

MEDICARE RETIREES 2010 OPTION - MEDICARE ADVANTAGE PLAN

Members have asked many questions about the Medicare Advantage Plan (MAP) offered by the SHBP at a much lower premium than other options in the SHBP. Because of the Department of Community Health's recent announcement of plans to eliminate, beginning January 2010, all State subsidy to retirees enrolled in any SHBP option *other than* a MAP offered by UHC or CIGNA, GSRA has developed the following Qs &As:

Note: The information provided below is NOT intended to replace the material distributed by DCH, but to supplement the material. For specific questions, be sure to review the SHBP information regarding covered services. All cost amounts have been gleaned from the websites relating to Medicare, presentations on the DCH website, or responses to GSRA questions submitted to DCH staff.

1. Q: What is a Medicare Advantage Plan?

A: MAP is a medical option that is part of the Medicare program, but all services are provided through the option vendor, such as UHC or CIGNA. Under MAP, Medicare and the SHBP do not coordinate payments up to 100% of costs.

2. Q: Are there different kinds of MAPs? If yes, what kind are UHC and CIGNA offering to SHBP members?

A: Yes. Kaiser offers an HMO model to SHBP members, but DCH has announced that the Kaiser options will be discontinued on January 1, 2010. Both UHC and CIGNA offer only the Private Fee-For-Service (PFFS) model of MAP.

3. Q: What is the difference in the HMO and PFFS models?

A: Some benefits are different. Review the materials from each vendor and the SHBP. In addition, the PFFS model allows the use of any provider that accepts Medicare payment and the HMO model does not necessarily accept all providers who accept Medicare payment.

4. Q: What is the difference in the MAP and my current option?

A: Premiums and out-of-pocket costs are different. If you are enrolled in the PPO, Medicare pays first and generally, the PPO picks up the difference in allowed charges so that you

pay "0" or a "small amount." This same process is used if you are a member of the HRA. If you are a member of an HMO, you continue to pay the copays as outlined in the HMO material.

5. Q: What is the premium difference?

A: You pay less in premium in the MAP. For CY 2009 the difference for HRA members is \$312.52 annually (\$26 monthly), the difference for PPO members is \$544.80 annually (\$45 monthly), and the difference for HMO members is \$603.60 annually (\$50 monthly).

6. Q: Will the MAP continue to pay what Medicare does not pay?

A: No, MAP is a different concept. You will have out-of-pocket cost—office copays, hospital copays, etc.—when you receive services.

7. Q: How much additional will the retiree have to pay in out-of-pocket cost when services are received?

A: The MAP will not pay 100% of allowed cost until the person has paid out-of-pocket \$1,000 (exclusive of the office visit copay, Part B drugs, and some durable medical equipment).

8. Q: Will each retiree be required to pay \$1,000 plus office copays each year?

A: No, the amount that each retiree will have to pay depends on the number and kind of medical services he or she actually receives. A hospital confinement will cost the retiree \$190 per day for up to 4 days. Each office visit will require a copay of \$20 (primary care visit) or \$25 (specialist visit). A few other services require copays that are in addition to the \$1,000. See the UHC and CIGNA publications to identify if you require these services. The DCH actuary has stated that the average additional out-of-pocket cost for PPO members averages approximately \$171 annually. That approximates a total cost shift of \$11-\$12 million per year for all 66,500 PPO/HRA retirees.

9. Q: Are prescription drug copays included in the \$1,000 OOP?

A: No, prescription drug copays and maximums are separate. The MAPs include a Medicare-approved Part D drug benefit with retail copays of

\$10/\$25/\$50. After total cost (copays & Plan payments) reach \$4,350 you pay a copay of the greater of \$2.40 for generic or preferred brand drug or \$6 (or 5% coinsurance) for all other drugs.

10. Q: Is there a deductible or “Gap” in coverage like other Medicare Part D plans?

A: No.

11. Q: If I join the MAP, do I have to continue Medicare Part A and Part B?

A: Yes, generally, you must be enrolled in both Medicare Part A and Part B. However, if you are not eligible for Medicare Part A, DCH plans to include all SHBP members who have Part B, even if they are not enrolled in Medicare Part A.

12. Q: Will I have to continue to pay my Part B premium?

A: Yes.

13. Q: Will I have to continue to pay my Medicare Part D (prescription drugs) premium?

A: No, Medicare will automatically drop you out of any Part D plan once they receive information that you have enrolled in a MAP.

14. Q: What medical services will the MAP option cover?

A: DCH has negotiated coverage for the same types of medical services that are covered under the PPO, HMO, or HRA. Refer to the SHBP decision guide for more information.

15. Q: Are the MAP benefits greater than original Medicare?

A: DCH reports that there are enhanced benefits over original Medicare. Since most retirees do not deal with only original Medicare, it is difficult to respond to enhanced benefits over the PPO, HMO, or HRA options. Generally, covered services are about the same as those covered under the PPO, HMO, or HRA options. MAP includes some enhanced services, such as eye examinations, partial payment for glasses and hearing aids.

16. Q: Are my doctors and hospitals included in the MAP?

A: Generally, yes; however, some members have reported that their doctors refuse to participate with the MAP. Any doctor that accepts Medicare assignment is generally eligible to become a “deemed” provider. The

major difference for the doctor’s office or hospital is that the MAP must be billed for the services—not Medicare. Medicare requires a PFFS to reimburse all providers at least at the Fee-For-Service rate (set by Medicare).

17. Q: Should I make sure that my doctor and hospital are considered “deemed” providers?

A: Yes, ask the provider if the provider is a “deemed” (designated) provider to the MAP option of your choice. DCH recommends that you always show your MAP enrollment card so that the provider is notified to bill your MAP.

18. Q: Can I just stay in my PPO, HMO, HRA or HDHP Option in CY 2010 if I am age 65 plus?

A: At the current time, DCH plans to allow you to retain your current option or transfer among the PPO, HMO, HRA or HDHP options. However, you will pay a significantly higher premium because the State will no longer pay any part of it. CY 2010 premium amounts have not been announced, but according to DCH, the current total average cost of the options is \$2,640, so the premium may be in that range, which amounts to \$220 per month per person.

19. Q: How can the SHBP offer the MAP for less premium (Calendar Year 2009 \$17.50—single)?

A: Medicare pays a portion of the cost. Currently, Medicare pays 13% to 19% more to insurance companies for MAP enrollees than the average cost of a Medicare member for original Medicare. Therefore, the company can offer additional benefits.

20. Q: How much does Medicare pay UHC and CIGNA for each Medicare-enrolled member (or spouse)?

A: DCH did not respond with the exact bid rate for either of the vendors. Payments vary based on the participant’s county of residence, the vendor’s bid and a risk factor, i.e. age and gender, etc. Georgia is in Region 8, which has a weighted (average) benchmark of around \$800 (\$9,600 annually). However, the county benchmarks for Georgia range from \$740.82 to \$932.28. In addition, Congressional publications show that the PFFS payments exceed the actual average Medicare patient cost by 13% to 19%.

21. Q: How much more does Medicare pay to the insurance company?

A: Some articles have stated that Medicare pays to the insurance company 119% of the average original Medicare patient cost, while other articles state that Medicare pays 113% of the original Medicare cost. Georgia Private Fee For Service-Medicare Advantage Plans offered by UHC and CIGNA receive an amount close to 119%.

22. Q: What is that dollar amount?

A: The [New York Times, in an article](#) on November 29, 2008 states that the amount paid is more than \$1,100 a year per patient greater than the average cost of a Part A and Part B enrolled person.

23. Q: Does the State pay anything to the MAP for the retiree?

A: According to DCH the SHBP pays an amount to the MAP vendor for the retiree. DCH reports that the amount paid to the MAP vendor in 2009 is around \$150 per month (\$1,800 per year) per Medicare-enrolled person.

24. Q: How much does the State save by forcing retirees into the MAP option?

A: The DCH actuary has reported that the State saves \$672 per year per retired person age 65 or older. The DCH budget presentation states that the savings are \$58.5 million in FY 2010.

25. Q: Can I enroll in a Medigap or a Medicare Supplemental plan to cover my out-of-pocket costs?

A: No, Medicare reports that it is illegal for an insurance company to sell you a Medigap policy if you are enrolled in the MAP.

CONSUMER DRIVEN HEALTH PLANS INCREASE TO OVER 16% ENROLLMENT FOR 2009

The Department of Community Health (DCH) released membership information for January 2009 showing that objectives to move members to the Consumer Driven Health Plans (Health Reimbursement Account-HRA or High Deductible Plan-HDHP) were partially achieved. The January coverage summaries show that over 16% (56,000 members - 112,008 with dependents) chose the HRA and HDHP options for calendar 2009.

The July 2008 enrollment numbers were printed in the GSRA July 2008 Newsletter. Analysis of the detailed January 2009 enrollment shows that United Healthcare (UHC) is the most prevalent vendor to provide services to SHBP members. Total membership increased by a net of 4,441 during the six-month period between July 2008 and January 2009. Active members increased by over 3,300 and retired members increased by just over 1,100.

Analysis of DCH data shows that the active State workforce decreased, while the number of teachers and other school personnel increased. In addition, the data show that during this same period the number of:

- State retirees increased by about 400 and
- Teacher (plus other school personnel) retirees increased by over 700.

Table 1 displays the percentage representation of each option category regardless of the vendor. While the Medicare Advantage Plans represent only .7% of the total membership, MAPs represent 6% of the retirees eligible to participate. Retirees also understood the value of the CDHPs with enrollment in the HRA and HDHP options at 12.5% of the 89,397 retirees (125,671 lives).

SHBP Membership by Option Category – January 2009 – Table 1

Option	Active Members	Retired Under 65 Members	Retired Over 65 Members	Total Members	Total including Dependents	Percentage of Total
PPO	89,571	20,702	41,962	152,235	255,341	36.6%
HMO	128,658	8,400	3,519	140,577	324,345	46.6%
HRA	41,935	6,903	3,838	52,676	105,677	15.2%
MAP (PFFS)	0	450	3,153	3,603	5,157	.7%
HDHP	3,001	319	151	3,471	6,331	.9%
Totals- January 2009	263,165	36,774	52,623	352,562	696,851	100.0%
Totals – July 2008	259,832	37,009	51,280	348,121	690,440	--
Net Change (6 Mos.)	3,333	-235	1,343	4,441	6,411	

SHBP FY 2010 BUDGET PRESENTED TO APPROPRIATIONS COMMITTEES

Commissioner Rhonda Medows stated that the employer contribution rates—cut on January 8th—are proposed to be restored to 17.856% and 18.534% for state agencies and school systems, respectively. The Commissioner further reported that:

- premium increases of 1% for the PPO and HMO options are planned for calendar 2010;
- premiums will not be increased for the consumer driven health plans (HRA and HDHP);
- funding for OPEB liabilities (future retiree costs) is eliminated for 2010;
- one of DCH’s objectives is to move 8% of HMO membership and 4% of PPO membership to a CDHP option in CY 2010.

Commissioner Medows explained the new DCH policies that have been outlined in previous GSRA Newsletters, but are restated in the opposite column.

- On January 1, 2009 all new persons who are eligible for the SHBP will be offered only the CDHP options until their first “Open Enrollment” period at a cost savings of \$5.8 million in FY 2009 and \$22.8 million in FY 2010.
- On July 1, 2009, retirees who do not participate in Medicare Part B will begin to pay a premium that reflects the benefit savings of Part B.
- On January 1, 2010, all retirees who are age 65 and older will be required to enroll in one of the Medicare Advantage Plans to receive a state subsidy in premiums.
- The two changes in policy for retirees are expected to generate SHBP savings of \$58.5 million in FY 2010.
- Note: GSRA has asked for more details on the components of the savings projected.

FY 2010 Revenue/Expense (millions) – Table 2		Cost Savings (millions)	
Total Revenue	\$2,891.9	New Employees	\$22.8
Total Expense	2,832.3	Retiree savings for Medicare policies	58.5
Surplus	\$ 59.6		

Table 2 displays the FY 2010 Revenue and Expense amounts presented by DCH. The \$2.8 billion in expense represents a 4.7% increase over FY 2009.