

Management

Kentucky Health Benefit Exchange

We have examined the assertion of compliance of the Kentucky Health Benefit Exchange (the Exchange), a function within the State of Kentucky, with the requirements in Title 45, Code of Federal Regulations Part 155 (45 CFR 155), Subparts C, D, E, K, and M for the year ended June 30, 2024. We noted the matter below for your consideration.

Premium Rounding Differences Impact Second Lowest Cost Silver Plan Identification

For the plan year 2024, two silver plans, each with the same premium amount out to the second decimal place, were offered by providers in certain counties in Kentucky. As an example of the issue, there were two plans offered in Jefferson County, 72001KY30006 and 72001KY20006, that would have cost \$305.14 for a 21-year-old, non-smoker; therefore, both plans were identified as the lowest cost silver plan and 72001KY0020007 was identified as the second lowest cost silver plan (SLCSP) at \$312.62.

The base premium rates were not rounded to the second decimal place (the amount in the third decimal place, not displayed, was different); therefore, when the rates were multiplied by the age curve, one of the two lowest cost plans became \$0.01 more expensive than the other. For example, one of our sample selections was a household of two individuals, aged 70 and 71 years old. Due to the rounding issue, their premium amount for 72001KY30006 was \$1,830.77 and 72001KY20006 was \$1,830.78. The system identified 72001KY20006 as the SLCSP and calculated their advanced premium tax credit (APTC) as \$1,772.81 accordingly. Although the system correctly followed the logic to determine the second lowest cost silver plan, if 72001KY20006 was used as the SLCSP as for other households in Jefferson County, their premium amount would have been \$1,875.64 and eligible APTC amount would have been \$1,817.75. Out of our 95 sample selections, ten households were subject to the same issue where one of the lowest cost silver plans was used as the SLCSP because their premium was \$0.01 more expensive than the other, resulting in awarding lower APTC amount than the household would have been eligible for if the lowest cost silver plans were rounded to the second decimal place.

BerryDunn recommends that the Exchange work with the system vendor to use premium amounts that have been consistently rounded at the second decimal place to avoid the inconsistencies of the SLCSP within the same county and rating area.

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Management's Response

Kentucky Health Benefit Exchange (KHBE) acknowledges this recommendation and is already working with our systems integrator to alter the logic so that all rounding is executed at the two decimal level. KHBE intends have this change in logic before December 15, 2025 effective for Plan/Tax Years 2025 and 2026 ongoing.

We sincerely appreciate the cooperation and courtesy provided to our personnel by management and the employees of KHBE during the engagement. We have previously discussed the comments and suggestions contained herein with management, and we will be pleased to discuss them further at your request.

This report is intended solely for the information and use of management and is not intended to be, and should not be, used by anyone other than this specified party.

BMP Assurance, LLP

Portland, Maine

June 12, 2025