

# Kentucky Employees Health Plan Aon Projections Trust Fund Data through September 30, 2023 HB1 Compliance Report

## **Experience Data**

Medical and Pharmacy incurred claims from Merative database, Anthem and Caremark through September 2023  
Employee/Retiree and dependent enrollments from Merative database and Anthem through September 2023  
Transaction and Trust Fund activity through September 2023 provided by KEHP  
Includes payment of \$4,393,795.17 and \$17,035,904.83 for Coronavirus Relief Fund Reimbursements applied to Plan Year 2020 and 2021, respectively. An additional payment was made for Plan Year 2021 of \$22,021,746.  
Additional eligibility data for September 2023 provided by KEHP  
Per House Bill 303, \$500 million was transferred from the Public Employee Health Insurance Trust Fund's surplus to the General Fund. Funds have been withdrawn from plan year 2012-2016.  
Per House Bill 200, transfer funds from the KEHP trust fund to the General Fund to partially support employer retirement contributions in the amount of \$135,140,500 in FY18-19 and \$175,364,400 in FY19-20.  
Per House Bill 352, excess funds from plan year 2016, 2017, 2018, 2019, and 2020 are authorized to be used to satisfy claims or expenses in plan year 2021 and 2022.

## **Assumptions and Methodology**

Total incurred claims developed utilizing Bornhuetter-Ferguson methodology (industry standard)  
Medical claims annual trend - 8.5%  
Pharmacy claims annual trend - 8.5%  
Medical and Pharmacy claims adjusted for 2015 - 2023 plan designs  
Medical and Pharmacy claims paid by Standard CDHP/LivingWell CDHP HRA funds have been excluded from the Merative database as Plan paid expenses. Therefore, adding the HRA medical and pharmacy claims to those in the database provides total medical and pharmacy claims.  
Enrollment growth trend - 0.0%  
Investment return - 0.0%  
Premiums are based on EE/ER premium rates and projected enrollments  
Administrative fees reflect the contract rates effective in 2023  
2016-2022 Operating Transfers/Expenses & Adjustments include health care reform expenses  
HRA expenses included in Plan Year credits are utilized - assume 93% and 73% of annual credits are utilized in HRA CDHP and HRA Waiver plan respectively in plan year 2022. These percentages increase in future plan years due to claims inflation.  
Unused HRA balances are carried forward each year with cap on waiver HRA; thus, claims are expected to draw from these balances  
Members are allowed to rollover up to \$550 unused FSA balance each year; thus, claims are expected to draw from these balances

## Kentucky Employees Health Plan HRA Accumulated Balance and Recommended Reserve

	2023*	2024*	2025*
Beginning HRA Reserve	\$129,308,349	\$146,438,556	\$162,701,707
HRA Contributions			
HRA CDHP	\$61,811,546	\$61,811,546	\$61,811,546
HRA Waiver	\$49,788,200	\$49,788,200	\$49,788,200
Total Contributions	\$111,599,746	\$111,599,746	\$111,599,746
HRA Claim Expense			
HRA CDHP	(\$58,125,808)	(\$58,743,924)	(\$59,362,039)
HRA Waiver	(\$36,343,731)	(\$36,592,672)	(\$36,841,613)
Total Claims	(\$94,469,539)	(\$95,336,596)	(\$96,203,652)
Ending HRA Reserve (12/31)**	\$146,438,556	\$162,701,707	\$178,097,801
FSA Rollover Reserve (12/31)***	\$1,693,711	\$1,693,711	\$1,693,711
Total HRA/FSA Reserve (12/31)	\$148,132,267	\$164,395,418	\$179,791,512
HRA Reserve Assumption			

\* Assume no change in enrollments and plan design.

\*\* Unused HRA balances are carried forward each year; thus, claims are expected to draw from these balances

\*\*\* Members are allowed to rollover up to \$550 unused FSA balance; thus, claims are expected to draw from these balances

November 30, 2023

**Kentucky Employees Health Plan  
Calendar Year 2025 Plan Year Expenses and Revenue  
Based on September 30, 2023 Trust Summary Report  
0% EE and 0% ER Contribution Increase**

	Paid To Date	Additional Projected	Total Projected**
Employee Enrollment			161,126
Drug Rebates	\$0	\$312,310,692	\$312,310,692
Transfer from Other Plan Years	\$0	\$0	\$0
Coronavirus Relief Fund Reimbursement	\$0	\$0	\$0
Incurred Medical Claims	\$0	(\$1,555,560,328)	(\$1,555,560,328)
Medical Admin	\$0	(\$72,276,095)	(\$72,276,095)
HRA CDHP Claims	\$0	(\$59,362,039)	(\$59,362,039)
HRA Waiver Claims	\$0	(\$36,841,613)	(\$36,841,613)
Incurred Pharmacy Claims	\$0	(\$825,416,140)	(\$825,416,140)
RX Admin (CVS)	\$0	(\$16,724,999)	(\$16,724,999)
Transfers to other Plan Years	\$0	\$0	\$0
Operating Transfers/Expenses & Adjustments*	\$0	(\$9,830,294)	(\$9,830,294)
<b>Total Expenses</b>	<b>\$0</b>	<b>(\$2,576,011,509)</b>	<b>(\$2,576,011,509)</b>

\* Includes health care reform expenses.

\*\*PY 2025 projections are for expenditures and drug rebates only at this time. Premiums (including waiver) are unknown until there is a budget recommendation.

November 30, 2023

**Kentucky Employees Health Plan  
Calendar Year 2024 Plan Year Expenses and Revenue  
Based on September 30, 2023 Trust Summary Report  
0% EE and 16.5% ER Contribution Increase**

	Paid To Date	Additional Projected	Total Projected**
Employee Enrollment			161,314
Premiums	\$0	\$2,087,569,905	\$2,087,569,905
CDHP HRA Premium	\$0	\$61,811,546	\$61,811,546
Remaining Premium	\$0	\$2,025,758,359	\$2,025,758,359
HRA Waiver Contribution	\$0	\$49,788,200	\$49,788,200
Interest Income	\$0	\$0	\$0
Drug Rebates	\$0	\$287,843,955	\$287,843,955
Transfer from Other Plan Years	\$0	\$0	\$0
Coronavirus Relief Fund Reimbursement	\$0	\$0	\$0
Total Revenue/Income	\$0	\$2,425,202,061	\$2,425,202,061
Incurring Medical Claims	\$0	(\$1,435,112,798)	(\$1,435,112,798)
Medical Admin	\$0	(\$70,170,966)	(\$70,170,966)
HRA CDHP Claims	\$0	(\$58,743,924)	(\$58,743,924)
HRA Waiver Claims	\$0	(\$36,592,672)	(\$36,592,672)
Incurring Pharmacy Claims	\$0	(\$760,752,203)	(\$760,752,203)
RX Admin (CVS)	\$0	(\$16,237,864)	(\$16,237,864)
Transfers to other Plan Years	\$0	\$0	\$0
Operating Transfers/Expenses & Adjustments*	\$0	(\$9,187,191)	(\$9,187,191)
Total Expenses	\$0	(\$2,386,797,616)	(\$2,386,797,616)
<b>Net Gain/(Loss)</b>	<b>\$0</b>	<b>\$38,404,444</b>	<b>\$38,404,444</b>

\* Includes health care reform expenses.

\*\* Assume 0% EE and 16.5% ER contribution increase in 2024

November 30, 2023

**Kentucky Employees Health Plan  
Calendar Year 2023 Plan Year Expenses and Revenue  
Based on September 30, 2023 Trust Summary Report  
0% EE and 10% ER Contribution Increase**

	Paid To Date	Additional Projected	Total Projected**
Employee Enrollment			161,314
Premiums	\$1,359,294,988	\$472,075,558	\$1,831,370,547
CDHP HRA Premium	\$46,358,660	\$15,452,887	\$61,811,546
Remaining Premium	\$1,312,936,329	\$456,622,672	\$1,769,559,000
HRA Waiver Contribution	\$37,916,128	\$11,872,072	\$49,788,200
Interest Income	\$12,140,622	\$0	\$12,140,622
Drug Rebates	\$57,552,152	\$207,741,816	\$265,293,968
Transfer from Other Plan Years	\$0	\$0	\$0
Coronavirus Relief Fund Reimbursement	\$0	\$0	\$0
<b>Total Revenue/Income</b>	<b>\$1,466,903,890</b>	<b>\$691,689,446</b>	<b>\$2,158,593,336</b>
Incurring Medical Claims	(\$773,677,606)	(\$550,423,642)	(\$1,324,101,248)
Medical Admin	(\$45,282,233)	(\$22,844,918)	(\$68,127,151)
HRA CDHP Claims	(\$45,056,810)	(\$13,068,998)	(\$58,125,808)
HRA Waiver Claims	(\$25,969,852)	(\$10,373,879)	(\$36,343,731)
Incurring Pharmacy Claims	(\$510,264,844)	(\$190,889,260)	(\$701,154,104)
RX Admin (CVS)	(\$11,507,063)	(\$4,257,853)	(\$15,764,916)
Transfers to other Plan Years	\$0	\$0	\$0
Operating Transfers/Expenses & Adjustments*	(\$7,256,712)	(\$1,329,447)	(\$8,586,159)
<b>Total Expenses</b>	<b>(\$1,419,015,120)</b>	<b>(\$793,187,998)</b>	<b>(\$2,212,203,118)</b>
<b>Net Gain/(Loss)</b>	<b>\$47,888,770</b>	<b>(\$101,498,552)</b>	<b>(\$53,609,782)</b>

\* Includes health care reform expenses.

\*\* Assume 0% EE and 10% ER contribution increase in 2023

November 30, 2023

**Kentucky Employees Health Plan  
Calendar Year 2022 Plan Year Expenses and Revenue  
Based on September 30, 2023 Trust Summary Report  
3% EE and 3% ER Contribution Increase**

	Paid To Date	Additional Projected	Total Projected**
Employee Enrollment			161,126
Premiums	\$1,692,653,610	\$0	\$1,692,653,610
CDHP HRA Premium	\$61,183,338	\$0	\$61,183,338
Remaining Premium	\$1,631,470,272	\$0	\$1,631,470,272
HRA Waiver Contribution	\$48,900,472	\$0	\$48,567,225
Interest Income	\$7,523,424	\$0	\$7,523,424
Drug Rebates	\$219,916,536	\$0	\$219,916,536
Transfer from Other Plan Years	\$0	\$0	\$0
Coronavirus Relief Fund Reimbursement	\$0	\$0	\$0
Total Revenue/Income	\$1,968,994,043	\$0	\$1,968,660,795
Incurring Medical Claims	(\$1,233,751,696)	(\$4,840,340)	(\$1,238,592,037)
Medical Admin	(\$63,113,728)	\$0	(\$63,113,728)
HRA CDHP Claims	(\$56,666,641)	\$13,513	(\$56,653,128)
HRA Waiver Claims	(\$35,211,261)	\$1,638	(\$35,209,623)
Incurring Pharmacy Claims	(\$580,210,943)	(\$1,013,663)	(\$581,224,606)
RX Admin (CVS)	(\$15,305,744)	\$0	(\$15,305,744)
Transfers to other Plan Years	\$0	\$0	\$0
Operating Transfers/Expenses & Adjustments*	(\$8,024,448)	\$0	(\$8,024,448)
Total Expenses	(\$1,992,284,461)	(\$5,838,853)	(\$1,998,123,314)
<b>Net Gain/(Loss)</b>	<b>(\$23,290,418)</b>	<b>(\$5,838,853)</b>	<b>(\$29,462,518)</b>

\* Includes health care reform expenses

\*\* Based on 2022 Plan design & premium changes -

1. overall 3% EE and 3% ER contribution increase in 2022
2. 5%/10% (in/out of network) coinsurance increase to LW PPO and LW CDHP, \$5/\$10 (30 day/90 day supply)  
generic tier Rx copay increase to LW PPO plan
3. Implemented PrudentRx, eSGM (Enhanced SGM), and Rx Market Check

**Kentucky Employees Health Plan  
Calendar Year 2021 Plan Year Expenses and Revenue  
Based on September 30, 2023 Trust Summary Report  
3% EE and 3% ER Contribution Increase**

	Paid To Date	Additional Projected	Total Projected**
Employee Enrollment			161,143
Premiums	\$1,663,134,644	\$0	\$1,663,134,644
CDHP HRA Premium	\$61,657,650	\$0	\$61,657,650
Remaining Premium	\$1,601,476,994	\$0	\$1,601,476,994
HRA Waiver Contribution	\$46,974,103	\$0	\$46,974,103
Interest Income	(\$163,307)	\$0	(\$163,307)
Drug Rebates	\$186,184,090	\$0	\$186,184,090
Transfer from Other Plan Years	\$0	\$0	\$0
Coronavirus Relief Fund Reimbursement	\$39,057,650	\$0	\$39,057,650
Total Revenue/Income	\$1,935,187,179	\$0	\$1,935,187,179
Incurring Medical Claims	(\$1,247,937,015)	(\$86,170)	(\$1,248,023,185)
Medical Admin	(\$62,218,041)	\$0	(\$62,218,041)
HRA CDHP Claims	(\$54,898,206)	\$0	(\$54,898,206)
HRA Waiver Claims	(\$35,914,689)	\$0	(\$35,914,689)
Incurring Pharmacy Claims	(\$554,628,895)	(\$15,910)	(\$554,644,805)
RX Admin (CVS)	(\$8,580,430)	\$0	(\$8,580,430)
Transfers to other Plan Years	\$0	\$0	\$0
Operating Transfers/Expenses & Adjustments*	(\$7,357,241)	\$0	(\$7,357,241)
Total Expenses	(\$1,971,534,517)	(\$102,080)	(\$1,971,636,597)
<b>Net Gain/(Loss)</b>	<b>(\$36,347,338)</b>	<b>(\$102,080)</b>	<b>(\$36,449,418)</b>

\* Includes health care reform expenses.  
for plan year 2021.

\*\* Based on 2021 Plan design & premium changes -

1. 3% ER premium increase, 3% EE Premium increase
2. Added value formulary to LW CDHP and LW PPO plans, increase Rx copay and specialist copay to LW PPO plan

November 30, 2023

**Kentucky Employees Health Plan  
Calendar Year 2020 Plan Year Expenses and Revenue  
Based on September 30, 2023 Trust Summary Report  
3% EE and 0% ER Contribution Increase**

	Paid To Date	Additional Projected	Total Projected**
Employee Enrollment			165,256
Premiums	\$1,641,898,440	\$0	\$1,641,898,440
CDHP HRA Premium	\$62,528,566	\$0	\$62,528,566
Remaining Premium	\$1,579,369,874	\$0	\$1,579,369,874
HRA Waiver Contribution	\$48,355,454	\$0	\$48,355,454
Interest Income	\$1,801,907	\$0	\$1,801,907
Drug Rebates	\$175,325,256	\$0	\$175,325,256
Transfer from Other Plan Years	\$299,932,011	\$0	\$299,932,011
Coronavirus Relief Fund Reimbursement	\$4,393,795	\$0	\$4,393,795
Total Revenue/Income	\$2,171,706,864	\$0	\$2,171,706,864
Incurring Medical Claims	(\$1,078,482,408)	\$0	(\$1,078,482,408)
Medical Admin	(\$65,369,401)	\$0	(\$65,369,401)
HRA CDHP Claims	(\$53,847,523)	\$0	(\$53,847,523)
HRA Waiver Claims	(\$36,230,435)	\$0	(\$36,230,435)
Incurring Pharmacy Claims	(\$530,642,480)	\$0	(\$530,642,480)
RX Admin (CVS)	(\$8,794,281)	\$0	(\$8,794,281)
Transfers to other Plan Years	\$0	\$0	\$0
Operating Transfers/Expenses & Adjustments*	(\$9,374,051)	\$0	(\$9,374,051)
Total Expenses	(\$1,782,740,579)	\$0	(\$1,782,740,579)
<b>Net Gain/(Loss)</b>	<b>\$388,966,285</b>	<b>\$0</b>	<b>\$388,966,285</b>

\* Includes health care reform expenses and COVID Relief Fund Reimbursement

\*\* Based on 2020 Plan design & premium changes -

1. 0% ER premium increase, 3% EE Premium increase

2. \$250 increase to deductibles and out of pocket maximums across all plans

November 30, 2023