



Landon State Office Building
900 SW Jackson Street, Room 900-N
Topeka, KS 66612

Department of Health
and Environment
Division of Health Care Finance

Phone: 785-296-3226
Fax: 785-368-7180
www.kdheks.gov/hcf/sehp/default.htm

Robert Moser, MD, Secretary
Kari Bruffett, Director

Sam Brownback, Governor

MEMORANDUM

TO: Health Care Commission
J. Scott Day
Steve Dechant
Sandy Praeger
Nancy Ruoff
Dennis Taylor

FROM: Mike Michael

DATE: April 4, 2012

SUBJECT: Voluntary Insurance Plans

The State Employee Health Plan (SEHP) offers a comprehensive benefit package. Periodically, the SEHP is contacted by agents and brokers of various voluntary insurance plans. At the September 16, 2011, Health Care Commission (HCC) meeting, commissioners requested that staff do a survey to determine the level of interest in these plans and to discuss these offerings with the Employee Advisory Committee (EAC).

The voluntary insurance plan survey was posted for 30 days on the SEHP home page on the Kansas Department of Health and Environment website. The survey asked respondents to provide feedback on their level of interest in voluntary insurance offerings, including cancer, critical illness, accidental injury and hospital indemnity insurance. The survey was completed by 2,796 respondents. Respondents rated their level of interest in each of the plans as:

	<u>1st Choice</u>	<u>2nd Choice</u>
Cancer:	35.6%	20.1%
Accident:	27.1%	17.8%
Critical Illness:	18.0%	29.9%
Hospital Indemnity:	13.2%	17.3%

The number one reason employees gave for wanting the State to offer these plans was the convenience and potential tax savings of payroll deduction.

The survey also asked the respondents to rank the affordability of each plan:

	<u>Estimated Cost</u>	<u>Affordable</u>	<u>Not Affordable</u>
Accident:	\$7.50	43.5%	9.9%
Cancer:	\$20.25	35.7%	45.2%
Critical Illness:	\$27.50	25.4%	57.3%
Hospital Indemnity:	\$42.95	7.8%	72.8%

Overall, the most common response to the survey was that the respondents felt that the coverage was too expensive. Information on the plans, survey results and cost estimates to implement the programs were presented to the EAC at their meeting today. After a thorough review and discussion, the EAC came to a consensus that they did not recommend that the State pursue offering these plans.