



North Carolina
State Health Plan
FOR TEACHERS AND STATE EMPLOYEES



Proposed 2017 Medicare Advantage Prescription Drug Plan Options and Open Enrollment Strategy

Board of Trustees Meeting

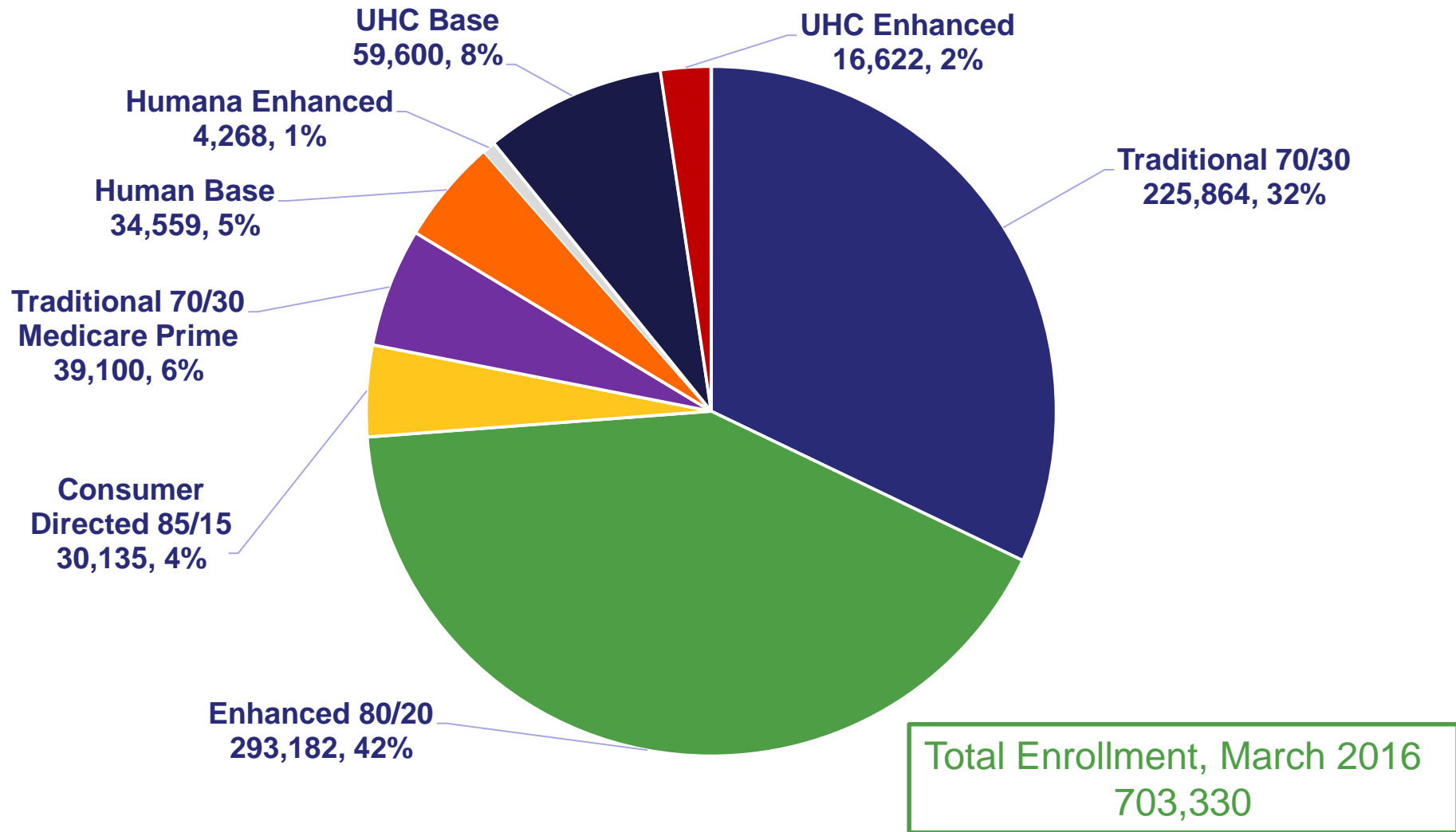
June 2-3, 2016

A Division of the Department of State Treasurer

Presentation Overview

- Membership Summary
- Review CY 2016 Retiree Medicare Primary Plan Options
- CY 2017 Retiree Medicare Primary Plan Options
 - Recommendation for Medicare Advantage Offerings
- CY 2017 Open Enrollment Strategy for Medicare Retirees
- Questions & Discussion
- Board Action (Friday Meeting)

Membership by Plan Option



CY 2016 Medicare Primary Plan Options

- Medicare Primary Retirees currently have five plan options:
 - Traditional 70/30 PPO Plan (BCBSNC-administered)
 - Base Medicare Advantage Plan (Humana)
 - Base Medicare Advantage Plan (UHC)
 - Enhanced Medicare Advantage Plan (Humana)
 - Enhanced Medicare Advantage Plan (UHC)
- Both the Traditional 70/30 PPO Plan and the Base Medicare Advantage Plan designs are premium free for retiree-only coverage.
- The Enhanced Medicare Advantage Plan is available for an additional \$66 per month for retiree-only coverage.

Proposed CY 2017 Medicare Primary Plan Options

- For CY 2017, Plan staff recommends moving to one Medicare Advantage carrier, UnitedHealthcare (UHC) and providing three plan options for Medicare retirees:
 - Traditional 70/30 PPO Plan (BCBSNC-administered)
 - Base Medicare Advantage Plan (UHC)
 - Enhanced Medicare Advantage Plan (UHC)
- No plan design changes are proposed for the UHC Medicare Advantage plan options, only changes to the formulary.
 - Board approved changes to the Traditional 70/30 PPO Plan on May 13, 2016.
- Both the Traditional 70/30 PPO Plan and the Base Medicare Advantage Plan options will remain premium free for retirees.
- The Enhanced Medicare Advantage Plan will be available for an additional \$64 a month, which is \$2 less than the 2016 Enhanced Plans.



Recommendation for Medicare Advantage Offerings

Advantages of UHC single carrier offering:

- Reduced Costs
 - \$44.5 million in Plan savings and \$7 million in member savings over next two years (includes formulary changes)
 - Reduced premium rate for CY 2017
 - Agreed upon maximum premium rate increase for CY 2018
- Added Stability & Improved Predictability
 - Ensuring a sustainable premium for CY 2018 provides stability and predictability for the Plan and MAPDP members in terms of costs and benefits.
 - An additional renewal option will allow the Plan to explore rates for CY 2019 early enough to determine whether to competitively bid the contract.
 - Mitigates operational concerns about timing of MAPDP RFP process relative to other planned procurements
 - Multi-year agreement with UHC provides unique opportunity to reduce risks given uncertainty in MA environment

UHC Proposed CY 2017 Formulary Changes

- In addition to the normal year over year formulary changes where prior authorizations, step therapies and tier placements are reviewed and updated, UHC proposed two additional cost saving measures for consideration by the Plan:
 - Preferred Insulin
 - Additional High Cost Generic Tiering

UHC Proposed CY 2017 Formulary Changes

Preferred Insulin

- Lilly and Novo products are covered in the Preferred Brand (Tier 2)
- For additional savings, UHC offered preference for Lilly insulin products and exclusion of Novo insulin products.

Brand	Utilizers (CY 2015)
Lilly	1181
Novo	1751

- No clinical reason to select one product over the other, but there are additional savings by limiting the number of preferred choices.

UHC Proposed CY 2017 Formulary Changes

High Cost Generics

- All covered generics are currently in Tier 1 unless the drug qualifies for a specialty tier.
- To qualify for the specialty tier, the average 31-day ingredient cost must be > \$600 for a 31-day supply. The \$600 threshold is set by CMS.
- In 2017, the threshold for moving a high cost generic drug to the specialty tier is increasing > \$670/31-day supply.
- To earn additional savings in CY 2017, UHC offered to move high cost generics with an average ingredient cost of greater than \$150 but less than \$670 to Tier 3 (copays = \$64 Base Plan and \$50 Enhanced Plan).

Proposed CY 2017 Medicare Primary Plan Options

	Traditional 70/30 Plan	2016 UHC Base Plan	2016 UHC Enhanced Plan
Annual Deductible	\$1,080	\$0	\$0
Physician Services			
Primary Care Physician	\$40	\$20 copay	\$15 copay
Preventive Care	\$40	\$0 copay	\$0 copay
Specialist	\$94	\$40 copay	\$35 copay
Urgent Care	\$100	\$50 copay	\$40 copay
Outpatient Lab/Xray	\$0 copay (after PCP or Specialist copay)	\$40 copay	\$20/\$25 copay
Emergency Room	\$337 copay/Ded/Coins	\$65 copay	\$65 copay
Physical, Speech, Occupational Therapy	\$72	\$20 copay	\$20 copay
Chiropractic Visits	\$72	\$20 copay	\$20 copay
Durable Medical Equipment	Deductible/Coinsurance	20% Coinsurance	20% Coinsurance
Ambulance	Deductible/Coinsurance	\$75	\$75
Outpatient Hospital Services	Deductible/Coinsurance	\$125 copay	\$100 copay
Diagnostic(CT, MRI, PET scans)	Deductible/Coinsurance	\$100 copay	\$100 copay
Outpatient Surgery	Deductible/Coinsurance	\$250 copay	\$250 copay
Inpatient Hospital Confinement	\$337 copay/Ded/Coins	\$160/day (Days 1 - 10) Zero after that	\$150/day (Days 1 - 10) Zero after that
Coinsurance Max/OOP	\$4,388 Individual Max	\$4,000 OOP	\$3,300 OOP
	\$13,164 Family Max	(No Family Max)	(No Family Max)
Fitness	Not Covered	Silver Sneakers	Silver Sneakers

No changes to MAPDP Benefit Design; Traditional 70/30 Plan changes approved by Board, May 13, 2016

Proposed CY 2017 Medicare Primary Plan Options

Prescriptions Drug Coverage	Traditional 70/30 Plan	2016 UHC Base Plan	2016 UHC Enhanced Plan
Part D Gap Coverage	Full Coverage	Full Coverage	Full Coverage
Formulary Name	Custom	Custom	Custom
Part D Retail (up to a 31 day supply)			
Tier 1	\$16	\$10 copay	\$10 copay
Tier 2	\$47	\$40 copay	\$35 copay
Tier 3	\$74	\$64 copay	\$50 copay
Tier 4	10% Coinsurance Max (Up to \$100)	25% Coinsurance (\$100 Max)	25% Coinsurance (\$100 Max)
Tier 5	25% Coinsurance Max (Up to \$103)	N/A	N/A
Tier 6	25% Coinsurance Max (Up to \$133)	N/A	N/A
Maintenance Drugs (up to a 90 day supply)			
Tier 1	\$48 (61-90 days)	\$24 co-pay	\$20 co-pay
Tier 2	\$141 (61-90 days)	\$80 co-pay	\$70 co-pay
Tier 3	\$222 (61-90 days)	\$128 co-pay	\$100 co-pay
Tier 4	10% Coinsurance Max (Up to \$300) (61-90 days)	25% Coinsurance (\$300 Max)	25% Coinsurance (\$200 Max)
Tier 5	25% Coinsurance Max (Up to \$309) (61-90 days)	N/A	N/A
Tier 6	25% Coinsurance Max (Up to \$399) (61-90 days)	N/A	N/A
Prescription Drug Annual OOP Max	\$3,360 Individual/\$10,080 Family	\$2,500	\$2,500

No changes to MAPDP Benefit Design; Traditional 70/30 Plan changes approved by Board, May 13, 2016

Proposed CY 2017 Medicare Advantage Enrollment Strategy

- Members enrolled in a **Humana** Medicare Advantage Plan for 2016 will have to take action during Open Enrollment to ensure they are enrolled in the plan of their choice for 2017.
- Plan staff recommends assigning all **Humana** members to the **UHC** Base Plan for Open Enrollment. Members who take no action will remain in the **UHC** Base Plan for 2017.
- Because there are no plan design changes in the UHC options, Plan staff recommends leaving **UHC** members in their 2016 election for the start of Open Enrollment. Members who take no action will remain in their 2016 election for 2017.
- Plan staff also recommends leaving **Traditional 70/30** members in their 2016 election for the start of Open Enrollment. Members who take no action will remain in their 2016 election for 2017.

Recommended 2017 Retiree Medicare Primary Enrollment Strategy	
2016 Enrollment	2017 Open Enrollment Assignment
Humana Base MAPDP	UHC Base MAPDP
Humana Enhanced MAPDP	UHC Base MAPDP
UHC MAPDP	UHC Base MAPDP
UHC Enhanced MAPDP	UHC Enhanced MAPDP
Traditional 70/30 PPO Plan	Traditional 70/30 PPO Plan



Questions & Discussion

Board Action (Friday Meeting)

1. Medicare Advantage Plan Options

Plan staff recommends approval of one carrier, UnitedHealthcare, offering Base and Enhanced Medicare Advantage Plan options effective January 1, 2017. There will be no benefit design changes to either UHC MAPDP offering. As outlined on slide 5, Medicare Retirees will have three plan options in CY 2017:

- Traditional 70/30 PPO Plan (BCBSNC-administered)
- Base Medicare Advantage Plan (UHC)
- Enhanced Medicare Advantage Plan (UHC)



2. Medicare Primary Open Enrollment Strategy

Plan staff recommends approval of the enrollment strategy outlined on slide 12, which assigns all **Humana** members (Base and Enhanced) to the **UHC** Base Plan for Open Enrollment. **UHC** and **Traditional 70/30** Plan members will remain in their 2016 plan selection for Open Enrollment.