

Kentucky Employees Health Plan

January 12, 2007



Self-Insurance Background

- Kentucky Employees Health Plan is self-insured
 - Commonwealth bears risk if costs exceed premiums collected
 - Premiums collected for the 2006 Plan Year were \$1.07B
 - Eliminates profit margin built into commercial fully-insured arrangements
- Pilot program in western Kentucky in 2005
- Expanded state-wide beginning in 2006
- Independent audit of the Department for Employee Insurance (DEI) and the Self-Insurance Trust Fund completed for the Fiscal Year ending 6/30/2006
 - No material weaknesses identified

2007 Benefit Plans

- No benefit changes for 2007 to the existing plans (Commonwealth Essential, Commonwealth Enhanced & Commonwealth Premier)
- Passive Open Enrollment for 2007
- Added a new Consumer-Driven 4th Option – **Commonwealth Select**
- 2007 waiver amount is \$175 per month, consistent with parameters in HB380*

* HB380 Mandated the change from an FSA to an HRA for waivers.

2007 Benefit Plans

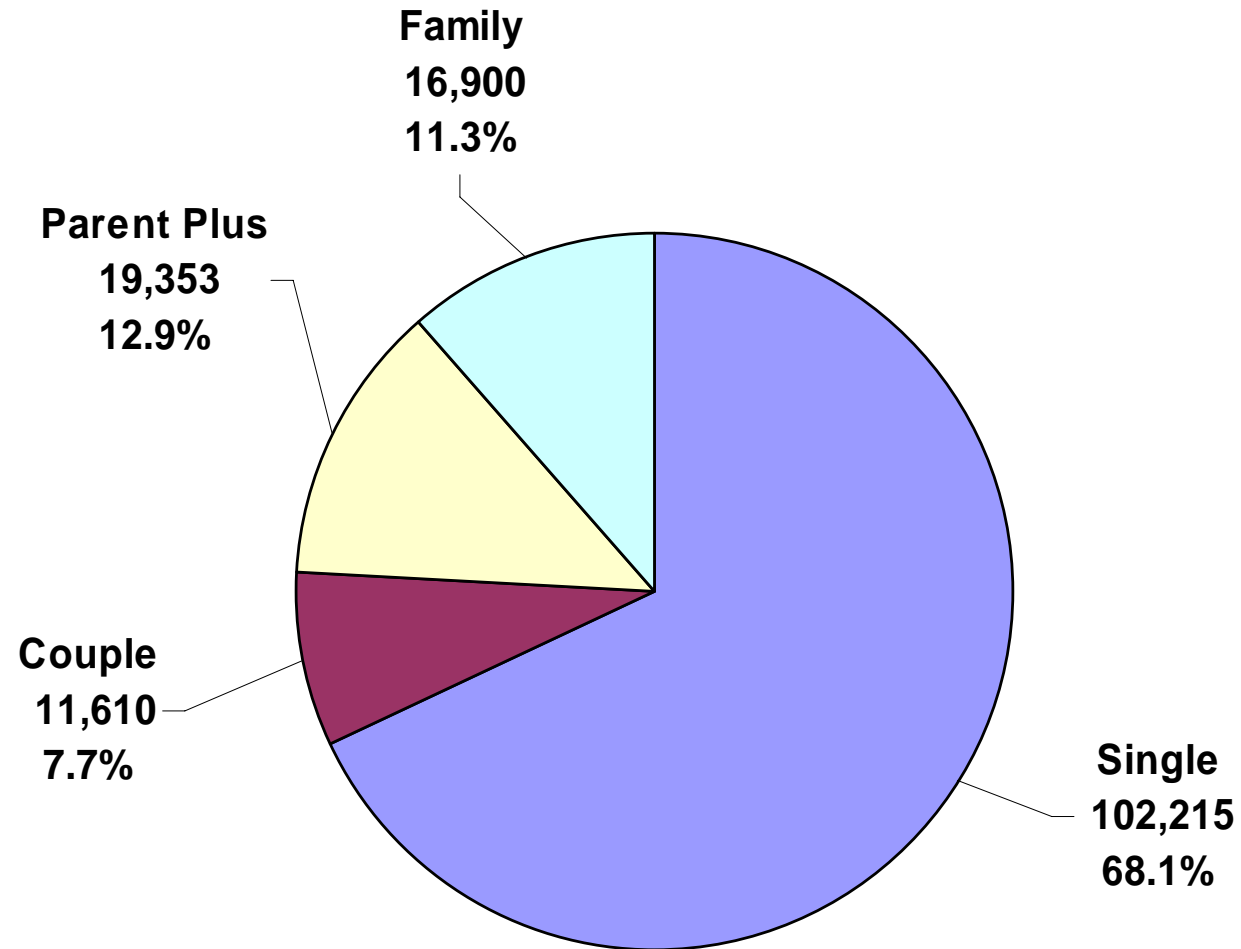
New 4th Option* – Commonwealth Select

	<i>(In Network)</i>	<i>(Out-of-Network)</i>
<ul style="list-style-type: none"> • HRA amount <ul style="list-style-type: none"> – <i>Single</i> -- <i>Couple</i> -- <i>Parent Plus</i> – <i>Family</i> 	<ul style="list-style-type: none"> \$1,000 \$1,500 \$1,500 \$2,000 	<ul style="list-style-type: none"> \$1,000 \$1,500 \$1,500 \$2,000
<ul style="list-style-type: none"> • Physician services <ul style="list-style-type: none"> – <i>Physician</i> – <i>Specialist</i> 	<ul style="list-style-type: none"> Subject to deductible and coinsurance – 90/10 	<ul style="list-style-type: none"> Subject to deductible and coinsurance – 60/40
<ul style="list-style-type: none"> • <i>Pharmacy</i> • <i>Preventative</i> 	<ul style="list-style-type: none"> Subject to deductible and coinsurance First dollar – Not subject to deductible 	<ul style="list-style-type: none"> Subject to deductible and coinsurance Not Covered
<ul style="list-style-type: none"> • Hospital services <ul style="list-style-type: none"> – <i>Inpatient</i> – <i>Emergency room</i> 	<ul style="list-style-type: none"> Subject to deductible and coinsurance 	<ul style="list-style-type: none"> Subject to deductible and coinsurance
<ul style="list-style-type: none"> • Deductible** <ul style="list-style-type: none"> – <i>Individual</i> – <i>Family</i> 	<ul style="list-style-type: none"> \$2,000 \$3,000 	<ul style="list-style-type: none"> \$2,000 \$3,000
<ul style="list-style-type: none"> • Coinsurance 	<ul style="list-style-type: none"> 90% 	<ul style="list-style-type: none"> 60%
<ul style="list-style-type: none"> • Out-of-pocket max** <ul style="list-style-type: none"> – <i>Individual</i> – <i>Family</i> 	<ul style="list-style-type: none"> \$3,000 \$4,500 	<ul style="list-style-type: none"> \$4,000 \$6,000

* The new 4th option is offered to active employees in 2007.

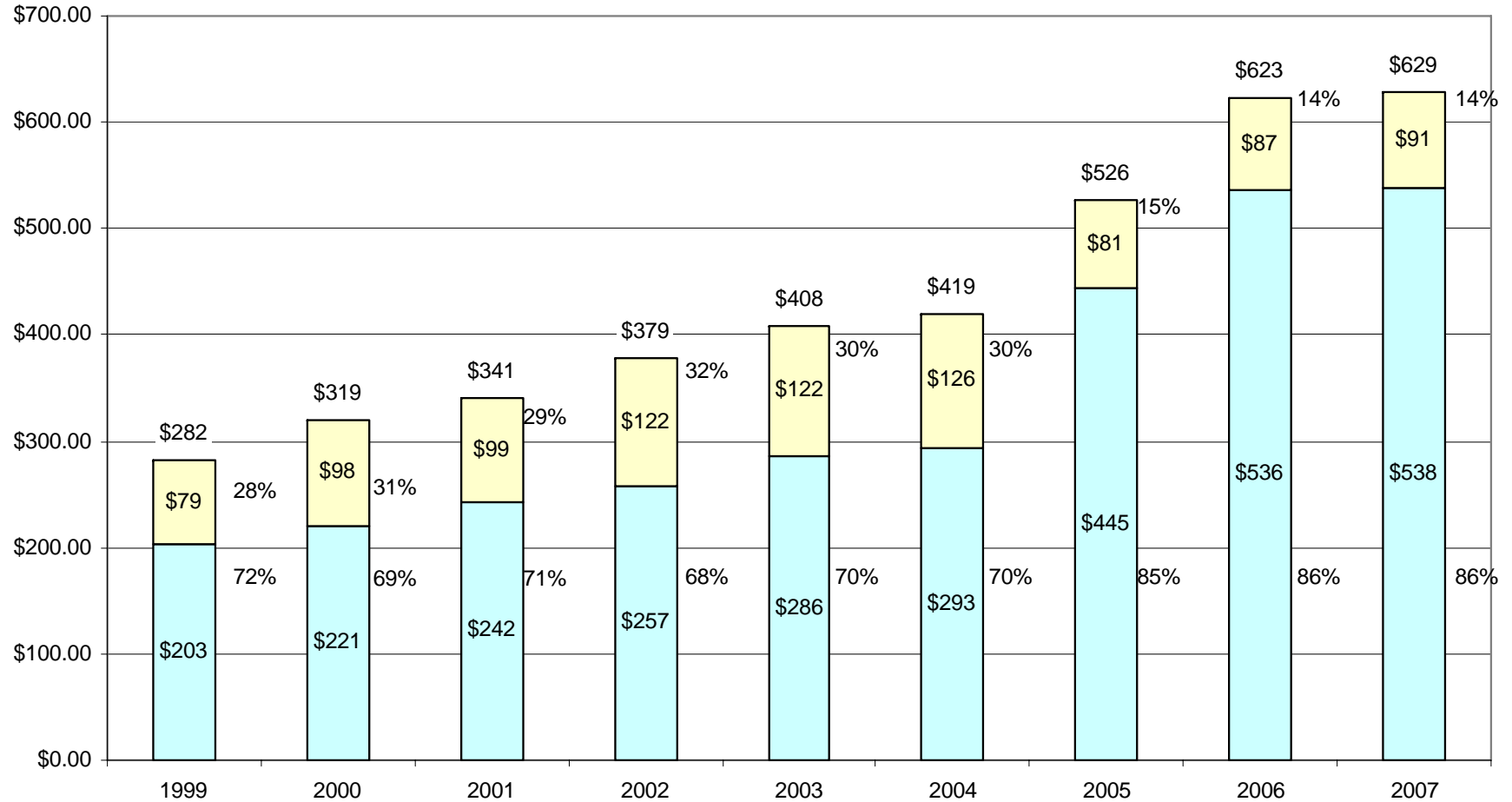
** For the deductible and out-of-pocket maximums, “Family” means any coverage other than single.

Contracts by Coverage Level – January 2007



Employer vs. Employee Contributions

Average Monthly Contribution - All Coverage Levels
(Includes Cross-Reference Totals)



Employer Contribution
 Employee Contribution

General Observations

- Benefits have remained relatively unchanged in recent years
- The Commonwealth's average monthly employer contribution for health insurance (all coverage levels) increased to 86% in 2006 and 2007
- The employer contribution for family coverage increased from 37% in 2004 to 61% in 2007 as a result of dependent subsidies (excluding cross-references).
- The employer contribution for family coverage increases to 76% in 2007 when the cross-references are included.