

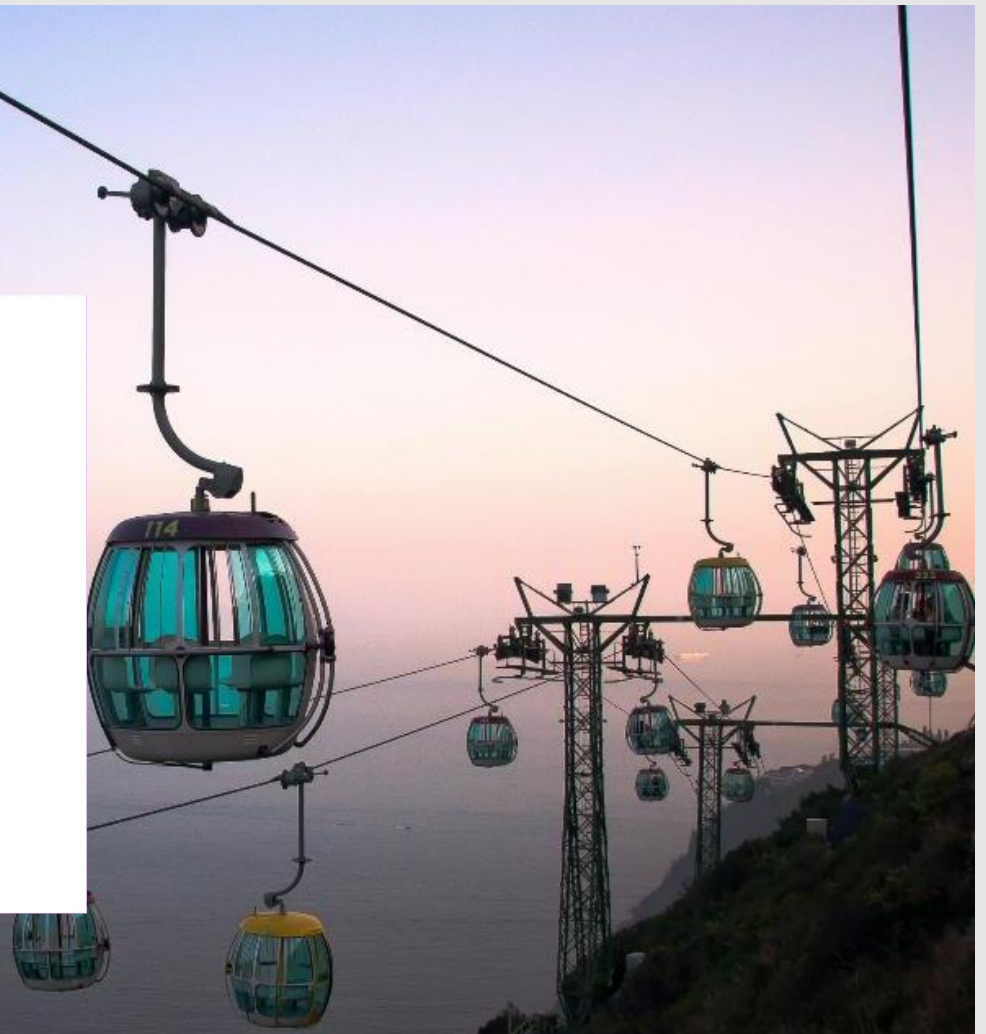


The State of Delaware

Group Medicare Advantage Considerations

SEBC Meeting

September 19, 2022



Disclaimer

Willis Towers Watson has prepared this information solely in our capacity as consultants under the terms of our engagement with you with knowledge and experience in the industry and not as legal advice. This information is exclusively for the State of Delaware's State Employee Benefits Committee to use in the management, oversight and administration of your state employee group health program. It may not be suitable for use in any other context or for any other purpose and we accept no responsibility for any such use.

Willis Towers Watson is not a law firm and therefore cannot provide legal or tax advice. This document was prepared for information purposes only and it should not be considered a substitute for specific professional advice. As such, we recommend that you discuss this document with your legal counsel and other relevant professional advisers before adopting or implementing its contents. This document is based on information available to Willis Towers Watson as of the date of delivery and does not account for subsequent developments after that date.

Willis Towers Watson shares available medical and pharmacy research and the views of our health management practitioners in our capacity as a benefits consultant. We do not practice medicine or provide medical, drug, or legal advice, and encourage our clients to consult with both their legal counsel and qualified health advisors as they consider implementing various health improvement and wellness initiatives.

This material was not prepared for use by any other party and may not address their needs, concerns or objectives. This document may not be reproduced, disclosed or distributed to any other party, whether in whole or in part, other than as agreed with you in writing, except as may be required by law. We do not assume any responsibility, or accept any duty of care or liability to any other party who may obtain a copy of this material and any reliance placed by such party on it is entirely at their own risk.

Medicare Advantage Rates Effective January 1, 2023 – December 31, 2023

	Total Monthly Rate	State Share	Pensioner Pays
Highmark Delaware Medicare Advantage for Pensioners Retired On or Prior to July 1, 2012			
Highmark BCBS Delaware Freedom Blue PPO Medicare Advantage Plan*	\$216.18	\$216.18	\$0.00
Highmark Delaware Medicare Advantage for Pensioners Retired After July 1, 2012			
Highmark BCBS Delaware Freedom Blue PPO Medicare Advantage Plan*	\$216.18	\$205.38	\$10.80

*Rates reflect Medicare Advantage plan with Part D prescription coverage through SilverScript®

- If you have less than 20 years of service and were first hired on or after July 1, 1991, the State does not pay the full state share but will pay a percentage of the state share of the cost of your coverage as explained in the charts below.

Eligible Pensioners Hired By The State On Or After July 1, 1991 Through December 31, 2006 <i>(The following portion of the State Share will be paid by the State)</i> (Except those receiving a disability pension or receiving an LTD benefit)		
Less than 10 years service	0%	state share paid by state
10 years - less than 15 years service	50%	state share paid by state
15 years - less than 20 years service	75%	state share paid by state
20 years or more service	100%	state share paid by state
Eligible Pensioners Hired By The State On Or After January 1, 2007 <i>(The following portion of the State Share will be paid by the State)</i> (Except those receiving a disability pension or receiving an LTD benefit)		
Less than 15 years service	0%	state share paid by state
15 years - less than 17.5 years service	50%	state share paid by state
17.5 years - less than 20 years service	75%	state share paid by state
20 years or more service	100%	state share paid by state

Medicare Advantage Considerations

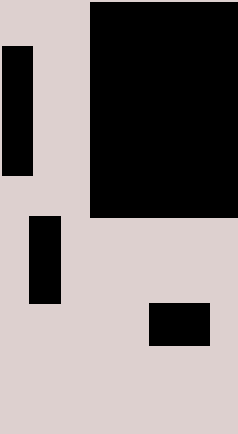
Monthly Medicfill Premium Rates	2022	2023	Difference
Medical	\$260	\$0	-100%
Rx	\$199	\$216	+8.67%
Total	\$459	\$216	-53%

- The State has historically self-funded its medical and pharmacy programs for actives and retirees, meaning the State collects premium contributions that are set aside to pay for health care claims and administrative costs in the fiscal year
 - Rates for self-funded plans are set by the State (as voted on by the SEBC) and used exclusively to cover GHIP expenditures
 - For FY23, an 8.67% rate increase was approved by the SEBC on March 14, 2022, to fund the projected deficit in FY23 (targeting \$0 deficit by the end of FY23)
 - The State funds roughly 90% of all premiums, while employees and pensioners fund the remaining 10%
- Moving the Special Medicfill plan to the Highmark Group MA (medical only) plan transfers all risk from the State to Highmark
 - Highmark's \$0 premium for the Group MA (medical only) plan reduces the State's cost in-full for post-65 medical costs previously funded entirely by the State and some retirees
 - Subsequent reduction in GHIP operating expenses reduced the State's FY23 operating budget as well as the rate action needed to solve for the FY23 deficit
- The State will continue to self-fund the post-65 retiree drug plan; premium will increase 8.67% on 1/1/23 to \$216.18; premium used to cover projected drug costs after rebates and additional pharmacy revenues

Medicare Advantage Considerations

- Fully-insured Highmark Group MA medical premium for 2023 is \$0
 - Special Medicfill costs for medical program in FY22:
 - Paid claims = \$60.1M
 - Administrative fees = \$6.1M
 - Total FY22 cost for post-65 medical coverage = \$66.2M
- Moving from Special Medicfill to the Highmark Group MA Plan (medical only) will reduce GHIP medical expenses for post-65 retirees to \$0
- Per House Bill 81, GHIP experience is pooled across statuses (actives and retirees) and plans, and rate increases are uniformly distributed across plans and coverage tiers
 - Due to this rating methodology, moving Special Medicfill to the Group MA plan (medical only) results in some premium contributions previously set aside to fund post-65 medical costs being allocated to other statuses and plans

Appendix



Medicare pensioner plan options

Overview of proposed options – Medicfill vs Group MA

Plan feature	Medicfill (current)	Proposed Group MA (Aetna)	Proposed Group MA (Highmark)
Plan type	<ul style="list-style-type: none"> Self-funded medical/EGWP 	<ul style="list-style-type: none"> Fully-insured MA (medical only) or MAPD 	<ul style="list-style-type: none"> Fully-insured MA (medical only) or MAPD
Federal funding	<ul style="list-style-type: none"> Retained by GHIP (EGWP only) 	<ul style="list-style-type: none"> Retained by Aetna 	<ul style="list-style-type: none"> Retained by Highmark
Medical plan design¹	<ul style="list-style-type: none"> Member responsible for Part B premium only (\$170.10/month for 2022) 	<ul style="list-style-type: none"> Same as Medicfill 	<ul style="list-style-type: none"> Same as Medicfill
Rx plan design²	<ul style="list-style-type: none"> Generic copay: \$8 / \$16 retail/mail Brand formulary: \$28 / \$56 Brand non-formulary: \$50 / \$100 Out-of-pocket max: None³ 	<ul style="list-style-type: none"> Same as Medicfill 	<ul style="list-style-type: none"> Same as Medicfill
Provider network	<ul style="list-style-type: none"> Passive PPO (members may seek care from any medical provider that accepts Medicare assignment) See appendix for more details 	<ul style="list-style-type: none"> Same as Medicfill Mirrors access to providers available today 	<ul style="list-style-type: none"> Same as Medicfill Mirrors access to providers available today
CY 2023 premium rate (per retiree per month)⁴	<ul style="list-style-type: none"> \$459.38 total \$260.44 medical \$198.94 Rx 	<ul style="list-style-type: none"> Redacted 	<ul style="list-style-type: none"> \$162 total (MAPD) \$0 medical (MA medical only) \$162 Rx
Group MA transition credit	<ul style="list-style-type: none"> N/A 	<ul style="list-style-type: none"> \$ 	<ul style="list-style-type: none"> \$\$\$

1. Plan fully covers medical out-of-pocket costs not covered by Medicare Part B, other than the Part B premium

2. Prescription drug copays and 5% premium cost share applies for pensioners retiring on or after 7/1/2012; State share is 100% for pensioners retiring before 7/1/2012; State pays 100% of State Share for pensioners with 20+ years of service

3. Catastrophic Coverage: After yearly out-of-pocket drug costs reach \$7,050, retirees pay the greater of 5% coinsurance or from \$3.95 to \$9.85 copayment per script based on drug tier

4. Assumes no change in rates effective 7/1/2022; Medicfill rates represent funding revenue only; actual cost of Medicfill program differs from the current funding rates