



North Carolina
State Health Plan
FOR TEACHERS AND STATE EMPLOYEES



Proposed 2016 Medicare Advantage Plan Benefit Design Changes and Revised Annual Enrollment Strategy

Board of Trustees Meeting

July 8, 2015

A Division of the Department of State Treasurer

Presentation Overview

- Review 2015 Plan Options for Medicare Retirees
- Proposed 2016 Benefit Design Changes
 - Medicare Advantage Enhanced Plans
- Revised 2016 Annual Enrollment Strategy for Medicare Retirees
- Appendix – Benefit Summary

2015 Medicare Primary Plan Options

As a reminder, Medicare Primary Retirees currently have five enrollment options:

- Traditional 70/30 PPO Plan (BCBSNC)
 - Medicare Advantage Base Plan (Humana)
 - Medicare Advantage Base Plan (UHC)
 - Medicare Advantage Enhanced Plan (Humana)
 - Medicare Advantage Enhanced Plan (UHC)
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- The Traditional 70/30 PPO Plan and the Medicare Advantage Base Plan options are premium free for retirees.
 - The Medicare Advantage Enhanced Plan options are available to retirees for a monthly premium of \$33.

2015 Medicare Primary Plan Options - Medical

2015 Plan Options - State Health Plan Medicare Primary Retirees

	Traditional 70/30 PPO	Humana Base	UHC Base	Humana Enhanced	UHC Enhanced
	Member Out of Pocket Cost Share				
Physician Services					
Primary Care Physician	\$35 copay*	\$20 copay	\$20 copay	\$10 copay	\$10 copay
Preventive Care	\$35 copay*	\$0 copay	\$0 copay	\$0 copay	\$0 copay
Specialist	\$81 copay*	\$40 copay	\$40 copay	\$30 copay	\$35 copay
Urgent Care	\$87 copay*	\$50 copay	\$50 copay	\$40 copay	\$35 copay
Outpatient Lab/Xray	Deductible/Coinsurance	\$40 copay	\$40 copay	\$25 copay	\$25 copay
Emergency Room	\$291 Copay/Ded/Coins	\$65 copay	\$65 copay	\$50 copay	\$50 copay
Physical, Speech, Occupational Therapy	\$64 copay*	\$20 copay	\$20 copay	\$20 copay	\$10 copay
Chiropractic Visits	\$64 copay*	\$20 copay	\$20 copay	\$20 copay	\$10 copay
Labs/Xray (conducted within Office Visit)	\$0 copay (after PCP or Specialist copay)	\$0 copay (after PCP or Specialist copay)	\$0 copay (after PCP or Specialist copay)	\$0 copay (after PCP or Specialist copay)	\$0 copay (after PCP or Specialist copay)
Durable Medical Equipment	Deductible/Coinsurance	20% coinsurance	20% coinsurance	20% coinsurance	20% coinsurance
Annual Deductible	\$933/\$2,799*	\$0	\$0	\$0	\$0
Outpatient Hospital Services	Deductible/Coinsurance	\$125 copay	\$125 copay	\$75 copay	\$50 copay
Diagnostic(CT, MRI, PET scans)	Deductible/Coinsurance	\$100 copay	\$100 copay	\$100 copay	\$50 copay
Outpatient Surgery	Deductible/Coinsurance	\$250 copay	\$250 copay	\$150 copay	\$100 copay
Inpatient Hospital Confinement	\$291 Copay/Ded/Coins	\$160/day (Days 1 - 10) Zero after that	\$160/day (Days 1 - 10) Zero after that	\$150/day (Days 1 - 10) Zero after that	\$150/day (Days 1 - 8) Zero after that
Coinsurance Max/OOP	\$3,793 Individual Max \$11,379 Family Max	\$4,000 OOP (No Family Max)	\$4,000 OOP (No Family Max)	\$2,600 OOP (No Family Max)	\$2,600 OOP (No Family Max)
Fitness	Not Covered	Silver Sneakers	Silver Sneakers	Silver Sneakers	Silver Sneakers

*Actual cost share may vary as SHP is secondary to Medicare

2015 Medicare Primary Plan Options - Pharmacy

2015 Plan Options - State Health Plan Medicare Primary Retirees					
	Traditional 70/30 PPO	Humana Base	UHC Base	Humana Enhanced	UHC Enhanced
	Member Out of Pocket Cost Share				
Prescriptions Drug Coverage					
Part D Gap Coverage	Full Coverage	Full Coverage	Full Coverage	Full Coverage	Full Coverage
Formulary Name	Custom	Custom	Custom	Custom	Custom
Part D Retail (up to a 31 day supply)					
Tier 1	\$12 co-pay	\$10 co-pay	\$10 co-pay	\$7 co-pay	\$5 co-pay
Tier 2	\$40 co-pay	\$40 co-pay	\$40 co-pay	\$35 co-pay	\$30 co-pay
Tier 3	\$64 co-pay	\$64 co-pay	\$64 co-pay	\$50 co-pay	\$40 co-pay
Tier 4	25% co-insurance (\$100 Max)	25% co-insurance (\$100 Max)	25% co-insurance (\$100 Max)	25% co-insurance (\$95 Max)	25% co-insurance (\$95 Max)
Tier 5	25% co-insurance (\$125 Max)	N/A	N/A	N/A	N/A
Maintenance Drugs (up to a 90 day supply)					
Tier 1	\$36 (61 - 90 days)	\$24 co-pay	\$24 co-pay	\$14 co-pay	\$10 co-pay
Tier 2	\$120 (61 - 90 days)	\$80 co-pay	\$80 co-pay	\$70 co-pay	\$60 co-pay
Tier 3	\$192 (61 - 90 days)	\$128 co-pay	\$128 co-pay	\$100 co-pay	\$80 co-pay
Tier 4	25% co-insurance (\$300 Max) (61-90 days)	25% co-insurance (\$300 Max)	25% co-insurance (\$300 Max)	25% co-insurance (\$190 Max)	25% co-insurance (\$200 Max)
Tier 5	25% co-insurance (\$375 Max) (61-90)	N/A	N/A	N/A	N/A
Diabetic Supplies					
Preferred Brand Testing Supplies	\$10 (0-30 day supply)	20% coinsurance (\$50 max)	20% coinsurance	20% coinsurance (\$50 max)	20% coinsurance
Test strips/lancets	↓	↓	↓	↓	↓
Needles	↓	↓	↓	↓	↓
Non-Preferred Brand Testing Sup	\$25 (0-30 day supply)				
Test strips	↓	↓	↓	↓	↓
Needles	↓	↓	↓	↓	↓
Prescription Drug Annual OOP Max	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500

Proposed Benefit Design Changes: 2016 Medicare Advantage Enhanced Plans - Medical

2016 Proposed Plans - State Health Plan Medicare Primary Retirees					
		2015 Humana Enhanced Plan	2016 ✓ Humana Enhanced Plan	2015 UHC Enhanced Plan	2016 ✓ UHC Enhanced Plan
Member Out of Pocket Cost Share					
Physician Services					
	Primary Care Physician	\$10 copay	\$15 copay	\$10 copay	\$15 copay
	Preventive Care	\$0 copay	\$0 copay	\$0 copay	\$0 copay
	Specialist	\$30 copay	\$35 copay	\$35 copay	\$35 copay
	Urgent Care	\$40 copay	\$35 copay	\$35 copay	\$40 copay
Outpatient Lab/Xray		\$25 copay	\$25 copay	\$25 copay	\$25 copay
Emergency Room		\$50 copay	\$65 copay	\$50 copay	\$65 copay
Physical, Speech, Occupational Therapy		\$20 copay	\$20 copay	\$10 copay	\$20 copay
Chiropractic Visits		\$20 copay	\$20 copay	\$10 copay	\$20 copay
Labs/Xray (conducted within Office Visit)		\$0 copay (after PCP or Specialist copay)	\$0 copay (after PCP or Specialist copay)	\$0 copay (after PCP or Specialist copay)	\$0 copay (after PCP or Specialist copay)
Durable Medical Equipment		20% coinsurance	20% coinsurance	20% coinsurance	20% coinsurance
Annual Deductible		\$0	\$0	\$0	\$0
Outpatient Hospital Services		\$75 copay	\$100 copay	\$50 copay	\$100 copay
Diagnostic(CT, MRI, PET scans)		\$100 copay	\$100 copay	\$50 copay	\$100 copay
Outpatient Surgery		\$150 copay	\$175 copay	\$100 copay	\$250 copay
Inpatient Hospital Confinement		\$150/day (Days 1 - 10) Zero after that	\$160/day (Days 1 - 10) Zero after that	\$150/day (Days 1 - 8) Zero after that	\$150/day (Days 1 - 10) Zero after that
Coinsurance Max/OOP		\$2,600 OOP (No Family Max)	\$3,300 OOP (No Family Max)	\$2,600 OOP (No Family Max)	\$3,300 OOP (No Family Max)

Proposed Benefit Design Changes: 2016 Medicare Advantage Enhanced Plans - Pharmacy

2016 Proposed Plans - State Health Plan Medicare Primary Retirees				
	2015 Humana Enhanced Plan	2016 Humana Enhanced Plan ✓	2015 UHC Enhanced Plan	2016 UHC Enhanced Plan ✓
Member Out of Pocket Cost Share				
Prescriptions Drug Coverage				
Part D Gap Coverage	Full Coverage	Full Coverage	Full Coverage	Full Coverage
Formulary Name	Custom	Custom	Custom	Custom
Part D Retail (up to a 31 day supply)				
Tier 1	\$7 co-pay	\$7 co-pay	\$5 co-pay	\$10 co-pay
Tier 2	\$35 co-pay	\$33 co-pay	\$30 co-pay	\$35 co-pay
Tier 3	\$50 co-pay	\$50 co-pay	\$40 co-pay	\$50 co-pay
Tier 4	25% co-insurance (\$95 Max)	25% co-insurance (\$100 Max)	25% co-insurance (\$95 Max)	25% co-insurance (\$100 Max)
Tier 5	N/A	N/A	N/A	N/A
Maintenance Drugs (up to a 90 day supply)				
Tier 1	\$14 co-pay	\$14 co-pay	\$10 co-pay	\$20 co-pay
Tier 2	\$70 co-pay	\$66 co-pay	\$60 co-pay	\$70 co-pay
Tier 3	\$100 co-pay	\$100 co-pay	\$80 co-pay	\$100 co-pay
Tier 4	25% co-insurance (\$190 Max)	25% co-insurance (\$200 Max)	25% co-insurance (\$200 Max)	25% co-insurance (\$200 Max)
Tier 5	N/A	N/A	N/A	N/A
Diabetic Supplies				
Preferred Brand Testing Supplies	20% coinsurance (\$50 max)	20% coinsurance (\$50 max)	20% coinsurance	0% cost for Preferred Brands/One Touch and Accu-Chek monitors & strips 20% coinsurance for lancets
Test strips/lancets				
Needles				
Non-Preferred Brand Testing Supplies				
Test strips				
Needles				
Prescription Drug Annual OOP Max	\$2,500	\$2,500	\$2,500	\$2,500

Proposed Benefit Design Changes:

2016 Medicare Advantage Enhanced Plans – Board Approval



Plan staff recommends approval of the benefit design changes outlined on slides 6 and 7 for the 2016 Medicare Advantage Enhanced Plans.

It is important to note the cost to “buy up” to an Enhanced Plan is expected to increase approximately \$33 (i.e. the retiree premium would increase from \$33 to \$66 per month) but the amount cannot be confirmed until all rates are finalized and approved later this summer.

Revised Medicare Primary Annual Enrollment (AE) Strategy

In May 2015 Plan staff recommended and the Board approved a passive enrollment for existing Medicare Primary Retirees, Dependents and Surviving Dependents who had already made a Medicare Primary election.

Because of the changes in member cost share and the premium for the Medicare Advantage Enhanced Plans, Plan staff now recommends that all members currently enrolled in an Medicare Advantage Enhanced Plan be moved to the base plan of their 2015 carrier. Retirees will have the ability to elect any of the Medicare primary options during Annual Enrollment.



Proposed 2016 Retiree Medicare Primary Annual Enrollment Default		
2015 Enrollment	2016 Annual Enrollment Default	Will result in 2016 enrollment change if no AE election made
Traditional 70/30 PPO	Traditional 70/30	
Humana Base MAPDP	Humana Base MAPDP	
UHC Base MAPDP	UHC Base MAPDP	
Humana Enhanced MAPDP	Humana Base MAPDP	X
UHC Enhanced MAPDP	UHC Base MAPDP	X

Appendix

Chart of All Proposed 2016 Medicare Primary Benefit Options

2016 Proposed Plans - State Health Plan Medicare Primary Retirees - Medical

	2016 Traditional 70/30 PPO	2016 Medicare Advantage Base Plan	2016 Medicare Advantage Enhanced Plan Humana	2016 Medicare Advantage Enhanced Plan UHC
Member Out of Pocket Cost Share				
Physician Services				
Primary Care Physician	\$39 copay *	\$20 copay	\$15 copay	\$15 copay
Preventive Care	\$39 copay *	\$0 copay	\$0 copay	\$0 copay
Specialist	\$92 copay *	\$40 copay	\$35 copay	\$35 copay
Urgent Care	\$98 copay *	\$50 copay	\$35 copay	\$40 copay
Outpatient Lab/Xray	Deductible/Coinsurance	\$40 copay	\$25 copay (?)	\$25 copay (?)
Emergency Room	\$329 Copay/Ded/Coins	\$65 copay	\$65 copay	\$65 copay
Physical, Speech, Occupational Therapy	\$72 copay*	\$20 copay	\$20 copay	\$20 copay
Chiropractic Visits	\$72 copay*	\$20 copay	\$20 copay	\$20 copay
Labs/Xray (conducted within Office Visit)	\$0 copay (after PCP or Specialist copay)	\$0 copay (after PCP or Specialist copay)	\$0 copay (after PCP or Specialist copay) (depends on billing)	\$0 copay (after PCP or Specialist copay) (depends on billing)
Durable Medical Equipment	Deductible/Coinsurance	20% coinsurance	20% coinsurance	20% coinsurance
Annual Deductible	\$1,054/\$3,162*	\$0	\$0	\$0
Outpatient Hospital Services	Deductible/Coinsurance	\$125 copay	\$100 copay	\$100 copay
Diagnostic(CT, MRI, PET scans)	Deductible/Coinsurance	\$100 copay	\$100 copay	\$100 copay
Outpatient Surgery	Deductible/Coinsurance	\$250 copay	\$175 copay	\$250 copay
Inpatient Hospital Confinement	\$329 Copay/Ded/Coins	\$160/day (Days 1 - 10) Zero after that	\$160/day (Days 1 - 10) Zero after that	\$150/day (Days 1 - 10) Zero after that
Coinsurance Max/OOP	\$4,282 Individual Max \$12,846 Family Max	\$4,000 OOP (No Family Max)	\$3,300 OOP (No Family Max)	\$3,300 OOP (No Family Max)
Fitness	Not Covered	Silver Sneakers	Silver Sneakers	Silver Sneakers

2016 Proposed Plans - State Health Plan Medicare Primary Retirees - Pharmacy				
	2016 Traditional 70/30 PPO - BCBS of NC	2016 Medicare Advantage Base Plan	2016 Medicare Advantage Enhanced Plan Humana	2016 Medicare Advantage Enhanced Plan UHC
Member Out of Pocket Cost Share				
Prescriptions Drug Coverage	Full Coverage	Full Coverage	Full Coverage	Full Coverage
Part D Gap Coverage	Custom	Custom	Custom	Custom
Formulary Name	Custom	Custom	Custom	Custom
Part D Retail (up to a 31 day supply)				
Tier 1	\$15 co-pay	\$10 co-pay	\$7 co-pay	\$10 co-pay
Tier 2	\$46 co-pay	\$40 co-pay	\$33 co-pay	\$35 co-pay
Tier 3	\$72 co-pay	\$64 co-pay	\$50 co-pay	\$50 co-pay
Tier 4	25% co-insurance (\$100 Max)	25% co-insurance (\$100 Max)	25% co-insurance (\$100 Max)	25% co-insurance (\$100 Max)
Tier 5	25% co-insurance (\$132 Max)	N/A	N/A	N/A
Maintenance Drugs (up to a 90 day supply)				
Tier 1	\$45 (61 -90 days)	\$24 co-pay	\$14 co-pay	\$20 co-pay
Tier 2	\$138 (61 - 90 days)	\$80 co-pay	\$66 co-pay	\$70 co-pay
Tier 3	\$216 (61 - 90 days)	\$128 co-pay	\$100 co-pay	\$100 co-pay
Tier 4	25% co-insurance (\$300 Max) (61-90 days)	25% co-insurance (\$300 Max)	25% co-insurance (\$200 Max)	25% co-insurance (\$200 Max)
Tier 5	25% co-insurance (\$396 Max) (61-90 days)	N/A	N/A	N/A
Diabetic Supplies				
Preferred Brand Testing Supplies	\$10 (0-30 day supply)	20% coinsurance (\$50 max)	20% coinsurance (\$50 max)	0% cost for Preferred Brands/One Touch and Accu-Check monitors & Strips 20% coinsurance for lancets
Test strips/lancets	↓	↓	↓	↓
Needles	↓	↓	↓	↓
Non-Preferred Brand Testing Supplies	\$25 (0-30 day supply)			
Test strips	↓	↓	↓	↓
Needles	↓	↓	↓	↓
Prescription Drug Annual OOP Max	\$3,294	\$2,500	\$2,500	\$2,500