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Mary Elizabeth Bailey  
SECRETARY

October 1, 2025

**VIA EMAIL TO: [ReportsToLRC@kylegislature.gov](mailto:ReportsToLRC@kylegislature.gov)**

Kentucky Legislature & Legislative Research Commission  
c/o Mr. Jay D. Hartz, Director  
Frankfort, KY 40601

Dear Director Hartz:

Pursuant to KRS 18A.226(5)(b), the Personnel Cabinet and the Kentucky Group Health Insurance Board respectfully submit the Executive Summary of the Kentucky Employees' Health Plan Twenty-Fifth Annual Report.

As in recent prior years, this 2025 Executive Summary shares the story of the Kentucky Employees' Health Plan in a manner designed to reach a wider audience while educating members and the public about the important work and services being undertaken by the Plan.

The Group Health Insurance Board Recommendations for Plan Years 2023 through 2025, on slide 13, are as follows:

- Provide state of the art benefits while maintaining reasonable premiums;
- Offer benefits that meet the needs of a diverse workforce;
- Improve employee health and well-being;
- Provide the tools to manage chronic disease conditions;
- Implement actuarial recommendation to establish plan reserves;
- Increase member engagement in health and well-being programs;
- Educate and drive members to high quality, cost-effective care; and
- Help employees understand KEHP programs and tools available.

Sincerely,

Mary Elizabeth Bailey  
Secretary

# Kentucky Employees' Health Plan (KEHP)

Twenty-Fifth Annual Report of the  
Kentucky Group Health Insurance Board

Prepared for the Commonwealth of Kentucky's  
Governor, General Assembly, and Chief Justice  
of the Supreme Court



# Table of Contents

Section 1: Executive Summary	3
Section 2: What Benefits Do We Offer?	16
Section 3: Who Do We Serve?	32
Section 4: Cost and Utilization Trends	46
Section 5: Board Recommendations	95
Glossary	134

# Executive Summary



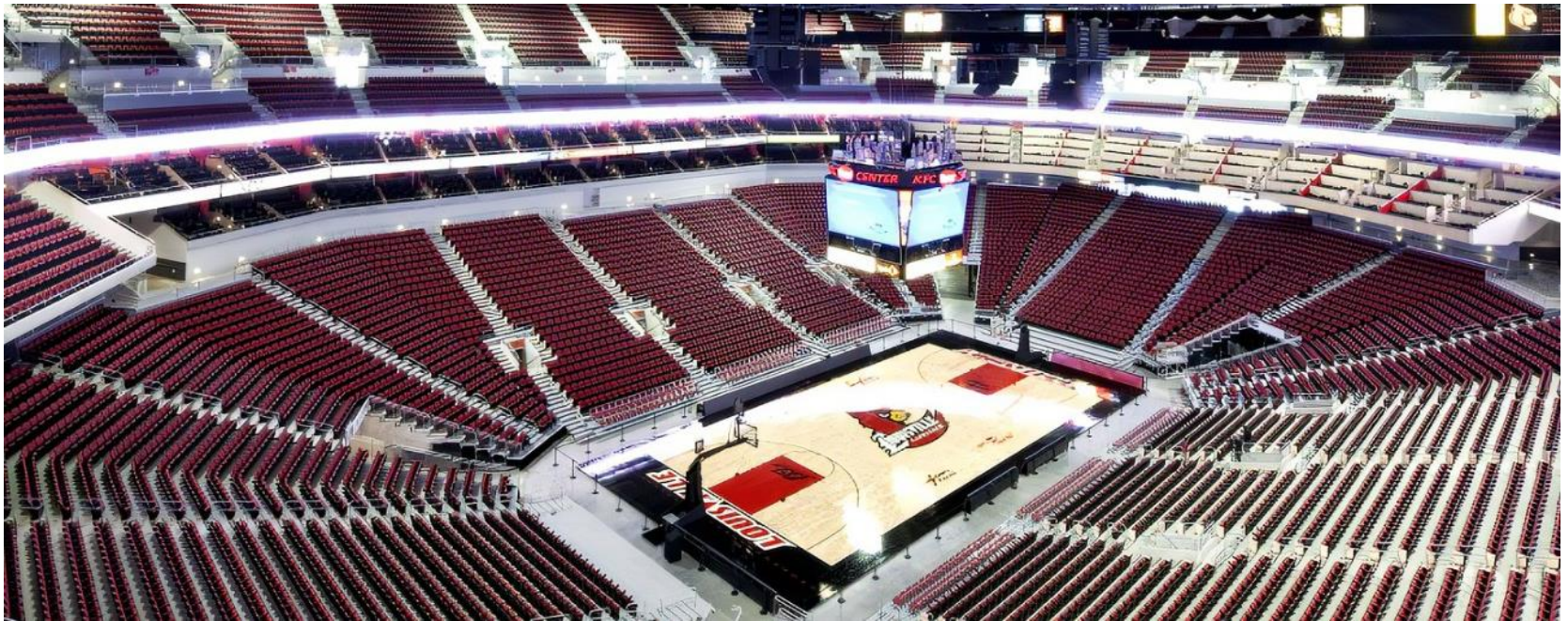
## Program Highlights

Overview of 2024 cost, utilization, and plan performance comparison to prior years and future issues outlook

# Population

The KEHP administers medical benefits for approximately 300,000 people in Kentucky—that's more than one in 16 Kentuckians!

Employees, retirees, and their family members enrolled in KEHP would fill the YUM center more than 13 times!



**Source:** KEHP enrollment in Kentucky Human Resource Information System (KHRIS)

# 2024 KEHP by the Numbers

**\$2.25 billion**

in KEHP payments to doctors,  
hospitals, pharmacies, and other  
providers across Kentucky

**\$6.17 million**

average daily spend for medical and  
prescription drug claims

**\$7,824**

average spent on medical and  
prescription claims per Member

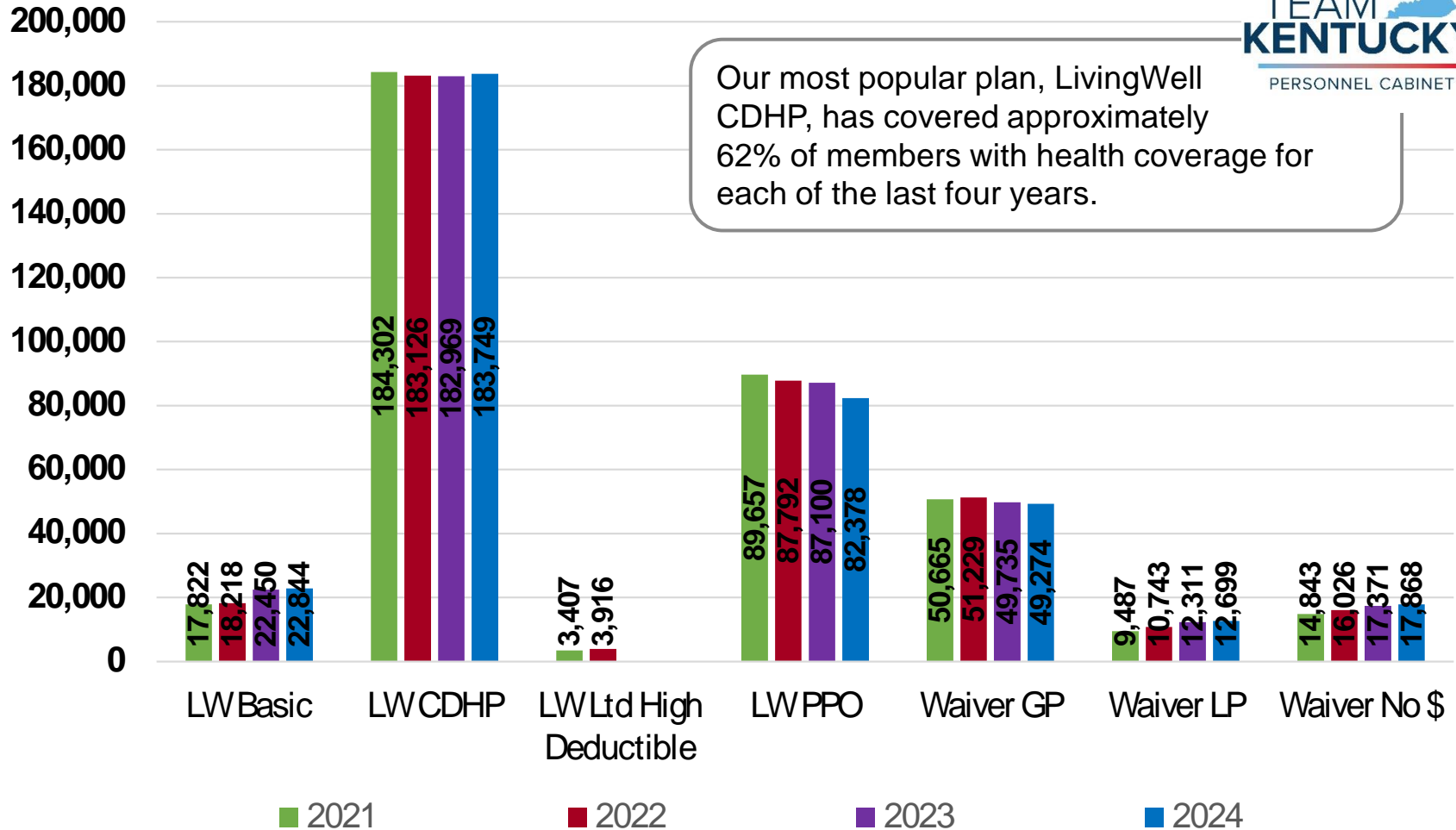
**8.67 million**

individual medical and prescription  
drug claims paid for members

*Source: KEHP enrollment and claims data aggregated by Merative*

# Members by Plan

Our most popular plan, LivingWell CDHP, has covered approximately 62% of members with health coverage for each of the last four years.

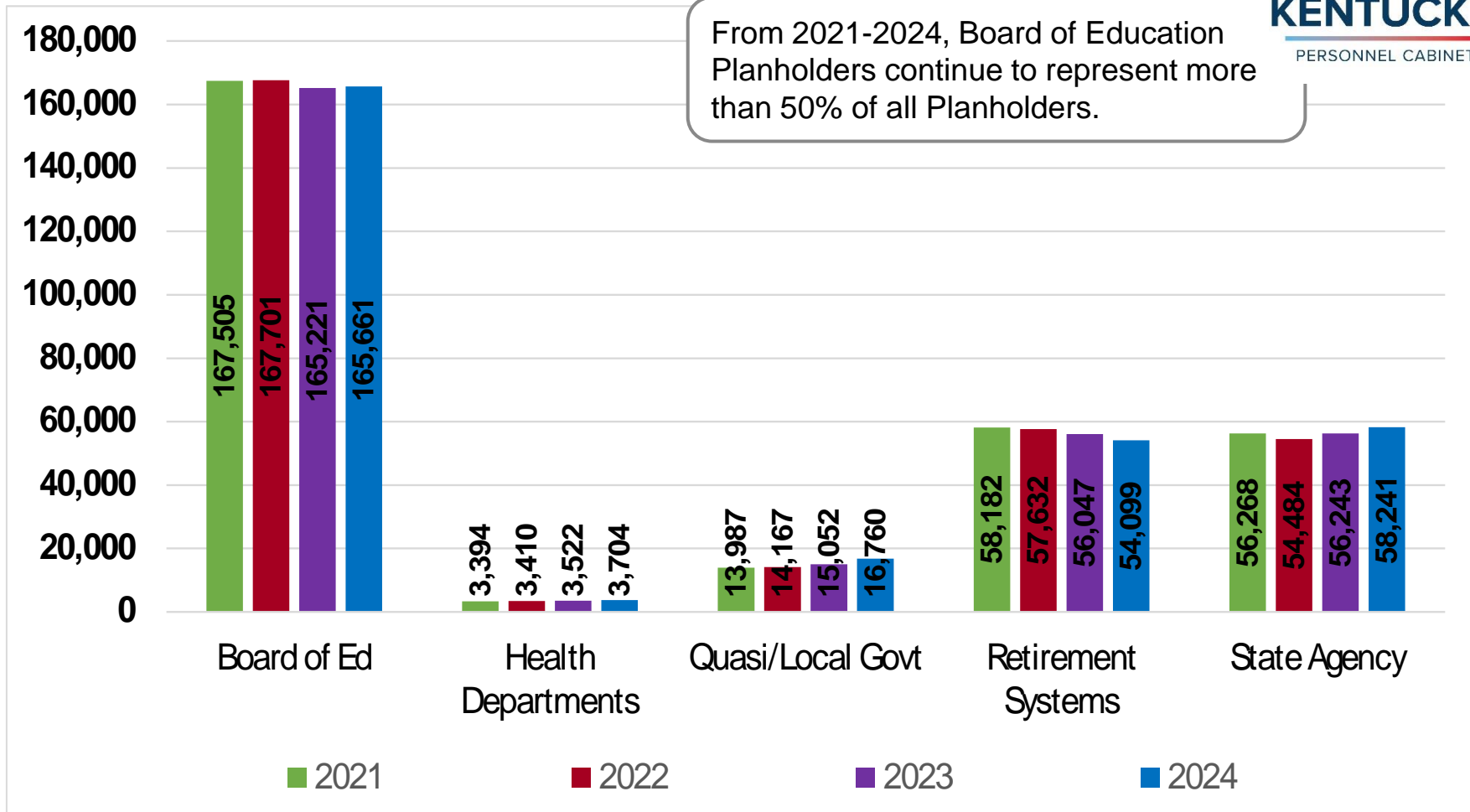


Source: Enrollment data utilized in Business warehouse using Business Objects



# Health Covered Members by Group

From 2021-2024, Board of Education Planholders continue to represent more than 50% of all Planholders.



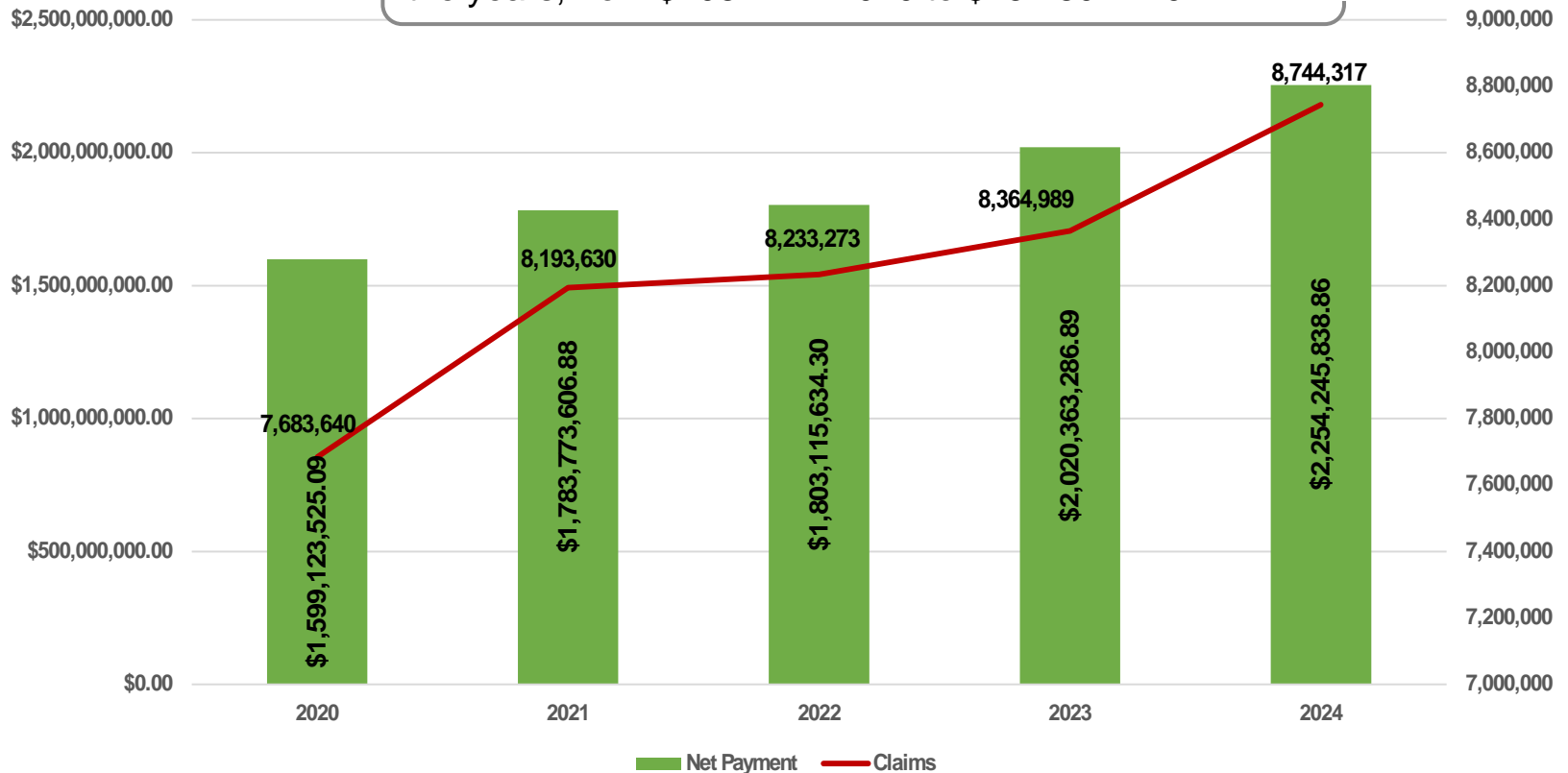
**Source:** Enrollment data Business warehouse Business Objects.

\*Includes COBRA, KCTCS and other small employer groups



# Net Payments and Claims by Year

Average net payments per claim continue to grow over the years, from \$208.12 in 2020 to \$257.80 in 2024.

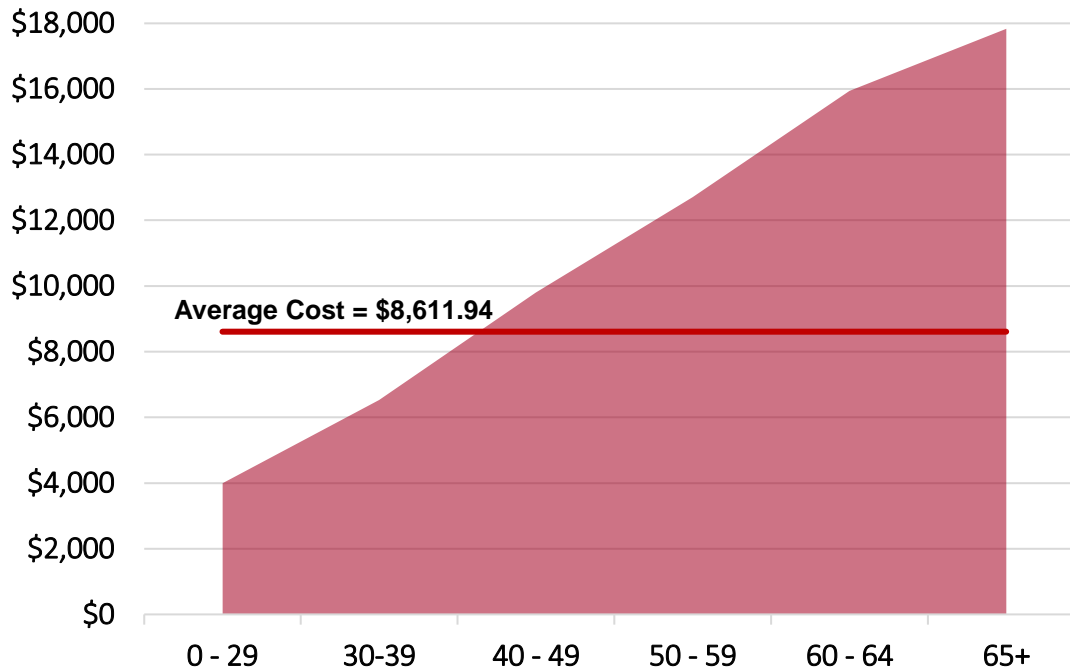


Source: Claims data aggregated by Merative

# Pooling Risk

Because anyone—young or old—can have an unforeseen catastrophic health event, KEHP spreads healthcare costs across all **288,090** health plan members, keeping the plan affordable for everyone.

## KEHP average annual claims cost by age group, all medical and pharmacy claims, 2024



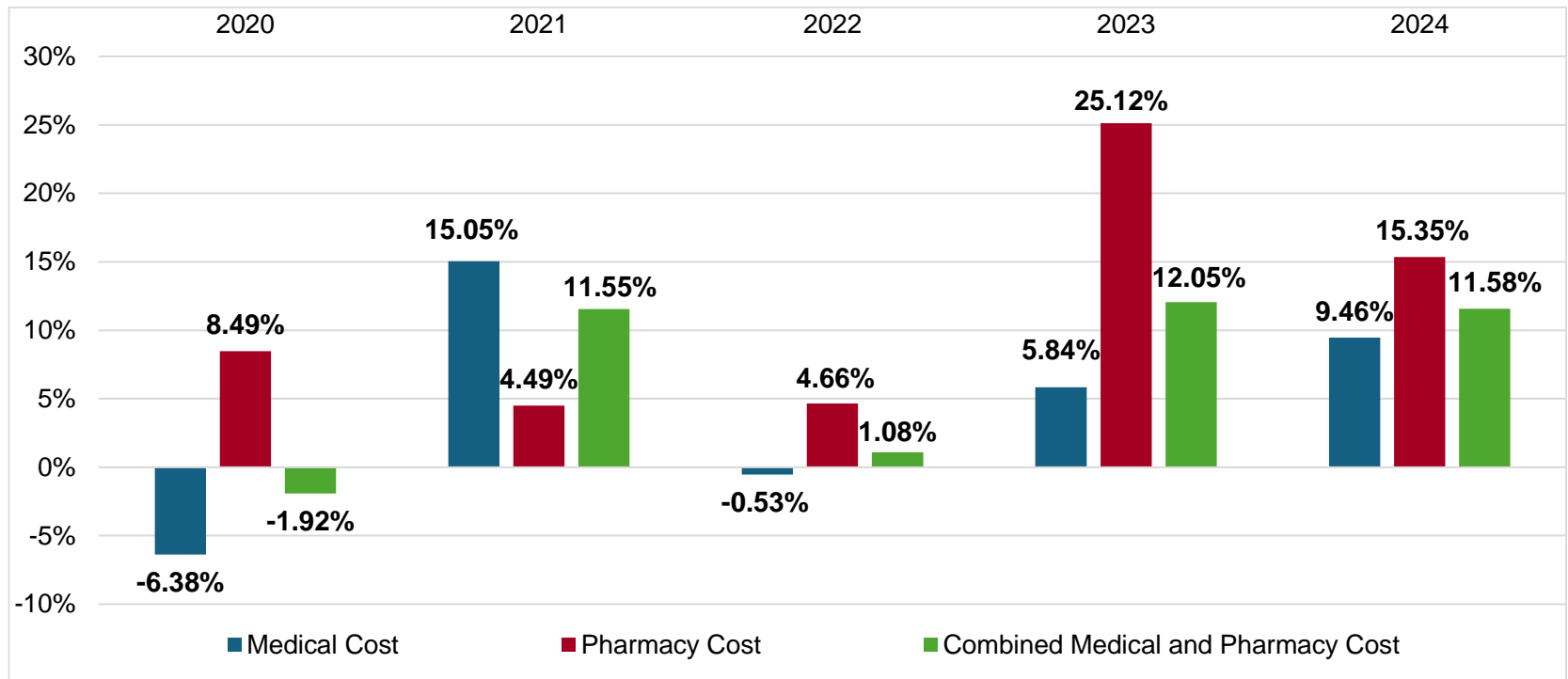
Averaging costs among the members keeps the plan affordable for all.

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Source: KEHP claims data aggregated by Merative

# Medical and Pharmacy Trends

Incurred medical costs have increased by 32.58% (\$1.07B to \$1.42B) between 2020 to 2024 while pharmacy costs increased by 57.83% (\$531M to \$838M) over that same time period.

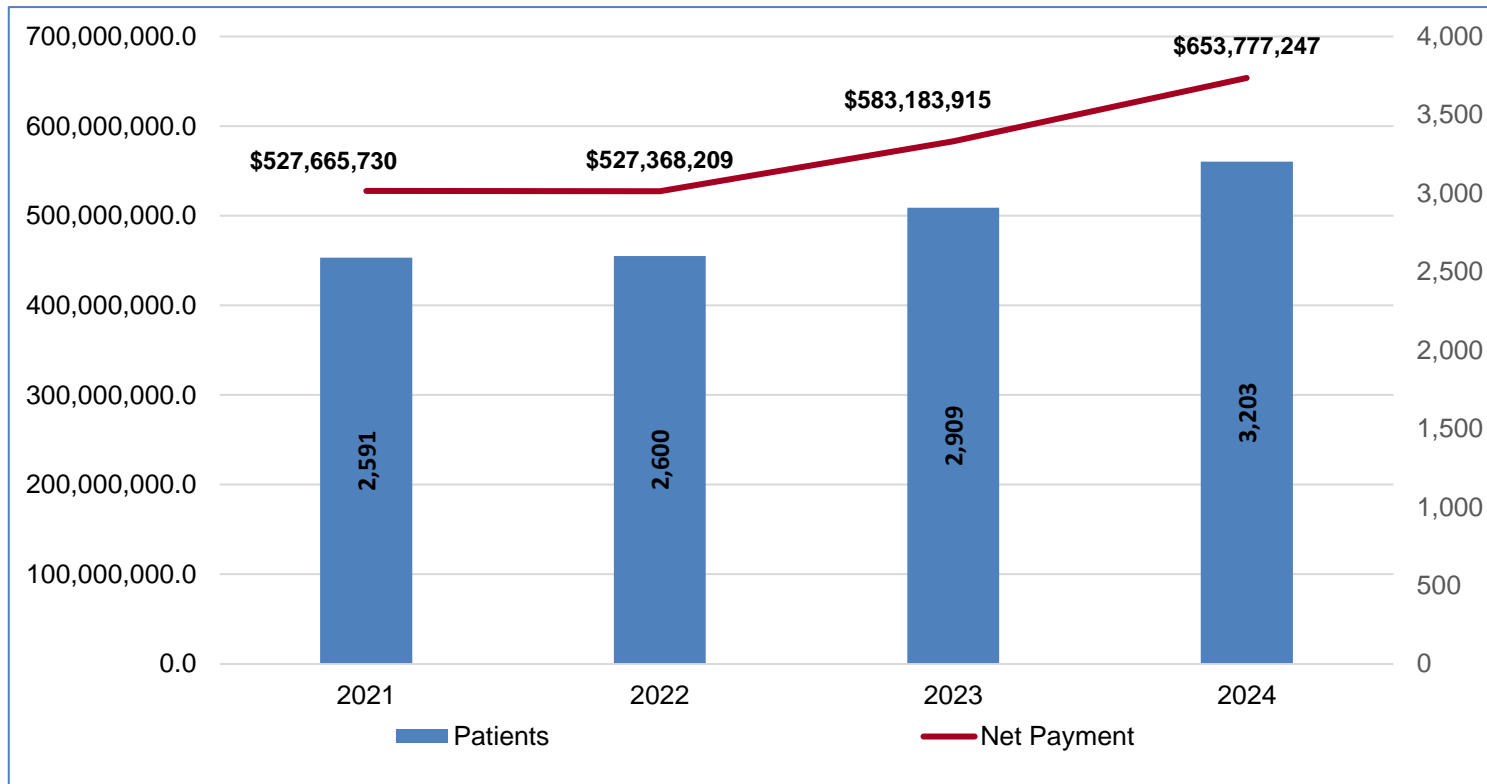


Source: KEHP claims data aggregated by Merative

# High Cost Claimants

Twenty-five high-cost claimants had over \$1M in medical and pharmacy claims in 2024, while the remaining 3,178 high-cost claimants account for claims ranging from \$100k to \$1M.

High-cost claimants ( $\geq \$100K$ ) continue to drive the overall cost trend.



Source: KEHP claims data aggregated by Merative

# 2024 Prescription Fills

KEHP Members filled over four million prescriptions in 2024, of which over 33% were filled at Kentucky independent pharmacies.



Pharmacy Type	Total Scripts		Allowed Amount		Plan Paid		Out of Pocket	
Kentucky Independent Pharmacies*	1,487,211	33.85%	\$156,776,155	17.30%	\$140,401,113	16.75%	\$16,375,043	23.99%
All Other Pharmacies	2,906,537	66.15%	\$749,685,018	82.70%	\$697,788,999	83.25%	\$51,896,018	76.01%
Total	4,393,748		\$906,461,173		\$838,190,112		\$68,271,061	

Source: CVS/Caremark

# Board Recommendations for Plan Years 2023–2025

- Provide state-of-the-art benefits while maintaining reasonable premiums.
- Offer benefits that meet the needs of a diverse workforce.
- Improve employee health and wellbeing.
- Provide the tools to manage chronic disease conditions.
- Implement actuarial recommendation to establish plan reserves.
- Increase member engagement in health and wellness programs.
- Educate and drive members to high-quality, cost-effective care.
- Help employees understand KEHP programs and tools available.

*Source: KEHP Twenty-Fourth Annual Report of the Kentucky Group Health Insurance Board*