




Healthcare Options for Medicare Eligible Retirees for 2014

Health Insurance Information Session
for Retired Employees Age 65 and over
May 9, 2013

GOALS FOR TODAY!

- Recommendation to move forward with offering a Medicare Advantage as a Full Replacement or as a “Slice” Option
- Recommendation to move forward with offering a copay or non-copay Medicare Advantage Plan
- Recommendation on what additional information is needed, if any, to make a decision on which Medicare Advantage carrier to move forward with for 2014: United Healthcare or Humana



Scenario 1: 2014 Medicare Advantage Full-Replacement

**Assumes Full Replacement- All Medicare A&B
Retiree Members on Medicare Advantage Plan**

Medicare Eligible Retiree: 2014 Proposed Rates- Current Plan

| | | EE Contribution | ER Contribution | Total Premium |
|--------------------|------------------|-----------------|-----------------|---------------|
| Buy-Up Plan | Retiree Only | \$204.23 | \$355.00 | \$559.23 |
| | Retiree + Spouse | \$447.89 | \$564.00 | \$1,011.89 |

| | | EE Contribution | ER Contribution | Total Premium |
|------------------|------------------|-----------------|-----------------|---------------|
| Core Plan | Retiree Only | \$130.25 | \$355.00 | \$485.25 |
| | Retiree + Spouse | \$318.74 | \$564.00 | \$882.74 |

Medicare Eligible Retiree: 2014 Proposed Rate- Medicare Advantage Quotes

| | | EE Contribution | ER Contribution | Total Premium |
|--|------------------|-----------------|-----------------|---------------|
| Option 1: United Healthcare | Retiree Only | \$43.18 | \$129.53 | \$172.71 |
| | Retiree + Spouse | \$86.36 | \$259.07 | \$345.42 |

| | | EE Contribution | ER Contribution | Total Premium |
|-----------------------------|-----------------|-----------------|-----------------|---------------|
| Option 2: Humana | Retiree Only | \$103.43 | \$197.33 | \$300.76 |
| | Retiree +Spouse | \$206.86 | \$394.66 | \$601.52 |

NOTE: UHC requires a minimum of 75% contribution by the employer

NOTE: Humana requires a PPO contribution by the employer equivalent to the HMO rate. Humana also provided an HMO option that was 34% less expensive

NOTE: Quotes above assume only one carrier offered

2014 Medicare Advantage Savings Summary

| | Status Quo | Medicare Advantage Option 1 UHC | Medicare Advantage Option 2 Humana |
|---------------------|--------------|---------------------------------|------------------------------------|
| Budget | \$20,494,150 | \$7,380,244 | \$12,852,076 |
| Employer Cost Share | \$13,987,176 | \$5,535,183 | \$8,432,306 |
| Retiree Cost Share | \$6,506,974 | \$1,845,061 | \$4,419,771 |

NOTE: Medicare Advantage options include employee benefit plan designs that are similar but not exactly the same as EBRPSS active population



Scenario 2: 2014 Medicare Advantage “Slice” with EBRPSS Plan

Assumes Medicare Advantage will offered as an option

NOTE: Slice Option will probably result in adverse selection, with higher cost, sicker claimants remaining on current plan

United Healthcare only shown in exhibits. To date, Humana has not yet confirmed rates as a “slice” option.

Medicare Eligible Retiree: 2014 Proposed Rates- Current Plan

| | | EE Contribution | ER Contribution | Total Premium |
|--------------------|------------------|-----------------|-----------------|---------------|
| Buy-Up Plan | Retiree Only | \$429.70 | \$129.53 | \$559.23 |
| | Retiree + Spouse | \$752.82 | \$259.07 | \$1,011.89 |

| | | EE Contribution | ER Contribution | Total Premium |
|------------------|------------------|-----------------|-----------------|---------------|
| Core Plan | Retiree Only | \$355.72 | \$129.53 | \$485.25 |
| | Retiree + Spouse | \$623.67 | \$259.07 | \$882.74 |

Medicare Eligible Retiree: 2014 Proposed Rate- Medicare Advantage Quotes Copay Plan Option

| | | EE Contribution | ER Contribution | Total Premium |
|--|------------------|-----------------|-----------------|---------------|
| Option 1: United Healthcare | Retiree Only | \$43.18 | \$129.53 | \$172.71 |
| | Retiree + Spouse | \$86.35 | \$259.07 | \$345.42 |

NOTE: UHC requires a minimum of 75% contribution by the employer

2014 Medicare Advantage Savings Summary

| UHC: Copay Plan Option | Status Quo | Slice Option: UHC with Copays |
|------------------------|--------------|-------------------------------|
| Budget | \$20,494,150 | \$13,937,197 |
| Employer Cost Share | \$13,987,176 | \$5,535,158 |
| Retiree Cost Share | \$6,506,974 | \$8,402,039 |

Assumes 50% of retirees will move to MA Plan and 50% will stay on BCBS Plan

Medicare Eligible Retiree: 2014 Proposed Rates- Current Plan

| | | EE Contribution | ER Contribution | Total Premium |
|--------------------|------------------|-----------------|-----------------|---------------|
| Buy-Up Plan | Retiree Only | \$388.23 | \$171.00 | \$559.23 |
| | Retiree + Spouse | \$669.89 | \$342.00 | \$1,011.89 |

| | | EE Contribution | ER Contribution | Total Premium |
|------------------|------------------|-----------------|-----------------|---------------|
| Core Plan | Retiree Only | \$314.25 | \$171.00 | \$485.25 |
| | Retiree + Spouse | \$540.74 | \$342.00 | \$882.74 |

Medicare Eligible Retiree: 2014 Proposed Rate- Medicare Advantage Quotes No Copay Plan Option

| | | EE Contribution | ER Contribution | Total Premium |
|--|------------------|-----------------|-----------------|---------------|
| Option 1: United Healthcare | Retiree Only | \$57.00 | \$171.00 | \$228.00 |
| | Retiree + Spouse | \$114.00 | \$342.00 | \$456.00 |

NOTE: UHC requires a minimum of 75% contribution by the employer

2014 Medicare Advantage Savings Summary

UHC: No Copay Plan Option

| | Status Quo | Slice Option: UHC No Copays |
|----------------------------|--------------|--------------------------------|
| Budget | \$20,494,150 | \$15,118,523 |
| Employer Cost Share | \$13,987,176 | \$7,307,172 |
| Retiree Cost Share | \$6,506,974 | \$7,811,351 |

Assumes 50% of retirees will move to MA Plan and 50% will stay on BCBS Plan