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# Kansas Essential Health Benefits Update Plan Year 2025

*Recommendation for the Kansas Insurance Department  
prepared by Lewis & Ellis, Inc.*

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## I. Executive Summary

The Kansas Insurance Department (KID) has partnered with Lewis & Ellis, Inc., (L&E) to assess the Kansas Essential Health Benefits (EHB) benchmark plan to determine whether plans offering EHB are meeting the needs of the Individual and Small Group ACA markets and are affordable for consumers. The goals of this project are to gain insight from Kansas consumers, carriers, and other stakeholders about the adequacy of existing Kansas EHB; to address consumer concerns and complaints in areas where coverage may be lacking; to compare Kansas EHB with other states where EHB were recently updated and approved; to learn what carriers in Kansas currently cover or exclude in certain areas of interest; and to make a recommendation based on this information as to whether the current benchmark plan is adequate or should be updated.

For plan years prior to 2020, CMS regulations required states to define their EHB by reference to a “base benchmark plan” that was chosen from a fixed set of options. The base benchmark plan was then supplemented as necessary to ensure coverage for all required categories of EHB.

Beginning with the 2020 plan year, CMS regulations give states additional flexibility to define their EHB. The new flexibility allows states to revise their EHB selections using one of three options: (1) selecting the EHB benchmark plan that another state used, (2) replacing one or more categories of EHB under its EHB benchmark plan used with the same category or categories of EHB from the EHB benchmark plan that another state used, or (3) otherwise selecting a set of benefits to become part of the state EHB benchmark plan. Several states have relied on the third option to add benefits not covered by their benchmark plans to their EHB<sup>1</sup>.

This document is the initial recommendation by L&E for KID’s consideration of an updated EHB package for the 2025 benefit year. L&E recommends the third option noted above, and adding the following benefits as EHB in the State of Kansas:

1. Hearing aids by prescription for insureds 18 years of age and older with severe or profound hearing loss, and over the counter (OTC) hearing aids for insureds 18 years of age and older with mild or moderate hearing loss; and

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<sup>1</sup> <https://www.cms.gov/cciiio/resources/data-resources/ehb>

2. Medically necessary bariatric surgery for insureds 18 years of age and older with a body mass index (BMI) of 35 or higher and an obesity-related comorbidity; and
3. Medically necessary applied behavior analysis (ABA) for insureds up to 18 years of age with autism spectrum disorder (ASD).

It should be noted that other benefits were considered as well, including weight loss programs and opioid alternatives such as acupuncture. L&E selected benefits with verifiable and documented positive outcomes that do not put an unnecessary burden on premiums.

L&E believes the addition of these benefits would have a positive impact on the physical health, mental health, and quality of life for the Kansans that utilize them. For those without insurance coverage for these benefits, cost is frequently cited as the foremost barrier to obtaining them. L&E has researched the costs associated with each benefit, the prevalence of the underlying conditions, the population of the State of Kansas, and the enrollment counts provided to L&E by Kansas health carriers to develop initial insurance cost estimates for each benefit. The purpose of these preliminary pricings is to assess the reasonableness of adding the proposed benefits given the constraints of the two tests described in Section II below, as well as to drive stakeholder discussion. The pricings would be refined and finalized as necessary during the second phase of this project, also described in Section II.

## II. Timeline

This recommendation is the work product of the initial exploratory phase for an updated EHB package in the State of Kansas. In this initial phase, L&E met with representatives from KID, inventoried consumer complaints from KID, requested information from Kansas health carriers, reviewed other states with recent updates to EHB, formulated a set of potential benefits to be added to Kansas EHB, and calculated initial cost estimates for those benefits. The intent of this recommendation is to facilitate discussion between interested parties, including but not limited to advocacy groups, carriers, and providers.

Following KID approval to move forward and discussion with interested parties, the second phase of this project would commence. This would include an actuarial

report that would certify to multiple CMS requirements, in particular the Typical Employer Test and Generosity Test under [45 CFR 156.111](#).

- *Typical Employer Test: The State’s EHB-benchmark plan provides a scope of benefits that is equal to, or greater than, to the extent any supplementation is required to provide coverage within each EHB category at 156.111(a), the scope of benefits provided under a typical employer plan as defined at 156.111(b)(2)(i).*
- *Generosity Test: The State’s EHB-benchmark plan does not exceed the generosity of the most generous among plans listed at 156.111(b)(2)(ii)(A) and (B).*

A proposed timeline for the initial steps of the second phase are as follows:

12/15/2022	Call for interested parties
12/15/2022	Data Call to Carriers for ABA Experience
1/1/2023 - 2/28/2023	Stakeholder Meetings
3/15/2023	Draft Actuarial Report

### III. Hearing Aids for Insureds 18 Years of Age and Older

#### A. Background

Hearing loss affects nearly 30 million people in the United States, and can impact communication, relationships, school or work performance, and emotional well-being.<sup>2</sup> However, of those with hearing loss, only around 20% seek intervention to improve hearing. Cost is cited as a main barrier for those who could benefit from hearing aids.<sup>3</sup>

#### B. Assumptions

L&E assumes the average cost of OTC hearing aids to be between \$500 and \$1,000 per ear, prescription hearing aids to be between \$1,000 and \$3,000 per ear, with average costs of \$750 and \$2,000 per ear, respectively.<sup>4</sup> To develop a PMPM cost,

<sup>2</sup> <https://www.fda.gov/medical-devices/consumer-products/hearing-aids>

<sup>3</sup> <https://www.federalregister.gov/documents/2022/08/17/2022-17230/medical-devices-ear-nose-and-throat-devices-establishing-over-the-counter-hearing-aids>

<sup>4</sup> <https://web.musc.edu/about/news-center/2022/09/06/otc-hearing-aids-are-otw#:~:text=The%20OTC%20options%20will%20give,less%20expensive%20than%20current%20options.%E2%80%9D&text=Duffy%20said%20the%20over%2Dthe,ear%20or%20as%20a%20set.>

L&E calculated the prevalence rates of speech-frequency hearing loss by age, gender, and hearing loss category (mild, moderate, severe, profound).<sup>56</sup> L&E further stratified these prevalence rates by individuals who need either one (unilateral) or two (bilateral) hearing aids.

To model the increase in utilization of hearing aids in a scenario where they are covered by insurance, L&E considered veterans’ utilization of hearing aids when they are covered in full at a VA provider.<sup>7</sup> L&E believes the VA utilization statistic represents an upper bound on utilization. Here utilization represents the percentage of eligible hearing-impaired veterans who obtained hearing aids through the VA.

**C. Estimated Cost**

The typical life expectancy of a hearing aid device is 3 – 7 years.<sup>8</sup> As such, L&E modeled benefits at both the low-end and high-end device cost estimates above, with an assumed device life of 5 years. L&E used the membership counts provided by Kansas carriers, estimated member months, and the assumptions above to calculate an estimated allowed cost range of \$0.24 - \$0.49 PMPM, with an expected allowed cost of \$0.36 PMPM.

**D. Current Coverage by Carriers**

Y = Covered, C = Conditionally Covered, N = Not Covered

Aetna Health	N
Aetna Life	N
BCBSKS	N
Blue KC	N
Cigna	C
Humana	N
Medica	N
Oscar	N
Sunflower Health	N
United	Y
US Health & Life	N

<sup>5</sup> Hoffman HJ, Dobie RA, Losonczy KG, Themann CL, Flamme GA. Declining Prevalence of Hearing Loss in US Adults Aged 20 to 69 Years. JAMA Otolaryngology – Head & Neck Surgery

<sup>6</sup> Prevalence of and Numbers of Individuals With Hearing Loss, by Age and Severity: National Health and Nutrition Examination Survey, United States, 2001 – 2010.

<sup>7</sup> <https://academic.oup.com/gerontologist/article/59/6/1171/5000029>

<sup>8</sup> Healthyhearing.com

## IV. Medically Necessary Bariatric Surgery for Insureds 18 Years of Age and Older, Including Assessment & Follow-up Visits

### A. Background

Severe obesity (BMI 35 and over) affects approximately 9.2% of the US population and is associated with serious health risks and comorbidities.<sup>9</sup> Compared with weight management alone, bariatric surgery is the most effective treatment for severe obesity. Bariatric surgery is associated with greater weight loss and comorbidity resolution, longer lifespan, and improved quality of life. Furthermore, outcomes and safety have improved significantly in recent years<sup>10</sup>, and the National Library of Medicine estimates bariatric surgery to have minimal impact on premiums within the Affordable Care Act.<sup>11</sup>

The most common types of bariatric surgery today are laparoscopic Roux-en-Y gastric bypass (LRYGB) and sleeve gastrectomy (LSG), and L&E has based our assumptions and cost estimate on these procedures.

### B. Assumptions

Between 2014 and 2017, utilization of bariatric surgery among the insured population in states where it is covered under EHB ranges from approximately 15 to 20 surgeries per 100,000 lives.<sup>12</sup> To account for increasing utilization of bariatric surgery for this pricing, L&E assumes low-end utilization of 20 operations per 100,000 lives, and high-end utilization of 25 operations per 100,000 lives.

The cost estimate per surgery before provider discounts is \$12,816.40<sup>13</sup>. This is a weighted average of the costs of LRYGB and LSG procedures. L&E notes that the standard deviation of this average cost is significant. The prevalence and cost of possible complications<sup>14</sup> and costs of assessment and follow-up visits were also accounted for in the PMPM estimates below.

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<sup>9</sup> <https://www.cdc.gov/nchs/products/databriefs/db360.htm>

<sup>10</sup> <https://www.ncbi.nlm.nih.gov/pmc/articles/PMC7474975/#:~:text=In%20an%20ideal%20healthcare%20system,NIH%20criteria%20for%20bariatric%20surgery.>

<sup>11</sup> <https://pubmed.ncbi.nlm.nih.gov/27260649/>

<sup>12</sup> <https://pubmed.ncbi.nlm.nih.gov/31338734/#&gid=article-figures&pid=figure-uid-0>

<sup>13</sup> [https://www.valueinhealthjournal.com/article/S1098-3015\(18\)32028-X/fulltext](https://www.valueinhealthjournal.com/article/S1098-3015(18)32028-X/fulltext)

<sup>14</sup> [https://www.valueinhealthjournal.com/article/S1098-3015\(18\)32028-X/fulltext](https://www.valueinhealthjournal.com/article/S1098-3015(18)32028-X/fulltext)

**C. Estimated Cost**

L&E used the membership counts provided by Kansas carriers, estimated member months, and the assumptions above to calculate an estimated allowed cost range of \$0.20 - \$0.25 PMPM, with an expected allowed cost of \$0.22 PMPM. Cost-sharing and negotiated provider discounts would further reduce this amount.

**D. Current Coverage by Carriers**

Y = Covered, C = Conditionally Covered, N = Not Covered

Aetna Health	N
Aetna Life	N
BCBSKS	N
Blue KC	N
Cigna	N
Humana	N
Medica	N
Oscar	N
Sunflower Health	N
United	N
US Health & Life	N

**V. Medically Necessary Applied Behavior Analysis for Insureds up to 18 Years of Age with Autism Spectrum Disorder****A. Background**

ASD prevalence in children is estimated at 2.3%.<sup>15</sup> The cost of ABA for families with children with ASD can be a significant barrier to obtaining treatment, and children with ASD who undergo ABA therapy can realize significant improvement in quality of life. Currently, the Kansas State Employee Health Plan requires coverage of up to \$36,000 per year for children up to 7 years of age, and up \$27,000 per year for children between 7 and 18 years of age. Furthermore, [KSA 40-2-194](#) mandates coverage of ABA for any large group or grandfathered individual or small group policy for up to 1,300 hours per year for children between birth and 5 years of age, and up 520 hours per year for remaining children less than 12 years in age. L&E's estimated costs are based on the latter benefit design, as dollar limits are prohibited for EHB.

<sup>15</sup> <https://www.cdc.gov/ncbddd/autism/data.html>



**B. Assumptions**

Eligible children with ASD require an average of 5 years of ABA therapy.<sup>16</sup><sup>17</sup> Utilization of behavior treatment by children with ASD is estimated at 63.6%.<sup>18</sup> Of those that do utilize ABA, L&E assumes the full hourly limit will be used, to calculate an upper-bound pricing.

**C. Estimated Cost**

L&E used the membership counts provided by Kansas carriers, estimated member months, and the assumptions above to calculate an estimated upper bound allowed cost of \$9.60 PMPM. Cost-sharing and negotiated provider discounts would further reduce this amount. It should be noted that L&E expects actual costs for ABA to be less than the upper-bound cost; not all ASD patients will use the full hourly allotment, and at least one study referenced in the *Essential Health Benefits Bulletin* published by CCIIO dated December 16, 2011, estimated premium impact to be 0.3% for ABA. In the next phase for the draft actuarial report, L&E would request carrier experience related to [KSA 40-2-194](#) to further refine this estimate.

**D. Current Coverage by Carriers**

Y = Covered, C = Conditionally Covered, N = Not Covered

Aetna Health	C
Aetna Life	C
BCBSKS	N
Blue KC	C
Cigna	Y
Humana	Y
Medica	N
Oscar	Y
Sunflower Health	Y
United	Y
US Health & Life	N

<sup>16</sup><https://westsidechildrenstherapy.com/when-to-stop-aba-therapy/#:~:text=The%20average%20kid%20is%20in,that%20the%20therapist%20can't.>

<sup>17</sup> <https://www.crossrivertherapy.com/when-to-stop-aba-therapy>

<sup>18</sup> <https://pubmed.ncbi.nlm.nih.gov/30508021/>