



North Carolina
State Health Plan
FOR TEACHERS AND STATE EMPLOYEES



2019 UnitedHealthcare Medicare Advantage Rates and Medicare Primary Enrollment Strategy

Board of Trustees Meeting

June 5, 2018

A Division of the Department of State Treasurer

UnitedHealthcare Renewal

- The Plan has negotiated 2019 renewal rates with UnitedHealthcare that should result in savings of approximately \$55 million:
 - Base Plan Rate - \$85/month
 - Enhanced Plan Rate - \$148/month

State Health Plan Premiums		
Plan	2018	2019
UHC MA Base	\$120	\$85
UHC MA Enhanced	\$186	\$148

- The largest driver of the rate reduction is the waiver, by the Federal Government, of the *Health Insurance Fee* (HIF). If that fee were to be waived for this calendar year, the current premium rate with UnitedHealthcare would be:
 - Base Rate = 88.73
 - Enhanced Rate = \$146.86

Medicare Advantage (MA) Plans 2019 Calculation

Cost Analysis	Base Plan	Enhanced Plan
2018 Contribution Amount	\$120.00	\$186.00
ACA Fee Savings ¹	(\$24.51)	(\$31.51)
CMS Revenue Increase ²	(\$21.84)	(\$27.07)
Claims Trend 2018 to 2019 ³	<u>\$10.98</u>	<u>\$15.54</u>
Calculated 2019 Premium	\$84.63	\$142.97
UHC Agreed Rate	\$85.00	\$148.00
BCR ⁴	88.6%	96.8%

- 1) ACA savings come from removing annual fee per H.R 195, Division D Sec: 4003
- 2) CMS increase per 4/2/18 announcement of expected increase of 3.4% in revenue. Per 5/9/18 email with actuary, 2.7% of increase in revenue was to be from this source.
- 3) Base and Enhanced claims trended 3.1% per year from 2017 to 2019; BCBS transfer group 0.0% Trend from 2018 to 2019; Admin fee is trended 2.0% from 2017 to 2019.
- 4) Overall BCR is calculated to be 90.1%. The Plan has a 92% Gain-Sharing agreement in which the Plan will receive a portion of the revenue if the BCR is below 92%.

Decrease in premium leads to potential annual savings for the Plan of ~\$55 million.

Medicare Advantage (MA) 2019 Recommendation

- Maintain the \$0 subscriber premium for the UHC Base MA plan
- Decrease cost for UHC Enhanced MA plan (\$63/month instead of \$66/month), as negotiated with UHC
- Align MA dependent premiums with the 2019 subscriber rates
- Maintain the per member per month administrative fee for dependent coverage at \$4.00

Proposed 2019 Monthly Medicare Advantage Rates*

	Base Plan		Enhanced Plan	
	2018	2019	2018	2019
Subscriber Only	\$0	\$0	\$66.00	\$63.00
Subscriber + Child(ren)	\$124.00	\$89.00	\$256.00	\$215.00
Subscriber + Spouse	\$124.00	\$89.00	\$256.00	\$215.00
Subscriber + Family	\$248.00	\$178.00	\$446.00	\$367.00

*2018 Rates include the Health Insurer Provider Fee

Recommended 2019 Premium Rates *(Requires Vote)*

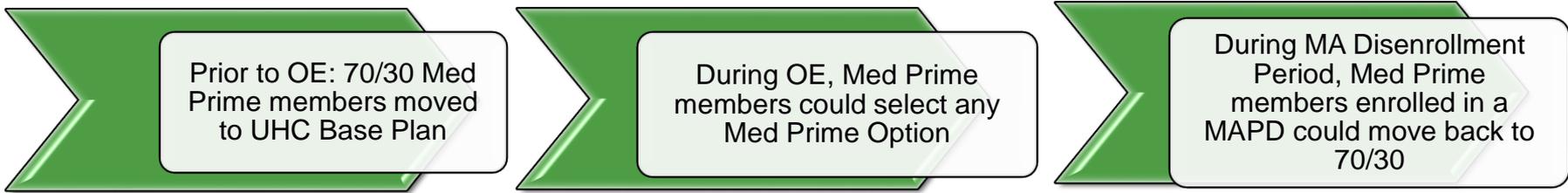
Medicare Primary Subscribers

	Medicare Advantage		Retirement System Contribution ¹
	Base Plan	Enhanced Plan	
Non-Contributory Medicare Primary Subscribers			
Medicare Primary for Retiree and One or More Dependents			
Subscriber Only	\$0.00	\$63.00	\$402.94
Subscriber + Child(ren)	\$89.00	\$215.00	\$402.94
Subscriber + Spouse	\$89.00	\$215.00	\$402.94
Subscriber + Family	\$178.00	\$367.00	\$402.94
50% Contributory Medicare Retirees			
Medicare Primary for Retiree and One or More Dependents			
Subscriber Only	\$89.00	\$152.00	\$201.47
Subscriber + Child(ren)	\$178.00	\$304.00	\$201.47
Subscriber + Spouse	\$178.00	\$304.00	\$201.47
Subscriber + Family	\$267.00	\$456.00	\$201.47
100% Contributory Medicare Retirees			
Medicare Primary for Retiree and One or More Dependents			
Subscriber Only	\$89.00	\$152.00	\$0.00
Subscriber + Child(ren)	\$178.00	\$304.00	\$0.00
Subscriber + Spouse	\$178.00	\$304.00	\$0.00
Subscriber + Family	\$267.00	\$456.00	\$0.00

1. Retirement System Contribution assumes 4% increase from 2018.

2018 Medicare Primary Enrollment Strategy

- For every member that moves from 70/30 to Medicare Advantage Base, the Plan saves \$2,145.54 per member annually.
- Last year the Board approved an enrollment strategy that moved all Medicare primary members enrolled into the 70/30 PPO Plan into the UHC MA Base Plan for the start of the 2018 Open Enrollment (OE) period.
 - Approximately **40,000** Medicare primary members were defaulted to the UHC MA Base Plan
 - To be defaulted into the Medicare Advantage Plan, a Medicare Primary member had to have both Medicare Parts A & B in place with a January 1 2018 effective date by August 1, 2017.



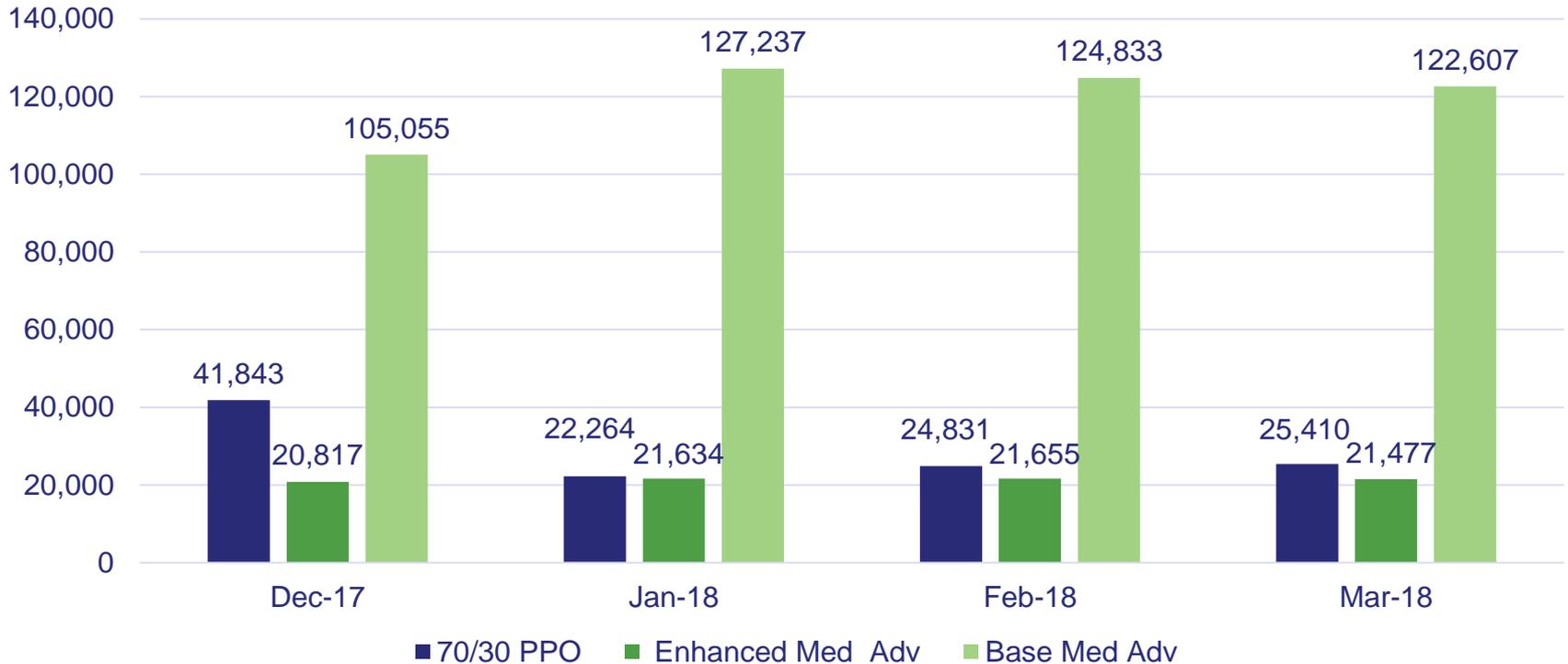
Prior to OE: 70/30 Med Prime members moved to UHC Base Plan

During OE, Med Prime members could select any Med Prime Option

During MA Disenrollment Period, Med Prime members enrolled in a MAPD could move back to 70/30

Medicare Primary Enrollment: Month over Month

Medicare Primary Enrollment



Membership	Dec 2017	Mar 2018	Change
UHC Med Adv	125,872	144,084	+18,212
BCBSNC (70/30)	41,843	25,410	-16,423

2019 Medicare Primary Enrollment Strategy

(Requires Vote)

- Plan staff recommends moving Medicare primary members currently enrolled in the 70/30 PPO Plan back to the UHC Medicare Advantage Base Plan as indicated below.

2018 Medicare Primary Enrollment	Maps to for 2019 Open Enrollment
70/30 PPO Plan	Base Medicare Advantage Plan
Based Medicare Advantage Plan	Base Medicare Advantage Plan
Enhanced Medicare Advantage Plan	Enhanced Medicare Advantage Plan