

SEBC Retiree Healthcare Benefits Advisory Subcommittee

March 16, 2023

Considerations by Retirement Benefits Study Committee

Taxpayers

Increase funding for the OPEB Trust Fund

- Governor Carney proposed and the General Assembly approved a 1% set aside of the prior years budget (\$48 million) for the OPEB Trust Fund in FY2023 budget plan
- Similar funding proposed in the Governor's FY2024 recommended budget

Current & Future Retirees

Address Medicare-eligible and Pre-Medicare Costs

- Migrate to Medicare Advantage
- Monitor costs to determine future feasibility of Health Reimbursement Arrangements

Other Considerations

- **Medicare Advantage + Supplement Plan with differential premiums**
- **Health Reimbursement Arrangements**
- **Adjustments to cost share**

Active Employees

Review Eligibility Changes for Future Retirees

- Reducing state share/subsidies for spouses
- Modifying the vesting schedule for State share/subsidy
- Establishing a minimum age to enroll in retiree medical plans
- Eliminating the ability to access retiree medical benefits for vested employees that terminate their State service prior to being eligible to retire

Medicare Plan Options by State

Medicare Advantage Only	Choice of Medicare Advantage or Medicare Supplement	Individual HRA for retiree to purchase coverage
Alabama	Arkansas	Indiana
Arizona	California	Louisiana (ii)
Connecticut	Florida	Nevada
Georgia	Hawaii	Ohio
Illinois	Kansas	Rhode Island
Kentucky	Massachusetts	
Maine	Michigan	
Minnesota	New Jersey	
Missouri		
New Hampshire		
Pennsylvania		
Texas		
West Virginia (i)		

- Approximately **two-thirds of states offer one or more Medicare Advantage (MA) plans to retirees**, either by sponsoring a group MA plan or by offering access to MA plans through an exchange/marketplace.
- The majority of those states sponsor a group MA plan; **only about 5 states offer access through an exchange/marketplace.**
- **About 30% of all states offer one or more MA plans as a choice alongside a Medicare Supplemental plan.**

(i) West Virginia [noted](#) (see top of PDF page 9 / page 7 of printed version) that the majority of its retirees are enrolled in its group Medicare Advantage plan option; however, there are some additional retirees that are offered a Medicare Supplement plan (i.e., those who are unable to access providers in the Medicare Advantage plan and those who become eligible for Medicare benefits during a plan year).

(ii) Louisiana offers retirees a choice between access to a marketplace and enrollment in employer-sponsored (group) Medicare Advantage plans.

(iii) It appears that the State of Vermont offers different Medicare plan options to various Medicare retiree groups. [Retired state employees](#) have access to the same medical plan options as active employees. [Retired teachers](#) are offered Medicare Advantage plans. [Retired municipal employees](#) have access to a retirement health savings plan with an account that is funded by the Vermont Municipal Employees' Retirement System and can be used for insurance premium reimbursement. As it appears that Vermont [state employees](#) are not offered MA plans or individual HRAs, we did not include Vermont in the chart above.

Medicare Plan Options by State

- **New Jersey¹:**
 - Offers **4 Medicare Advantage plans (Aetna; 2 PPO, 2 HMO)** plus 5 Medicare Supplement plans (Horizon BCBS)
 - Total premium cost for Medicare Supplement plans **ranges \$22 - \$314 more per month** than Medicare Advantage options; retirees pay percentage of this total (range: 4.5% - 35%)
- **New York²:**
 - Offers **numerous Medicare Advantage plans** (HMO and PPO, varies based on county of residence) plus PPO option that pays secondary to Medicare
 - For most retirees, premiums for PPO option are **up to \$37 more per month** than most Medicare Advantage plan options
- **Massachusetts³:**
 - Offers **Medicare Advantage HMO (Tufts Health Plan)** plus several Medicare Supplement options with various insurers (Tufts Health Plan, Harvard Pilgrim, Health New England and UniCare)
 - Retiree premiums for Medicare Supplement plans range **\$6 - \$23 more per month than Medicare Advantage plan option**

1. Above rates assume single-only coverage for medical and Rx coverage. Retirees would pay a portion of the above costs depending on their full pension amount prior to any deductions (range: 4.5% - 35% of total premium cost). Source: <https://www.state.nj.us/treasury/pensions/documents/hb/oe2023/hr1094.pdf>

2. Excludes retirements prior to 1/1/1983 (majority pay \$0 for retiree medical); above rates for single coverage only and excludes premiums for EmblemHealth Medicare Advantage plans (3 total), which are more expensive than the PPO. Source: <https://www.cs.ny.gov/employee-benefits/nyship/shared/publications/rates/2023/ny-retiree-rates-2023.pdf>

3. Range is based on retirement date. Source: <https://www.mass.gov/doc/2022-2023-retirees-survivors-benefits-guide/download>

Subcommittee Work Plan

March 27, 2023 Meeting

- Agenda Topics:
 - Review 2021 Medical Third Party Administrator Request for Proposal and SEBC Medicare contract award
 - Medicfill and Medicare Advantage Plans
 - Group Health Insurance Plan FY24 Projected Costs
 - Medicare Plan Options for January 1, 2024

April #2 Meeting – week of April 17th

- Dedicate to public comment/input

April #1 Meeting – April 3?

- Agenda topics:
 - Review of RBSC funding recommendations
 - Draft Recommendations for May 1, 2023
 - Short-term
 - 2023 Medicare Open Enrollment
 - January 1, 2024 Medicare Plan Offering
 - Long-term
 - Medicare Plan Options
 - Medicare Eligibility and Grandfathering Scenarios
 - Pre-65 and Medicare Retiree Plan Cost Sharing Scenarios

April #3 Meeting – week of April 24th

- Finalize Recommendations for May 1, 2023 Report
- Establish workgroups to explore long-term solutions

Questions & Further Discussion