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## Correspondence Memorandum

**Date:** April 28, 2017  
**To:** Group Insurance Board  
**From:** Rachel Carabell, Senior Health Policy Advisor  
Tara Pray, Strategic Health Policy Advisor  
**Subject:** Medicare Advantage – Request for Proposals

**ETF recommends the Group Insurance Board (Board) approve the development and issuance of a Request for Proposals (RFP) to select an administrator(s) for Medicare Advantage options to be effective for the 2019 plan year.**

If approved, ETF will develop and release an RFP with the intention to contract with one or more vendors that meet the following previously communicated goals:

- Expand Medicare offerings that have lower monthly premium costs
- Deliver high quality, high value services
- Offer excellent benefit packages
- Provide participant choice

As directed by the Board in February 2017, ETF will continue to explore additional Medicare offerings to determine the best mix of plan designs for Medicare participants in the future.

### Background

In its November 2015 report to the Board, Segal Consulting (Segal) recommended the Board explore offering additional Medicare Advantage plans, for two reasons:

1. There is the potential to offer Medicare Advantage plans with significantly lower premiums than any of the current Medicare offerings, and;
2. Federal oversight and focus on quality for Medicare Advantage plans can provide enhanced offerings to Medicare-eligible participants.

In addition to providing more affordable options, Medicare Advantage products are convenient for members because they combine the benefits and administration of Medicare and supplemental coverage in one plan. The Centers for Medicare and Medicaid Services (CMS) provides a significant amount of administrative oversight for such plans.

Reviewed and approved by Lisa Ellinger, Director, Office of Strategic Health Policy

Electronically Signed 5/18/17

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GIB	5.24.17	3E

Currently, national carriers dominate the *group* Medicare Advantage market in Wisconsin. A number of the regional carriers are successful in the *individual* Medicare Advantage market, and therefore may be interested in offering a group Medicare Advantage product for state employees. However, these carriers are approved by CMS on a county-by-county basis and do not currently offer the broad service areas available through the national carriers.

For 2018, Humana will administer the only Medicare Advantage offering available to Medicare-eligible participants of the State Group Health Insurance Program. The Humana Medicare Advantage plan provides the same Uniform Benefits as all other It's Your Choice plans (with a few nuances) and the provider network includes any national provider that accepts Medicare.

### **RFP Considerations**

ETF will recommend the optimal vendor mix to achieve the desired goals. This could include awarding a contract to a vendor with a nationwide network as well as regional vendor(s) with more limited provider networks. The process will also allow vendors to propose multiple benefit packages for evaluation.

Based on information collected in the RFP and from a survey of Medicare-eligible members (described below), ETF will evaluate the following:

- Whether the current IYC Uniform Benefits package is appropriate for the Medicare population and if there should be additional or different benefit offerings;
- Determine the optimal number of benefit choices for members;
- Find out what other benefit designs Medicare members value and the likely premium; and
- The effect of offering a pharmacy benefit combined with the medical benefit specifically for Medicare Advantage.

Potential bidders could include vendors that do not serve the non-Medicare population. If such a vendor(s) is selected, this will raise operational challenges, as some families include Medicare-eligible and non-Medicare eligible members.

In addition, successful vendor(s) will be required to include and carry out an extensive member education campaign.

### **Survey of Medicare Members**

ETF plans to poll a sampling of Medicare and pre-Medicare retirees about benefit design and features. Potential topics include preferences between increased cost sharing and/or narrower provider networks in exchange for lower monthly premiums, and gauging willingness to change plans.

Collecting and using such data will prove useful as we evaluate potential benefit design decisions and will help ETF shape future member education and communication plans.

### **Procurement and Implementation Timeline**

ETF will present the Board with a comprehensive proposal for Medicare options for 2019 and beyond, after the RFP results have been evaluated. An approximate timeline of next steps, including procurement and implementation, follows below.

May 2017	Board approves issuing RFP for Medicare Advantage plans
Summer 2017	Retirees surveyed on preferences and price/network sensitivity
September 2017	ETF issues RFP
November 2017	Deadline for insurers to submit to CMS a notice of intent to apply for <i>new</i> Medicare Advantage plans
February 2018	RFP results reviewed by the Board and Board approves recommended vendor(s) to contract with for 2019, pending CMS approval; finalizing rates with the plans
February 2018	Deadline for insurers to submit application to CMS for <i>new</i> Medicare Advantage plans
April 2018	CMS announces Medicare Advantage 2019 payments
May 2018	Finalize premium rates with the plans
July 2018	Launch member education and communications plan
October 2018	Enrollment begins

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