCC chair, the Secretary met with the legislative committee and agreed to take the proposed project to the HCC Commissioners for consideration as an HCC project. The Commissioners recognized the onsite health center as an opportunity for the SEHP to offer high-quality, value-added services to employees while reducing medical and drug claim costs. The HCC agreed to release a Request for Proposal (RFP), and negotiate with potential vendors to operate an onsite employee health center. Following negotiations with potential vendors, a contract was awarded to Marathon Health for an onsite health clinic.

The HealthQuest (HQ) Health Center is located in the Mills Building at 901 S. Kansas Ave., Topeka, KS. The clinic opened the first week of May 2019. Marathon Health has staffed the clinic with a physician, two nurse practitioners, a mental health provider, a health coach and three medical assistants. The SEHP utilized its preferred lab agreement with Stormont Vail Health to provide for the third-party lab services to the HQ Health Center. The COVID-19 pandemic has affected utilization of in person health services at the health center. To address member needs, telehealth services were launched to provide greater access to health care.

Marathon partnered with the SEHP and began offering curbside COVID PCR testing to state employees that began in June 2020. In November 2020, COVID testing was expanded to include drive thru Rapid and PCR testing of all State and Non State public employees served by the SEHP and was then further expanded to include spouse and dependent children of State and Non State employees covered under the SEHP. More information about the health center is available at: <https://healthbenefitsprogram.ks.gov/sehp/vendors/healthquest-health-center>

Overall Patient Satisfaction

■ Very Satisfied ■ Satisfied ■ Neutral ■ Dissatisfied



State employees who have accessed the HQ Health Center have provided positive feedback regarding their experience. After each visit, the patient is sent a survey to assess their experience. The health center has received feedback indicating 97% “satisfied” or “very satisfied” with their care.

RE-CONTRACTING FOR HEALTH PLAN VENDORS AND SERVICES

The HCC issued several Request for Proposals (RFPs) during Plan Year 2020:

Request for Proposal (RFP) number EVT0007106 for Preferred Lab Outpatient Services was released on November 15, 2019 and closed on December 19, 2019. Three bids were received from Quest Diagnostics, Stormont-Vail HealthCare Inc. and The University of Kansas Hospital System. Quest bid to continue to offer a statewide and nationwide Lab Card network. Stormont Vail HealthCare Inc. offered a regional lab benefit at designated locations in the following counties: Coffey, Douglas, Jackson, Jefferson, Lyon, Osage, Pottawatomie, Shawnee and Riley. The University of Kansas Health System offered the lab benefit at designated locations in the following counties: Barton, Ellis, Johnson, Pawnee, Shawnee and Wyandotte. Negotiations were held with all three vendors. The HCC voted to award three-year contracts for the Preferred Lab Services to Quest, Stormont Vail and The University of Kansas Health System.

Request for Proposal EVT0007038 for Voluntary Insurance Plans was released on October 18, 2019 and closed December 3, 2019. Five bids were received from Aetna, Aflac, Allstate, MetLife and The Hartford. Four of the companies bid on all three plans and Aflac bid on two plan offerings. Aetna, MetLife and The Hartford were invited for further negotiations. The HCC voted to award a three-year contract for Voluntary Insurance Plans to The Hartford.

Request for Proposal EVT0007178 to provide Pharmacy Transparency Tools was posted on January 3, 2020 and closed on February 20, 2020. One bid was received from Rx Savings, LLC d/b/a Rx Savings Solutions and they were invited to further negotiation meetings. The HCC voted to award a three-year contract for Pharmacy Transparency Tools to Rx Savings.

Request for Proposal RFP EVT0007248 to provide Medical Plan Administrative Services was posted on February 6, 2020 and

closed on April 10, 2020. Two bids were received from Aetna and Blue Cross Blue Shield of Kansas and both companies were invited for further negotiations. The HCC voted to award a three-year contract for Medical Plan Administrative Services to Aetna and Blue Cross Blue Shield of Kansas.

Request for Proposal (RFP) EVT0007407 to provide Medicare Part D Insurance was posted May 5, 2020 and closed June 18, 2020. Three bids were received from Envision Insurance Company (Envision is in the process of changing their name to Elixir Insurance Company), Humana and SilverScript Insurance Company. SEHP staff held negotiation meetings with all three companies. The HCC voted to award a three-year contract for Medicare Part D Insurance to SilverScript Insurance Company.

Request for Proposal EVT0007291 to provide Audit Services for the State Employee Health Plan was posted on February 24, 2020 and closed May 1, 2020. Five bids were received from Aon Risk Solutions, BMI Services, Claim Technologies Inc., Myers and Stauffer, and Sagebrush. Aon Risk Solutions, BMI Services, Claim Technologies Inc. and Sagebrush were invited for further negotiations. The HCC voted to award a three-year contract for Audit Services to Sagebrush.

II. SUMMARY OF CHANGES FOR PLAN YEAR 2021

This section includes a summary of Health Plan offerings approved by the HCC in 2020 for implementation in Plan Year (PY) 2021, which began January 1, 2021.

HEALTH PLAN ADMINISTRATION

This was the first year of the HCC's three-year contract with each vendor for administrative services. The following vendors will provide administrative and network services for all five of the active SEHP programs in 2021:

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

HEALTH PLAN CHANGES

The HCC voted to decrease the plan deductible for employee plus children and employee plus family coverage tiers from three deductibles to two. The Plan Year 2021 deductible amounts are \$1,000 for single and \$2,000 for employee plus dependent family member(s) coverage. The maximum deductible for a membership covering two or more people is now \$2,000.

The HCC voted to increase the employer contribution by 3%. For employee contributions, the commission made no change in the employee only and employee plus children tier rates for 2021. The employee contributions for employee plus spouse and the family coverage tiers were decreased by 2%. The coverage tiers that included spouses have experienced substantial increases over the prior five years and the HCC wanted to provide some additional relief to those members. Dental rates were increased about 3% for all coverage tiers.

The HCC voted to expand the preferred lab program by including the University of Kansas Health System (TUKHS) as a preferred lab provider.

Medicare Eligible Direct Bill Plan Changes

The Health Care Commission added additional standardized Medicare Supplement plan options from Blue Cross Blue Shield of Kansas (BCBSKS) for PY 2019. These plan options continue for PY 2021; however, due to federal law, enrollment in the Medicare Supplement Plan C option or C Select option are only available to Direct Bill members who were Medicare eligible prior to calendar year 2020. In addition to the Medicare Supplement plans, Medicare eligible Direct Bill members have the option to enroll in a Medicare Part C plan, also known as a Medicare Advantage plan. Medicare eligible members for 2021 have the choice of three options from Aetna.

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

- Premier - the enhanced Part D benefit that has been offered in the past.
- Economy – a new market price competitive Part D option

Complete details on all the Medicare plan offerings for Direct Bill members can be found at:

https://healthbenefitsprogram.ks.gov/docs/default-source/site-documents/sehp/open-enrollment/2021/2021-books/sehp-retiree-and-direct-bill-enrollment-guide-accessible.pdf?sfvrsn=f0edd8b5_6

OPEN ENROLLMENT FOR PLAN YEAR 2021

The Open Enrollment period was October 1-31, 2020. Staff conducted ten (10) virtual personnel officer meetings via GoToWebinar for 412 representatives from State agencies and the Non State Public Employer Group prior to the start of Open Enrollment. Due to COVID-19 circumstances, there were no onsite meetings held. SEHP members had access 24/7 to the on-demand webinar and Open Enrollment presentation in video or Power Point format with full transcript that met ADA compliance. In addition, SEHP members had full access to all vendor-specific videos and materials posted on the new SEHP website. With the transition from KDHE to the Department of Administration, the SEHP introduced a new website to members, designed to be more user-friendly, and simpler to navigate. In addition,

the new website includes many easy-to-use hyperlinks to our vendors' sites, and the important resources and information available from them.

The SEHP assisted members and human resources staff with questions through emails to the SEHPBenefits email box. 791 emails were received during Open Enrollment this year compared 487 for the same period in 2019. The increase can be largely attributed to no in-person enrollment meetings during this year's Open Enrollment. Members once again had access to an interactive decision tool to assist in the determination of enrollment selections for medical, dental, vision, voluntary benefits and flexible spending account participation. This was the third year for the interactive decision tool called "ASK ALEX," and was accessed by 7,183 distinct members during Open Enrollment. While this number is a decrease from last year, much of the decrease may be attributed to the fact that there were few benefit changes for 2021 and the employee share of the premiums either remained the same or decreased for 2021.

This OE period was the fourth consecutive year for an Active Enrollment process, meaning employees were required to evaluate their plan options and complete an active enrollment through the Membership Administration Portal (MAP). During the OE period, 38,303 State and Non State Public Employer Group employees utilized the online membership system to review their health plan coverage and save their elections for Plan Year 2021. A total of 1,021 employees (964 employees from state agencies and 57 from the Non State Public Employer Group) did not actively engage in the enrollment process and were enrolled in Plan N with an HRA for 2020. There were 277 employees in this group that were already enrolled in Plan N during 2020.

Final Health Plan enrollment numbers as of November 18, 2020, for State and Non State active employees were as follows:

Vendor	Plan A	Plan C	Plan J	Plan N	Plan Q	Waived
Aetna	1,192	971	114	384	81	
BCBSKS	15,530	15,076	570	2,940	380	
Total	16,772	16,047	684	3,324	461	4909

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

Vendor	Enrolled	Waived
Delta Dental	36,889	5,308

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

Vendor	FSA Plan	Enrolled
NueSynergy	Health Care	5308
	Limited Purpose	1651
	Dependent Care	1240
	Total	8199

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

Vendor	Plan	Enrolled	Waived
Surency Life & Health	Basic Plan	8,821	
	Enhanced Plan	21,436	
	Total	30,257	11,003

Voluntary Benefit Plan enrollment numbers:

Vendor	Plan		\$10,000 Option	\$20,000 Option
The Hartford	Accident Insurance	10,516		
	Critical Illness		3,761	4,655
	Hospital Indemnity		4,723	2,644

Direct Bill

The Direct Bill member Open Enrollment was held from October 16 - November 15, 2020. Due to COVID-19, a video of the 2021 Open Enrollment presentation was posted on the SEHP website for members to view at their convenience. This was the 11th year for retirees to have the option to use the online Membership system for Open Enrollment. Direct Bill members who needed assistance had the option to call the Call Center for their enrollment changes. Those members who elected to make no health plan enrollment changes did not need to take any action, as their current election rolled forward for Plan Year 2021.

Plan Year 2021 enrollment numbers for all Direct Bill members as of November 24, 2020:

Direct Bill Pre-Medicare Enrollment:

Vendor	Plan A	Plan C	Plan J	Plan N	Plan Q
Aetna	6	5	0	0	1
BCBSKS	127	205	4	24	22
Total	133	210	4	24	23

Direct Bill Medicare-Eligible Enrollment:

Vendor	Senior Plan C	Senior Plan C Select	Senior Plan G	Senior Plan G Select	Senior Plan N
BCBSKS	7,045	442	246	51	194

Direct Bill Medicare Part D Prescription Drug Plan Enrollment:

Vendor	Premier	Economy
SilverScript	1,950	221

Direct Bill Medicare Advantage Plan Enrollment:

Vendor	Advantra Freedom PPO	Advantra Liberty PPO	Advantra Elite PPO
Aetna	607	63	135

Direct Bill Members Enrollment:

Vendor	Dental	Basic Vision	Enhanced Vision
Delta Dental	8,702		
Surency Vision		1,119	4,325

NON STATE PUBLIC EMPLOYERS

K.S.A. 75-6506(c) authorizes the Kansas State Employees Health Care Commission to designate by rules and regulations the inclusion of public schools and certain local governmental entities into the SEHP. The following chart shows the enrollment by type of eligible group as of January 1, 2021:

Summary	Number of Groups	Covered Employees
Educational Entities	20	1,445
Cities	39	216
Counties	14	1,413
Townships	1	1
Public Hospitals & Community Mental Health Centers	16	1,031
Misc. Local Governmental Entities	42	211
Total	132	4,317

III. HEATHQUEST PROGRAM HIGHLIGHTS

HEALTHQUEST WELLNESS PROGRAM

The SEHP's wellness program, HealthQuest (HQ), continues to offer assistance, resources and educational opportunities for members, and creates a healthier workplace, a better quality of life, and helps decrease overall healthcare costs.

Participation remains high, even in 2020 with the pandemic altering many people's lifestyles and habits. As of November 30, 2020, 24,483 members (88.8%) have completed their Personal Wellness Assessment, which helps them customize their HQ portal with activities and programs designed to meet their specific needs.

In response to the COVID-19 pandemic, the HCC voted to reduce the number of credits required for members to earn the annual premium incentive discount of \$480 from, 40 credits to 20 credits. The HCC then voted to return the requirement to 40 credits for 2021 as the SEHP created additional learning modules and online activities to provide participants more opportunities to earn credits during the pandemic.

2021 Premium Incentive Earned (20+ Credits)

Total: 23,491 (Plan A: 8,093 // Plan C: 12,941 // Plan J: 343 // Plan N: 1,873 // Plan Q: 241)

Through November 2020:

- 52,304 SEHP members and spouses were eligible to access HealthQuest as a wellness resource
- 52.7%, or 27,567 participants activated their HealthQuest account
- 87%, or 23,491 participants who have active HealthQuest accounts earned their premium incentive discount for 2021
- 62.4%, or 17,192 participants completed a biometric screening activity
- 19,620 participants enrolled in at least one wellness activity during 2020
- 70.3%, or 13,791 of those participants completed the activity and reached the goal needed to earn credits

Since PY 2013, the HQ program has been an integral part of the SEHP, with high participation, even though a member's participation is completely voluntary. Complete details of the HQ Program are available by visiting www.healthbenefitsprogram.ks.gov/sehp/healthquest/home.

IV. Plan Financials

During 2020, the HCC continued to receive quarterly financial reports that summarized plan revenues, expenditures, and both current and projected balances of SEHP funds. The HCC focuses on these reports in an ongoing attempt to maintain a healthy reserve balance. Under the guidance of SEHP staff and Segal Actuarial Consultants, in December 2020, the Health Care Commission elected to move from a 10-year projection to a current year plus three future years reserve projection calculation. This section summarizes the financial status of the SEHP, including a discussion of funding balances, revenue, and expenses.

BEGINNING BALANCE

The beginning balance shown in **Table 1** and **Table 2** indicate the total amount of cash in the various funds available to the SEHP. Table 1 is the SEHP statement of the current year plus three future years that was reviewed and approved on December 14, 2020 by the HCC. Funds available to the SEHP are referred to as the beginning/ending “**Balance**.” The beginning balance denotes the funds available at the beginning of each year which includes monies remaining from payroll collections (employees and state agencies), Direct Bill contributions from retirees, COBRA contributions and Non State public employer contributions, once all expenses have been paid from the previous plan year. For the Reserve fund managed by the Kansas Pooled Money Investment Board, it is estimated that the interest earned on the fund will be .05% over the long-term even though the FY 2020 rate was under .05%.

PLAN REVENUES

Plan revenues are the sums received from contributions by State agencies, Non State public employers, employees, and retirees, plus interest earned by the plan. An historical chart (**Figure 2**) based upon fiscal years running from July 1 to June 30 shows experience with fund balances, revenues, and expenses. (**Table 1**) Projected balances, revenues, and expenses are based upon plan years running from January 1 to December 31.

The “**Total Revenues**” amount on **Table 1** for PY 2020 is based upon the contributions made by State agencies, Non State public employers, and employees. The State agency and Non State public employer contributions are adjusted on the first of July each year. The employee contributions are adjusted January 1 of each year. The projections shown in **Table 1** incorporate the estimated impacts of contribution rates in effect for PY 2020, as described above.

PLAN EXPENSES

Plan expenses are payments for medical, dental, and drug claims, plus related contract administration fees that are paid by the plan. The historical plan expenses (**Table 2**) represent actual experience, whereas projected plan expenses (**Table 1**) are estimates reflecting a long-term managed health care cost trend. The total annualized cost of the SEHP for PY 2020 is estimated to be approximately \$460,176,791 per Table 1. Past experience and future projections for the plan contributions, expenses, ending reserve balances and target reserve are represented in the Projected Reserve Balance (**Figure 3**) that is calculated on the health plan year, which is January 1 through December 31.

ADMINISTRATION

Administration is the cost to maintain the program, including employee salaries, consulting fees, and other expenses. It is assumed the projection’s costs will grow 2% annually. SEHP administrative costs represent less than 1% of Health Plan expenditures.

PLAN RESERVES

The HCC’s funding objective in managing the SEHP over the long term is to have a target reserve equal to the actuarially-calculated claims Incurred but Not Reported (IBNR), plus a reasonable contingency to account for unforeseen and unexpected growth in health costs that could arrive before plan revenue can be adjusted. The target reserve is adjusted for health cost trends over time. **Table 1** shows the projected target reserve for each year based upon a function of Plan Contributions, Plan Expenses, and health care cost trend. The estimated target reserve for health claims in PY 2020 was \$50 million (**Table 1**). Target reserves are projected to rise over time based upon health cost trend.

Table 2 and **Figure 2** show SEHP balances, revenues, and expenditures from state Fiscal Year (FY) 2011 through FY 2020. These reserves reflect actual historical experience as reported in the Statewide Cost Allocation Plan documents for each state fiscal year and

the single state financial audit reports for those years. In PY 2009, legislative action resulted in state agencies not contributing the employer contribution for seven pay periods in FY 2009, resulting in a \$64 million decrease in the fund balance. In FY 2010, legislative action reduced the fund by \$9.675 million per S.B. 572. In FY 2015, the HCC voted to reduce the State of Kansas employer contribution by 8.5% based on an actuarial analysis to begin the reduction of the current fund balance to meet the target reserve balance. In FY 2016, the HCC voted to hold the State of Kansas employer contribution flat to continue the fund balance reduction towards the target reserve. With these two decisions, the fund balance was reduced. For FY 2021, the HCC voted for a 3% State of Kansas employer contribution increase to maintain the financial stability of the Health Plan.

SUMMARY

In Plan Year 2020, health care costs were approximately 2% less than originally projected. It is believed that this is primarily due to members delaying/cancelling medical appointments and procedures due to COVID. Based upon the plan changes implemented by the Health Care Commission (HCC) for PY 2021, including the additional employer and employee contributions, the opinion of the State Employee Health Plan (SEHP) actuaries is that the SEHP should have sufficient funds to pay the health care expenses for a self-funded plan covering approximately 83,000 lives for Plan Year 2021.

Figure 1
Kansas State Employees Health Care Commission
Data Through October 2020
Three-Year Projection

	2020 Actual/Projected	2021 Projected	2022 Projected	2023 Projected
Revenue				
State ER	\$300,785,502	\$309,487,149	\$321,163,089	\$335,572,209
State EE	\$78,606,323	\$74,628,526	\$80,637,301	\$84,427,282
Non-State ER	\$49,786,942	\$52,151,435	\$54,128,030	\$56,558,354
Non-State EE	\$12,394,905	\$11,305,510	\$12,146,839	\$12,713,097
Direct Bill	\$32,724,956	\$33,607,221	\$35,424,429	\$37,343,442
COBRA	\$3,235,030	\$3,802,073	\$3,968,014	\$4,162,278
Voluntary Benefit	\$4,087,363	\$4,116,722	\$4,116,722	\$4,116,722
Interest/Other	\$971,037	\$31,967	\$31,542	\$31,296
Total	\$482,592,058	\$489,130,603	\$511,615,965	\$534,924,681
Expenses				
Medical Claims	\$272,035,268	\$296,172,035	\$312,461,497	\$329,646,880
Rx Claims	\$77,190,950	\$78,158,580	\$81,074,063	\$87,965,358
Dental Claims	\$23,491,842	\$28,978,667	\$29,848,027	\$30,743,467
Health Savings ER	\$31,356,134	\$28,753,321	\$28,753,321	\$28,753,321
ASO/Premium	\$41,735,706	\$42,532,306	\$44,355,244	\$46,272,978
Voluntary Benefit	\$4,087,363	\$4,116,722	\$4,116,722	\$4,116,722
Flex	\$296,038	\$282,900	\$289,973	\$297,222
Other Contract Fee/SEHP Admin Fee	\$9,825,587	\$10,822,200	\$11,038,644	\$11,259,417
PCORI	\$157,904	\$163,699	\$169,707	\$175,935
Total	\$460,176,791	\$489,980,430	\$512,107,198	\$539,231,300
Net Cash Flow	\$22,415,267	\$(849,827)	\$(491,233)	\$(4,306,619)
Beginning Balance	\$41,518,655	\$63,933,921	\$63,084,094	\$62,592,861
Ending Balance	\$63,933,921	\$63,084,094	\$62,592,861	\$58,286,242
Target Reserve	\$49,959,615	\$52,430,207	\$55,039,866	\$58,286,242
IBNR Claim Reserve	\$28,822,855	\$30,248,196	\$31,753,769	\$33,626,678
Claim Fluctuation Reserve	\$21,136,760	\$22,182,010	\$23,286,097	\$24,659,564

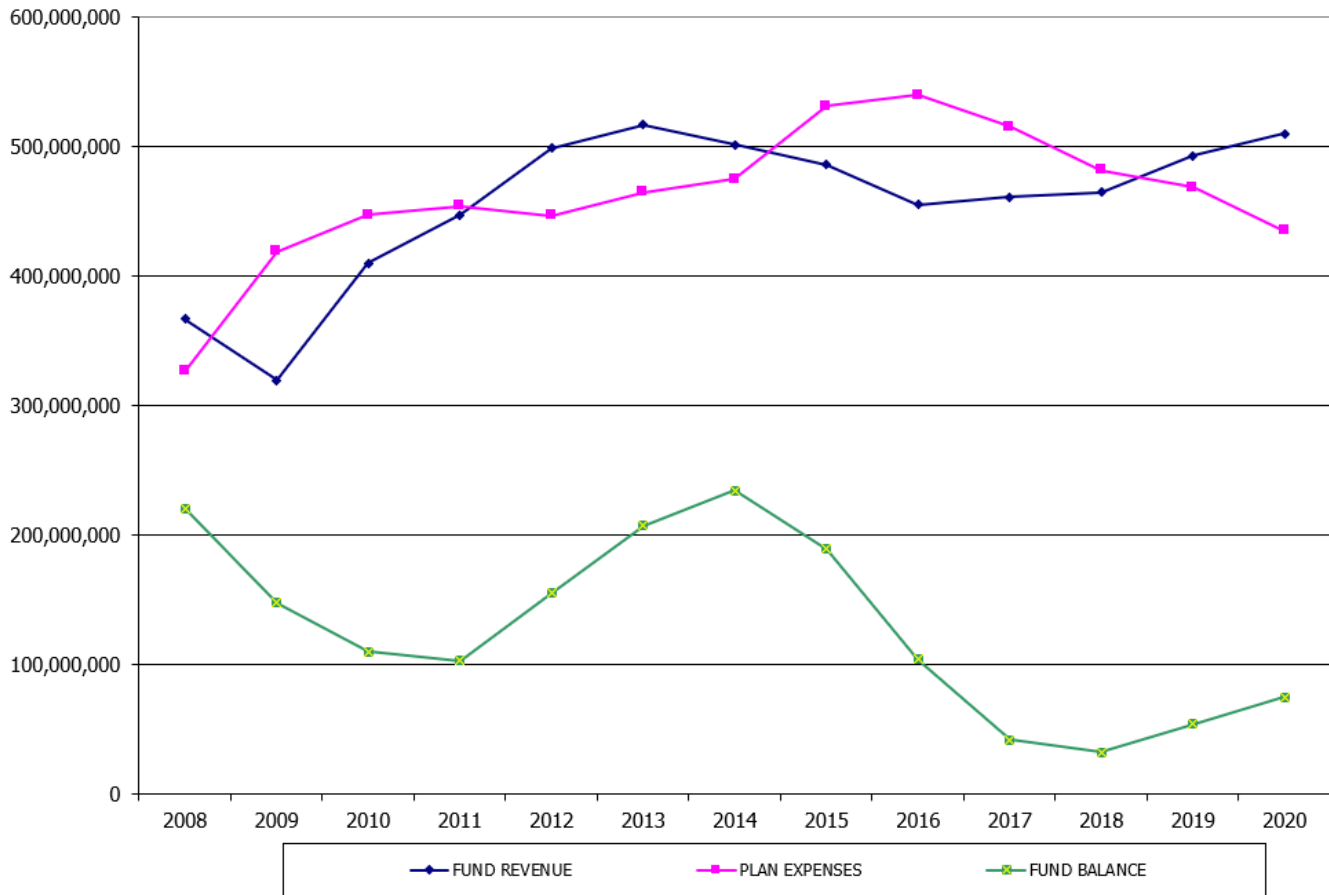
Fund Balance vs. Target Surplus/(Shortfall)	\$13,974,307	\$10,653,887	\$7,552,995	\$0
Enrollment (Subscriber)				
Active	37,460	37,460	37,460	37,460
COBRA	333	333	333	333
Non-Medicare Retiree	440	440	440	440
Medicare Retiree	8,785	8,785	8,785	8,785
Total	47,018	47,018	47,018	47,018
Revenue PEPM	855	867	907	948
Expenses PEPM	816	868	908	956

Table 2

State Employees' Health Benefit Program
Statement of Operations History
Fiscal Year 2011 - 2020

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
BEGIN FUND BALANCES										
Benevolence Fund	100,479,824.84	81,902,494.45	146,594,594.14	194,003,424.11	221,414,209.14	177,994,723.94	93,885,488.03	48,824,947.89	38,493,118.13	50,274,881.90
Non-Smoker	949,829.71	798,494.79	662,571.55	1,654,634.66	1,298,028.82	1,285,728.03	1,298,671.90	1,184,440.11	1,087,317.33	983,171.28
Dental SM	1,183,591.42	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Emp Spending	2,521,273.18	3,301,594.73	3,802,523.81	4,279,523.94	4,467,857.54	4,551,695.98	4,208,097.89	877,551.89	428,729.07	152,483.15
Cedera	3,318,524.53	4,187,683.47	3,943,652.90	4,201,669.80	3,519,713.80	4,928,133.50	3,340,889.81	2,811,923.67	3,684,894.42	4,471,070.86
Withdwn	481,837.17	913,197.10	1,141,188.32	1,333,538.74	1,314,201.32	918,791.94	982,596.48	798,723.59	1,050,882.18	1,353,898.82
Other RR447	977.45	977.45	51.13	31,289.87	368,445.79	148,202.53	2,975.07	0.00	123,744.21	2,811,887.05
Other RR448	109,319,390.82	109,926,428.01	133,204,308.43	207,258,278.82	294,377,546.35	188,946,183.88	104,215,405.28	46,297,037.14	37,073,293.54	60,548,258.52
EXPENSES										
Smoker RR447	247,208,255.65	279,018,213.20	290,747,271.74	282,271,587.87	292,188,629.88	294,257,515.82	280,141,941.28	294,200,920.74	282,289,715.00	831,147,848.80
Smoker RR448	61,482,289.25	61,997,871.11	61,615,529.82	59,483,488.94	51,423,885.98	54,829,518.84	70,348,294.54	81,590,831.28	82,719,331.11	89,892,513.83
Non-Smoker RR447	73,089,811.12	86,089,713.19	87,248,510.82	83,644,213.15	81,988,881.10	78,657,487.43	82,786,675.57	88,554,811.65	75,289,201.24	875,287,588.43
Dental SM	59,511,944.12	44,837,289.11	46,637,139.00	47,547,540.72	43,257,447.26	42,739,699.82	39,888,647.26	39,888,647.24	37,548,340.62	33,653,188.80
Emp	17,573,492.24	17,497,338.18	15,718,084.81	15,451,133.00	11,897,994.85	11,288,768.63	11,200,684.21	11,882,194.91	12,289,895.81	812,901,490.28
Cedera	3,387,483.11	3,129,580.10	1,987,477.75	1,689,768.85	1,234,846.81	1,163,873.71	1,390,589.27	1,168,329.87	2,882,333.27	42,788,823.27
Withdwn	388,124.25	742,481.40	792,594.28	301,324.55	798,338.40	788,085.18	712,648.28	811,482.31	478,739.13	848,338.84
Other RR447	4,494,447.27	398,711.93	318,588.94	814,782.75	1,281,045.27	2,807,591.10	1,781,179.28	1,463,274.89	18,418,887.25	83,888,277.42
Other RR448	447,048,894.79	498,911,129.30	517,105,181.91	580,229,249.78	482,971,082.13	455,086,833.62	475,204,338.39	492,724,471.68	507,278,453.64	528,448,748.38
EOP FUND BALANCES										
Cedera	382,820,282.84	381,588,144.18	481,653,481.49	412,584,262.33	446,729,296.24	473,286,594.81	468,729,884.87	484,543,880.18	418,314,824.14	453,841,967.23
Other	5,237,489.25	5,426,195.21	5,110,834.87	5,683,268.12	7,449,944.49	6,482,511.50	6,882,233.89	10,293,073.59	7,849,095.46	1,333,783.71
ASO Premiums	48,295,897.23	49,651,693.21	49,738,725.87	41,682,659.89	42,712,388.13	42,446,887.12	42,585,588.78	42,869,313.82	42,498,133.88	44,482,693.00
Emp	18,611,701.19	16,589,879.45	14,884,879.88	12,714,413.89	11,784,565.29	11,283,482.85	11,189,652.15	11,877,284.42	12,884,838.47	12,447,982.84
Admin Costs	2,994,979.81	2,479,220.83	3,346,846.81	2,284,237.89	2,883,843.11	4,444,482.84	4,274,489.02	2,854,471.38	3,584,338.01	4,584,238.75
	453,948,797.60	448,651,480.88	494,787,009.57	474,689,702.55	593,388,445.22	529,819,614.22	533,638,757.51	502,499,273.28	483,994,101.86	504,372,402.13

Figure 2 History of State Employee Health Plan



Notes:

1. Legislative action resulted in state agencies not contributing the employer contribution for seven pay periods in FY 2009, resulting in a \$64 million decrease in the fund balance.
2. In FY 2010, legislative action reduced the fund by \$9.675 million per S.B. 572.

Figure 3
 Projected Reserve Balance
 Annual Contributions, Expenses and Fund Balances

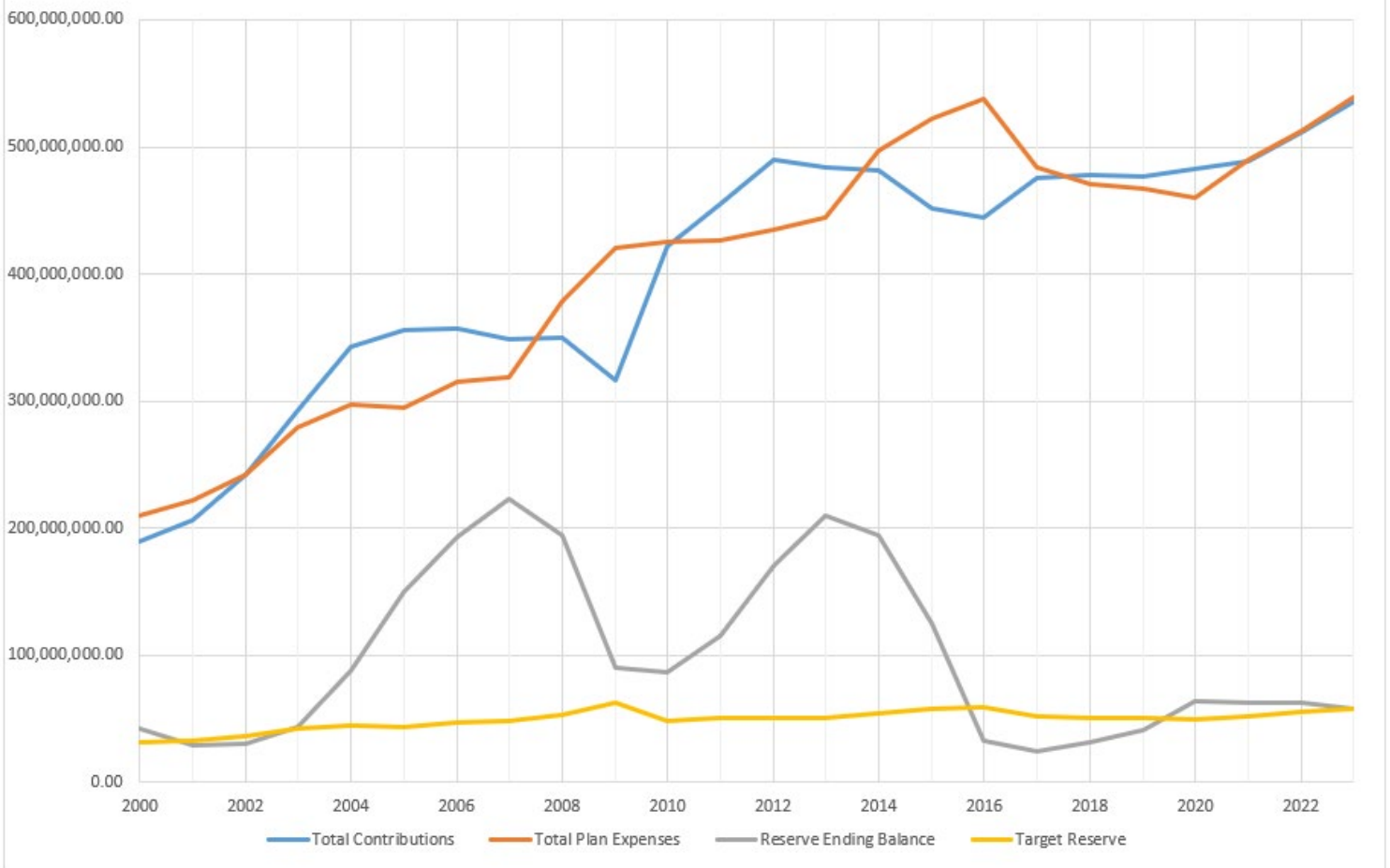


Exhibit A
2020 Employee Advisory Committee

Brant Barber

Kansas Judicial Branch
Court Services Officer
Johnson County Court Services
588 E. Santa Fe, Suite 4000
Olathe, KS 66061
913.715.7460
brant.barber@jocogov.org
Term expires: 12/31/21

Hannah Bates

HR Representative
WSU
1845 Fairmont St
Wichita, KS 67260
316.978.3079
Hannah.bates@wichita.edu
Term expires: 12/31/21

Barbara Barto

Scheduling Coordinator
Pittsburg State University
1701 South Broadway
Pittsburg, KS 66762
620.235.4858
bbarto@pittstate.edu
Term expires: 12/31/22

Maria Beebe

Associate Director, Intl Students & Scholar Svcs.
Kansas State University
1414 Mid Campus Dr. N
Manhattan, KS 66506
785.532.6449
Pappy@ksu.edu
Term expires: 12/31/20

Alexandra Blasi

Executive Secretary
Kansas Board of Pharmacy
800 SW Jackson, Suite 1414
Topeka, KS 66612-1244
785.296.8419
Alexandra.Blasi@ks.gov
Term expires: 12/31/21

David Bollig

Assistant Director, Business Operations
Fort Hays State University
410 Agnew Lane
McMindes Hall, Rm. 126
Hays, KS 67601
785.628.4245
dwbollig@fhsu.edu
Term expires: 12/31/20

Sharon Bolyard

Retiree Representative
4425 SE Maryland
Topeka, KS 66609
785.267.3871
Blyrd1950@cox.net
Term expires: 12/31/20

Jennifer Dalton

Accountant
Department of Commerce
1000 SW Jackson, Suite 100
Topeka, KS 66612
785.296.3157
Jennifer.Dalton@ks.gov
Term expires: 12/31/20

Elizabeth Fultz

Assistant Director
Department of Education
900 SW Jackson St., Suite 653
Topeka, KS 66612
785.296.2325
bfultz@ksde.org
Term expires: 12/31/20

Kris Grinter

Admissions Operations Coordinator
Kansas State University Polytechnic Campus
2310 Centennial Drive
Salina, KS 67401
785.826.2676
kgrinter@ksu.edu
Term expires: 12/31/21

Karen Gutzwiller

Manager- Benefits, Transactions, & Payroll
DCF Office of Personnel Services
555 S Kansas Avenue, Suite 202
Topeka, KS 66603
785.296.4768
Karen.Gutzwiller@ks.gov
Term expires: 12/31/20

Robert Hurt

Unit Team Supervisor
Kansas Department of Corrections
500 S. Reformatory Rd.
Hutchinson, KS 67504
620.625.7267
Robert.hurt@ks.gov
Term expires 12/31/2022

Marjorie Knoll

Retiree Representative
1518 Marjorie Drive
Hays, KS 67601
785.625.6183
mdknoll@fhsu.edu
Term expires: 12/31/20

Sharon Lewis

Retiree Representative
6620 SW Scathelock Rd.
Topeka, KS 66614
785.266.3819
Slewis1424@att.net
Term expires: 12/31/22

Luke McClurg

KSDE
Luke.e.mcclurg@ksde.org
Term expires 12/31/22

Kristy Rizek

Pavement Management Information Engineer
KDOT, MRC
2300 SW Van Buren St.
Topeka, KS 66611
Kristy.Rizek@ks.gov
Term expires: 12/31/21

Steve Stankiewicz

HR Director
Kansas Dept. of Agriculture
1320 Research Park Drive
Manhattan KS 66502
785.564.6711
Steve.Stankiewicz@ks.gov
Term expires: 12/31/20

Rebeka Stanley

Human Resource Director
Kansas Bureau of Investigation
1620 SW Tyler
Topeka, KS 66612
785.296.5397
Rebeka.Stanley@kbi.ks.gov
Term expires 12/31/22

Vernon "Charlie" Walker

Department Manager
KU Med Center Wichita
1010 N. Kansas
Wichita, KS 66214
316.293.1817
Cwalker9@kumc.edu
Term expires: 12/31/20

Natalie Yoza

Associate General Counsel
Kansas Board of Regents
1000 SW Jackson, Suite 520
Topeka, KS 66612-1368
785.430.4236
nyoza@ksbor.org
Term expires: 12/31/20

STATE OF KANSAS

2020 GROUP HEALTH INSURANCE ENROLLMENT
BY TYPE OF PARTICIPANT

Grand Total Covered Lives (State & Non State Active, Direct Bill, & COBRA)				
<u>Type of Participant</u>	<u>Jan-20</u>	<u>Apr-20</u>	<u>Jul-20</u>	<u>Oct-20</u>
Active State Employees	33,449	33,572	33,196	33,010
Active State EE Dependents	31,734	31,849	31,725	31,612
Total Covered Lives	65,183	65,421	64,921	64,622
Direct Bill State Retirees	9,059	9,068	9,028	8,990
Direct Bill State Ret Dependents	31	59	64	71
Total Covered Lives	9,090	9,127	9,092	9,061
COBRA State Participants	306	280	288	339
COBRA State Dependents	32	109	126	190
Total Covered Lives	338	389	414	529
Active Educational Employees	1,255	1,292	1,265	1,272
Active Educational EE Dependents	77	1,345	1,337	1,339
Total Covered Lives	1,332	2,637	2,602	2,611
Direct Bill Educational Retirees	152	73	73	73
Direct Bill Educational Ret Dependents	6	4	4	5
Total Covered Lives	158	77	77	78
COBRA Educational Participants	8	8	8	11
COBRA Educational Dependents	4			5
Total Covered Lives	12	8	8	16
Active City/County/Township Employees	1,724	1,720	1,699	1,701
Active City/County/Township EE Dependents	138	1,798	1,751	1,766
Total Covered Lives	1,862	3,518	3,450	3,467
Direct Bill City/County/Township Retirees	78	78	77	78
Direct Bill City/County/Township Ret Dependents				
Total Covered Lives	78	78	77	78

COBRA City/County/Township Participants	7	10	10	9
COBRA City/County/Township Dependents	4	2	2	2
Total Covered Lives	11	12	12	11
Active Hospital or Mental Hlth Center Employees	990	1,015	999	984
Active Hospital or Mental Hlth Center EE Dependents	80	832	832	816
Total Covered Lives	1,070	1,847	1,831	1,800
Direct Bill Hospital or Mental Hlth Center Retirees	14	16	17	19
Direct Bill Hospital or Mental Hlth Center Ret Dependents		1		
Total Covered Lives	14	17	17	19
COBRA Hospital or Mental Hlth Center Participants	2	2	3	4
COBRA Hospital or Mental Hlth Center Dependents				1
Total Covered Lives	2	2	3	5
Active All Other Non-State Employees	229	183	182	193
Active All Other Non-State EE Dependents	45	144	142	145
Total Covered Lives	274	327	324	338
Direct Bill All Other Non State Retirees	20	18	19	19
Direct Bill All Other Non State Ret Dependents	2	1	1	1
Total Covered Lives	22	19	20	20
COBRA All Other Non State Participants	2	2	2	1
COBRA All Other Non State Dependents			1	1
Total Covered Lives	2	2	3	2
Total Contracts	47,295	47,337	46,866	46,703
Total Covered Lives	79,448	83,481	82,851	82,657

**Exhibit C
2020 New Non State Entities**

Effective Date	Group Name	Type
10/1/2020	Osborne County Conservation District	Local Governmental Entities

Exhibit D
Kansas State Employees Health Care Commission
Plan Year 2020 Estimated Annualized Costs (Unaudited)

		<u>Annualized</u>
1	Projected Total Cost¹	\$461,954,950
2	2020 Estimated Cost ²	
	a. Blue Cross and Blue Shield of Kansas (BCBSKS)	\$271,959,027
	b. Aetna	\$15,078,570
	c. Envision Medicare Part D	\$676,932
	d. BCBS Kansas Senior Plans	\$21,378,058
	e. Aetna Advantra PPO + Part D	\$1,949,809
	f. Delta Dental of Kansas	\$23,474,700
	g. Caremark RX Claims	\$81,626,469
	h. Surency Vision Premiums	\$3,970,710
	i. Marathon Health Clinic	\$2,111,124
	j. Affordable Care Act Fees	\$157,904
	k. Contract Fees	\$9,076,212
	l. Health Savings Account/Health Reimbursement Account	\$30,819,975
	TOTAL	\$462,279,490
3	State and Non State Employee, COBRA, Direct Bill Contribution ¹	\$131,048,577
4	State of Kansas and Non State Employer Contributions ^{1,2}	
	a. Projected ¹	\$350,572,444
	b. Actual ²	\$347,417,471
	Percent Difference	0.9%

1. The financial information is using the financial statements presented to the HCC in December 2020.
2. The financial information is the November Statement of Operations and projects to the end of December 2020.