

# Retirement Benefits under State Health Benefit Plan

GREA Annual Convention  
May 6, 2009



Presented by State Health Benefit Plan

# Department of Community Health (DCH) Mission

## ACCESS



Access  
to affordable,  
quality health  
care in our  
communities

## RESPONSIBLE



Responsible  
health planning  
and use of  
health care  
resources

## HEALTHY



Healthy  
behaviors and  
improved  
health  
outcomes

# Department of Community Health (DCH) Initiatives - FY 2008 and FY 2009

## FY 2008

- Medicaid Transformation**
- Health Care Consumerism**
- Financial Integrity**
- Solutions for the Uninsured**
- Medicaid Program Integrity**
- Workforce Development**
- PeachCare for Kids Program Stability**
- Customer Service and Communication**

## FY 2009

- Medicaid Transformation**
- Health Care Consumerism**
- Financial Integrity**
- Health Improvement**
- Solutions for the Uninsured**
- Medicaid Program Integrity**
- Workforce Development**
- PeachCare for Kids™ Program Stability**
- Customer Service**

# State Health Benefit Plan Overview

- State Health Benefit Plan (SHBP) Options
- SHBP Policy Changes
- Pre-65 considerations
- 65+ considerations
- Medicare Advantage Options
- Education

# SHBP Plan Options – January 1, 2009 (for active employees and retirees)

CIGNA and UnitedHealthcare offer:

- Health Reimbursement Arrangement (HRA)
- High Deductible Health Plan (HDHP)
- Preferred Provider Organization (PPO)
- Health Maintenance Organization (HMO)

# SHBP Plan Options – January 1, 2009 (for active employees and retirees)

- Medicare Advantage Private-Fee-For-Service with Prescription Drug Plan (MAPD PFFS)  
(for retirees age 65 or older and/or their spouses or those determined to be disabled by Social Security who are enrolled in Medicare)

# Retirement and Medicare - under age 65

Retirees and/or their dependents not eligible for Medicare:

SHBP is the primary insurer

- Premiums are the same as active employees
- Options under CIGNA and UHC are:

\* HRA

\* HDHP

\* HMO

\* PPO

# Retirement and Medicare - at age 65

Retiree, spouse or dependent are 65

- Federal law requires that Medicare becomes primary insurance carrier at age 65 or when disabled
- SHBP coordinates benefits for retirees who are enrolled in Medicare for the PPO, HMO, HDHP and HRA options
- Premiums are based on the parts of Medicare that the retiree, spouse or disabled dependent have
- Retirees in the MAPD PFFS options – Medicare and SHBP benefit calculated and paid together



# Retirement and Medicare - at age 65

- It is important that retiree enroll in Medicare Part B when eligible
- Enrollment in Medicare Part A is automatic if eligible

# Retirement and Medicare - at age 65

- Retiree and spouse are eligible for Medicare Part B if they are U.S. Citizens, reside in the U.S., age 65 or older (or a legal non-citizen, age 65 or older, who resides and has lived in the U.S. for at least 5 years)
- Retiree and spouse are eligible for Medicare Part B even if the retiree has not worked enough quarters to qualify for Medicare Part A

## Background on SHBP Policies that Address the Other Post Employment Benefit Liability (OPEB)

During the October 30<sup>th</sup> 2008 DCH Board meeting, three new policies were presented in order to address the \$16.4b OPEB liability

- These policies were effective:
  - January 1, 2009, mandatory consumer driven health plan (CDHP) options for new hires for their first calendar year on the plan

## Background on SHBP Policies that Address the Other Post Employment Benefit Liability (OPEB)

- July 1, 2009, higher premiums will apply to Medicare-eligible retirees who do not enroll in Medicare Part B
- January 1, 2010, Medicare-eligible retirees will be required to enroll in one of the Medicare Advantage options if they want to continue to receive the 75 percent state subsidy

# July 1, 2009 SHBP Retiree Policy Change

- Retirees and/or their spouses 65 or older who are NOT enrolled in Medicare Part B will see a substantial increase in premiums
- SHBP has sent numerous communications to these individuals without Medicare Part B notifying them of this change and urging them to enroll

# Medicare Advantage with Prescription Drugs Private Fee for Service (MAPD PFFS) Options

We will be talking about the MAPD PFFS:

- Plan Year 2009
- Plan Year 2010

# How the MAPD PFFS Options Work

These are customized plans for SHBP that offer enhanced benefits over standard Medicare

- Cover all parts of Medicare (A, B, and Part D Prescription drug coverage)
- No more coordination of benefits with Medicare as this is an all-inclusive plan in place of 'traditional' Medicare
- Two Optional Private Fee-for-Service (PFFS) plans offered by UHC and CIGNA
- Simplicity because the retiree has one ID card, one customer service number and one Web site for his/her medical and pharmacy needs

# Current Medicare Advantage (MA) Plans- 2009

- Offered nation wide
- Lower co-payments
- No PCP required
- No referrals
- No prior authorizations
- \$1,000 annual out-of-pocket maximum for covered medical expenses
- Over 3,000 retirees enrolled in 2009



# Current Medicare Advantage (MA) Plans- 2009

- No deductible
- Unlimited inpatient hospital days
- Unlimited home health care visits covered at 100 percent
- Routine chiropractic
- Routine Podiatry
- Annual routine eye exams- \$25 co-pay per visit
- Routine glasses, contact lenses and frames (\$125 maximum every 2 years)
- Routine hearing exams and hearing aid benefit (\$1,000 maximum every 4 years)

# Current Medicare Advantage (MA) Plans Prescription Drug Benefits - 2009

- Prescription drug coverage - \$10/\$25/\$50/\$50
- There is no deductible under the SHBP MAPD PFFS prescription drug benefit and no “doughnut hole”  
Retirees will only pay their co-pay amount until they reach \$4,350 out-of-pocket
- Once this limit is reached, the retiree will pay the greater of 5 percent coinsurance or reduced co-pays for generics and brand drugs (\$2.40 -\$6.00) for the remainder of the calendar year

## How the MAPD PFFS Options Work (Medical)

- Can choose any Deemed Provider (a provider who is eligible to receive payment from Medicare and who agrees to the CIGNA Medicare Access Plus Rx or United Healthcare Medicare Direct terms, conditions and payment rate) to receive care
- If the retiree's doctor or hospital does not agree to be a Deemed Provider, any services received will not be covered under these options
- Simply need to show CIGNA or UnitedHealthcare ID card at every visit to receive service

## Medicare Advantage MAPD PFFS Options - Provider Deeming

- UHC and CIGNA reimburse providers at the Medicare rates, claims are paid faster than the Medicare Coordination of Benefits (COB) process and provider has added convenience of only filing the claim with the health carrier rather than with CMS and then the health carrier
- Retirees can receive assistance in finding an eligible provider at any time by calling CIGNA's or United Healthcare's Customer Service toll free number
- UHC and CIGNA will continue to contact and educate providers throughout 2009

# Enrollment in MAPD PFFS Plans

- Retirees must be enrolled in Medicare Parts A and B to enroll in the MAPD PFFS Plans
- Enrollment in the MAPD PFFS Plans is based on CMS approval
- Once CMS approves the members enrollment the information will be sent to SHBP
- The effective date of coverage under the MAPD PFFS Plans will be determined by CMS

Note: SHBP will expand the MAPD PFFS Plans to include “Part B Only” to accommodate retirees not enrolled in Part A Medicare 1/1/2010

# Retiree Policy Change

## Medicare Advantage Plans- January 1, 2010

- All Medicare-eligible retirees will be required to enroll in one of the Medicare Advantage options if they want to keep 75 percent state subsidy
- SHBP is looking into expanding options so retirees have a choice of four options (two from each vendor)
- The two new options would have lower co-pays and out-of-pocket costs, but higher monthly premiums
- Additionally, SHBP will expand the MA Plans to include “Part B Only” to accommodate retirees not enrolled in Medicare Part A (will be offered at same cost)

# 2009 Impact to Most Retirees

Coverage:	SHBP PPO with Medicare parts A,B & D		Medicare Advantage with Rx	
	Premiums paid to:	2009 monthly costs:	Premiums paid to:	2009 monthly costs:
Part A – Hospital	No cost	\$0	No cost	\$0
Part B - Physician	Average premium - must be paid directly to Medicare (CMS)	\$96.40	Average premium - must be paid directly to Medicare (CMS)	\$96.40
Part D – Rx	Average premium - must be purchased through private policy	\$30	No additional premium required – Rx is included in SHBP's MA Plan	\$0
SHBP coverage	Premium paid to SHBP for PPO single coverage	\$32.90	Premium paid to SHBP for MA single coverage	\$17.50
Total cost for A,B, D and SHBP coverage	Paid to three different entities: CMS, Part D private insurer, SHBP	\$159.30	Paid to two entities: CMS and SHBP	\$113.90

Monthly premium savings for most retirees under SHBP:  
**\$159.30 - \$113.90 = \$45.40**

# MAPD PFFS Eligibility - 2009

## What if my spouse is not yet 65?

If you enroll in the MAPD PFFS Plan, you will select family coverage and your spouse and/or dependents will be automatically enrolled in the corresponding HRA option (CIGNA or UHC)

## What if my spouse is 65 but I'm not yet 65?

You will select family coverage in the MAPD PFFS plan but anyone in your family not eligible for the MAPD PFFS plan will be automatically enrolled in the corresponding, HRA options (CIGNA or UHC). The MAPD PFFS plan may contact your spouse for additional information



# MAPD PFFS Eligibility - 2010

- SHBP will offer all plan options to family members not eligible for the MAPD PFFS Plans

# More Information

SHBP members who want specific information about the MAPD PFFS options should call the vendor directly at:

CIGNA

[www.CIGNA.com/SHBP](http://www.CIGNA.com/SHBP)

1-800-942-6724

UnitedHealthcare

[www.myuhc.com/groups/gdch](http://www.myuhc.com/groups/gdch)

1-877-246-4190

Eligibility questions - call the SHBP Call Center  
404-656-6322 or 1-800-610-1863

**Retiree meetings will be held this fall beginning in August.**

# Remember

## Retirees should:

Notify SHBP of any address change. The retirement system does not notify us. The information must be in writing, should include the member's social security number and must be sent to:

SHBP

P.O. Box 1990

Atlanta, GA 30301-1990