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EMPLOYEE TRUST FUNDS

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January 6, 2024

John Voelker
Secretary
Wisconsin Department of Employee Trust Funds
PO Box 7931
Madison, WI 53707-7931

Dear Secretary Voelker:

I am writing to make you aware of a problem I was unable to resolve with your Department concerning my enrollment in the group health insurance offered to WRS annuitants. This problem impacts all WRS participants that become eligible for Medicare and are also eligible for Tricare for Life as a military retiree. I am a retired Air Force officer and decided to work for the Wisconsin Department of Health Services after retiring from the Air Force in 2000. My husband is also a retired Air Force officer and worked for the Wisconsin Department of Administration. I retired from WI DHS in June 2016 and took a job at Marshfield Clinic for a few years. After my employment with Marshfield Clinic ended, I reenrolled in the State's group health insurance in February 2019 and had Tricare Select as secondary coverage. During open enrollment in 2022, I decided to enroll for family coverage and select the UHC Medicare Senior Supplement being offered by ETF for my husband since I would be turning 65 and UHC had some benefits not offered by Tricare for Life, the supplement for retired service members enrolled in Medicare Part A and B. Additionally, there was nothing else I was able to use my sick leave escrow for other than to pay for State health care premiums. It is unfortunate the WI legislature and ETF's Board have not considered other options for military retirees in the WRS, such as an annual HRA amount funded by their escrow after becoming Medicare eligible, since military retirees already have supplemental coverage for medical and a prescription drug plan through Tricare for Life. An HRA could be used to pay dental premiums or for other medical costs not covered by Medicare or Tricare for Life.

I was concerned that we may be enrolled in the state's Navitus MedicareRX plan by default if we enrolled in the UHC Medicare senior supplement. I contacted ETF to inquire about this since my husband and I have a Tricare prescription plan through Express Scripts that is as good as any Part D plan and is creditable coverage for Medicare. ETF informed me that we could decline the prescription drug plan offered to Medicare beneficiaries on the Medicare Eligibility Statement form. We thought this was great because we are in an income bracket that would result in us incurring an Income Related Monthly Adjustment Amount (IRMAA) that would not be favorable if we were enrolled in a Part D plan. I completed the ETF forms and informed ETF we would use Tricare for our prescription coverage instead of the Navitus Medicare RX plan. Well, what seemed like a simple, straight-forward process turned out to be a nightmare for us. Even though we declined the Navitus Medicare RX plan, ETF included my husband in the enrollment file sent to Navitus in October 2022. After several phone calls with ETF and Navitus, they fixed this and disenrolled him. Then in January 2023, ETF did the same thing to me. They sent my information in their enrollment file to Navitus for February 2023. I started getting Part D IRMAA bills from Medicare immediately. Again, after several phone calls with ETF and Navitus, I got the Part D cancelled retroactively back to February 1, 2023 and eventually Medicare stopped billing me for Part D IRMAA. In May 2023, I received member cards from Navitus for prescription drug coverage, but not the

Medicare RX plan. I called Navitus and they said my former state employer elected to pay for prescription drug coverage even though I clearly specified I didn't want any coverage because I had Tricare and it would not benefit me or my husband as retired military veterans. Instead, it would harm us since the Tricare prescription plan cannot be primary coverage if the service member has "Other Health Insurance" that includes a prescription drug plan. Navitus considers the coverage they were providing us as a secondary commercial coverage for a Medicare beneficiary that elected another Medicare Part D drug plan—no one considered the implications of this for a military retiree electing to use Tricare for prescription drug coverage which is NOT a Part D plan. Additionally, with this supplemental drug coverage from Navitus, Navitus only accepts paper claims meaning a member with Tricare would have to pay the full retail price for any prescriptions, file a paper claim to Navitus and then a paper claim to Tricare and would never be fully reimbursed for the amount they paid out of pocket because what was paid was over the allowed amount. That is absolutely not a benefit and frankly is outrageous. I experienced this firsthand when I went to Costco in June 2023 to fill a prescription that I had filled previously in March 2023 using my Tricare Express Scripts with no problem. But this time they could see the Navitus coverage in the system and tried to run the prescription through. When I returned to the pharmacy to pick up my prescription, I learned they spent over an hour on the phone with Navitus and then Tricare. Costco said if I wanted them to fill the prescription I would need to pay cash, $610, and then file a claim to Navitus (per Navitus) and then file a claim to Tricare with the Navitus EOB if Navitus didn't cover the prescription in its formulary. Before I was Medicare eligible, I was filling this prescription and Navitus did not cover drug, but Tricare did as secondary. This was all automatic through the pharmacy's claims system, as it should be. In March 2023, I paid only a $38 co-pay for this same prescription when Tricare was my only prescription plan. But by May 2023, ETF or Navitus had again enrolled me in prescription coverage. I had enough of this and called ETF again. I was told that they could not do anything to remove the prescription coverage with Navitus and that I should tell Tricare that Navitus is the secondary payer. The person I spoke with clearly did not understand that Tricare is always the last payer, just like Medicaid, not the first when there is other health insurance.

Something needs to be done about this. Retired military veterans who elect to work for the State of Wisconsin after serving long enough to retire with the State and be eligible for state WRS benefits are clearly being disadvantaged when it comes to health care benefits after they become eligible for Medicare. When I worked for DHS, we got benefits instead of pay raises. Now what good is that if I can't use my escrow for anything but state health care premiums after turning 65 when I have Tricare for Life—the State's coverage is duplicative, yet we have no other options to use our escrow that we earned as a benefit of saving our sick leave to cover future health care costs as a State retiree. I was willing to use my sick leave escrow for the UHC Medicare supplement because it offered additional benefits not offered under Tricare for Life, but retired military veterans DO NOT benefit from being forced into a prescription plan they don't need and that negates their Tricare prescription plan. This makes no sense. Please look into this policy/practice. Is it possible individuals in your health care benefits division do not understand this and are applying the prescription plan benefits incorrectly for Medicare eligible retirees that elect to decline the State's Medicare prescription plan?

I would appreciate the courtesy of a reply to my letter. Thank you.

Sincerely,

Denise B. O'Hora-Webb

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[redacted]

Cc:

Shirely Eckes, Deputy Secretary

STATE OF WISCONSIN
Department of Employee Trust Funds
A. John Voelker
SECRETARY

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January 19, 2024

DENISE O'HORA-WEBB
[redacted]

Dear Denise O'Hora-Webb:

Thank you for your January 6, 2024, letter to John Voelker, the Secretary of the Department of Employee Trust Funds (ETF), regarding your concerns about the available uses for accumulated sick leave conversion credits (ASLCC) and your prescription drug coverage. Secretary Voelker has asked that I review the situation described in your letter.

The ASLCC program is set forth in §40.05(4)b of the statutes. The program was designed to help pay the cost of health insurance premiums during the retirement years of former State employees. Because this program is defined in the statutes, ETF has no authority to allow employees to use these credits to pay for insurance other than that offered by the health plans under contract to, or provided by, the Group Insurance Board (Board).

For tax purposes, the ASLCC program is treated like an employer's contribution to the health insurance of its active employees. Any change to the availability of these funds could carry substantial tax liabilities for all participants. For example, if participants had the option to receive cash payments for other health insurance in lieu of the current contribution toward our employer-sponsored plan, these sick leave payments could become subject to income tax for all participants, even if only a few individuals chose to receive the payment directly. This would substantially reduce the available benefits for participants.

You asked if the credits could be put into a Health Reimbursement Arrangement (HRA) for your use in paying medical and dental premiums and claims. HRAs may only be offered to employees and, when an employee terminates, the dollars stay with the employer. Other savings options, like a Health Savings Account (HSA), have eligibility limits under State law for State employees, and must be paired with health insurance coverage that cannot be elected once a retiree becomes Medicare-eligible due to Internal Revenue Service (IRS) restrictions on these health insurance plans.

Group Health Insurance Program (GHIP) participants are not allowed to opt out of the medical and pharmacy benefits. There are many reasons for this, ranging from administrative necessity to risk management. Medical and pharmacy benefits and costs are negotiated based on participant risk pools and actuarial risk analyses of claims, market trends, and various other actuarial assumptions. The State, health plan, and/or pharmacy benefit manager bears the risks depending on the benefit. Allowing selective disenrollment from different parts of the overall GHIP could increase those risks.

When you opted out of the ETF's Medicare Part D coverage, the Board's pharmacy benefit manager (PBM), Navitus Health Solutions (Navitus), canceled your Medicare Part D coverage, which they refer to as your Employer Group Waiver Plan (EGWP) coverage. However, since you are still paying your premium, your pharmacy coverage was moved to the pharmacy coverage ETF's non-Medicare members receive. Navitus calls this coverage "commercial coverage," and ETF refers to this coverage as "wrap coverage." This commercial/wrap coverage pays secondary to any member's Medicare Part D coverage and other creditable coverage, such as what you are receiving through Tricare. The commercial/wrap coverage is not Medicare Part D coverage; it is the secondary payer and will pay after your Medicare Part D coverage.

Under Federal Law, Navitus and the provider of your Tricare Express Scripts must inform the Centers for Medicare and Medicaid (CMS) that they are providing coverage for anyone on Medicare and what kind of coverage that is. Navitus has notified CMS that they are providing you secondary coverage. It is up to Tricare Express Scripts to communicate to CMS that they are providing your primary pharmacy coverage. If Tricare Express Scripts is not being shown as your primary coverage, you may need to reach out to Tricare Express Scripts directly and make sure they are providing the correct information to CMS. You can also contact CMS to correct the information they have on file regarding your primary and secondary Medicare Part D payers.

In the past, Navitus, on behalf of ETF, has reached out to Tricare to confirm that having Tricare Express Scripts as a member's primary Medicare Part D provider and Navitus's wrap coverage as the secondary payer does not impact a member's coverage. ETF has other members who have Tricare Express Scripts as their primary payer and Navitus as the secondary payer; those members have not reported any issues.

Regarding the pharmacy reimbursement process, Navitus is not administratively able to allow a pharmacy to submit an electronic claim for wrap coverage. Instead, the member must submit a Direct Member Reimbursement Form, like the one you included with your email, to Navitus, along with their Medicare Part D Evidence of Benefits (EOB). Navitus will then issue any applicable reimbursement to the member. The EOB allows Navitus to see that the drug was not covered by a member's Medicare Part D provider. This is an area ETF would like to automate in the future.

I hope you have found this response helpful. If you have additional questions or concerns, please feel free to reach out using the contact information provided below. A

copy of your letter and ETF's response will be included in the materials for the February 21, 2024, Board meeting.

Sincerely,

Arlene Larson, Manager of Federal Program and Policy
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Department of Employee Trust Funds
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