

CT TRB

State of the Health Plan

2017 Review and Changes for the upcoming year

Dr. Joseph A. Fields

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Challenges facing the Plan

- Continued increases in unit cost as medical care gets both better and more expensive.
- Continued growth in the TRB population. We are expecting to have 33,000 members by the end of 2020 (compared to just under 30,000 now)
- State funding is flat for the biennium at \$14 million per year. This amounts to 12% of the medical plan costs in year 1 and 10% of the plan cost in year 2.
- The number of active teachers in Connecticut is relatively flat. Thus not a likely source of substantial additional funding.
- The State of Connecticut budget is already out of balance and promises to be substantially out of balance for the next biennium.
- The combination of increased costs, more members sharing in the use of declining resources and little help for additional funding portend more changes to match up our revenues and expenses.

The Political

- Until recently the Statute Governing the TRB provided for the State to contribute 1/3 of the cost of the retiree medical plan.
- The new statute has no explicit promise of funding for the health benefit (this sunsets in two years).
- The new Statute also requires that the plan will not charge the Retiree more than 1/3 of the cost of the plan. As the TRB has no reserves left after the State has short funded the plan by well over \$150 million over the last few years this has left the Board few choices.
- The legislature had awful choices to make. Not funding the TRB medical plan is one of many they selected.

The Drug Plan

- Lot's of news on the Drug plan if the medical were not so dramatic the changes to the drug plan would be enough to fill the time.
- We went out to bid and Express Scripts was awarded a new three year contract.
- We are very happy with the concessions that Express Scripts has made. The savings over the current contract are approximately \$15 million over the period. This comes in the form of higher guaranteed discount and rebate levels.
- Drugs remain a significant financial risk as Specialty drugs are increasing at double digit rates.
- Given that design and vendor concessions have been achieved the options left indicate further increases in cost shares.

Changes to the Drug Plan

- Modification to compound drug rules.
- Increase in deductible amounts (this is dependent upon CMS annual changes).
- Increase in Coinsurance rate for generic drugs.
- Increase in maximum coinsurance amount for 2018.

New versus Previous Drug Benefits

- effective January 1, 2018, the prescription plan deductible is \$405. Once the deductible is met, the copay for generic drugs will be 5%, preferred brand name drugs will be 20% and non-preferred brand name drugs will be 30%. The maximum out of pocket expense for copays after the deductible is met is \$800.
- Under the prior year plan the deductible was \$400 there was no copay for generic drugs and the maximum out of pocket was \$750 plus deductible.
- Thus the new Maximum out of pocket under the plan is \$1,205 per member per year. The previous plan year the plan had a total cost of \$1,150.
- The new plan more closely monitors the use of compound drugs. Compound drugs are only to be Reimbursed at the cost of the individual active ingredient. This can result in increased costs for some members that use compound drugs.

Changes to the Medical Plan

- The TRB has adopted a new base medical plan. The plan is an Anthem Blue Cross Medicare Advantage PPO plan (here after Anthem). This is a non gatekeeper plan with national access to providers (it is the big national network that many people belonged to in their school districts)
- This replaces the Regular Medicare plan with supplemental benefits (Stirling) that now becomes an optional benefit program. To purchase the optional benefit program (Stirling) you must pay the full excess cost of the plan. This will occur during an open enrollment period during April.
- The Optional plan (Stirling) will cost \$125 per month more than the base for each member. So a single individual will pay \$1,500 per year more for the plan. Two individuals will therefore pay \$3,000 more per couple per year.

New Rates for Members

Plan	Cost Medical Plus RX	Cost All Coverages
Current Plan	\$101	\$156
Anthem (July 1)	\$74	\$134
Stirling (July 1)	\$199	\$259

Benefit Differences

- The Plans are very similar to each other with regards to the services covered (this is mandated by CMS) the primary differences in the plans is the way in which copays are collected and some of the maximums are applied.

NEW BASE PLAN (Anthem)

- Under the Anthem PPO plan there is a network. The network is the largest commercial Blue Cross network with all Connecticut hospitals well over 95% of the physicians in the network and 600,000 participating providers nationwide.
- There is an out of network option that is available s.t. a \$250 deductible. Given that the plan is being installed mid year the deductible will be waived for the remainder of calendar year 2018.
- The Anthem PPO plan has a \$5 copay for sick office visits and \$0 copay for well visits. ER visits are \$100, outpatient stays at \$100, inpatient stays at \$200.
- For out of network (a very small percentage of services used) after the deductible there is a 90/10% cost share on all services.
- The combined in and out of network out of pocket is no greater than \$2,000 per annum.

Benefit Differences

- **Current Plan (Stirling)**
- The current plan will cost \$1,500 more per year to purchase than the PPO plan. The PPO will be less expensive than the current plan.
- The first medically necessary care provided will be subject to the part B deductible of \$183.
- Thus prior to using services the current plan costs just less than \$1,700 per year more per person.
- The Stirling plan however covered most services after deductible without an out of pocket cost (there are however some service limitations and certain costs that are subject to a 20% cost share).
- Generally the current plan is better for a group of people who have high but not catastrophic demand for services. The new base plan tends to be a better choice for those who use a low to above average use of services and for those that have a catastrophic event. The following page gives an example under four scenarios.

Some Brief Comparisons

Plan Coverage	Medicare Supplement	PPO in Network	PPO Out of Network
Deductible	Part B Deductible \$183 per year	\$0	\$250 Waived for 2018
Well coverage	Covered in full	Covered in full	Covered at 90% above deductible
Hospital coverage	Covered in full till 150 or 210 days	\$200 copay covered in full	Covered at 90/10 after ded.
Out of Country care (non routine)	Covered proportion as paid by plan at UC	Covered s.t. \$5 HO, \$100 OP Hospital \$100 ER, \$200 hospital	Covered s.t. \$5 HO, \$100 OP Hospital \$100 ER, \$200 hospital
Sick care	Generally covered in full	Covered after \$5 HO \$100 OP Hospital \$100 ER \$200 Hospital	Covered at 90 after ded
Maximum OOP	No max	\$2,000 max combined with OON	\$2,000 max combined with In network

Some Examples

- A. Healthy: Physical and 8 sick medical visits a year non hospitalizations
- B. Typical: Physical and 1.1 hospital stays 14 sick medical visits
- C. High user: 6 hospital stays (that add up to less than 150 days), 100 sick medical visits

*Example C assumes that the 60 day lifetime reserve is not available. If it is the calculation would assume 60 days more usage. While unlikely to occur at the levels provided for under the TRB hospital benefit an unlimited benefit is better than a limit expressed in days.

What They Would pay

- Patient A would pay \$1,500 extra to take Stirling and a \$183 Part B deductible; under Anthem they would pay \$40. Thus under this scenario the member would pay an extra \$1,643 for Stirling.
- Patient B would pay \$1,683 for Stirling. Under Anthem they would pay \$220 plus \$70. Member would pay an extra \$1,392 for Stirling.
- Patient C would pay \$1,683 for Stirling. Anthem would pay \$1,200 for hospital and \$500 for medical. Member would pay \$17 more for Anthem.

Some Conclusions

- The plan membership continues to grow at a prodigious pace.
- Funding from the State is flat and funding from active teachers will only grow modestly.
- Shortfalls in revenue will have to be made up from increased efficiencies or increases in member copays.