The State of Delaware

Follow-up requests from March 27, 2023 meeting of the Retiree Healthcare Benefits Advisory Subcommittee

SEBC Retiree Healthcare Benefits Advisory Subcommittee

March 31, 2023

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The following slides compile a series of follow-up items from the March 27, 2023 Retiree Healthcare Benefits Advisory Subcommittee meeting:

- Request for additional details on the individual Health Reimbursement Account (HRA) contributions and the prevalence of annual cost-of-living adjustments (COLA) for the 5 states providing this type of benefit to retirees
- Request for additional information on states' retiree Medicare plan comparison of Medicare Supplement plan premiums, contributions and funding status
- Request to update a slide presented on 3/27/23 containing Medicfill contributions by State share to reflect updated contribution amounts for State retirees that retired on or after 7/1/2012
- Response on questions about the availability of Medigap Plan F medical policies for Medicare-eligible individuals who purchase medical coverage on their own (i.e., not through an employer-sponsored group plan) and clarification of information presented on 3/27/23 indicating that this plan might be available to some individuals
- Response on question about whether there are any differences between Medicfill and individual Medigap Plan G medical policies beyond the Part B deductible
- Response on question about prior authorization denial rates for the proposed Highmark Medicare Advantage (MA) plan
- Response on which Medicare plan options were and were not included in 2021 Medical Third Party Administrator Request for Proposals conducted by the State Employee Benefits Committee

Medicare plan options by state – individual retiree HRAs

A subcommittee member requested additional details on the individual Health Reimbursement Account (HRA) contributions and the prevalence of annual cost-of-living adjustments (COLA) for the 5 states providing this type of benefit to retirees, which are as follows:

Individual HRA for retiree to purchase coverage (Medicare Supplement or Medicare Advantage)[1]	HRA funding amount	COLA?
Indiana (state employees) Source: https://www.in.gov/inprs/files/HRAPlanDocument.pdf#page=17	Annual amounts are allocated to the account on behalf of the participant while they are actively employed by the state of Indiana; annual amounts vary by attained age, between $500/year for participants less than 30 years old and $1,400/year for participants aged at least 50 years old.	None mentioned in linked plan booklet
Louisiana[2] Source: https://info.groupbenefits.org/one-exchange-medicare-medicare-advantage-and-medigap/	A single retiree will receive HRA credits of $200/month (max of $2,400/year) and a retiree plus spouse will receive HRA credits of $300/month (max of $3,600/year).	Unclear from information available online
Nevada Sources: https://pebp.state.nv.us/wp-content/uploads/2022/05/FINAL-PY2023-Medicare-Exchange-HRA-SPD-20220526.pdf https://pebp.state.nv.us/wp-content/uploads/2022/11/PY23_Rates_Retiree_Subsidy_and_Dental.pdf https://pebp.state.nv.us/wp-content/uploads/2022/12/PY23-PEBP-and-Medicare-Guide-Revised-12.2022.pdf	Varies according to retirement date, years of service, and hire date (active employees only). For eligible retirees, HRA contribution range: $65 - $260 per month (max of $780 - $3,120 per year). Retirees who are not eligible for a HRA contribution: • Those retirees with less than 15 years of service, who were hired by their last employer on or after January 1, 2010 and who are not disabled • Those retirees who were initially hired on or after January 1, 2012	Plan documents suggest that HRA contribution amounts are reviewed annually, citing no changes for the 2023 plan year.

Follow-up data collected in March 2023
1 All except Indiana offer access to a Medicare marketplace to facilitate retirees' purchase of coverage
2 Louisiana offers retirees a choice between access to a marketplace with a Health Reimbursement Account and enrollment in employer-sponsored (group) Medicare Advantage plans or in the state's active medical plan options (but coordinated with Medicare)

Medicare plan options by state – individual retiree HRAs (continued)

A subcommittee member requested additional details on the individual Health Reimbursement Account (HRA) contributions and the prevalence of annual cost-of-living adjustments (COLA) for the 5 states providing this type of benefit to retirees, which are as follows:

Individual HRA for retiree to purchase coverage (Medicare Supplement or Medicare Advantage)[1]	HRA funding amount	COLA?
Ohio (state employees) Source: https://www.opers.org/health-care/hra-eligibility.shtml	Eligibility for, and the amount of, HRA contribution varies according to attained age and years of enrollment in health care plan as an active employee. HRA contributions are based on a percentage (51% - 90%) of a "base allowance" amount. 2023 base allowances with range of monthly HRA deposits: • Non-Medicare retirees - $1,200/month allowance, HRA deposit range: $612 - $1,080/month • Medicare retirees - $350/month allowance, HRA deposit range: $178.50 - $315/month	Online materials suggest that HRA contribution amounts are reviewed annually, specifying that the base allowance amounts are for the 2023 plan year.
Rhode Island Source: https://employeebenefits.ri.gov/benefit-programs/retired-employees/medical-rx/health-reimbursement-arrangements-hra	Retiree HRA allocation amounts are determined according to statutory formula. A benchmark Medicare Supplement plan (currently, AARP Plan F underwritten by UnitedHealthcare) is used to set HRA allocations according to subsidy entitlements. The retiree's subsidy percentage is applied to the age-based rate of the benchmark plan, and the resulting amount is allocated to the retiree's HRA. Monthly HRA allotments (effective 6/1/2022) range from $90.39 - $258.25 per month.	Online materials suggest that HRA contribution amounts are reviewed and updated periodically, as the state's website contains records of changes to historical HRA allotments dating to 2014.

Follow-up data collected in March 2023
1 All except Indiana offer access to a Medicare marketplace to facilitate retirees' purchase of coverage

Medicare plan options by state

Funding status of Medicare Supplement (or other active plan option) offered to retirees

A subcommittee member requested additional information on states' retiree Medicare Supplement plan funding statuses, which is as follows:

	PLAN OPTIONS (Med+Rx Coverage)	
STATE	**Medicare Supplement (MS)/Other**	**Funding Status of Medicare Supplement (MS)/Other**
Arkansas	One MS option	Self-funded
California	Two MS options	Self-funded
Florida	Active plan options coordinated with Medicare	Self-funded
Hawaii	Active plan option coordinated with Medicare	Self-funded
Kansas	Three MS options	Self-funded
Louisiana	Active plan options coordinated with Medicare	Self-funded
Massachusetts	Three MS options	Self-funded
Michigan	Active plan option coordinated with Medicare	Self-funded
New Jersey	Five MS options	Self-funded
New Mexico	One MS option	Self-funded
New York	Active plan options coordinated with Medicare	Self-funded
North Carolina	Active plan options coordinated with Medicare	Self-funded
Ohio (public education employees)	PPO plan coordinated with Medicare	Self-funded
Oklahoma	Three MS options	Self-funded
Oregon	One MS option	Self-funded
Pennsylvania (school employees)	Two MS options	Self-funded
Texas (state employees)	Active plan option coordinated with Medicare	Self-funded
Washington	One MS option	Self-funded
Wisconsin	One MS option	Self-funded
Delaware GHIP Medicfill		**Self-funded**

- In a **self-funded** arrangement, generally an employer provides health or disability benefits out of its own general assets
- In a **fully-insured** arrangement, the employer contracts with an insurance carrier to cover the employees and dependents covered under the plan

Medicare plan options by state

Premiums and retiree contributions for Medicare Supplement plan (or other active plan option)

A subcommittee member requested additional information on states' retiree Medicare Supplement plan premiums and contributions, which are as follows:

	Medicare Supplement (MS)/Other		
STATE	**PLAN OPTIONS (Med+Rx Coverage)**	**TOTAL MONTHLY PREMIUMS (Med+Rx Coverage, rounded to nearest $1)**	**RETIREE MONTHLY PREMIUM CONTRIBUTIONS (Med+Rx Coverage, rounded to nearest $1)**
Arkansas	One MS option	$483	$212
California	Two MS options	$393 - $420	$111 - $138
Florida	Active plan options coordinated with Medicare	$1,632 - $1,831 (1)	$257 - $430
Hawaii	Active plan option coordinated with Medicare	$473	$0 - $237
Kansas	Three MS options	(2)	$222 - $434
Louisiana	Active plan options coordinated with Medicare	$310 - $537	$137 - $236 (3)
Massachusetts	Three MS options	$427 - $435	$43 - $87
Michigan	Active plan option coordinated with Medicare	$471	$0
New Jersey	Five MS options	$1,043 - $1,117 (4)	$487 - $660
New Mexico	One MS option	(2)	$241 - $470
New York	Active plan options coordinated with Medicare	$1,014	$0 - $162
North Carolina	Active plan options coordinated with Medicare	$472	$0 - $472
Ohio (public education employees)	PPO plan coordinated with Medicare	$288	$128 - $288
Oklahoma	Three MS options	$339 - $425	$339 - $425 reduced by up to $105 (5)
Oregon	One MS option	$337	$277 (6)
Pennsylvania (school employees)	Two MS options	$127 - $335	$127 - $335 reduced by up to $100 (7)
Texas (state employees)	Active plan option coordinated with Medicare	$625	$0 - $312
Washington	One MS option	(2)	$99
Wisconsin	One MS option	(2)	$365
Delaware GHIP Medicfill		**$0 - $459 (8)**	**$0 - $459 (8)**

See next slide for footnotes.

Medicare plan options by state

Premiums and retiree contributions for Medicare Supplement plan (or other active plan option)

Footnotes from chart on prior slide

(1) Reflects COBRA rate for active plan options minus 2% administrative load which is customarily added to COBRA rates.

(2) Total premium rate is not readily available from publicly available information about this state's retiree medical plans.

(3) Retiree premium contributions provided for partial employer subsidy (56%). Louisiana differentiates rates based on several employer subsidy levels for retired employees (19% / 38% / 56% / 75% subsidy).

(4) Upon further review of the premium cost structure for these plans, while these plan options are referenced as "Supplemental" plans in communication materials to retirees, the cost structure (total premiums compared to retiree contributions) suggests that these may be active plan options that coordinate with Medicare but not "true" Medicare Supplement plans.

(5) Oklahoma Public Employees Retirement System will contribute up to $105 toward an eligible retiree's health insurance premium each month. This is for the retiree ONLY and not for dependents. OPERS will not continue to contribute up to $105 if the member does not continue coverage with the Oklahoma Employees Group Insurance Division. Source: https://www.opers.ok.gov/insurance/

(6) Oregon's Public Employees Retirement System provides a premium subsidy contribution of $60 per month for eligible retirees, which is not reflected in the Medicare plan rates posted online. Sources: https://www.pershealth.com/new-member/phip-subsidies/ ; https://www.pershealth.com/userfiles/2023-Medicare-Comparison-Final.pdf.

(7) Retirees who meet eligibility criteria for premium assistance receive up to $100 per month; further details are available here: https://www.hopbenefits.com/pdfs/2023/PSERS_2023_Medicare-Eligible%20Guide_PRT_accessible.pdf

(8) See next slide for additional detail on how State share varies based on years of service. 65% of retirees receive 100% State share.

Medicare Supplement – Special Medicfill Plan contributions by State share

Updated contributions for State retirees that retired on or after 7/1/2012

			Per Retiree Contribution	
Health Plan	State Share %	Number of Med Retirees	Annual	Monthly
Pensioners Retired After July 1, 2012				
Special Medicfill	100	5,818	$275.52	$22.96
Special Medicfill	75	1,035	$1,584.78	$132.07
Special Medicfill	50	466	$2,894.04	$241.17
Special Medicfill	0	85	$5,512.56	$459.38
Special Medicfill	Double State Share*	325	$275.52	$22.96
Special Medicfill w/o Rx	100	98	$156.00	$13.00
Special Medicfill w/o Rx	75	40	$898.32	$74.86
Special Medicfill w/o Rx	50	33	$1,640.64	$136.72
Special Medicfill w/o Rx	0	19	$3,125.28	$260.44
Special Medicfill w/o Rx	Double State Share*	6	$156.00	$13.00
Pensioners Retired On or Prior to July 1, 2012				
Special Medicfill	100	15,581	$0.00	$0.00
Special Medicfill	75	311	$1,378.14	$114.85
Special Medicfill	50	224	$2,756.28	$229.69
Special Medicfill	0	33	$5,512.56	$459.38
Special Medicfill w/o Rx	100	440	$0.00	$0.00
Special Medicfill w/o Rx	75	3	$781.32	$65.11
Special Medicfill w/o Rx	50	21	$1,562.64	$130.22
Special Medicfill w/o Rx	0	18	$3,125.28	$260.44
Total		24,556		

A subcommittee member requested an update to this slide, originally presented on 3/27/23, containing Medicfill contributions by State share to reflect updated contribution amounts for State retirees that retired on or after 7/1/2012

Data source: February 2023 Office of Pensions reporting.

* Definition of Double State Share, from 29 Del Code 5202(d)(5):

If both spouses are Medicare eligible and 1 or both retired on or after July 1, 2017, only 1 50 percent pensioner only, or $25 per month premium, whichever is greater, shall apply when separate contracts are required for a Medicare Advantage Plan.

If both spouses are Medicare eligible and both retired after July 1, 2012, and before July 1, 2017, each Medicare eligible pensioner shall be charged $25 per month premium when separate contracts are required for a Medicare Advantage Plan.

Medigap Plan F

Clarification on Medigap Plan F medical policies

Several subcommittee members asked questions about the availability of Medigap Plan F medical policies for Medicare-eligible individuals who purchase medical coverage on their own (i.e., not through an employer-sponsored group plan) and clarification of information presented on 3/27/23 indicating that this plan might be available to some individuals

- Anyone who becomes eligible for Medicare on January 1, 2020, or later will not be able to purchase Plan F (and high deductible Plan F) or Plan C

- Congress passed this decision as part of the Medicare Access and CHIP Reauthorization Act (MACRA) of 2015
  - To control the rising costs of Medicare, the law restricts any individual Medigap plan sold to Medicare beneficiaries on the public marketplace from covering the Part B deductible
  - Because Plans C, F and high-deductible F cover the Part B deductible, they are no longer available for beneficiaries who became eligible for Medicare on or after January 1, 2020
  - This means that if an individual becomes Medicare-eligible on or after January 1, 2020, they will not be able to purchase Plan F under any circumstances

- All individuals who were Medicare-eligible before January 1, 2020 can purchase Plan F. Eligibility is not impacted by prior enrollment in Plan F or in any other Medicare Supplement plan

Medigap Plan F

Clarification on Medigap Plan F medical policies (continued)

- The CMS website includes the following description[1] of Plans C and F, which was directly quoted in the materials on Medigap plans presented to the RHBAS on March 27, 2023:

> **Note**
>
> As of January 1, 2020, Medigap plans sold to people new to Medicare can no longer cover the Part B deductible. Because of this, Plans C and F are no longer available to people new to Medicare on or after January 1, 2020. If you already have either of these 2 plans (or the high deductible version of Plan F) or are covered by one of these plans before January 1, 2020, you can keep your plan. If you were eligible for Medicare before January 1, 2020, but not yet enrolled, you may be able to buy one of these plans (Plan C or F).

- To provide further context for the last sentence in the call-out box above, an individual "may be able" to purchase Plan C or F if they were eligible for, but not yet enrolled in, Medicare before January 1, 2020 and are entitled to guaranteed issue rights when applying for these plans
- Guaranteed issue rights[2] are protections for Medicare beneficiaries in certain situations when insurance companies must offer a Medigap policy, must cover all pre-existing health conditions, and cannot charge more for a policy because of past or present health problems

1 Source: https://www.medicare.gov/supplements-other-insurance/how-to-compare-medigap-policies
2 Source: https://www.medicare.gov/supplements-other-insurance/when-can-i-buy-medigap/guaranteed-issue-rights. Several states (CT, MA, ME, NY) require either continuous or annual guaranteed issue protections Medigap for all beneficiaries in traditional Medicare ages 65 and older, regardless of medical history. Source: https://www.kff.org/medicare/issue-brief/medigap-enrollment-and-consumer-protections-vary-across-states/

Comparing Medicfill to Medigap Plan G

A subcommittee member asked a question about whether there are any differences between Medicfill and individual Medigap Plan G medical policies beyond the Part B deductible

- The only differences between Medicfill and individual Medigap Plan G medical policies are outlined below:
  - Part B deductible ($226 for 2023) is covered under Medicfill but must be paid by Plan G participants
  - First 3 pints of blood in a given plan year has a cost for Medicfill plan participants (consistent with original Medicare) but is covered by Plan G
  - Medicfill covers certain services that are not covered by original Medicare or Plan G (see box to the right)
  - Medicfill has no limit for foreign travel emergency coverage, unlike Plan G which has a $50,000 lifetime limit

Medicfill-covered services that are not covered by original Medicare or Plan G:

- Private Duty Nursing up to 240 hours/year at 80%
- Non-emergent (i.e., routine) foreign travel professional provider services not covered by Medicare at 80% of Highmark Delaware's allowable charge
- Routine Pap smears for cancer screening (non-high risk) in the alternate years that Medicare does not cover
  - Medicare covers routine pap smears for cancer screening (non-high risk) once every 24 months
  - Medicfill pays nothing when Medicare pays, and when Medicare does not pay, Medicfill pays 100% of Highmark's allowable amount every 12 months

Group Medicare Advantage – prior authorization requirements

A subcommittee member inquired about the prior authorization denial rates for the proposed Highmark MA plan, which are as follows:

Calendar Year 2021

Approval Rate – 92%	Turn Around Times for Expedited Cases – 1.39 Days
Denial Rate – 8%	Turn Around Times for Standard Cases – 4.59 Days

Calendar Year 2022

Approval Rate* – 92%	Turn Around Times for Expedited Cases – 1.57 Days
Denial Rate – 8%	Turn Around Times for Standard Cases – 4.05 Days

***Note:** Approval Rate increases to 93% (incremental increase of 1-percentage point) after limited appeals overturns are included.

Source: Highmark BCBS Delaware Freedom Blue PPO Medicare Advantage Frequently Asked Questions. https://dhr.delaware.gov/benefits/medicare/documents/ma-faqs.pdf?ver=0930

Clarification on Medicare plan options in the 2021 Medical RFP

A subcommittee member requested clarification on which Medicare plan options were included in the 2021 Request for Proposals (RFP) for a Medical Third-Party Administrator (TPA) conducted by the State Employee Benefits Committee (SEBC):

- Bidders responding to the 2021 Medical TPA RFP were asked for proposals to administer the **Special Medicfill Medicare Supplement plan**, which is the current medical plan option offered to Medicare pensioners
- Bidders also had the option to submit proposals for their capabilities to administer **group Medicare Advantage plans**, both with and without prescription drug coverage

- The 2021 Medical TPA RFP did not include a request for proposals to administer an individual retiree Health Reimbursement Account (HRA) and/or a Medicare Marketplace
- If this option is a consideration in the future, the SEBC would need to conduct an RFP for an administrator of these benefits