

Update to State Government Interim Joint Committee



Kentucky Employees'
Health Plan

Agenda

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KEHP Membership

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Expense Trends & Benchmarks

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Wellness & Cost Avoidance

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Open Enrollment

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Plan Design Changes 2027

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Program Spotlight/Questions

Who We Are: Kentucky Employees' Health Plan

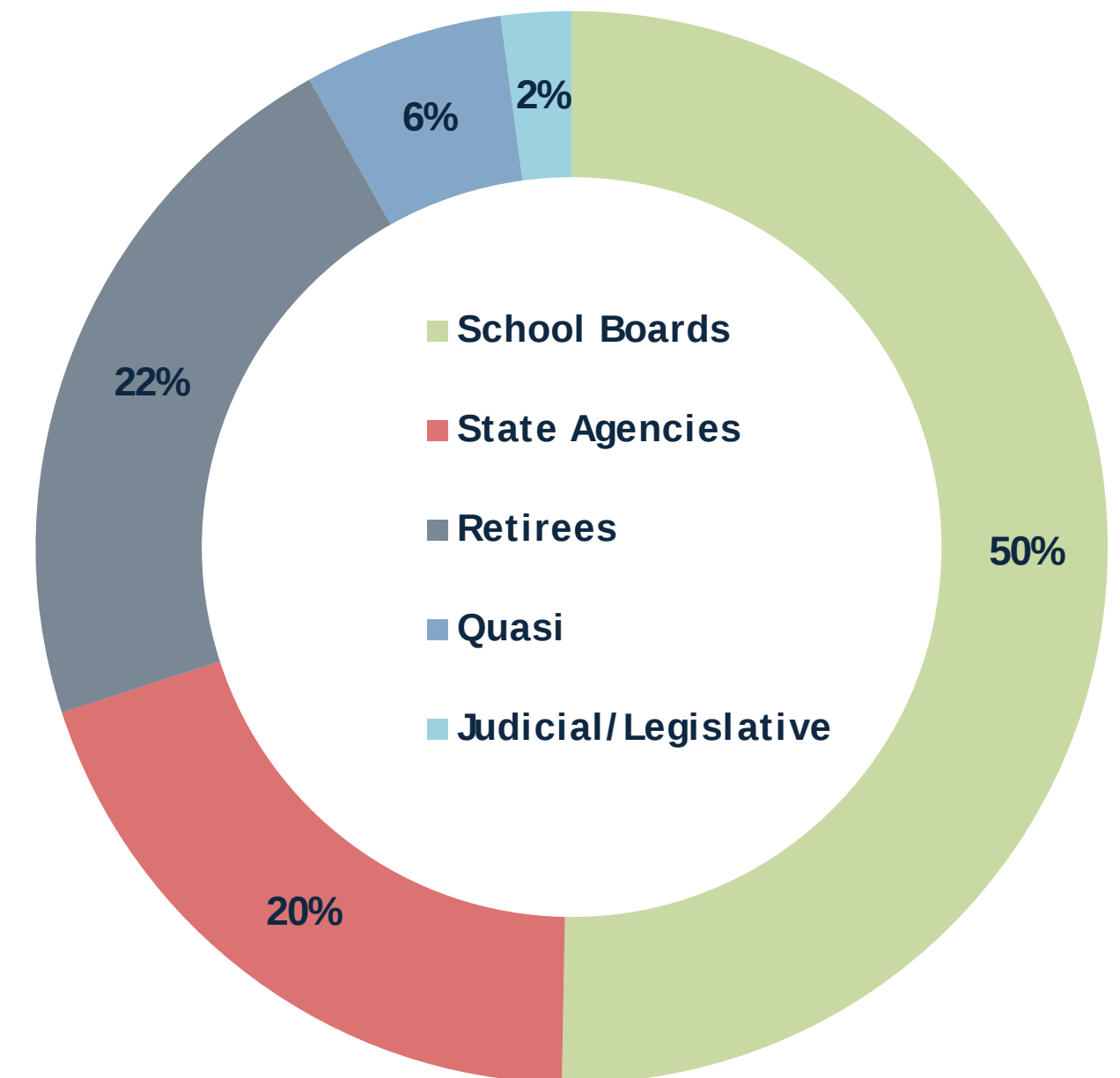
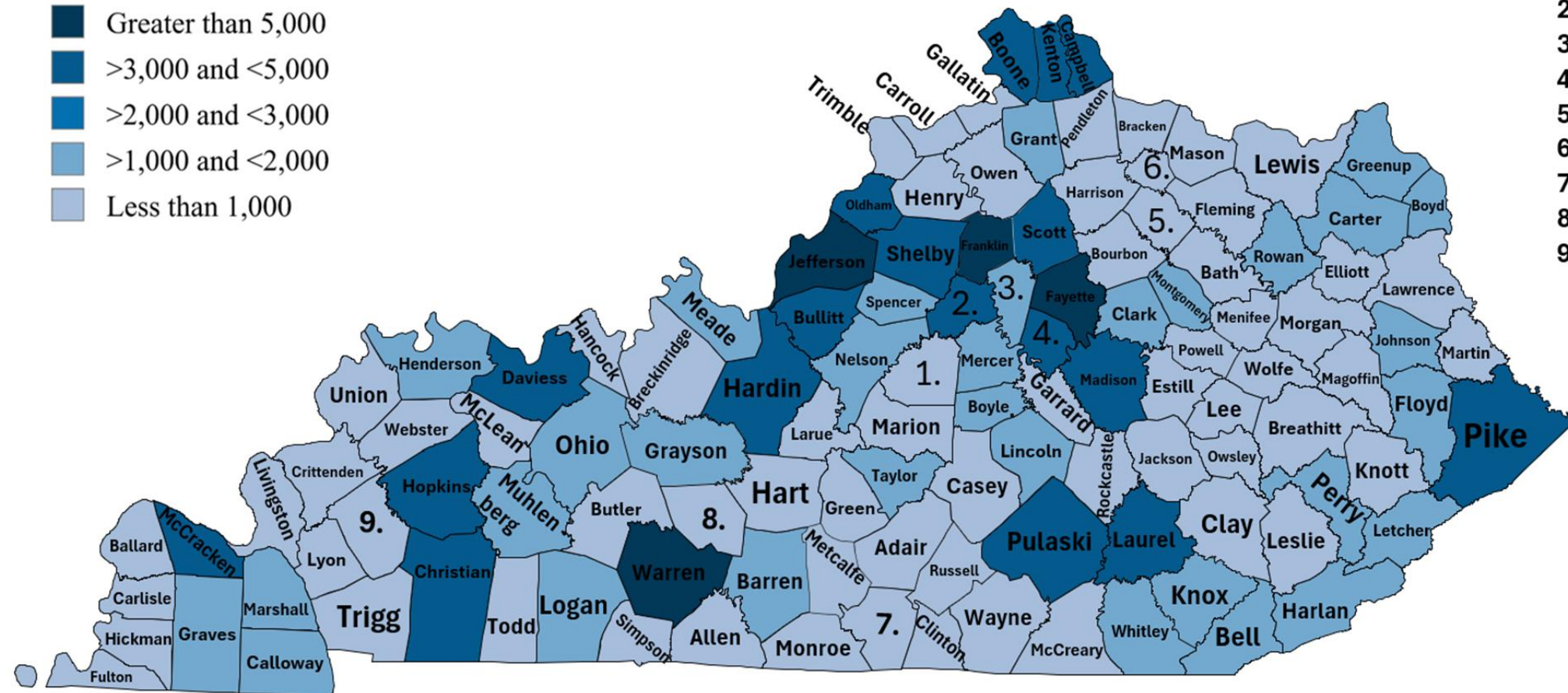
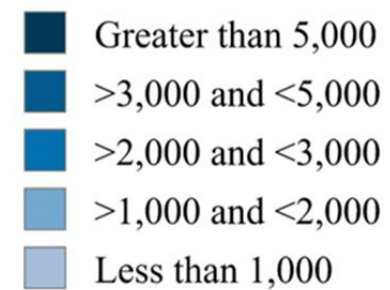


- A self-insured health plan for Kentucky's public servants, run by public servants
- Medical and Rx, plus optional, fully-insured – dental, vision, life
- Diverse membership in professions and geography – members work in thousands of different jobs or are retirees, and reside in every KY county and several states
- Oversee 15+ vendors and point solutions, bill more than 600 participating employer entities
- Other health and wellness-related services

KEHP Membership

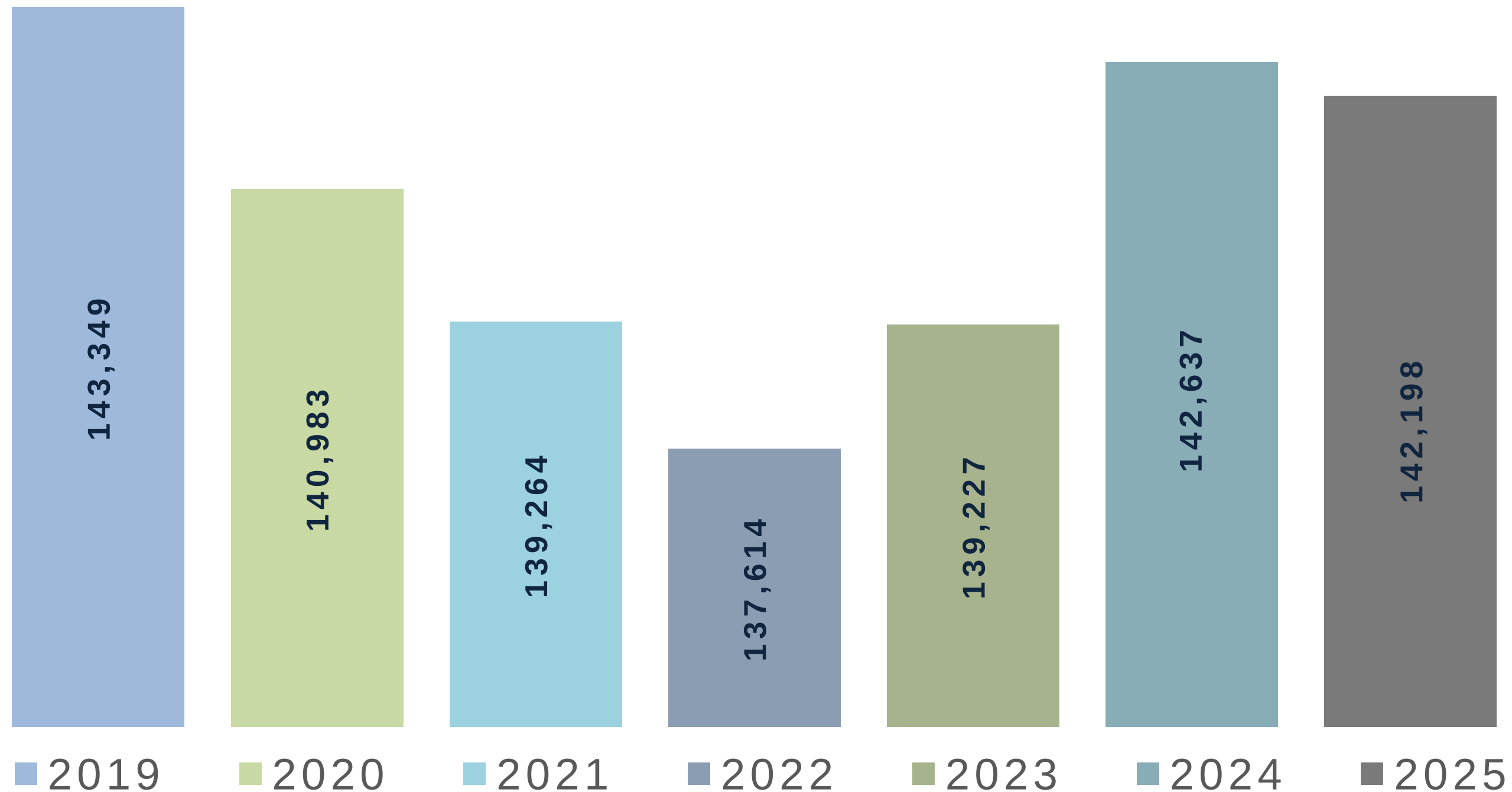
- KEHP administers health, pharmacy, and spending account benefits for over 300,000 covered lives.
- ~50% of population are school board
- Executive Branch, Legislative, Judicial, Quasi-gov

Planholders by County



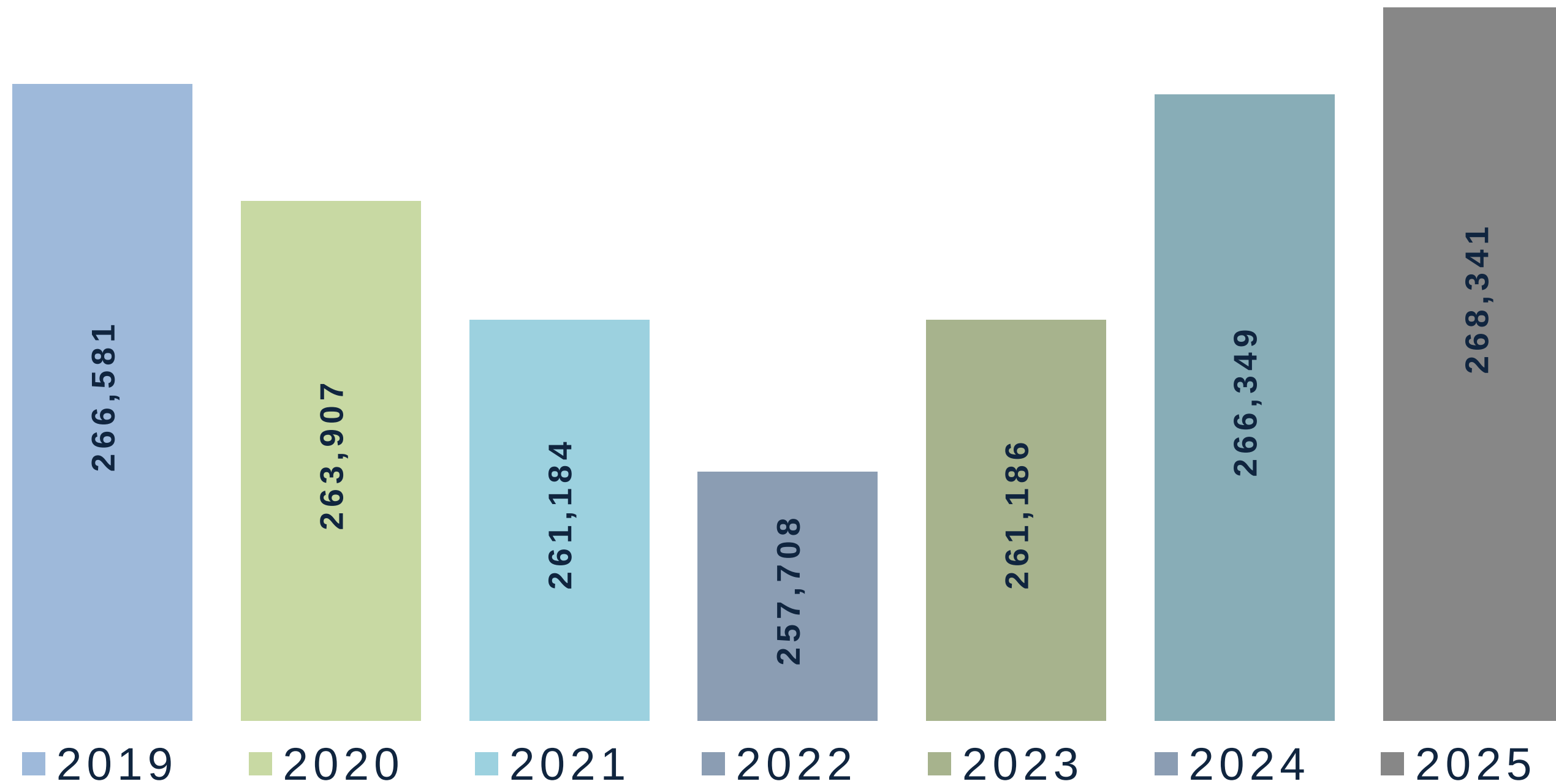
Planholder Enrollment Trend

Planholder enrollment since 2019 reflects a U-shaped trend with decreasing enrollment 2019-2022 and increasing 2023-2025

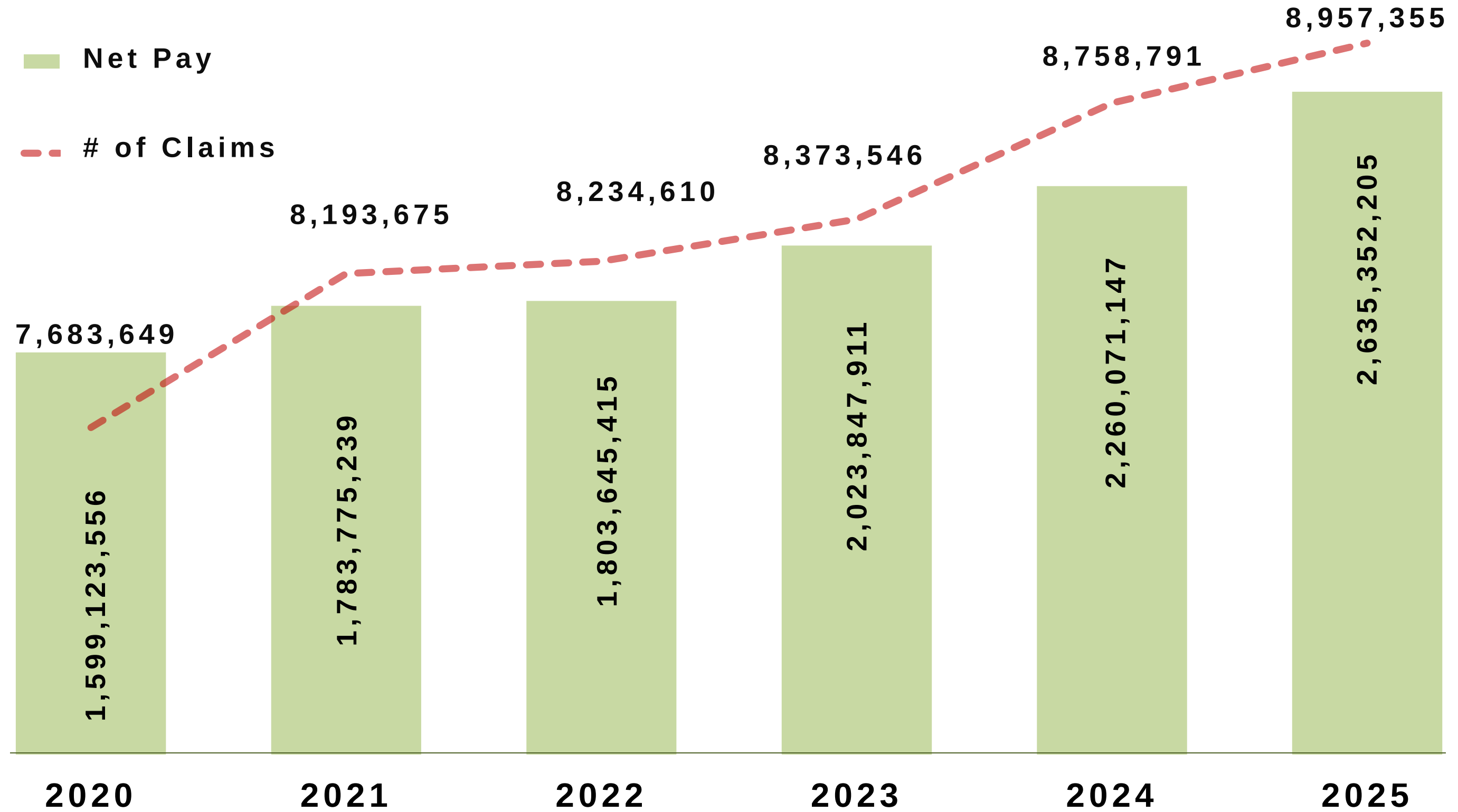


Covered Lives Trend (Ex. Waivers)

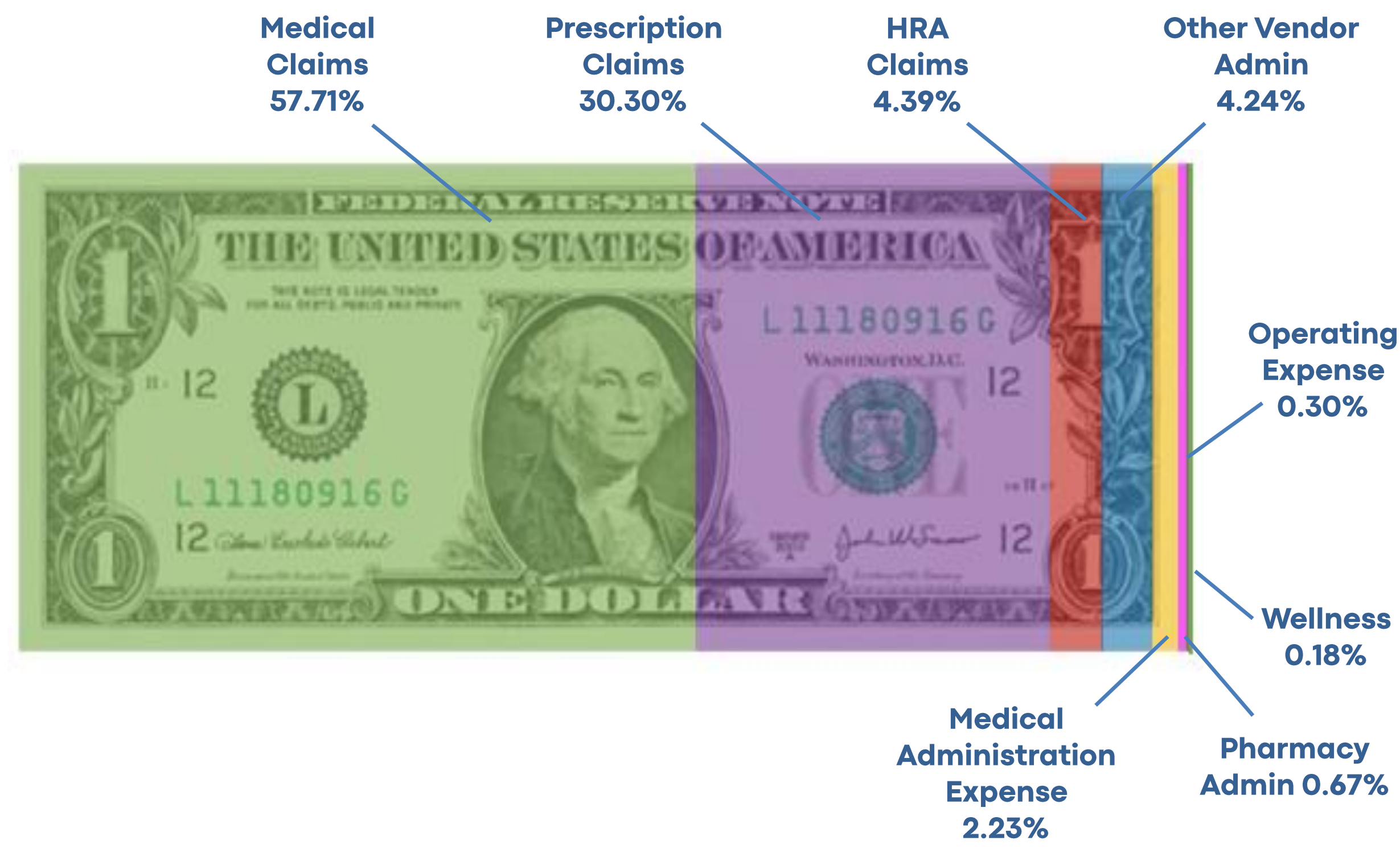
Total covered lives has followed similar trajectories as planholders



Net Payments and Claims by Year



2025 Plan Expenses



Medical Claims Spend

Utilization

- Members continue to use KEHP's robust benefits
- Generally seeing more visits and procedures per member over time
- Preventive visits and screenings continue to rise – a positive trend, but with cost associated

High-Cost Claimant Impact

- High-cost claimants also drive trend
- Allowed amounts are often much lower than billed
- At the upper margins, claims are more than \$1.5M
- Common cases: premature birth, pediatric oncology, complex adult cases (oncology, cardiovascular conditions, etc.)
- Technology will drive higher cost (e.g., immuno- & gene- therapy in oncology)

Pharmacy Claims Spend

Utilization

- Use of brand and special drugs is increasing
- Generic dispensing rate remains very high
- New Rx targeting conditions carry higher price

High-Cost Claimant Impact

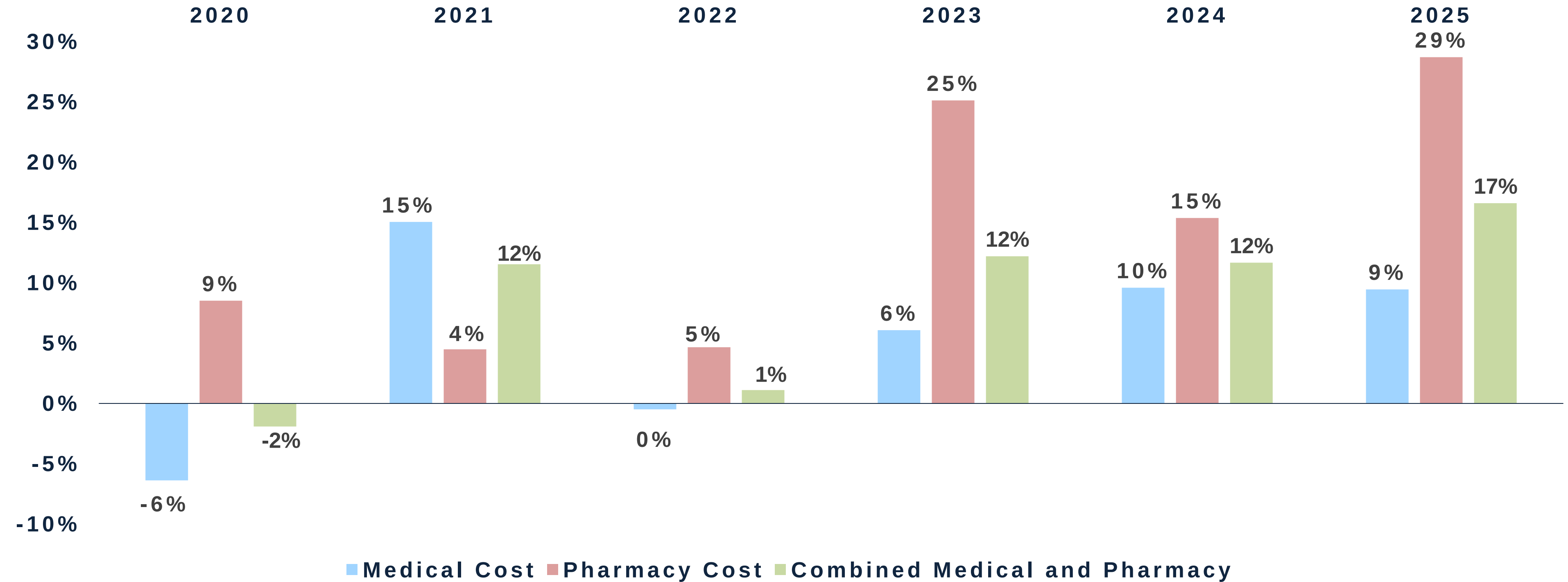
- Specialty drugs are higher cost & driving trend
- New therapies may have extreme cost (\$1M+ per course of treatment)

Regulatory Challenges & Opportunities

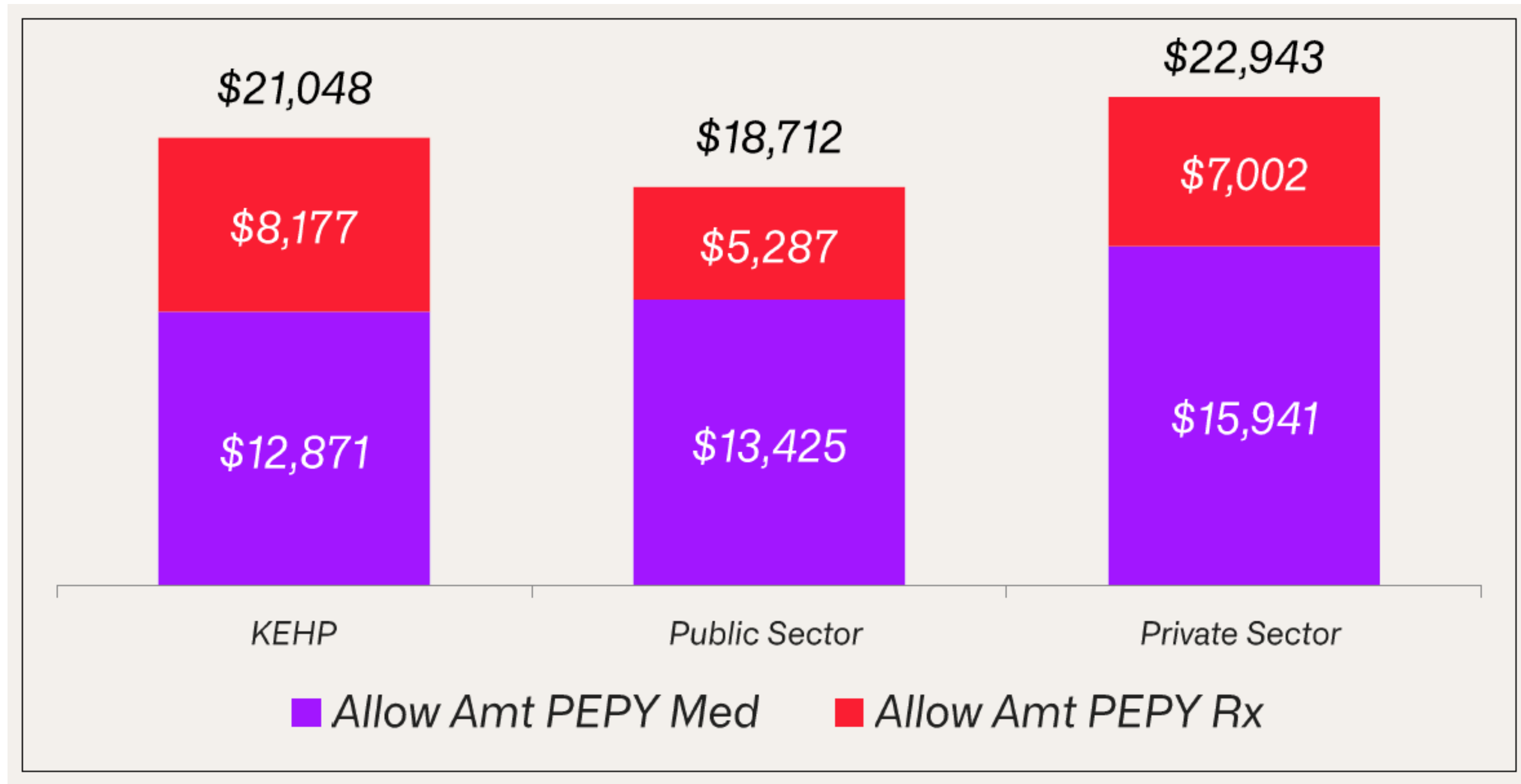
- Increased pharmacy dispensing fees under SB 188 (24 RS) continues to be a significant impact and also limits cost avoidance options
- Federal transparency rules may lead to better price understanding and a more competitive market

Year Over Year Trends

Medical and Pharmacy Trends



Benchmark Comparison: Cost per Planholder



*Data from Merative Report: Benchmark Analysis. ©2026 Merative

Wellness as a Foundational Tool

Our wellness program strives to educate, incentivize positive behaviors, drive consumer behaviors, and energize employees to engage with their health.

1 Wellness Incentives

2 In-Person Wellness Programs

3 Integrated Benefits Navigation

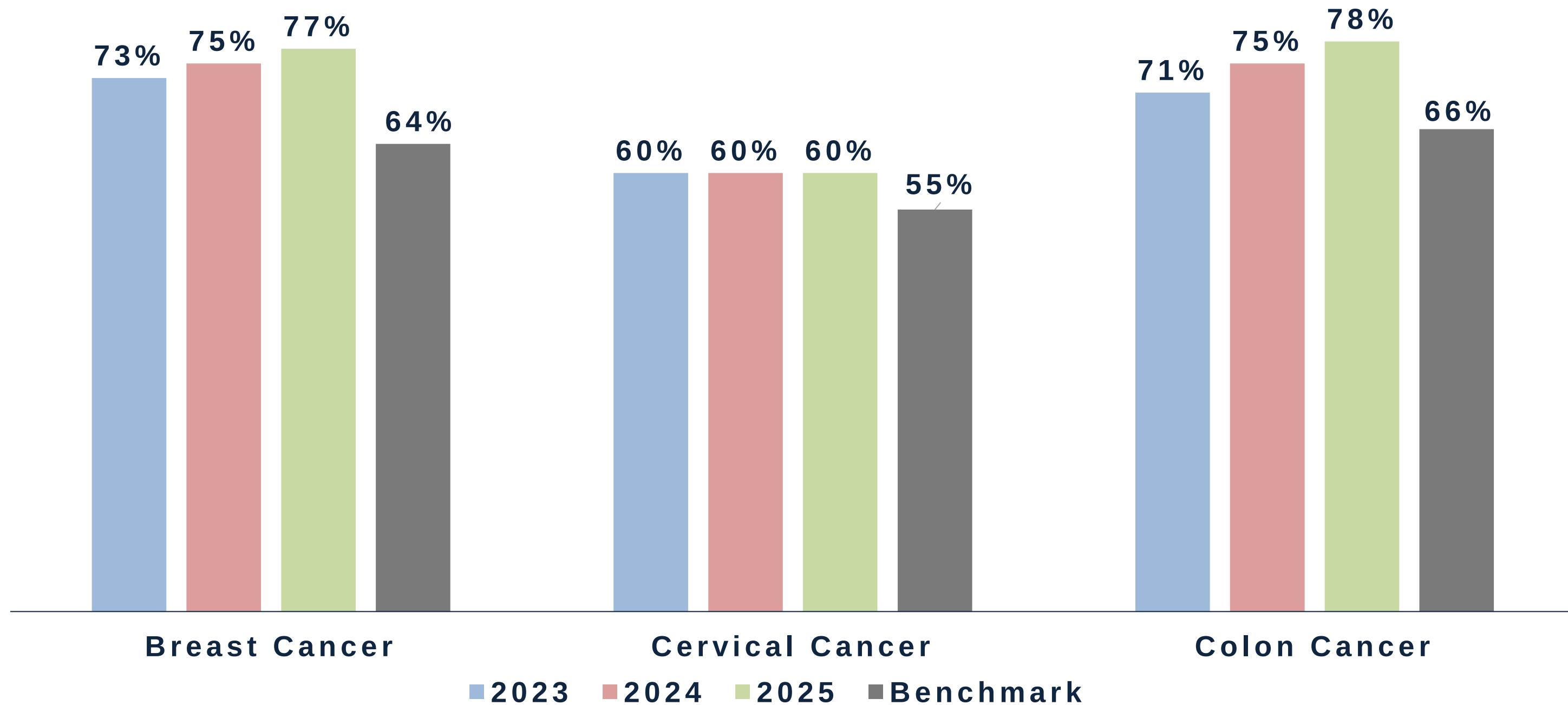
4 Shared Savings Navigator

5 Wellness Fairs

6 Employer Program Support

Prevention & Screening

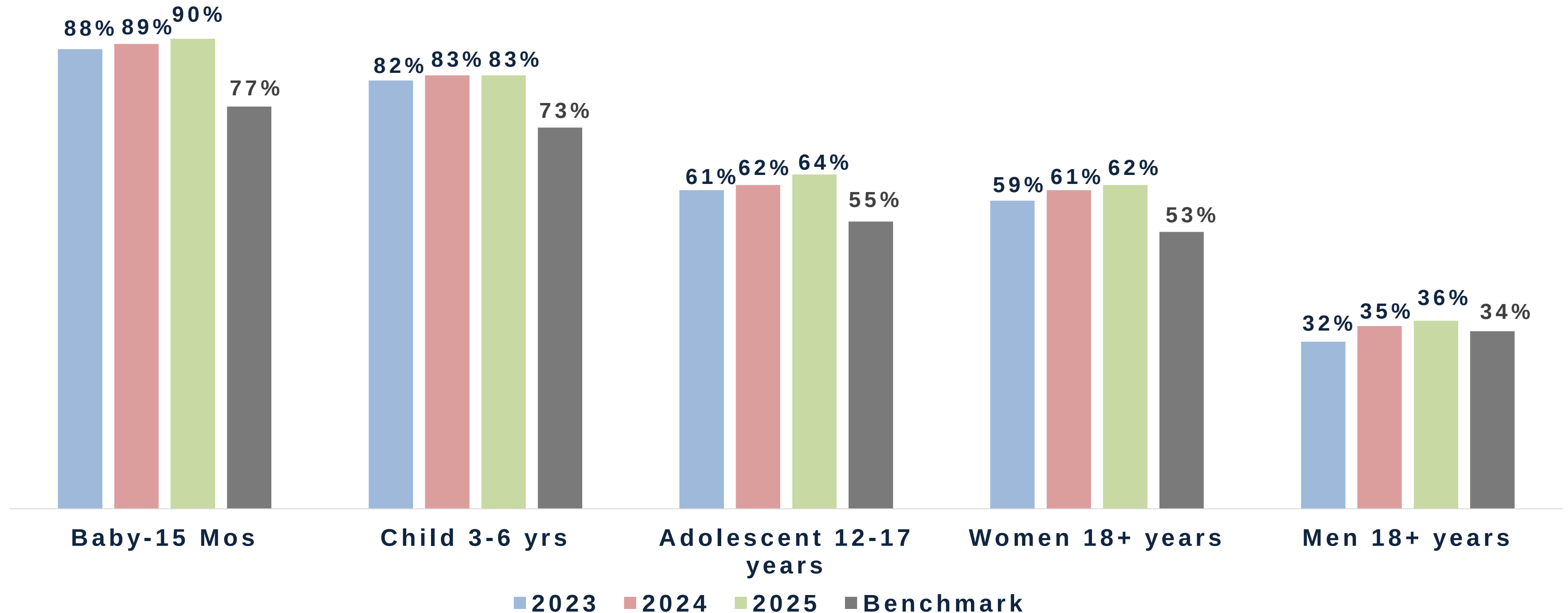
Adult Cancer Screening Compliance Rates



***Data from Anthem Report: 2025 Clinical Data Annual Review for Kentucky Employees' Health Plan; Benchmark reflects Anthem's comparable book of business.**

Prevention & Screening

Well Visit Rates by Age Groups and Year



*Data from Anthem Report: 2025 Clinical Data Annual Review for Kentucky Employees' Health Plan; Benchmark reflects Anthem's comparable book of business.

Modernizing Wellness Program

KEHP is at the forefront of a holistic reimagining of our wellness program, by taking a critical look at education efforts, rewarding healthy behaviors in a way that spurs other healthy behavior, and driving engagement into activities that helps the plan avoid cost.



Open Enrollment for 2027

- Mandatory Open Enrollment – October 5th to 26th.
- Members should carefully review changes to make an informed decision, consider other saving strategies (e.g., FSA)
- Coordinated communication campaign to notify and remind members:
 - Emails, in-person benefit fairs, and in-app messages
 - Letter to each eligible employee/retiree
- Coordination with our partners at KPPA, KTRS, and non-state government agencies
- Notification letters for failure to make an election, appeal process available

2027 Plan Year Changes

Aon performs analysis of claims trends, after factoring in premium changes already defined by the budget process. Changes are in response to cost and utilization increases.

1

Separate Rx Deductibles

2

PPO Visit Co-Pays

3

PPO Rx Co-Pays

4

Premium Change – 3% for EEs

5

Value Benefit Program

6

FSA Contribution Increase

2027 Plan Year Changes

Highlighted Change: New Prescription Deductible

Plan	2026	2027
LivingWell CDHP	Combined prescription with medical Deductible of \$1,500 Single / \$2,900 Family	\$500 Single Prescription Deductible \$900 Family Prescription Deductible
LivingWell PPO	Co-pay for Rx, except weight loss GLP-1s with Deductible of \$2,500 Single / \$5,000 Family	Co-pay for most drugs \$500 Single Prescription Deductible* \$1,000 Family Prescription Deductible*
LivingWell Basic CDHP	Combined prescription with medical Deductible of \$2,100 Single / \$3,950 Family	\$500 Single Prescription Deductible \$1,000 Family Prescription Deductible

***For Specialty and GLP-1 drugs for weight loss**

2027 Plan Year Changes

Highlighted Change: PPO Co-Pays

	2026	2027
Office Visit PCP	\$25	\$30
Office Visit Specialist	\$50	\$55
Prescription Generic – 30 day	\$20	\$30
– 90 day	\$40	\$50
Prescription Formulary – 30 day	\$40	\$50
– 90 day	\$80	\$100
Prescription Specialty	\$40	Deductible, then 30%

Program Spotlight - Carrum

- Surgical centers – optional benefit for members (ex. bariatric), bundled pricing under value-based care model
- Carrum vets each provider for price and quality
- Members participate with zero cost share
- Most procedures at Centers include warranty = add-on cost avoidance
- This type of program is becoming increasingly common (e.g., North Carolina)
- Engaged as a subcontractor under CVS/Caremark's Vendor Election process

The background of the slide is a photograph of the Kentucky State Capitol building. The building is a large, classical-style structure with a prominent dome on the left side. The dome is covered in a light-colored material, possibly copper or stone, and has a small lantern on top. The building's facade is made of light-colored stone or concrete, featuring columns and a pediment. The sky is a clear, pale blue. Overlaid on the right side of the image is a large, white rectangular area containing the text "Thank you" and "Questions?".

Thank you

Questions?

APPENDIX

KEHP Premium Changes

Rate changes over time (average across plan options and coverage levels):

- Employee increases: 2017 (1%), 2018 (1-3%), 2020 (3%), 2021 (3%), 2022 (3%), 2027 (3%)
- Employer increases: 2015 (1.5%), 2016 (2%), 2018 (1%), 2021 (3%), 2022 (3%), 2023 (10%), 2024 (16.5%), 2026 (18.2%), 2027 (8.5%)

Kentucky Health Challenges

Our members have health challenges that mirror KY demographics:

- Obesity: 40.6% (U.S. rank: 2nd)¹
- Diabetes: 12.1%, Mortality Rate 29.3% (U.S. ranks: 7th & 9th)²
- Hypertension: 32.4% (U.S. rank: 26th)⁵
- Cancer: 0.67% (U.S. rank: 10th)^{5,7}
- Colon & Rectum Cancer: 0.057% (U.S. rank: 4th)^{5,7}
- Tobacco: 17.4% of adults are cigarette smokers (U.S. rank: 4th – does not include e-cigarettes, chewing tobacco, etc.)⁶

Citations:

¹Trust for America's Health, 2022 State of Obesity Report, available at: [State of Obesity 2022: Better Policies for a Healthier America – TFAH](#); ²CDC National and State Diabetes Trends, 2022, available at: [National and State Diabetes Trends | CDC](#); ³Kentucky 2025 Diabetes Report, available at: [2025 Diabetes Report.pdf](#); ⁴American Cancer Society Cancer Facts & Figures report, 2025, available at: [American Cancer Society: Cancer Facts & Figures 2025 Report](#); ⁵CDC BRFSS 2021, available at: [CDC BRFSS](#); ⁷Census Population 2023, available at: [2023 Census Bureau Tables](#);

⁶KY Department of Public Health, 2025