

Public Agenda Item #14b

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

Approval of Proposed Rates for Medicare Advantage
Health Maintenance Organization Plans for Calendar Year 2017

August 16, 2016

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Medicare Advantage Health Maintenance Organization (MA HMO)

MA HMO

Background



Program provides medical benefits to certain retirees and their eligible dependents.

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

MA HMO option has been available since September 1, 2011

Benefits are designed to provide coverage that is at least as comprehensive as provided under HealthSelect of TexasSM.

Participants can choose to enroll in the plan; they may elect to opt back into his/her “originating” medical program at next annual enrollment.

MA HMO

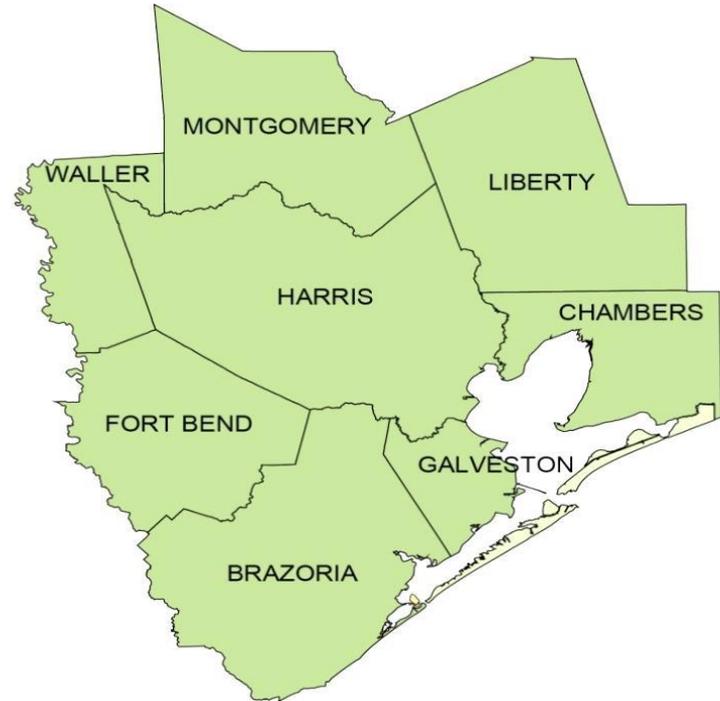
KelseyCare Advantage (KelseyCare)



KelseyCare is the only MA HMO currently offered.

Participants must use a provider within the network.

KelseyCare provides coverage in eight Houston-area counties.



MA HMO

Member Enrollment



KelseyCare MA HMO Member Enrollment

KelseyCare Advantage*	January 2012	January 2013	January 2014	January 2015	January 2016	June 2016
Members	465	736	832	942	1,025	1,059
Dependents	107	165	182	192	209	217
Total Participants	572	901	1,014	1,134	1,234	1,276

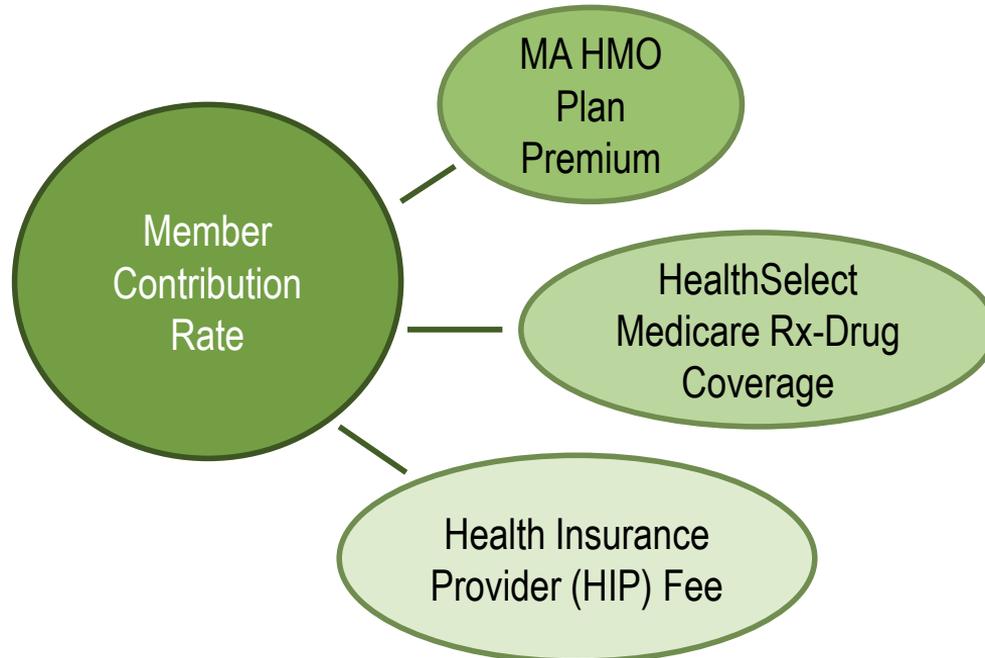
**Medical Coverage only*

MA HMO

Member Contribution Rates



The MA HMO member contribution rates are comprised of three elements:



MA HMO

Plan Premium



Proposed rates must conform with a rider in the State's appropriations act which stipulates that:

“In no event shall the total amount of state contributions allocated to fund coverage in an optional health plan exceed the actuarially determined total amount of state contributions required to fund basic health coverage for those active employees and retirees who have elected to participate in that optional health coverage.”

MA HMO

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 HMO's participants if they were enrolled in HealthSelect.
- The MA HMO must agree to charge premium rates that are no greater than 95% of the TCI.

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 HMO

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 HMO

HealthSelect Medicare Rx Drug Costs



- The staff and consulting actuary have projected the cost of prescription drug coverage under HealthSelect Medicare RxSM for CY 2017.



MA HMO

Staff Recommendation



KelseyCare MA HMO Plan Proposed Monthly Member Contribution Rates Calendar Year 2017

	Medicare-Primary Spouse	Medicare-Primary Surviving Spouse
Current MA HMO Rates CY 2016	\$ 150.22	\$ 300.44
Proposed MA HMO Rates	131.84	263.68
Increase (Decrease) from CY 2016 Rates	(18.38)	(36.76)
Potential Savings to Retiree		
HealthSelect FY 2017 Rates	353.68	707.36
Member Savings through MA HMO Plan	\$ 221.84	\$ 443.68

Questions?