



## Agenda Item 8

May 19, 2015

**ITEM NAME:** 2016 Medicare Advantage Plan Approaches

**PROGRAM:** Health Benefits

**ITEM TYPE:** Information

### **EXECUTIVE SUMMARY**

This item provides a comparison of UnitedHealthcare's proposed Medicare single carrier approach to the current Medicare plan options administered by the California Public Employees' Retirement System (CalPERS). The proposed single carrier Medicare plan would be offered along with Medicare Supplement plans administered by PERSCare, PERS Choice, and PERS Select, and the Kaiser Medicare Advantage plan.

### **STRATEGIC PLAN**

This agenda item supports Goal A: Improve long-term pension and health benefit sustainability by ensuring high quality, accessible and affordable health benefits.

### **BACKGROUND**

In June 2014, concerned with the Medicare rate increase of up to 38 percent from 2014 to 2015, the Pension & Health Benefits Committee (PHBC) directed staff to explore a single-carrier to administer healthcare for all Medicare members. In November 2014, staff provided information to the PHBC on the overall Medicare Program, and potential options the Board of Administration (Board) may consider relative to the program, at which time, the PHBC directed staff to research alternate approaches outside our current Medicare plan offerings, namely, the option of a single, non-Kaiser Health Maintenance Organization (HMO) Medicare plan to be provided by one carrier in 2016.

As part of the 2016 Rate Development Process, staff requested formal responses from plans interested in serving as the single carrier. Staff evaluated those proposals and presented coverage and cost information to the PHBC during closed session in April 2015. After which, the PHBC directed staff to provide a comparison of the proposed UnitedHealthcare Group Medicare Advantage Preferred Provider Organization (PPO) plan to the current Medicare plans offered by CalPERS. In addition, the PHBC directed staff to meet with the retiree stakeholders to communicate UnitedHealthcare's Medicare approach.

**ANALYSIS**

CalPERS is currently in the deliberative rate setting process, therefore this agenda item does not include the cost information for the UnitedHealthcare Medicare approach. The 2016 proposed premiums for this approach, along with the proposed premiums for the current Medicare plan offerings, will be provided as a hand-out during Open Session of the PHBC on May 19, 2015.

The tables below show coverage areas in the UnitedHealthcare proposal compared to coverage areas in the existing CalPERS Medicare plan offerings.

<b>Proposed Carrier</b>	<b>Area Coverage</b>
<b>UnitedHealthcare – single carrier Group Medicare Advantage PPO plan</b>	<b>All 58 counties and out-of-state</b>
<b>UnitedHealthcare - single carrier Group Medicare Advantage PPO plan with Dental and Vision</b>	<b>All 58 counties and out-of-state</b>

<b>Existing Carriers</b>	<b>Area Coverage</b>
Anthem Blue Cross	46 counties
Blue Shield of California	38 counties
Health Net	6 counties
Sharp	1 county
UnitedHealthcare	22 counties

**BUDGET AND FISCAL IMPACTS**

Incorporating a single, non-Kaiser Medicare plan option by UnitedHealthcare in 2016 has the potential to save our members and employers money. However, savings are not disclosed until we can provide the premiums during the Open Session PHBC meeting on May 19, 2015.

**BENEFITS/RISKS**

The primary benefit UnitedHealthcare’s single carrier Group Medicare Advantage PPO plan is that it would allow plan members to receive care – at the same benefit level – from any willing Medicare provider in California and across the country. It covers all of the care covered by Medicare Parts A, B and D and includes a comprehensive national network of contracted health care providers. In addition, this plan includes benefits which may not be provided today, such as the SilverSneakers and HouseCalls programs. Lastly, for retirees not currently offered vision and dental

as part of their retiree benefits, this proposal provides them the ability to purchase a vision and dental benefit. Attachment 1 is a detailed slide deck prepared by UnitedHealthcare on their Group Medicare PPO plan which was presented to the retiree stakeholders at a meeting held on May 1, 2015. Attachment 2 is a frequently asked questions document prepared as a result of the May 1, 2015 meeting.

If this proposal is approved by the Board, an extensive communication effort will be necessary to inform our members and stakeholders, to ensure they have a full understanding of the UnitedHealthcare plan and how a transition would take place.

For a small group of health enrollees, the single carrier plan will impact family members that are currently enrolled in a basic plan as they may need to change their doctors if the Medicare eligible member enrolls in the UnitedHealthcare plan. Approximately 15,000 individuals are enrolled in a non-Kaiser Medicare/Basic split HMO combo plan where either the subscriber or a dependent is a Medicare eligible enrollee while the other enrollee(s) are in a basic plan. Approximately 8,200 of the 15,000 enrollees in the combo plans are basic health plan members, and may potentially be impacted by needing to change providers. However, many of these basic plan enrollees may be in a UnitedHealthcare overlap service area which allows them to keep their doctors.

Although the current 126,000 Medicare PPO members and 1,900 out-of-state Kaiser Medicare members are not impacted by this new product, this offering may be attractive to them as the UnitedHealthcare footprint is available in all 58 counties and out-of-state.

#### **ATTACHMENTS**

Attachment 1 –The Value of Medicare Advantage for CalPERS Medicare Eligible Retirees – UnitedHealthcare’s presentation to the Retiree Stakeholders on May 1, 2015

Attachment 2 – Frequently Asked Questions & Answers

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