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Correspondence Memorandum

Date: October 16, 2018
To: Group Insurance Board
From: Arlene Larson, Manager of Federal Health Programs & Policy
Office of Strategic Health Policy
Subject: Medicare Split Contract Update

This memo is for informational purposes only. No Board action is required.

Background

At the March 21, 2018 Group Insurance Board (Board) meeting, the Board approved UnitedHealthcare® (UHC) as the Medicare Advantage vendor. Effective January 1, 2019, UHC will insure Medicare eligible and enrolled members who have selected it during the It's Your Choice open enrollment period. A split contract is where a subscriber has family member(s) enrolled in Medicare as well as family member(s) *not* enrolled in Medicare. Retirees with split contracts cannot enroll in Medicare Advantage since UHC does not offer a non-Medicare option and current Department of Employee Trust Funds internal systems do not permit a family contract to be enrolled in more than one health plan.

ETF has been investigating system changes to allow families with Medicare and non-Medicare insured family members to enroll under one health plan. During this process, ETF determined that this option should also be available to members who enroll in Medicare Plus but no other health plans.

Rationale

- 1. Permit split contracts to choose MA and one other health plan:** As expected, many retirees are interested in the MA plan offered by UHC due to premium rates, nationwide provider network (including United States territories) and additional programs such as Silver Sneakers, a gym membership program. Retirees who have split contracts have asked for access to the plan and expressed disappointment that they are not permitted to enroll for 2019.

Reviewed and approved by Eileen K Mallow, Director, Office of Strategic Health Policy

Electronically Signed 10/25/18

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- 2. Permit split contracts to choose Medicare Plus and one other plan:** Medicare does not permit any person who does not have both Medicare Parts A and B to be enrolled in a Medicare Advantage plan. Every year a few retirees choose to cancel their Part B coverage in error, thinking it will save them premium dollars. If a person who is enrolled in Medicare Advantage does this, they will be dis-enrolled from Medicare Advantage as of the termination date of Part B. The contract requires this person and their family then be enrolled in Medicare Plus with no gap in coverage. Medicare Plus offers a worldwide provider network and is the third lowest cost plan offered to retirees, thus, ETF determined that this plan was the best default option in this scenario.

When a split contract is enrolled with Medicare Plus, the non-Medicare members are enrolled in either the Access Plan or the State Maintenance Plan (SMP), as selected by the subscriber. The Access Plan has the highest premiums in the program, due in part to its worldwide coverage. In the scenario where a person with a split contract drops Part B and is auto enrolled in Medicare Plus, ETF was concerned about the financial impact to non-Medicare family members being enrolled in the Access Plan. Therefore, ETF is working to permit members who are enrolled in Medicare Plus to select one other health plan for their non-Medicare family members.

- 3. Other health plans will not have this option:** ETF considered whether subscribers with split contracts should be permitted to insure Medicare members under any plan and non-Medicare members under another plan. ETF believes it will be easier for members to understand their coverage if there is only one health plan, rather than two. This is in large part due to differences in provider networks.

Status Update

ETF has placed a priority on making changes to the system in order to permit split contracts where Medicare members select either Medicare Advantage or Medicare Plus and have the option to choose one other health plan for their non-Medicare family members. Staff are working to implement this option for the 2020 It's Your Choice open enrollment period (which will be October of 2019) for coverage effective January 1, 2020. ETF has established system requirements and are in the early stages of planning for system modifications. Soon staff will discuss the best ways to capture, store and share this information with health plans. ETF is on-track to be ready for next year's It's Your Choice open enrollment.

Staff will be available at the Board meeting to answer any questions.