

## Public Agenda Item #14c

Review, Discussion and Consideration of the  
Texas Employees Group Benefits Program:

Approval of Proposed Rates for Medicare Advantage  
Preferred Provider Organization Plans for Calendar Year 2017

August 16, 2016

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# Medicare Advantage Preferred Provider Organization (MA PPO)

# MA PPO

## Background



Program is branded as HealthSelect Medicare Advantage<sup>SM</sup> and provides medical benefits to retirees and their eligible dependents

Participants must be eligible for primary coverage under Medicare Part A and Part B.

MA PPO option has been available since January 1, 2012

Benefits are designed to provide comparable coverage to that provided under HealthSelect of Texas<sup>SM</sup>.

Participants are automatically enrolled, but can choose to opt into the traditional HealthSelect plan at beginning of any month.

# MA PPO

## *Background Continued*



Continues to provide the most cost-effective medical benefits for Medicare-primary GBP participants.

Offered on a full-insured basis by Humana Insurance Company (Humana).

Prescription drug coverage for HealthSelect MA participants is provided under HealthSelect Medicare Rx<sup>SM</sup>, a self-funded plan that is administered separately.

# MA PPO

## Member Enrollment



### HealthSelect Medicare Advantage (MA PPO) Member Enrollment

HealthSelect Medicare Advantage*	January 2012	January 2013	January 2014	January 2015	January 2016	June 2016
Members	37,953	38,186	42,469	46,258	50,533	51,928
Dependents	9,372	9,964	11,366	12,329	13,419	13,717
Total Participants	47,325	48,150	53,835	58,587	63,952	65,645

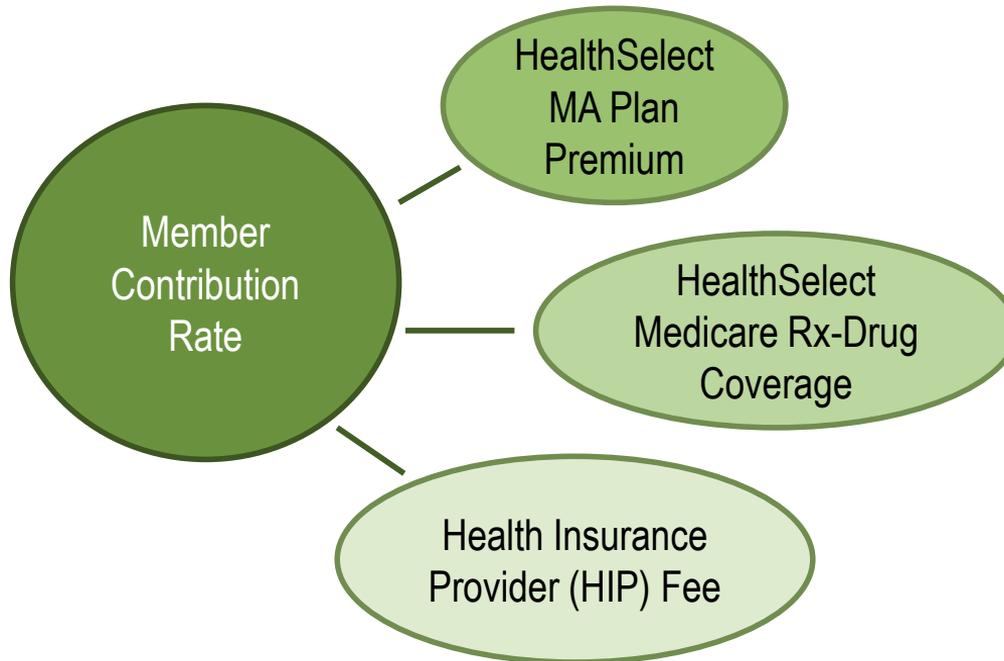
*\*Medical Coverage only*

# MA PPO

## Member Contribution Rates



- The MA PPO member contribution rates are comprised of three elements:



# MA PPO

## *Theoretical Cost Index (TCI)*



- To ensure compliance with the rider, staff and the consulting actuary utilize a Theoretical Cost Index (TCI) model.
- TCI estimates the total cost that would be required to cover the MA PPO's participants if they were enrolled in HealthSelect.
- The MA PPO must agree to charge premium rates that are no greater than 95% of the TCI.

# MA PPO

## *Changes in Federal Payments and Payment Methodology*



The Centers for Medicare & Medicaid Services (CMS) released the Announcement of Calendar Year 2017 Medicare Advantage Capitation Rates and Medicare Advantage and Part D Payment Policies and Final Call Letter on April 4, 2016.

These payment policies include substantial changes to the MA payment system:

- CMS 2017 Rate Announcement
- CMS 2017 Call Letter

# MA PPO

## *Health Insurance Provider (HIP) Fee*



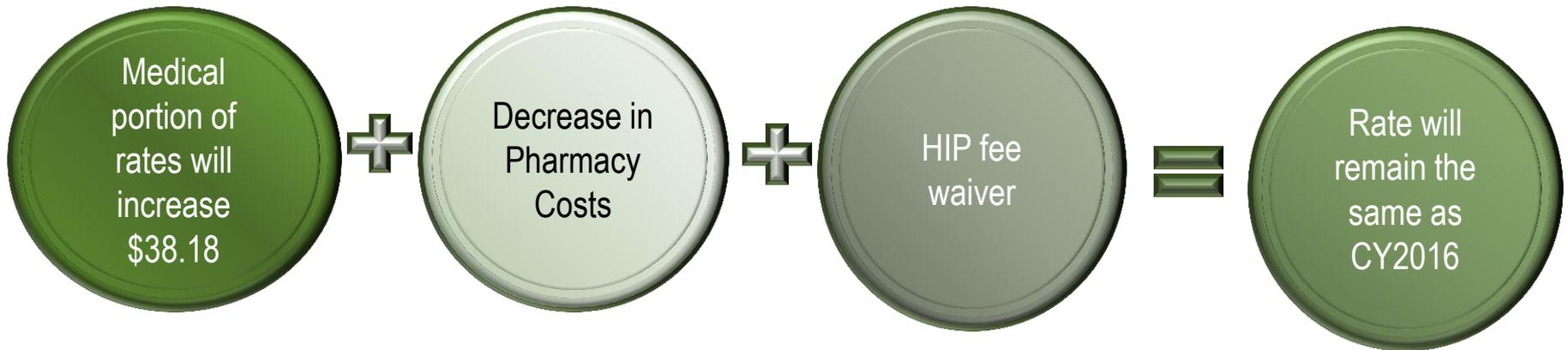
- The Consolidated Appropriations Act of 2016, Division Q, Title II, § 201, suspends collection of the HIP Fee for CY2016.
- Therefore, health insurance issuers are not required to pay the HIP Fee in 2017.

# MA PPO

## HealthSelect Medicare Rx Drug Costs



- The staff and consulting actuary have projected the cost of prescription drug coverage under HealthSelect Medicare Rx<sup>SM</sup> for CY 2017.



# MA PPO

## Staff Recommendation



### HealthSelect MA Plan Proposed Monthly Member Contribution Rates Calendar Year 2017

	Medicare - Primary Spouse	Medicare - Primary Surviving Spouse
Current HealthSelect MA Rates CY 2016	\$157.08	\$314.16
<b>Proposed HealthSelect MA Rates CY 2017</b>	<b>\$157.08</b>	<b>\$314.16</b>
Increase from CY 2016 Rates	0.00	0.00
<b>Potential Savings to Retiree</b>		
HealthSelect FY 2017 Rates	\$353.68	\$707.36
Member Savings through MA PPO	\$196.60	\$393.20

Questions?