

FY 2023 Health Benefits Update

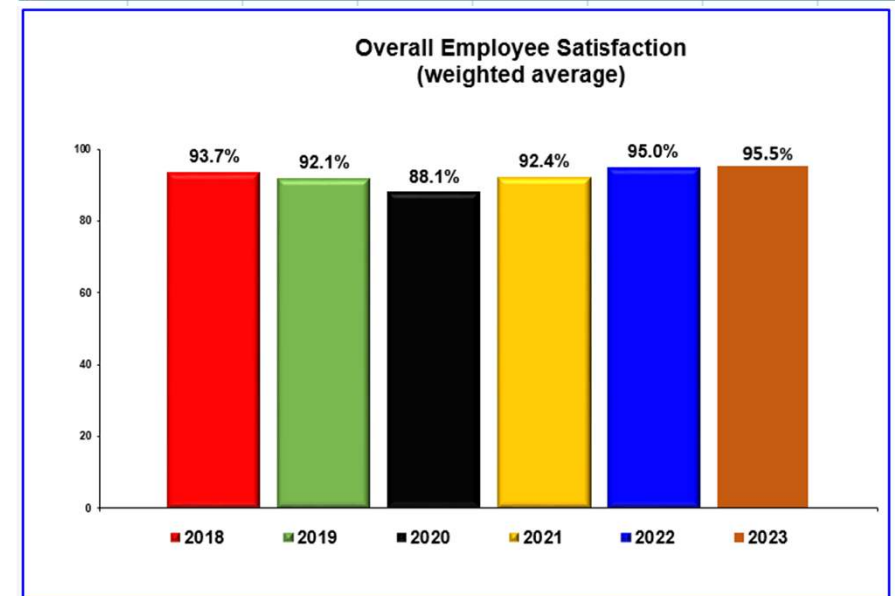
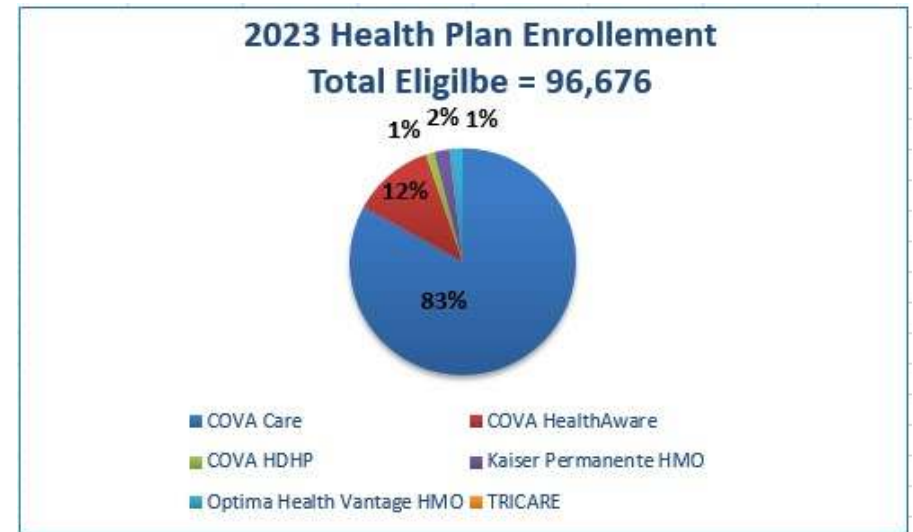
STATE HEALTH BENEFITS PROGRAM
December 2023



Enrollment and Satisfaction

FY 2023 vs. FY 2022

- Enrollment \uparrow 0.3%
- Plans
 - COVA Care \downarrow 1%
 - COVA HealthAware \uparrow 1%
- Eligibility \downarrow 0.2%
- Waived Coverage \downarrow -0.1%
- Employee Satisfaction
 - 95.5% rate
 - Higher than 90% benchmark



Premiums & Claims Expense

Claims Expense

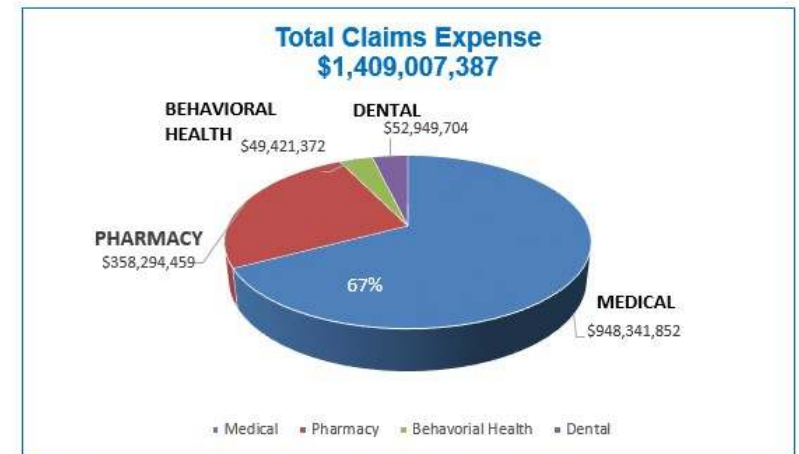
- Medical and Pharmacy
 - **93%** of total
- Behavioral Health **cost ↓7.5%**

Premium: COVA Care

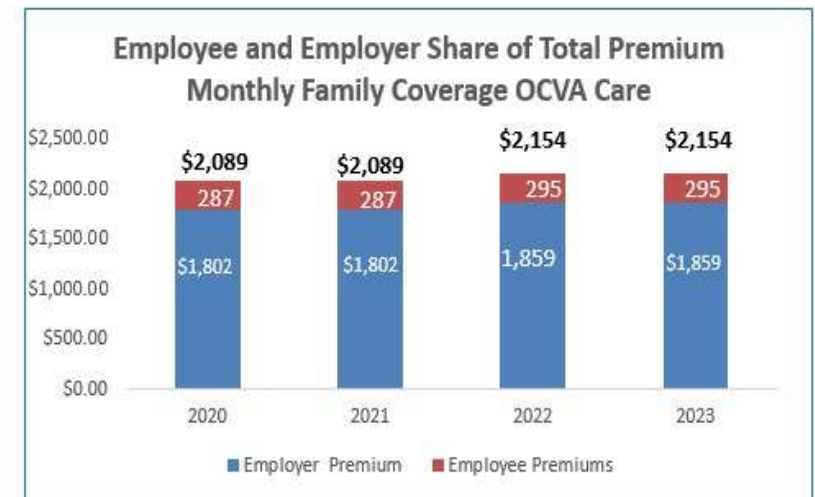
- Monthly Family Coverage
 - Employer paid 86%, employee paid 14%
 - Premiums **0%**

Premium Rewards:

- Earned by about **22%** of participants and/o spouses who completed a health assessment
- Individual pays **\$17 less** and with spouse **\$34 less** when meeting requirement



Sources: Anthem, Aetna, Delta Dental



Source: Department of Human Resource Management

Operations Expense

- Total expense ↑ 5.8%
- Claims expense ↑ 5.5%
- Administration expense ↑ 10.6%
- Claims: 92.0% of expense
- Administration: 4.4% of expense
- Other expense (ACA fee, Cardinal accounting, third party appeals): 3.6%

PROGRAM TOTAL	FISCAL YEAR 2018	FISCAL YEAR 2019	FISCAL YEAR 2020	FISCAL YEAR 2021	FISCAL YEAR 2022	FISCAL YEAR 2023
Annual Income (Premiums, Interest, Other)	\$1,415,215,515	\$1,493,959,124	\$1,376,156,706	\$1,347,408,531	\$1,474,047,366	\$1,507,079,467.76
Annual Expenses (Claims, Contract Administration, Other)	\$1,283,732,312*	\$1,385,074,060*	\$1,285,335,785*	\$1,396,504,984*	\$1,463,586,572	\$ 1,531,495,272.49
Income Less Expenses	\$131,483,203	\$108,885,064	\$90,820,921	(\$49,096,453)	\$10,460,794	(\$24,415,805)
	*Prescription drug rebates deducted	*Prescription drug rebates deducted	*Prescription drug rebates deducted	*Prescription drug rebates deducted	*Prescription drug rebates deducted	*Prescription drug rebates deducted

Source: Department of Human Resource Management

Cost Per Employee

Average Cost Per Employee:

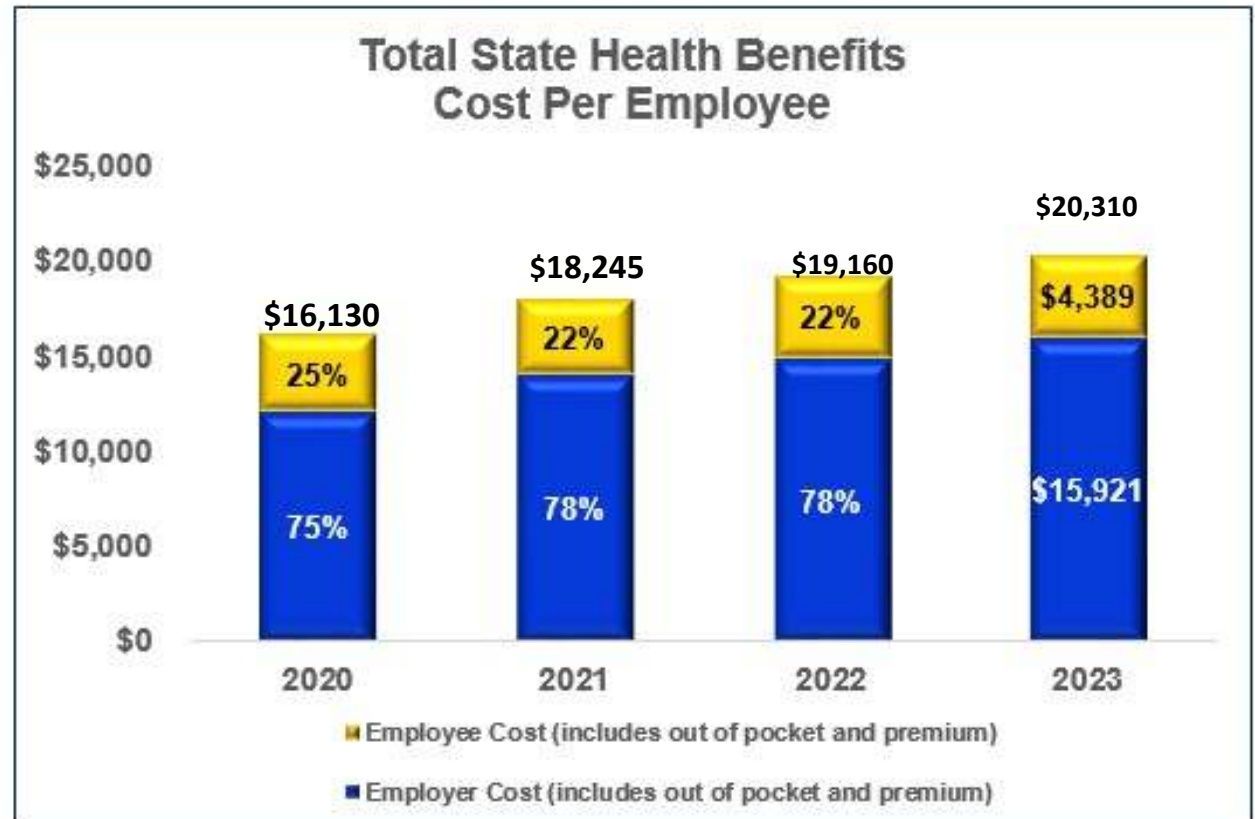
- FY 2022: **\$14,896**
- FY 2023: **\$15,921**

Average Cost Per Employee (Employee Portion):

- FY 2022: **\$4,264**
- FY 2023: **\$4,389**

Total Average Cost Per Employee:

- **↓ 6.0%** over 2023

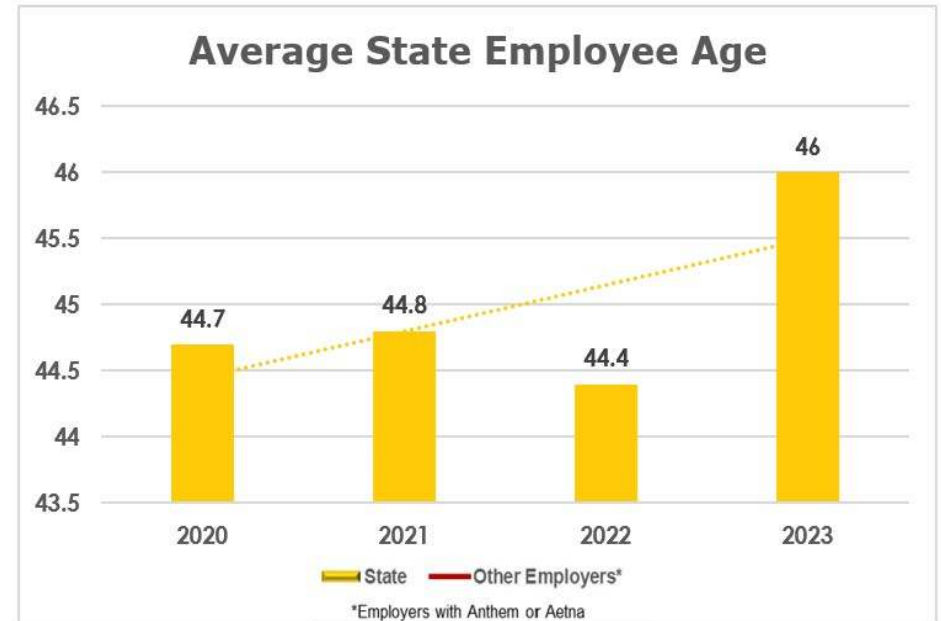


Source: Department of Human Resource Management

FY 2023 Cost Drivers

Age of Population

- Average employee age: **46**
- 36% of members are 50+ and drive 57% of expense.



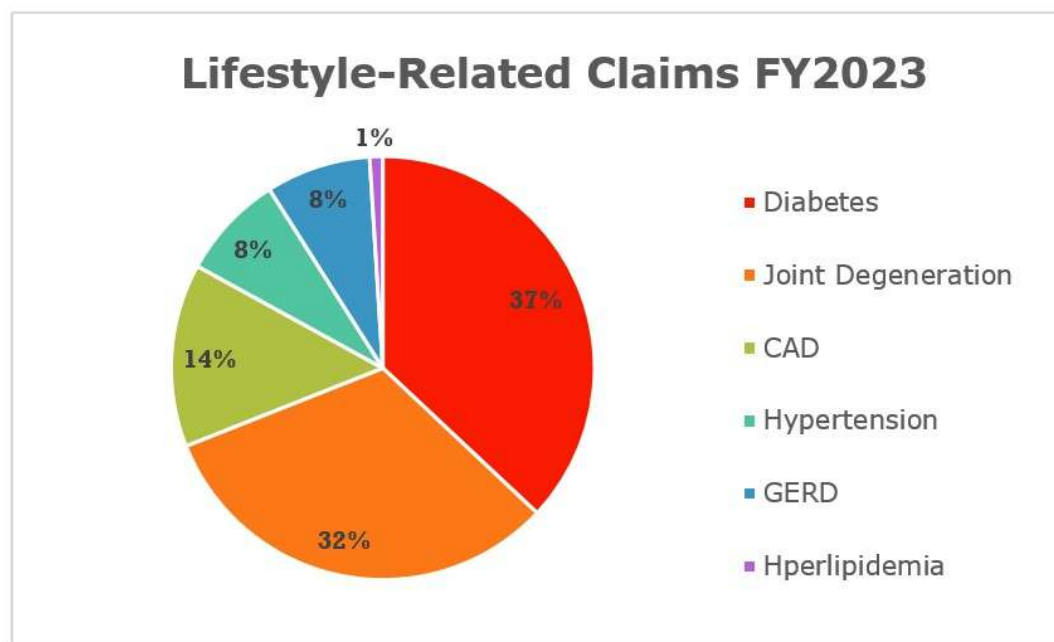
FY 2023 Cost Drivers

Lifestyle

- 6 conditions that correlate clinically primarily with lifestyle
- Total Cost \$125 PMPM
- Top 2: Diabetes & Joint Degeneration
- Cancer is the most expensive condition overall (121.6M, 64.60PMPM)

Specialty Prescription Drugs:

- 30,261 filled
- Cost \$213,262,977 million
- 47.1% of drug cost



FY 2023 Highlights

- **Reduction in costs for the Commonwealth** \$100 million dollar increase in prescription plan rebates.
- **1.5% average healthcare increase** over the last 4 years.
- **Additional dental cleaning and exam** for patients with cancer, a weakened immune system, kidney disease or undergoing kidney dialysis.
- **Healthcare FSA** increased to \$2,850.
- **29,000 healthcare members** participated in Premium Rewards.

FY 2023 Highlights

- **Successful transition** to Cardinal Benefits from the legacy platform BES
- **Capitol Square Healthcare** ran a drive-thru free flu shot clinic in October 2022, 197 flu shots were administered.