

Retiree Health Insurance

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Purpose of Presentation

- Propose for Board consideration a change to Personnel Ordinance 31.14 Retiree Health Insurance Guidelines, Section D
- Propose for Board consideration an alternate County-sponsored retiree health insurance plan option that will provide enhanced benefits to eligible retirees and mitigate costs for the County

Agenda

1. Background of County retiree health insurance
2. Updated interpretation of and language for Personnel Ordinance
3. Overview of Medicare Advantage Plans
4. Medicare Advantage Plan request for proposals and results
5. Recommendations and next steps



Background

Current Retiree Health Insurance

- Per Personnel Ordinance 31.14, once a retiree is Medicare eligible, retiree health insurance with the County will pay secondary as indicated within our benefit plan document.
- Retirees who meet the requirements *stay on County's self-insured health plan, regardless of age.*
- Spouses of eligible retirees can stay on County's self-insured health plan, regardless of age, until the retiree is no longer covered by the plan.
- Children of eligible retirees can stay on County's self-insured health plan until age 26, or until the retiree is no longer covered by the plan, whichever occurs first.

Current Retiree Health Insurance

Per Personnel Ordinance 31.14, some Wake County employees are eligible for health insurance coverage at retirement based on date of hire and years of service.

Hired Before 5/16/1994

Years of Service	Eligibility & Contribution
< 5	Not Eligible
5-9	Retiree pays 100%
10+	County pays 100%

Hired 5/16/1994 – 4/15/1997

Years of Service	Eligibility & Contribution
< 10	Not Eligible
10-19	Retiree pays 50%
20+	County pays 100%

Hired 4/16/1997 – 6/30/2011

Years of Service	Eligibility & Contribution
< 20	Not Eligible
20+	County pays 100%

Employees hired after 6/30/2011 are not eligible.

Eligibility changes were made to mitigate future costs and OPEB liability.

Current Retiree Health Insurance

1,394 Number of retirees on the health plan

- 913 - Age 65 and Over
- 481 - Under Age 65

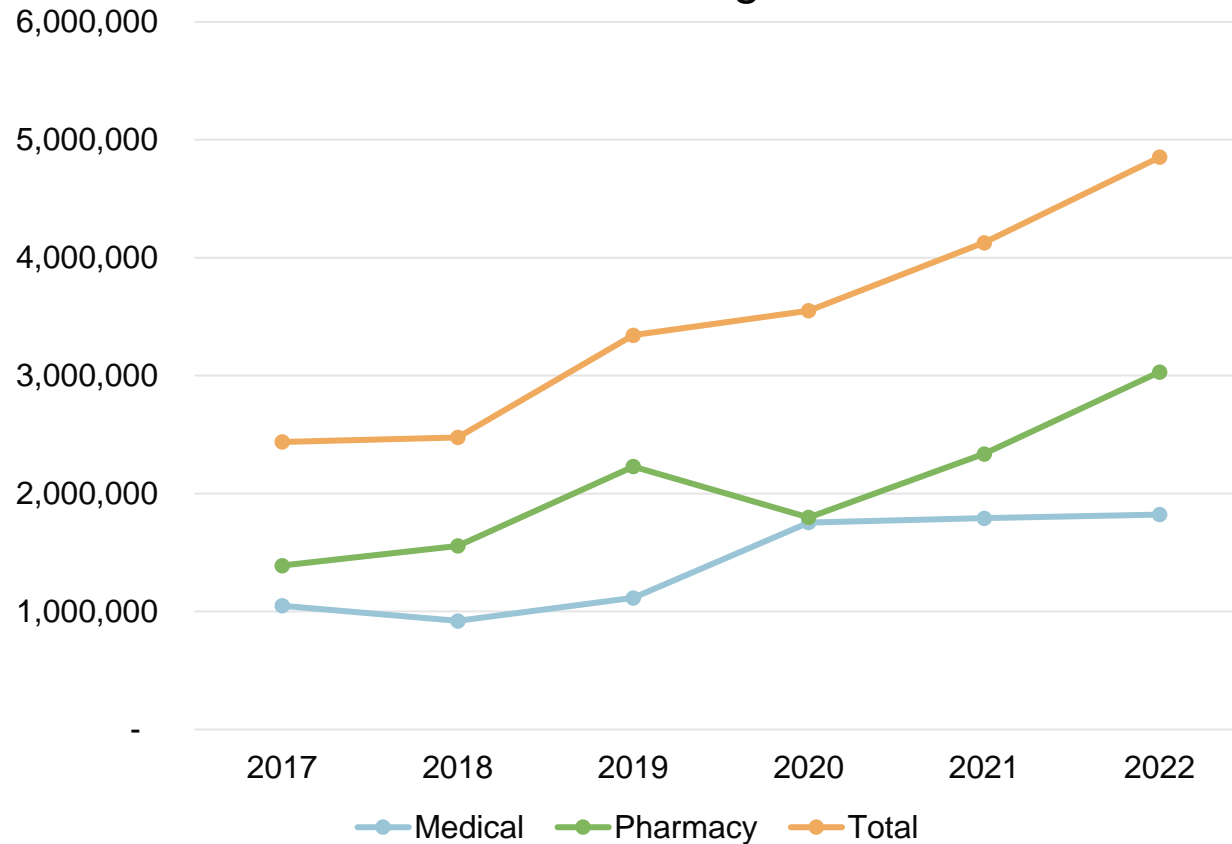
486 Number of active employees who meet date of hire and years of service requirement now (does not include dependents)

- 34 - Age 65 and Over
- 452 - Under Age 65

817 Number of active employees who meet date of hire eligibility requirement and may meet years of service requirement in the future (does not include dependents)

Retiree Health Costs Are Rising

Medical & Pharmacy Costs
Retirees Age 65+



58.5%
Increase in
pharmacy costs for
retirees aged 65+
since 2020



Personnel Ordinance

Updated Interpretation on Retiree Health Insurance

Updated Retiree Health Insurance

Prior Interpretation

- Retirees 65 or older must remain on same County health insurance plan as current employees and pre-65 retirees
 - Medicare Advantage and supplemental retiree plans not perceived as offering “same” coverage
 - However, County health plan is designed to be most supportive of the needs of employees not retirees

New Interpretation

- Retirees 65 or older can be placed on a different plan, as long as plan offers same or better benefits as County’s health insurance plan
 - Medicare Advantage plans offer wider slate of benefits, tailored to post-65 individuals
 - Medicare Advantage plans can be purchased at lower cost to the County
 - Retiree representatives on the Benefits Committee have requested coverage options that would be available to them only on a Medicare Advantage plan

Proposed Ordinance Change

Ordinance 31.14 Retiree Health Insurance Guidelines, Section D

Current

Medicare eligibility.

Once a retiree is Medicare eligible, retiree health insurance with the county will pay secondary as indicated within our benefit plan document.

Proposed

Medicare eligibility.




Upon becoming Medicare eligible, retiree health insurance will be provided by an alternate County-sponsored health plan.



Medicare Advantage

Enhanced Benefits for Retirees Aged 65 and Over
While Mitigating Costs

Medicare Overview

Part A 	Part B 	Part C* A+B	Part D* 
HOSPITAL INSURANCE	MEDICAL INSURANCE	MEDICARE ADVANTAGE	PRESCRIPTION DRUGS
<p>Inpatient Hospital 1-60 days: \$1,600 deductible 61-90 days: \$400/day 91-150 days: \$800/day</p> <p>Skilled Nursing 1-20 days: No charge 21-100 days: Up to \$200/day</p> <p>Home Health Care Services: No charge Durable Medical Equipment: 20%</p> <p>Hospice Care No charge</p>	<p>Outpatient Care Doctor Services Diagnostic Tests Physical Therapy Durable Medical Equipment Ambulance \$226 deductible, then 20%</p> <p>Preventive Care No charge</p>	<p>Combines Parts A & B</p> <p>May or may not include prescription coverage</p>	<p>Optional coverage</p> <p>Helps participant lower prescription drug costs</p> <p>Plans offered by insurance companies</p> <p>Plans vary but must offer at least a standard level of coverage set by Medicare</p> <p>Some Medicare Advantage plans offer built-in prescription drug coverage</p>

Current Plan vs. Medicare Advantage

Current Post-65 Coverage

- Retiree enrolls in Medicare Parts A&B at age 65
- Medicare is primary coverage for hospital & medical costs
- County plan is secondary for hospital & medical costs
- County plan covers prescriptions

With Medicare Advantage

- Retiree enrolls in Medicare Parts A, B, C, and D at age 65
- Retiree moves from County self-funded plan to County sponsored Medicare Advantage (Part C) that covers Parts A, B, and D all in one plan

Benefits of Moving to Medicare Advantage

How Retirees Benefit

Medical

- \$0 deductible, \$0 co-pay, or \$0 co-insurance
- No coordination of benefits necessary
- Enhanced coverage offered
- Extra retiree-focused benefits

Pharmacy

- Co-pays, co-insurance, and maximums are the same or lower than current coverage

Other

- One ID card to manage
- One point of contact for customer service
- Lower premium contribution
- Budget friendlier for fixed incomes

How County Benefits

- Offers a predictable monthly premium vs. current unpredictable weekly health & pharmacy claim funding
- Rate guarantees or rate caps
- Cost avoidance





Request for Proposals Overview

Medicare Advantage

Medicare Advantage RFP

- Issued Request for Proposals
- Received proposals from:
 - Aetna
 - Blue Cross Blue Shield NC
 - Cigna
 - United Healthcare

RFP Responses: MAPD Member Rates

Carrier	Cigna	Aetna	BCBSNC	UnitedHealthcare
2024 PMPM Rate	\$96.65	\$120.00	\$102.00	\$227.45
2025 PMPM Rate	\$96.65	\$132.00	\$102.00	Not provided
2026 PMPM Rate	\$96.65	\$144.00	\$102.00	Not provided
Credits	\$50,000 Communication Fund	\$1.75 PMPM transition credit, not to exceed \$20,000	\$25,000 Implementation credit	\$10 Per Member, ~\$9,460
Rate Guarantee	3 years	Guaranteed above rates	3 years	Did not provide
Performance Guarantees	\$50,000 Client Satisfaction \$50,000 Service Performance	up to 1% of total premium	up to \$50,000	up to 2% of total premium

PMPM rate would be picked up in full by the County for eligible Post-65 retirees

RFP Responses: MAPD Plan Designs

	Cigna Current		Cigna	Aetna	BCBSNC	UnitedHealthcare
	Standard	Premium				
Medical						
Deductible	\$2,000	\$1,250	\$0	\$0	\$0	\$0
Out of Pocket	\$6,500	\$5,500	\$0	\$0	\$1,000	\$3,000
PCP	\$35	\$25	\$0	\$0	\$0	\$25
Specialist	\$60	\$50	\$0	\$0	\$0	\$50
Telemedicine / Virtual Visit	\$0	\$0	\$0	\$0	\$0	\$25
Virtual BH	\$0	\$0	\$0	\$0	\$0	\$40
Inpatient Stay	30% after ded	20% after ded	\$0	\$0	\$0	\$500
Outpatient Surgery or Services	30% after ded	20% after ded	\$0	\$0	\$0	\$250
Urgent Care	\$50	\$50	\$0	\$0	\$0	\$50
Emergency Room	\$400, then 30%	\$400, then 20%	\$0	\$0	\$0	\$90
Laboratory Services	\$0	\$0	\$0	\$0	\$0	\$25
Diagnostic Radiology (x-ray, MRI, etc)	30% after ded	20% after ded	\$0	\$0	\$0	\$50
Hearing Aids	Covered	Covered	Covered	Not Covered	Covered	Covered
Vision Exam	\$0	\$0	\$0	\$0	\$0	\$0
Pharmacy	Standard	Premium				
Tier 1	\$10	\$10	\$10	\$10	\$0	\$10
Tier 2	35% to \$200	35% to \$200	35% to \$80	25% to \$200	\$10	35% to \$47
Tier 3	50% to \$350	50% to \$350	50% to \$120	50% to \$350	\$15	50% to \$350
Tier 4	60% to \$450	60% to \$450	33% to \$300	33% to \$450	\$30	50% to \$100
Tier 5	n/a	n/a	n/a	n/a	\$0	n/a
Out of Pocket	Combined w/ Med	Combined w/ Med	\$2,000	\$0	\$1,000	\$5,030

Post-65 Retiree Monthly Premium Costs

	Current		Proposed
	Standard Plan	Premium Plan	Cigna MAPD Plan
100% of Retiree Premium Cost Paid for by Wake County			
Retiree Only	\$0	\$101	\$0
Retiree + Spouse (O65)	\$373	\$551	\$96.65
50% of Retiree Premium Cost Paid for by Wake County			
Retiree Only	\$321.10	\$405.03	\$48.33
Retiree + Spouse (O65)	\$897.86	\$1,023.63	\$144.98
0% of Retiree Premium Cost Paid for by Wake County			
Retiree Only	\$642.20	\$709.05	\$96.65
Retiree + Spouse (O65)	\$1,422.72	\$1,496.26	\$193.30

MAPD rates are on a PMPM basis, the above assumes that WCG would not be picking up the PMPM costs for spouses

Spouses & Children On Retiree Health Plan

The spouse and children of a Medicare eligible retiree continue coverage on the County plan until aging off.

- Spouses can transfer to County-sponsored Medicare Advantage plan at age 65
- Children remain on County's self-funded plan until eligibility ends at age 26

Note: Cost of spouse and children coverage still 100% paid by the retiree

195

Number of Retirees with Spouse and/or Children on County health plan

125 - Spouses

117 - Children

Retiree Medical & Rx Potential Out-of-Pocket

- 908 retirees and/or families are positively impacted with \$3.5k - \$9k lower total OOP
- **6** families may be negatively impacted with \$2k higher total OOP (highlighted in bold)
- Medicare Advantage PPO OOP maximum of \$2k applies to the pharmacy only since the medical plan has 100% AV (i.e., no member cost share)

# of Families Impacted	Description	Tier	Spouse	Family Count	Current Plan	Family OOP	New OOP	OOP Difference
273	Retiree	EE	n/a	1	Premium	\$5,500	\$2,000	-\$3,500
575	Retiree	EE	n/a	1	Standard	\$6,500	\$2,000	-\$4,500
22	Retiree + O65 Spouse	EE + SP	O65	2	Premium	\$11,000	\$4,000	-\$7,000
5	Retiree + U65 Spouse	EE + SP	U65	2	Premium	\$11,000	\$7,500	-\$3,500
23	Retiree + O65 Spouse	EE + SP	O65	2	Standard	\$13,000	\$4,000	-\$9,000
2	Retiree + U65 Spouse	EE + SP	U65	2	Standard	\$13,000	\$8,500	-\$4,500
6	Retiree + 1 Dependent	EE + Children	n/a	2	Premium	\$11,000	\$7,500	-\$3,500
1	Retiree + 2 Dependents	EE + Children	n/a	3	Standard	\$13,000	\$15,000	+\$2,000
2	Retiree + 1 Dependent	EE + Children	n/a	2	Standard	\$13,000	\$8,500	-\$4,500
3	Retiree + U65 Spouse + 1 Dependent	Retiree + Fam	U65	3	Standard	\$13,000	\$15,000	+\$2,000
1	Retiree + U65 Spouse + 1 Dependent	Retiree + Fam	U65	3	Premium	\$11,000	\$13,000	+\$2,000
1	Retiree + U65 Spouse + 3 Dependents	Retiree + Fam	U65	5	Premium	\$11,000	\$13,000	+\$2,000

Cigna Medicare Advantage Enhancements



See any provider that accepts Medicare in or out of network with same cost share



One ID card and one customer service team



\$200 annual allowance for glasses and/or contacts



No cost hearing exams and up to \$1,400 for hearing aids every 3 years

Cigna Medicare Advantage Enhancements

Caregiver Support

Help care for an aging loved one, adult or child living with acute or chronic conditions. Telephonic and virtual coaching available to retiree and impacted household members.

In-Home Support

Papa Pals combats loneliness and social isolation by connecting Papa Pals with members for companionship and help with activities of daily living. Up to 30 hours per year.

Cigna Healthy Today

Earn up to \$200 per year for:

- Preventive care
- Community engagement
- Using myCigna.com
- Staying active with Silver & Fit:
 - \$0 fitness center membership
 - Access to 20,000 fitness centers
 - Home-based fitness programs
 - Live & on-demand online fitness classes
 - Coaching

Home Life Resources

Access to trusted local resources to assist with needs such as finding childcare, eldercare, pet care, home repairs, and more.

Home Delivered Meals

One-time delivery of 14 nutritional meals free of charge after discharge from an inpatient hospital stay. Up to 3x/year.

Estimated Cost Avoidance with Cigna Medicare Advantage

Employee Count	90% Estimated Cost Avoidance
Medical Claims	-\$1,907,344
Pharmacy Claims	-\$4,304,933
Pharmacy Rebates	\$1,418,940
Rebate Lag (not all rebates paid in CY2024 based on timing of payment)	-\$613,295
Anticipated Part D	\$239,200
Admin Fees	-\$191,243
Stop Loss Premium (premium County pays to cover catastrophic type claims)	-\$134,345
Gross Total	-\$5,493,020
Retiree Contributions	\$890,724
Net Total	-\$4,602,295
PCORI Fee (Patient Centered Outcomes Research Institute fees)	-\$5,910
Plan Cost Avoidance	-\$4,608,205
WCG-MA (\$96.65 PMPM) Contribution	\$1,021,011
Projected Cost Avoidance	-\$3,587,195

Based on calendar year

Impact to FY24 Health & Dental Budget

FY24 Total Health and Dental Benefits Adopted Budget	\$77,270,000
Estimated Medicare Advantage Cost Avoidance (90%) for ½ Year	\$1,793,000
Estimated Total after Medicare Advantage Implementation	\$75,477,000

An estimated \$3.586M in cost avoidance for the 2024 plan year.



Recommendation & Next Steps

Medicare Advantage

Recommendation

1. Revise Personnel Ordinance 31.14 Retiree Health Insurance Guidelines, Section D to allow implementation of alternate health plans for Medicare eligible retirees
2. Select Cigna to provide the Medicare Advantage plan
 - Matches or exceeds current plan coverage
 - See any provider that accepts Medicare, even if not in Cigna's network
 - Coverage enhancements offered
 - Retiree-focused benefits offered
 - Wellness benefits offered
 - Most competitive pricing
 - Ease of administration
3. Implement the Medicare Advantage plan effective 1/1/2024

Next Steps

1. Answer Board questions and comments
2. July 10, 2023: Request Board authorizes amendment to Ordinance 31.14 Retiree Health Insurance Guidelines, Section D
2. July 10, 2023: Request Board authorizes the County Manager to enter a 3-year contract with Cigna for a Medicare Advantage plan effective 1/1/2024
4. July – December 2023: Develop and execute a communication campaign to notify and enroll retirees



Questions?