

Kentucky Plan Year 2027 Benchmark Plan Change Actuarial Report

PREPARED FOR THE KENTUCKY DEPARTMENT OF INSURANCE

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Introduction and Background

Lewis & Ellis, LLC (L&E) was engaged by the Kentucky Department of Insurance (KDOI) to assess and certify a proposed change to Kentucky's Benchmark Plan (BMP) for plan year 2027 Benchmark Plan.

In 2018, the Centers for Medicare and Medicaid Services (CMS) began allowing states three options in selecting an Essential Health Benefits (EHB)-benchmark plan. For plan years beginning on or after January 1, 2026, a State may change its EHB-benchmark plan by selecting a set of benefits that would become the State's EHB-benchmark plan¹.

These regulations allow states to annually modify their EHB-benchmark plan. Modifications must be communicated to CMS by the first Wednesday in May, two years prior to the effective date of the revised plan.

For plan year 2027, Kentucky is using option 3 to propose a revised set of benefits for the BMP. Based on the regulations 45 CFR §156.111, supplemented by guidance from CMS, Marketplace Oversight division, the Center for Consumer Information and Insurance Oversight (CMS/CCIIO), for plan years beginning on or after January 1, 2026, a State's BMP must:

Provide a scope of benefits that is equal to the scope benefits of a typical employer plan in the State.

The scope of benefits must fall within a range that is as or more generous than the least generous plan and as or less generous than the most generous plan among the following options:

- *Base-Benchmark Plan Options*

One of the selecting State's 10 base-benchmark plan options established under §156.100, and available for the selecting State's selection for the 2017 plan year.

- *Large Group Health Insurance Plans*

The largest health insurance plan, by enrollment, within one of the five largest large group health insurance products by enrollment in the state. These products and plans must meet the following criteria:

- The product has at least 10 percent of the total enrollment of the five largest large group health insurance products in the State,

¹ 45 CFR 156.111(a)(2)

- The plan provides minimum value, as defined under § 156.145,
- The benefits are not excepted benefits, as established under § 146.145(b), and § 148.220 of this subchapter, and
- The benefits in the plan are from a plan year beginning after December 31, 2013.

L&E will refer to the requirements described above as the “required testing”.

Proposed Benchmark Plan

The current BMP is the Choice Plus Plan offered by UnitedHealthcare of Kentucky, Ltd. This BMP was set for plan year 2017 and has remained unchanged through plan year 2026.

For plan year 2027, Kentucky is proposing the following changes to the current BMP:

Change Description	Additional Detail
Elimination of Visit Limits for Speech Therapy	Consistent with KY Senate Bill 111, KY desires for the 2027 BMP to cover speech therapy as a treatment for stuttering with no visit limits. However, the BMP cannot stipulate requirements based on condition (i.e., stuttering). Therefore, KY is proposing the elimination of visit limits for the entirety of the speech therapy benefit. Speech therapy as an overall benefit is already covered in the current BMP, and therefore, does not need to be added.
Biomarker Testing Coverage	Consistent with KY House Bill 180, KY is proposing that the 2027 BMP explicitly cover biomarker testing. Currently, the BMP neither excludes nor explicitly states coverage for biomarker testing. Based on a survey of KY carriers, this benefit is covered by carriers under the laboratory/diagnostic broader benefit category. Therefore, KY is simply proposing a change to BMP forms to explicitly cover biomarker testing such that current coverage practices are ensured to continue moving forward.
Coverage for Iatrogenic Infertility Preservation Services	Consistent with KY House Bill 170, KY is proposing that the 2027 BMP cover oocyte and sperm preservation services when medically necessary treatment may directly or indirectly cause iatrogenic infertility. This benefit is not covered by the current BMP.

Change Description	Additional Detail
Expanded Coverage for Cancer Screenings	Consistent with KY House Bill 52, KY is proposing that the 2027 BMP cover all preventive cancer screenings consistent with nationally recognized clinical practice guidelines. The proposed coverage includes but is not limited to lung, breast, cervical, prostate, colorectal, ovarian, thyroid, skin, and pancreatic cancer screenings, and prohibits exclusions based on the type of cancer being screened. Nationally recognized clinical practice guidelines include but are not limited to the United States Preventive Services Task Force (USPSTF), the American Cancer Society, and the National Comprehensive Cancer Network. The current BMP only covers cancer screenings included in the USPSTF categories A & B, as required federally by the Affordable Care Act (ACA).

Benchmark Plan Assessment

In accordance with guidance issued by CMS/CCIIO, L&E conducted the required testing to ensure compliance with federal standards. This testing involved comparing the expected value of fully paying for all covered benefits—i.e., with no member cost-sharing—across the following plans:

1. The Proposed Benchmark Plan
2. The Selected "Least Generous Plan"
3. The Selected "Most Generous Plan"

This analysis ensures that the proposed benchmark plan's scope of benefits aligns with the range established by the least and most generous plans within the state, as required under 45 CFR §156.111.

REQUIRED TESTING

For the required testing, the current benchmark plan was selected to represent the "Least Generous Plan", or the "floor" of a typical employer plan. This plan is one of Kentucky's base-benchmark plan options available for selection for the 2017 plan year.

In comparing the expected value of the proposed benchmark plan (BMP) to the Least Generous Plan, the only differences identified are the benefit expansions and additions detailed in the previous section of this report. As a result, the expected value of the proposed BMP exceeds the Least Generous Plan by the expected value of these expanded or added benefits.

To estimate the value of the expanded or added benefits, L&E utilized the following resources:

- The Kentucky Department of Insurance (DOI) Insurer Annual Data Report.
- Benefit estimates completed as part of other state benefit mandates or changes to benchmark plans.
- L&E's Medical Manual².
- Other publicly available research.

² Based on IBM MarketScan data, a large, proprietary collection of de-identified, patient-level healthcare claims data.

Further details regarding the sources used to estimate the value of benefits is provided in Appendix A.

Based on this analysis, L&E estimates that the value of the expanded or added benefits is \$1.85 per member per month (PMPM) after adjusting for full coverage (i.e., no member cost-sharing).

Accordingly, L&E estimates that the expected value of the proposed BMP exceeds the Least Generous Plan by \$1.85 PMPM.

Benefit Differences	Proposed Benchmark Plan ³	Least Generous Plan
Elimination of Visit Limits for Speech Therapy	\$1.50 PMPM; 0.2%	Covered Up to 25 Visits
Biomarker Testing	Implicitly Covered	Implicitly Covered
Iatrogenic Infertility Preservation	\$0.05 PMPM; 0.01%	Not Covered
Cancer Screenings	\$0.30 PMPM; 0.04%	Partially Covered
Routine Dental Services (Adult)	\$15.38 PMPM; 1.9%	Not Covered
Total Benefit Differences	\$1.85; 0.2%	\$0.00

The Blue Cross Blue Shield Service Benefit Standard Plan was selected to be the “Most Generous Plan”, or the “ceiling” of a typical employer plan. This plan meets the requirements of 45 CFR §156.111 because it was one of the 10 base-benchmark plan options established at \$156.100, and available for the selecting State’s selection for the 2017 plan year.⁴

L&E compared the benefits of the proposed benchmark to the Most Generous Plan and found benefit differences as shown in the table below. Other than the benefits listed below, the two plans cover the same services. Each benefit estimate below was developed based on data from the KY Department of Insurance (DOI) Insurer Annual Data report, benefit estimates completed as part of other state benefit mandates or changes to its benchmark plan, L&E’s medical manual, and other publicly available research. The estimates are based on full coverage (i.e. no member cost sharing).

³ Percentage impacts are based on an estimated average allowed cost in KY for 2025 of \$788. This is based on KY DOI’s 2023 Insurer Annual Data, projected to 2025 based on historical trends.

⁴ https://insurance.ky.gov/ppc/newstatic_info.aspx?static_id=140

Benefit Differences	Proposed Benchmark Plan ³	Most Generous Plan
Private Duty Nursing⁵	\$2.00 PMPM ⁶ ; 0.3% 250 Visit Limit	Not Covered
Home Health Care	\$4.59 PMPM; 0.6% 100 Visit Limit	\$4.59 PMPM; 0.6% 50 Visit Limit
Vision Services (Adult)	Not Covered	Accidental & Select Conditions Only: \$0.25 PMPM; 0.03%
Dental Services (Adult)	Not Covered	\$45.58 PMPM; 5.8%
Bariatric Surgery	Not Covered	\$1.00 PMPM; 0.1%
Nutritional Counseling	Not Covered	\$0.25 PMPM; 0.03%
Acupuncture	Not Covered	\$1.00 PMPM; 0.1% 20 Visit Limit
Chiropractic Care	\$2.00 PMPM; 0.3% 20 Visit Limit	\$1.85 PMPM; 0.3% 12 Visit Limit
Elimination of Visit Limits for Speech Therapy	\$1.50 PMPM; 0.2%	Covered Up to 25 Visits ⁷
Biomarker Testing	Implicitly Covered	Implicitly Covered
Cancer Screenings	\$0.30 PMPM; 0.04%	Partially Covered
Iatrogenic Infertility Preservation	\$0.05 PMPM; 0.01%	Not Covered
Total Benefit Differences	\$10.44 PMPM; 1.3%	\$54.52 PMPM; 6.9%

The estimated value of the benefit differences for the Most Generous Plan is greater than for the proposed BMP.

Therefore, the proposed BMP passes the required testing.

⁵ The proposed benchmark plan covers private duty nursing for the home health care setting only (i.e., not for inpatient settings, etc.). The Most Generous Plan does not cover private duty nursing in any setting.

⁶ Estimated value is for private duty nursing for the home health care setting only.

⁷ Coverage includes up to 75 visits total for physical, occupational, and speech therapy combined. We have assumed an even split between the three therapy types, consistent with the 25 visit limit in the current BMP for each therapy type individually. This assumption was made so that further valuation of visit limit differences for physical and occupational therapy would not be necessary.

Conclusion

Kentucky is proposing a new Essential Health Benefits Benchmark Plan for the 2027 plan year. The proposed plan enhances the current EHB benchmark by expanding coverage for cancer screenings and speech therapy, adding coverage for iatrogenic, and clarifying the requirement for biomarker testing coverage. Per federal regulations, a newly proposed EHB-benchmark plan must pass certain required testing. The analysis outlined in this report shows that the proposed EHB-Benchmark Plan passes the required testing and is therefore compliant with federal regulations.

Appendix A

ELIMINATION OF VISIT LIMITS FOR SPEECH THERAPY

The estimated benefit value for the elimination of visit limits for speech therapy was based on the following information:

- Speech Therapy is covered for up to 25 visits in the 'Least Generous Plan' and 'Most Generous Plan'⁸. Therefore, the estimated value needed to represent the difference between the Proposed Benchmark Plan and the other plans, is the difference between the value of a 25-visit limit and unlimited visits.
- The L&E Medical Manual indicates the cost adjustment for physical therapy to implement a 25-visit limit is (\$1.77) PMPM in savings. Therefore, the additional cost from a 25-visit limit to unlimited visits would be \$1.77 PMPM.
- According to FairHealth Consumer data, speech therapy visits are 15% cheaper than physical therapy visits on average.
- Applying this discount to the physical therapy impact results in an estimated value of $\$1.77 \times 0.85 = \1.50 PMPM.
- The visit utilization distribution for speech therapy is assumed to be reasonably consistent with physical therapy, no adjustments were made for utilization.
- A \$1.50 PMPM impact is approximately equivalent to a 0.2% allowed cost impact.
- For comparison:
 - Alaska's Actuarial Report for Plan Year (PY) 2026 BMP changes valued the difference between a PT/OT/ST 45-visit limit (combined) and unlimited visits at 0.1% benefit impact.
 - Colorado's Actuarial Report for PY2023 BMP changes valued the difference between a PT/OT/ST 20-visit limit (each) and 60-visit limit (combined) at 0.2% benefit impact.

IATROGENIC INFERTILITY PRESERVATION

The estimated benefit value for iatrogenic infertility preservation coverage was based on the following information:

- California Health Benefit Review "Analysis of California Senate Bill 600: Fertility Preservation" values iatrogenic infertility preservation coverage at a 0.01% benefit impact.
- A \$0.05 PMPM impact is approximately equivalent to a 0.01% allowed cost impact.

⁸ Coverage includes up to 75 visits total for physical, occupational, and speech therapy combined. We have assumed an even split between the three therapy types, consistent with the 25 visit limit in the current BMP for each therapy type individually. This assumption was made so that further valuation of visit limit differences for physical and occupational therapy would not be necessary

CANCER SCREENINGS

The estimated benefit value for cancer screening coverage was based on the following information:

- The ACA mandates coverage for four of the “big five” cancers: breast, lung, colon, and cervical.
- Notably, prostate screening coverage is not required by the ACA. Based on information from “Analysis of California Assembly Bill 1520 Prostate Cancer: Screening”, L&E estimates the value of prostate screening coverage at \$0.07 PMPM.
- Other notable cancer-types for which screening coverage is not required by the ACA, and that have standardized screening procedures are: skin cancer (melanoma), oral cancer, and ovarian cancer. L&E was not able to find credible information on the value of screening coverage for these cancer types. However, L&E believes that a conservative estimate is to assume the impact for each is reasonably consistent with the impact of prostate cancer screening coverage. Therefore, the estimated impact is $\$0.07 \times 4 = \0.28 PMPM, rounded up to the nearest ten cents, or \$0.30, for additional conservatism.

FULL ADULT DENTAL

The estimated benefit value for full adult dental coverage was based on the following information:

- The L&E Medical Manual indicates a benefit value for full dental services (i.e., Class I, II, and III services) in KY of \$56.95 PMPM.
- The L&E Medical Manual indicates that preventive services are approximately one-third of benefit costs for Class I, II, and III services combined. Applying this ratio to the Cigna preventive information discuss above results in an estimated value of \$34.20 PMPM.
- The estimated value is set at the average of the estimated value from these two sources, \$45.58.
- A \$45.58 PMPM impact is approximately equivalent to a 5.6% allowed cost impact. For comparison, South Dakota’s Actuarial Report for PY2021 BMP changes valued plans with adult dental coverage 8-10% higher than plans without.

PRIVATE DUTY NURSING

The estimated benefit value for private duty nursing coverage was based on the following information:

- The proposed benchmark plan covers private duty nursing for the home health care setting only. According to publicly available sources⁹, the majority of private duty nursing services are provided in a home health setting.
- North Dakota’s Actuarial Report for PY2025 BMP changes valued private duty nursing coverage at \$1.40-\$1.70 PMPM impact.
- New Mexico’s Actuarial Report for PY2022 BMP changes valued private duty nursing coverage at 0.4% benefit impact.

⁹ <https://careindeed.com/blogs/private-duty-nursing-vs-home-health>

- The impact is set at \$2.00 PMPM, which is approximately equivalent to a 0.3% allowed cost impact.

HOME HEALTH CARE

The estimated benefit value for home health care coverage was based on the following information:

- The 2023 KY Annual Data Report indicates an allowed cost of \$6.59, for home health care, including private duty nursing. Subtracting out an estimated \$2.00 PMPM for private duty nursing results in an estimated value of \$4.59 PMPM.
- The KY Proposed BMP imposes a 100-visit limits, which is assumed to be equivalent in value to unlimited visits.
- The 'Most Generous Plan' imposes a 50-visit limit. The value difference between a home health care benefit of 50 visits and 100 visits is estimated to be approximately 0.01% of cost based on Washington's Actuarial Report for PY2026 BMP changes. Reducing the full value by 0.01% does not change the value to the nearest cent.

VISION SERVICES

The estimated benefit value for vision coverage was based on the following information:

- The vision coverage in the Most Generous Plan includes:
 - To correct an impairment directly caused by a single instance of accidental ocular injury or intraocular surgery;
 - If the condition can be corrected by surgery, but surgery is not an appropriate option due to age or medical condition;
 - For the nonsurgical treatment for amblyopia and strabismus, for children from birth through age 18
 - Eye examinations related to a specific medical condition
 - Nonsurgical treatment for amblyopia and strabismus, for children from birth through age 18
- Used pediatric vision estimated benefit value as a reasonableness check:
 - Colorado's Actuarial Report for PY2023 BMP changes valued pediatric vision benefits at 0.03% benefit impact.
 - Vermont's Actuarial Report for PY2025 BMP changes valued pediatric vision benefits at 0.03% benefit impact.
- The impact is set at \$0.25 PMPM, which is approximately equivalent to a 0.03% allowed cost impact.

BARIATRIC SURGERY

The estimated benefit value for bariatric surgery coverage was based on the following information:

- Alaska's Actuarial Report for PY2026 BMP changes valued bariatric surgery benefits at 0.07% benefit impact.
- Virginia's Actuarial Report for PY2025 BMP changes valued bariatric surgery benefits at \$1.00-\$1.75 PMPM.

- The impact is set at \$1.00 PMPM, which is approximately the average of these two sources.

NUTRITIONAL COUNSELING

The estimated benefit value for nutritional counseling coverage was based on the following information:

- Alaska's Actuarial Report for PY2026 BMP changes valued nutritional counseling benefits at 0.01% benefit impact.
- North Dakota's Actuarial Report for PY2026 BMP changes valued nutritional counseling benefits at \$0.52.
- The impact is set at \$0.25 PMPM, which is approximately the average of these two sources.

ACUPUNCTURE

The estimated benefit value for acupuncture coverage was based on the following information:

- The L&E Medical Manual indicates a benefit value for acupuncture coverage, limited to 20 visits, of \$0.57 PMPM.
- Colorado's Actuarial Report for PY2023 BMP changes valued acupuncture benefits, limited to 20 visits, at 0.1% benefit impact.
- Vermont's Actuarial Report for PY2025 BMP changes valued acupuncture benefits at 0.3% benefit impact.
- Oregon's Actuarial Report for PY2022 BMP changes valued acupuncture benefits, limited to 12 visits, at \$0.95.
- The impact is set at \$1.00 PMPM, which is approximately equivalent to a 0.1% allowed cost impact.

CHIROPRACTIC CARE

The estimated benefit value for chiropractic coverage was based on the following information:

- The L&E Medical Manual indicates a benefit value for chiropractic coverage, limited to 20 visits, of \$2.12 PMPM, and limited to 12 visit, \$1.81 PMPM.
- Oregon's Actuarial Report for PY2022 BMP changes valued chiropractic benefits, limited to 20 visits, at \$1.89.
- The impact is set at \$1.85 PMPM for 12 visits and \$2.00 PMPM for 20 visits.

ASOP 41 Disclosures

The Actuarial Standards Board (ASB), vested by the U.S.-based actuarial organizations¹⁰, promulgates actuarial standards of practice (ASOPs) for use by actuaries when providing professional services in the United States.

Each of these organizations requires its members, through its Code of Professional Conduct¹¹, to observe the ASOPs of the ASB when practicing in the United States. ASOP 41 provides guidance to actuaries with respect to actuarial communications and requires certain disclosures which are contained in the following.

Identification of the Responsible Actuary

The responsible actuaries are:

- Traci Hughes, FSA, MAAA, Vice President & Principal
- David Dillon, FSA, MAAA, Senior Vice President & Principal

These actuaries are available to provide supplementary information and explanation.

Identification of Actuarial Documents

The date of this document is April 28, 2025. The date (a.k.a. “latest information date”) through which data or other information has been considered in performing this analysis is March 11, 2024.

Disclosures in Actuarial Reports

- The contents of this report are intended for the use of the KY Department of Insurance. The authors of this report are aware that it may be distributed to third parties. Any third party with access to this report acknowledges, as a condition of receipt, that they cannot bring a suit, claim, or action against L&E, under any theory of law, related in any way to this material.
- Lewis & Ellis, LLC is financially and organizationally independent from the health insurers and providers involved in this analysis. There is nothing that would impair or seem to impair the objectivity of the work.
- The purpose of this report is to assist the KY Department of Insurance in assessing and certifying a proposed change to KY’s Benchmark Plan.

¹⁰ The American Academy of Actuaries (Academy), the American Society of Pension Professionals and Actuaries, the Casualty Actuarial Society, the Conference of Consulting Actuaries, and the Society of Actuaries.

¹¹ These organizations adopted identical *Codes of Professional Conduct* effective January 1, 2001.

- The responsible actuaries identified above are qualified as specified in the Qualification Standards of the American Academy of Actuaries.
- Lewis & Ellis has reviewed the data provided by the insurers and KY Department of Insurance for reasonableness, but the data has not been audited. L&E nor the responsible actuaries assume responsibility for these items that may have a material impact on the analysis. To the extent that there are material inaccuracies in, misrepresentations in, or lack of adequate disclosure by the data, the results may be accordingly affected.
- Several of the assumptions made in this analysis are subject to uncertainty and it is not unexpected that actual results could differ from the calculated estimates.
- L&E is not aware of any subsequent events that may have a material effect on the findings.
- There are no other documents or files that accompany this report.

Actuarial Findings

The actuarial findings of the report can be found in the body of this report.