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GOVERNOR

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Gerina D. Whethers
SECRETARY

September 1, 2022

Interim Joint Committee on Appropriations and Revenue
Capitol Annex
702 Capital Avenue
Frankfort, Kentucky 40601

Re: Second Quarter KEHP Trust Fund Status Report period ending June 30, 2022

Dear members of the Interim Joint Committee on Appropriations and Revenue:

Kentucky Revised Statute (KRS) 18A.2254 directs the Public Employee Health Insurance Program to submit quarterly reports on the status of the Kentucky Employees' Health Plan (KEHP) Trust Fund to the Governor, Interim Joint Committee on Appropriations and Revenue, Kentucky Group Health Insurance Board, and the Advisory Committee of State Health Insurance Subscribers.

The attached report includes, as of June 30, 2022:

1. The current balance of the trust fund;
2. A detailed description of all income to the trust fund;
3. A detailed description of all receipts due to the trust fund;
4. The total amount of payments made for claims from the trust fund;
5. A detailed description of all payments made to program administrators;
6. Current enrollment data;
7. Other information provided by the Secretary; and

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8. Other information requested by the Interim Joint Committee on Appropriations and Revenue.
9. Additional reports provided for Second and Fourth quarter reports:
 - a. A projection of medical claims incurred but not yet reported that are considered liabilities to the trust fund;
 - b. A statement of any other trust fund liabilities;
 - c. A detailed calculation of premium rates, including base claims, trend assumptions, administrative fees, and any benefit and plan changes;
 - d. A detailed description of the current in-state and out-of-state networks provided under the plan; and
 - e. Specific data regarding the TPA's performance, including:
 - i. Results or outcomes of disease management and wellness programs;
 - ii. Results of case management audits, educational and communication efforts; and
 - iii. Comparison of actual measurable results to contract performance guarantees.

If you have any questions or need additional information, please feel free to contact my office at 564-0358.

Sincerely,



Gerina D. Whethers
Secretary

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1. Current Trust Fund Balance:

As of June 30, 2022, the balance of the self-insurance trust fund was \$480,558,637.57, which includes accounting for the 2006–2022 plan years, including reserves for Healthcare Reimbursement Arrangements (HRA) and Flexible Spending Accounts (FSA). Along with the detailed transactions, summary reports for each plan year, as well as a combined summary, have been provided.

2-5. Detailed Description of Trust Fund Transactions:

Detailed transactions of the trust fund are contained in Attachment A. Monthly detailed transaction reports have been provided to the Legislative Research Commission. A month-by-month summary of the trust fund accounting by premiums, interest income, drug rebates, claims, and ASO fees is included as Attachment B.

6. Current Enrollment Data:

A chart detailing the number of plan holders and the number of dependents covered under the plan is included as Attachment C. The totals shown reflect the same information as provided in the previous report, updated to include the most recent quarter's data.

7. Additional Information Provided by the Secretary of the Personnel Cabinet:

No additional information has been requested for inclusion in this report.

8. Additional Information as Requested by the Committee:

No additional information has been requested by the Committee for inclusion in this report.

9. Additional reports provided for Second and Fourth quarter reports:

a. A projection of medical claims incurred but not reported that are considered liabilities to the trust fund:

KEHP's actuarial consultant, Aon, has compiled a statement of medical claims incurred but not yet reported (IBNR). This report is included as Attachment D.

b. A statement of any other trust fund liabilities:

A statement of other trust fund liabilities for the fiscal year ending June 30, 2022, was filed with the annual financial statement for the Kentucky Employees' Health Plan.

c. A detailed calculation of premium rates including base claims, trend assumptions, administrative fees and any benefit and plan changes:

As required by KRS 18A.2254(1)(a), premium rates for the 2022 Plan Year were set forth in the 2022 KEHP Benefits Selection Guide, which was filed as a part of and appended to 101 KAR 2:210 on September 15, 2020.

d. A detailed description of the current in-state and out-of-state networks provided under the plan:

Due to the addition of new providers and termination of established providers, provider networks change on a continuous basis and printed directories are often obsolete. As a result, KEHP's Medical Third Party Administrator (TPA) Anthem advocates the use of their on-line provider directories, and updates them at least weekly. The link to Anthem's Find A Doctor provides the capability to search for a provider based on provider type and location. Anthem's dedicated KEHP Customer Service Center can provide additional assistance in locating a participating provider by calling 1-844-402-KEHP (5347). As of the date of this report, notwithstanding normal provider contracting activities, there are no proposed network changes.

e. Specific data regarding the TPA and program administrator performance, including:

i. Results or outcomes of disease management and wellness programs, case management audits, and member communication and education:

Attachment E contains results and outcomes based on engagement in the numerous disease management and wellness programs offered by KEHP. Our disease management provider, Anthem, and our wellness program administrator, WebMD, aggregate the information for this report.

ii. Attachment E also details the education, engagement, and communications efforts undertaken by the Department of Employee Insurance in administering the KEHP on behalf of the Personnel Cabinet.

iii. Comparison of actual measurable results to contract performance guarantees:

A listing of operational performance guarantees of KEHP's Third Party Administrator, Anthem, are included as **Attachment F**. All Anthem PG's are annual and they will report on them in the 4th Quarter Trust Fund Report.

Contract performance results of KEHP's Pharmacy Benefits Manager (PBM), CVS Caremark, are included in this report as **Attachment G**. CVS met all performance guarantees for the quarter.

Contract performance results of KEHP's HRA/FSA/COBRA Benefits Manager, HealthEquity, (formerly known as WageWorks) are included in this report as **Attachment H**. According to HealthEquity's PG report, they met all performance guarantees for the quarter.

A listing of operational performance guarantees of KEHP's Wellness Benefits Manager, WebMD Health Services, were not provided in time for the publishing of this report. They will be provided in the next Quarter's report.