



# Statewide Health Insurance Benefits Advisors (SHIBA)

# Groucho Marx

---

“Before I speak, I have something important to say.”



# Mary Frances and Tim

---





# Introduction / thank you

---

**Tim** Smolen

SHIBA Program Manager

360.725.7091

[tim.smolen@oic.wa.gov](mailto:tim.smolen@oic.wa.gov)



# Agenda for today

---

- Medicare today
- HCA PEBB portfolio
  - Emerging trends
- Health insurance and risk pools
- Medicare next
  - Emerging trends
- OIC regulation
- Resources



# Medicare

*The evolving entitlement*

# Groucho Marx

---

“Whatever it is; I’m against it.”



# Original Medicare

---

## **Part A**

- Hospital insurance
- Funded through payroll tax

## **Part B**

- Medical insurance
- Funded by premiums and general revenue

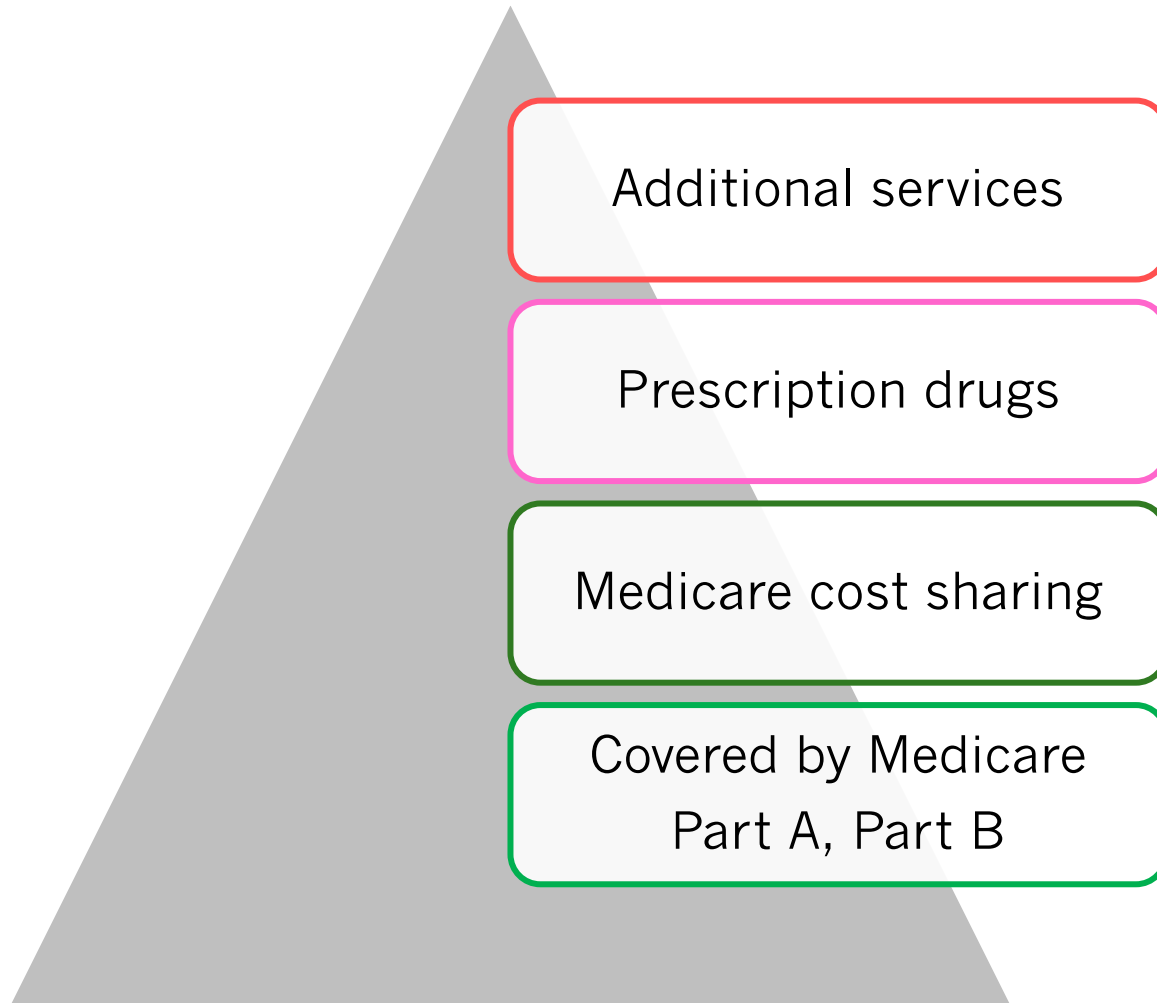




# Medicare: 'major medical' insurance

---

1. Does not cover all medically needed services
2. Does not pay 100% for all covered services
  - There is cost sharing for patients
    - Deductibles
    - Co-insurance
    - Co-pays



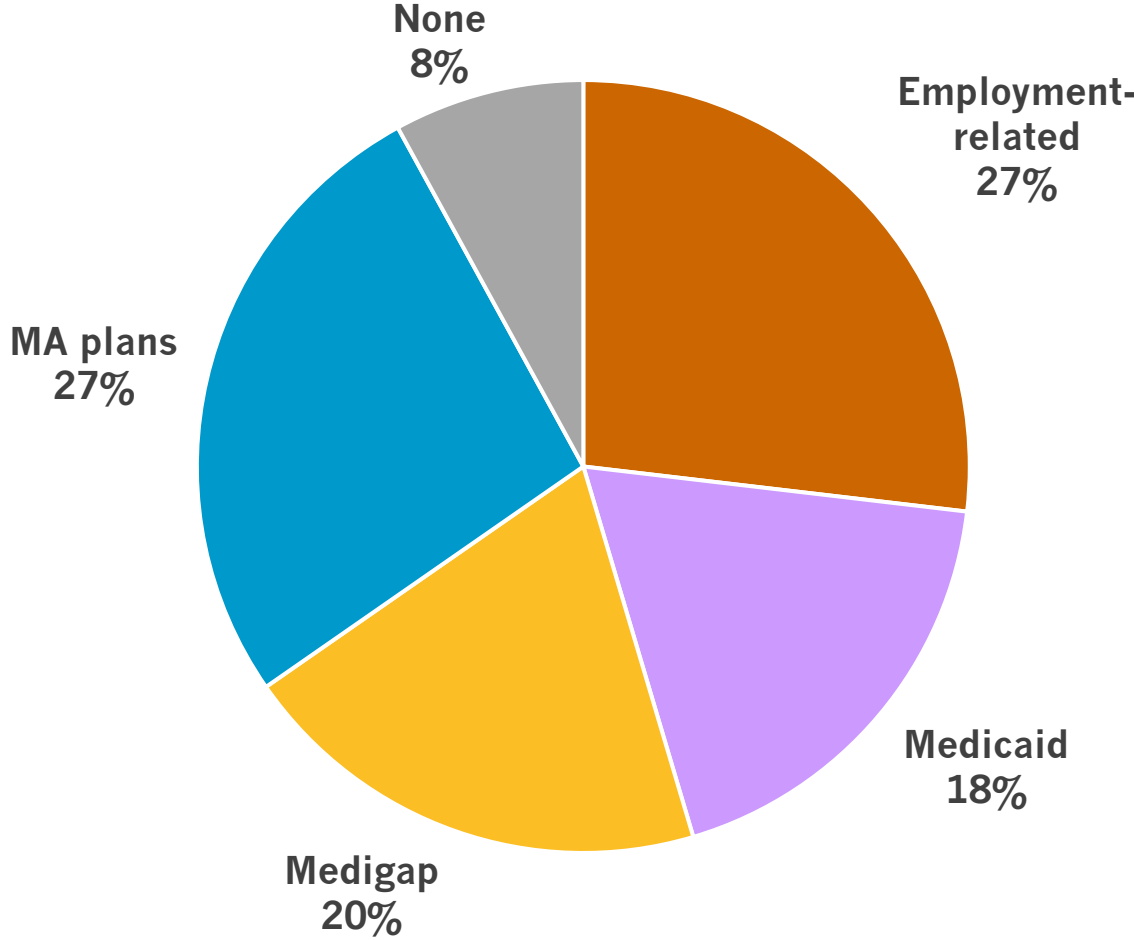


# Not covered by Original Medicare

---

- **Prescription drugs**
- Eye exams
- Hearing aids
- Therapies
  - Acupuncture
  - Chiropractic
  - Massage
  - Naturopathy
- Dental care

# Coverage in addition to Medicare



# Original Medicare / Medicare Advantage

*You choose*

# Groucho Marx

---

“Learn from the mistakes of others.  
You can never live long enough to  
make them all yourself.”



# Your options for Medicare coverage

---

## Original Medicare

- Medicare Part A
  - Hospital (inpatient)
- Medicare Part B
  - Medical (outpatient)
- Medicare Part D
  - Prescription drug plans

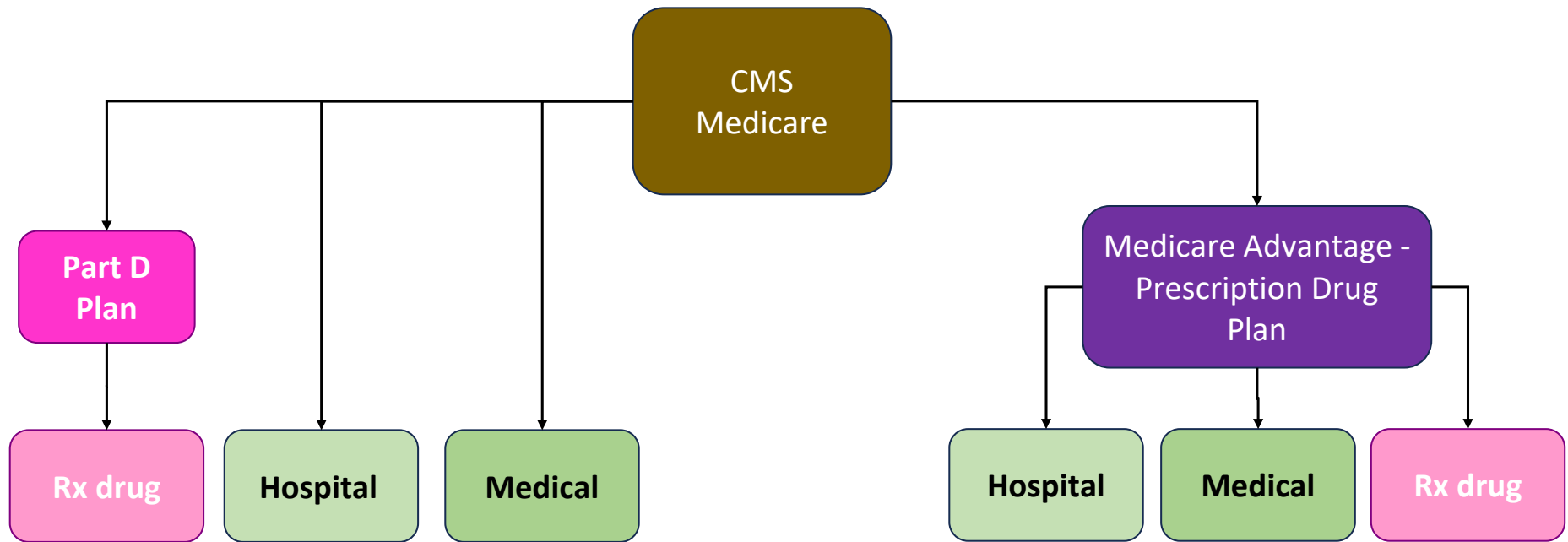
## Medicare Advantage *Medicare Part C*

- MA-PD plans
  - Consolidate in one package
    - Hospital (inpatient)
    - Medical (outpatient)
    - Prescription drugs
    - Additional benefits



# Medicare in context

---





# Golden rule

---

“Who has the gold, makes the rules.”

-- *unknown*

# HCA PEBB portfolio

*Employer-sponsored plans*

# Groucho Marx

---

“A child of five could understand this.  
Send someone to fetch a child of five.”



# PEBB Medicare Retiree portfolio (2024)

---

<b>Kaiser NW Senior Advantage Proposed</b>	\$2,327.40
<b>Kaiser WA Medicare Advantage &amp; Original Medicare Proposed</b>	\$2,263.44
<b>UMP Classic Medicare Proposed</b>	\$6,395.28
<b>UnitedHealthcare (MA-PD) PEBB Complete Proposed</b>	\$1,926.96
<b>UnitedHealthcare (MA-PD) PEBB Balance Proposed</b>	\$1,627.80
<b>Premera Medicare Supplement Plan F Retired</b>	\$1,428.60
<b>Premera Medicare Supplement Plan F Disabled</b>	\$2,489.40
<b>Premera Medicare Supplement Plan G Retired</b>	\$1,223.88
<b>Premera Medicare Supplement Plan G Disabled</b>	\$2,030.40



# Maybe switching?

---

Brief compare / contrast of the UMP benefit design to

- Medicare Supplement Plan G (Premera)
- UnitedHealthcare



# UMP and Kaiser plans

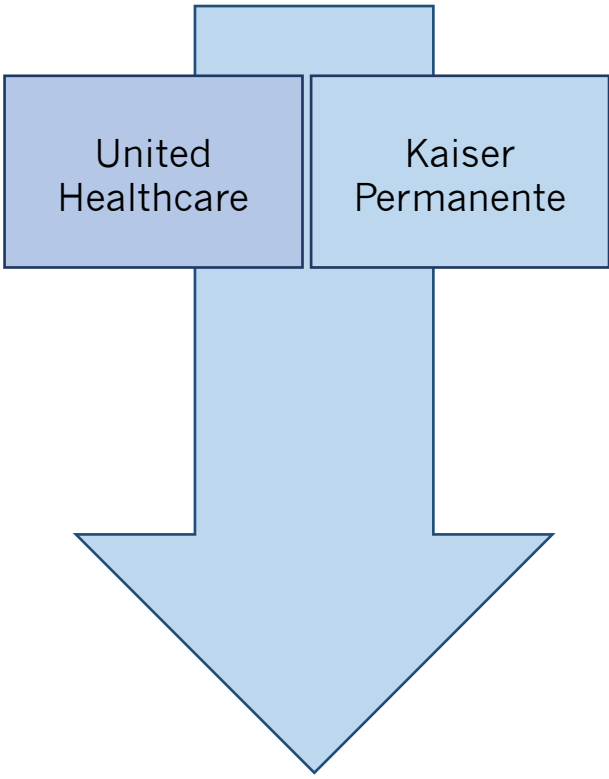
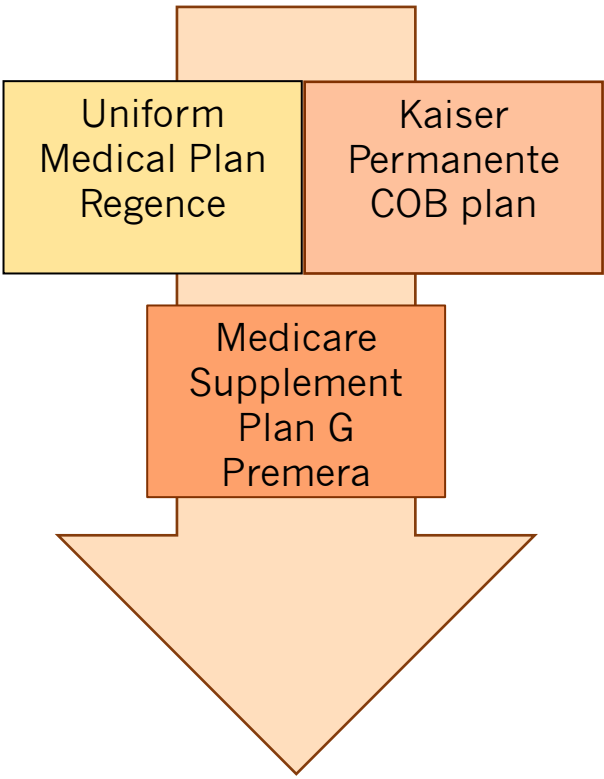
---

- Access to providers and pharmacies is very different with Kaiser compared to UMP or Plan G or the UHC plans.
- The general suggestions I'm going to provide work just as well for comparing UMP to the Kaiser plans.

# HCA PEBB Portfolio in context

**Alternative approaches to 'other insurance besides Medicare'**

**Original Medicare**      *OR*      **Medicare Advantage**





# Compare: UMP (Regence) to Plan G (Premera)

---

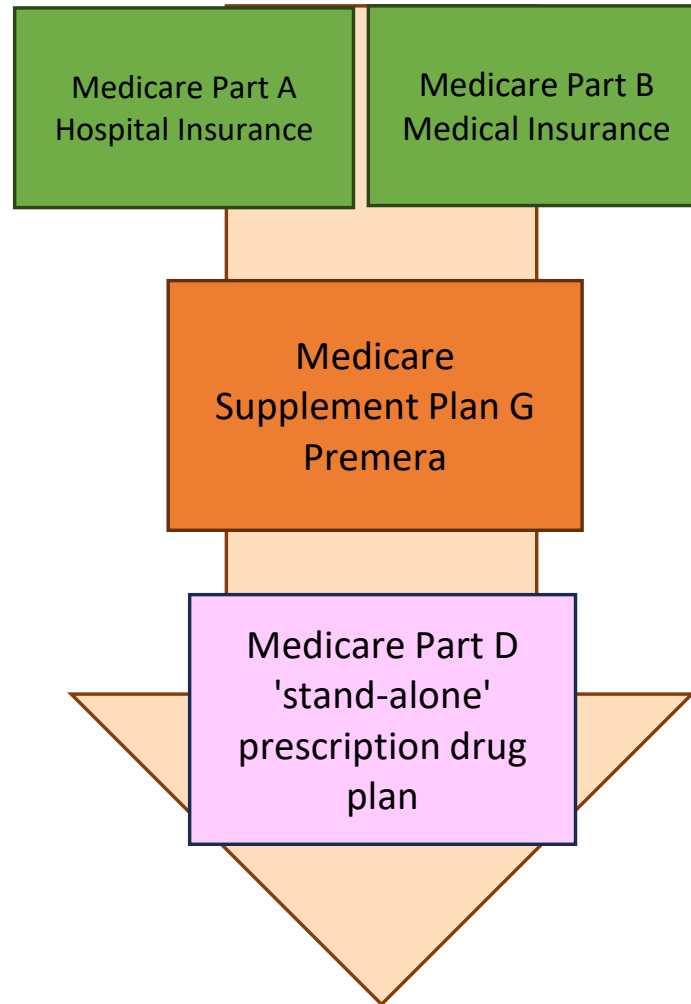
- “Original Medicare” – provider choice is key
- Plan G offers – almost no out-of-pocket costs for Medicare covered services
- Plan G does not include coverage for
  - Prescription drugs
  - Additional benefits not covered by Medicare
- Most people would elect Medicare Part D stand-alone prescription drug plan





# Original Medicare + Plan G + Part D

---





# Compare: UMP to UnitedHealthcare

---

Common to both:

- PPO: a network of preferred providers
- formulary for prescription drugs
- coverage for additional benefits not covered by Medicare
- require out-of-pocket cost sharing



# Trade-off's with UnitedHealthcare

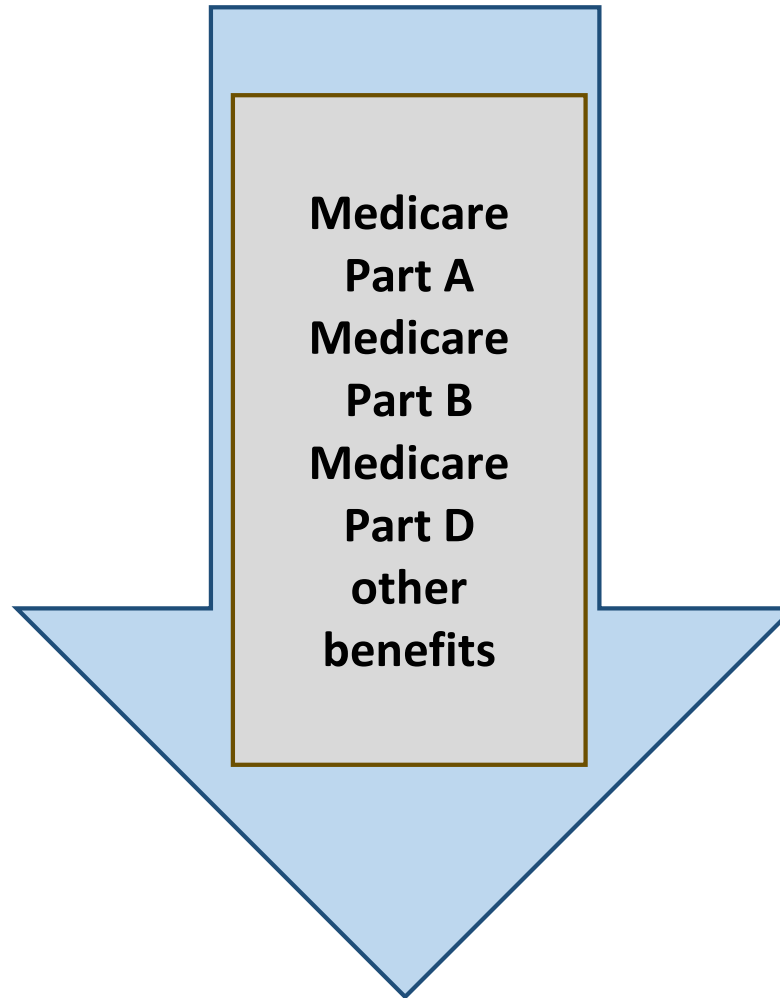
---

- Provider access is based on the UHC network
  - ask about keeping the current doctors you use now
- Different formulary for prescription drugs
  - compare the coverage and costs for drugs you are using (or are concerned about)
- Additional benefits: comprehensive and different than UMP
  - compare which services, which providers and what cost sharing



# MA-PD plan – package of benefits

---





# Exit the HCA PEBB portfolio

---

- Be careful: if you exit, you will not be able to return later
  - this choice may affect any dependents on your coverage
- The most likely case:
  - you have access to other health insurance coverage
    - Some people can **defer**
  - you choose a private market MA-PD plan



# Private market MA-PD plans

---

- These plans are offered by the same companies in the HCA PEBB portfolio – UHC, Kaiser – as well as *many* others
- The products are different:
  - in general, there is less coverage – you pay more out of pocket at the time of service
  - different formulary
  - provider network may not be the same

# Summary of options

---

1. Continue with UMP
2. Choose another PEBB plan
  - Medicare Supplement Plan G
  - UnitedHealthcare
  - Kaiser Permanente
3. Exit the HCA PEBB Portfolio



# Expectations

---

- I believe that you know what is best for you
- I believe that you have sound judgment
- I can't and I won't tell you what to do or what I think is best for you
- I am not 'selling' any products or services
- I am here to support our colleagues at the HCA and the health plans – not to replace them
- It's wise to consult with many people you trust



# Emerging trends

*PEBB*

# Groucho Marx

---

“Time flies like an arrow. Fruit flies like a banana.”



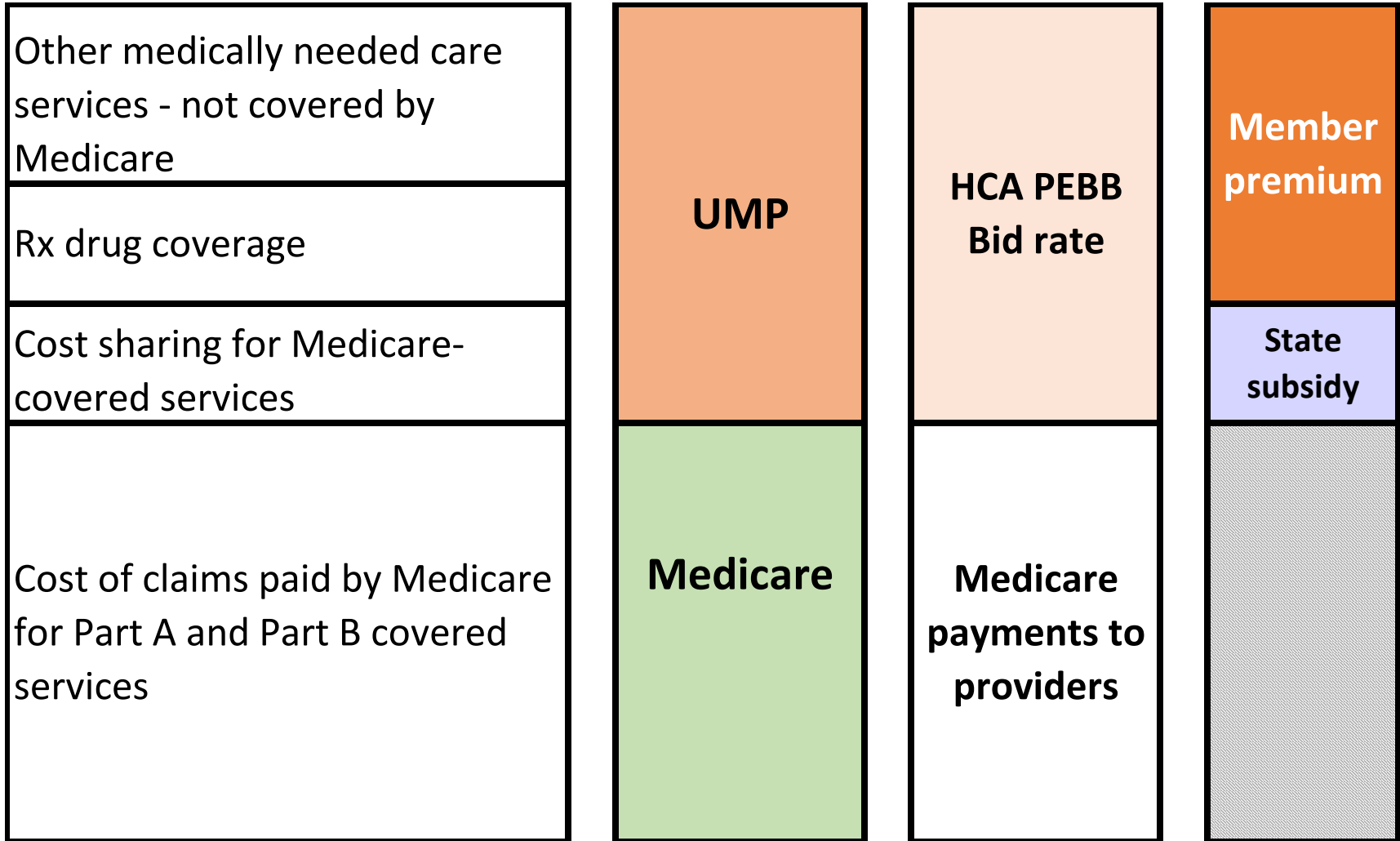
# Making the 'bid rate' for UMP

---

1. calculate the cost of the entire package of benefits
  - what Medicare pays for claims *plus* what UMP pays for claims
2. subtract the payments that Medicare makes to providers for covered services (Part A, Part B)
  - this is the UMP "bid rate"
3. apply the explicit Medicare subsidy



# Illustration: UMP premium





# Illustrated math: UMP premium

---

Item	Amount
Claims	\$ 1,400
Medicare payments to providers	\$ 700
Bid rate	\$ 700
Subsidy	\$ 180
Premium	\$ 520



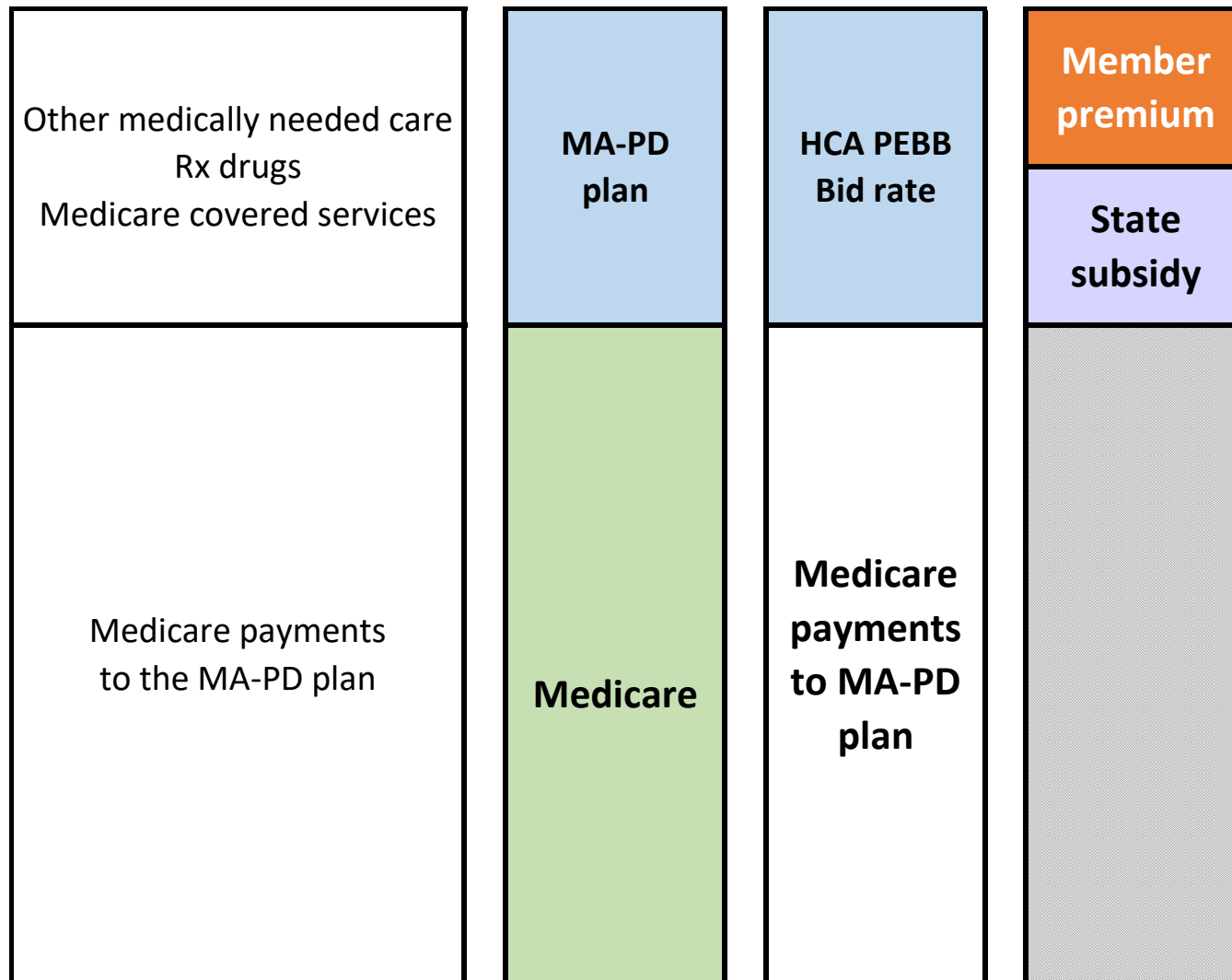
# The numbers can "*deceive*" us

---

Before we turn back to math, let me make the observation that we should be very careful about equating the premium we pay to the value of the package – in general or for us, now.

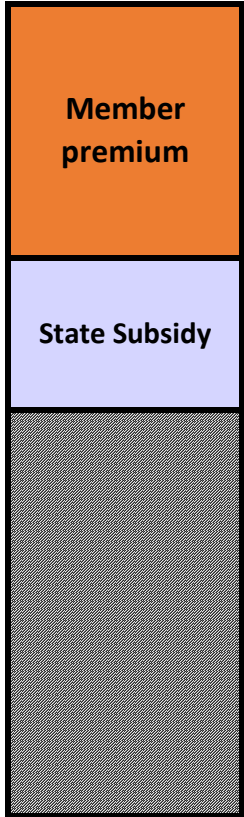
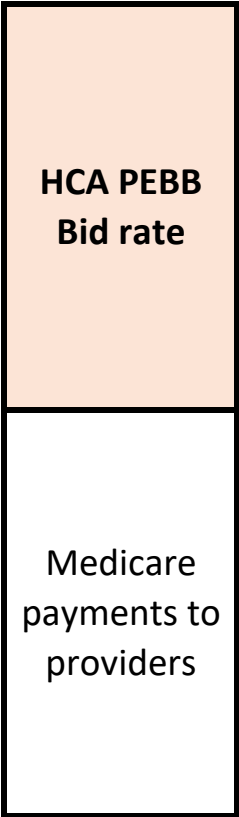
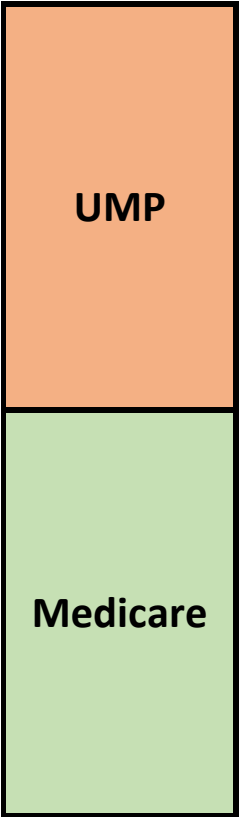
This 'math' does not work – and it can deceive us.

# Illustrated: MA-PD premium

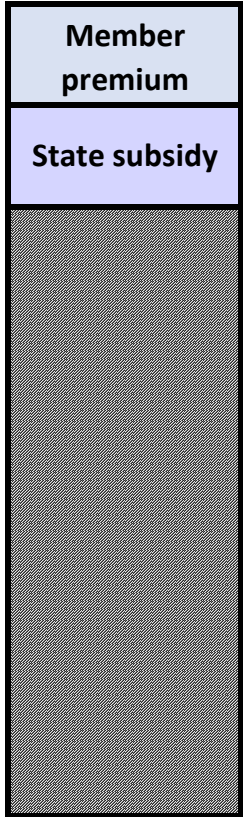
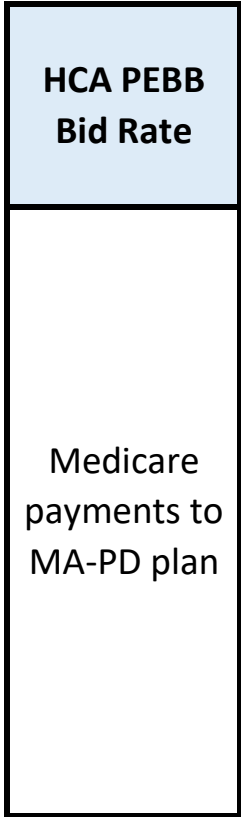
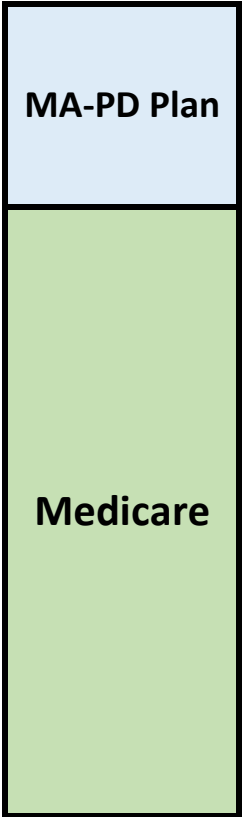


# Compare rate-making approach

## Uniform Medical Plan



## UnitedHealthcare





# Illustrated math: comparison

<b>Not real figures</b>	<b>UMP</b>	<b>MA-PD plan</b>
Claims	\$ 1,400	\$ 1,200
Medicare payments to providers	\$ 700	\$ -
Medicare payments to MA-PD plan	\$ -	\$ 900
Bid rate	\$ 700	\$ 300
Subsidy	\$ 180	\$ 150
Premium	\$ 520	\$ 150



# What is the value?

---

- you **can't** equate the monthly premium to the value of the plan
- when I talk about value I mean at the level of the whole group, not for any one person

*the value of the plan is personal: some people care more about some things than other things*

# Health insurance and risk pools

*Focus on HCA PEBB portfolio*

# Groucho Marx

---

*“I sent the club a wire stating, ‘Please accept my resignation. I don't want to belong to any club that will accept me as a member.’”*



# Risk pools matter

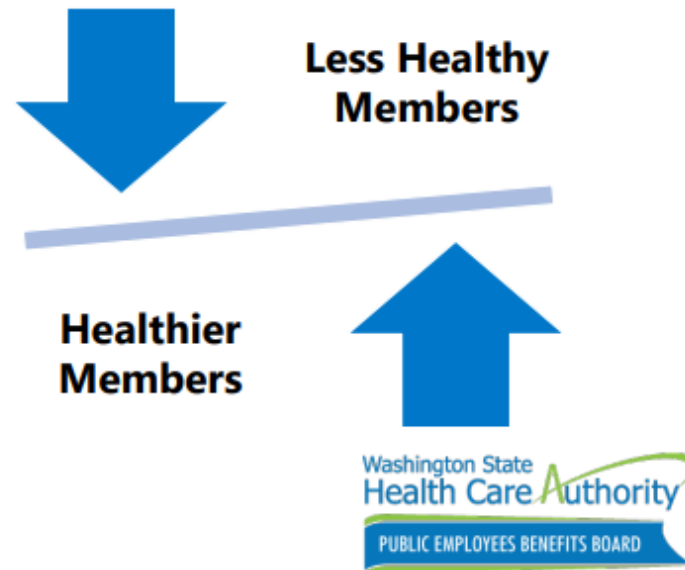
---

	<b>Plan G Disabled</b>	<b>Plan G Retired</b>
Bid rate	\$ 332.45	\$ 198.02
PEBB Explicit Medicare Subsidy	\$ 163.25	\$ 96.03
Per subscriber per month	\$ 169.20	\$ 101.99

# HCA PEBB Briefing

## Enrollment Shift Analysis

- ▶ Nearly 10,000 members exited UMP Classic Medicare for plan year 2023
- ▶ Milliman used a clinical risk grouping tool to determine the health of the members who were retained, and their relative costs
- ▶ The cost impact of this enrollment shift is included in the 2024 UMP Classic Medicare rate





# Contrived math

---

<b>Not real figures</b>	<b>Year 1</b>	<b>Year 2</b>
Claims	\$ 1,400	\$ 1,600
Medicare payments to providers	\$ 700	\$ 650
Bid rate	\$ 700	\$ 950
Subsidy	\$ 180	\$ 180
Premium	\$ 520	\$ 770

# Division of responsibility



# Who can help me? **CMS**

---

CMS – the Centers for Medicare and Medicaid Services – is the federal government agency that regulates Medicare Advantage plans (and Medicaid, too)

- CMS.gov

For questions about Medicare, including coverage and preventive care services

- 1-800-MEDICARE is available 24 hours, 7 days a week for callers
- Medicare.gov is a great internet resource

# Who can help me? **SHIBA Program**

---

- Office of Insurance Commissioner Mike Kreidler
- Volunteer advisors throughout the State
- Free, confidential, unbiased help to navigate Medicare and other insurance
- Senior Medicare Patrol (SMP) program: prevent, detect and report fraud

# Who can help me? **HCA**

---

**HCA** is your resource for questions about the PEBB portfolio of plans.

Ask about rules:

- Eligibility, including leave and return
- Enrollment, including add/remove coverage or one member in Medicare and one not
- Switching, including forms
- Dependents, including children with disabilities
- Other coverage – like dental

# Who can help me? **Health Plans**

---

The health plans that are contracted with the HCA PEBB portfolio are a great resource.

Please contact them for specific questions about things like:

- Provider network
- Prior authorizations
- Covered benefits
- Formulary for prescription drugs
- Out-of-pocket costs

# Medicare

*Emerging trends*

# Groucho Marx

---

“Politics is the art of looking for trouble, finding it everywhere, diagnosing it incorrectly, and applying the wrong remedies.”

# Washington today

---

In 2020, there are about 1,295,900 people ages 65 and older. This represents 17% of Washington's total population.

By 2050, we forecast that the elderly population will reach 2,281,200. This represents 23% of the state's total population. (OFM)



# Insolvency?

---

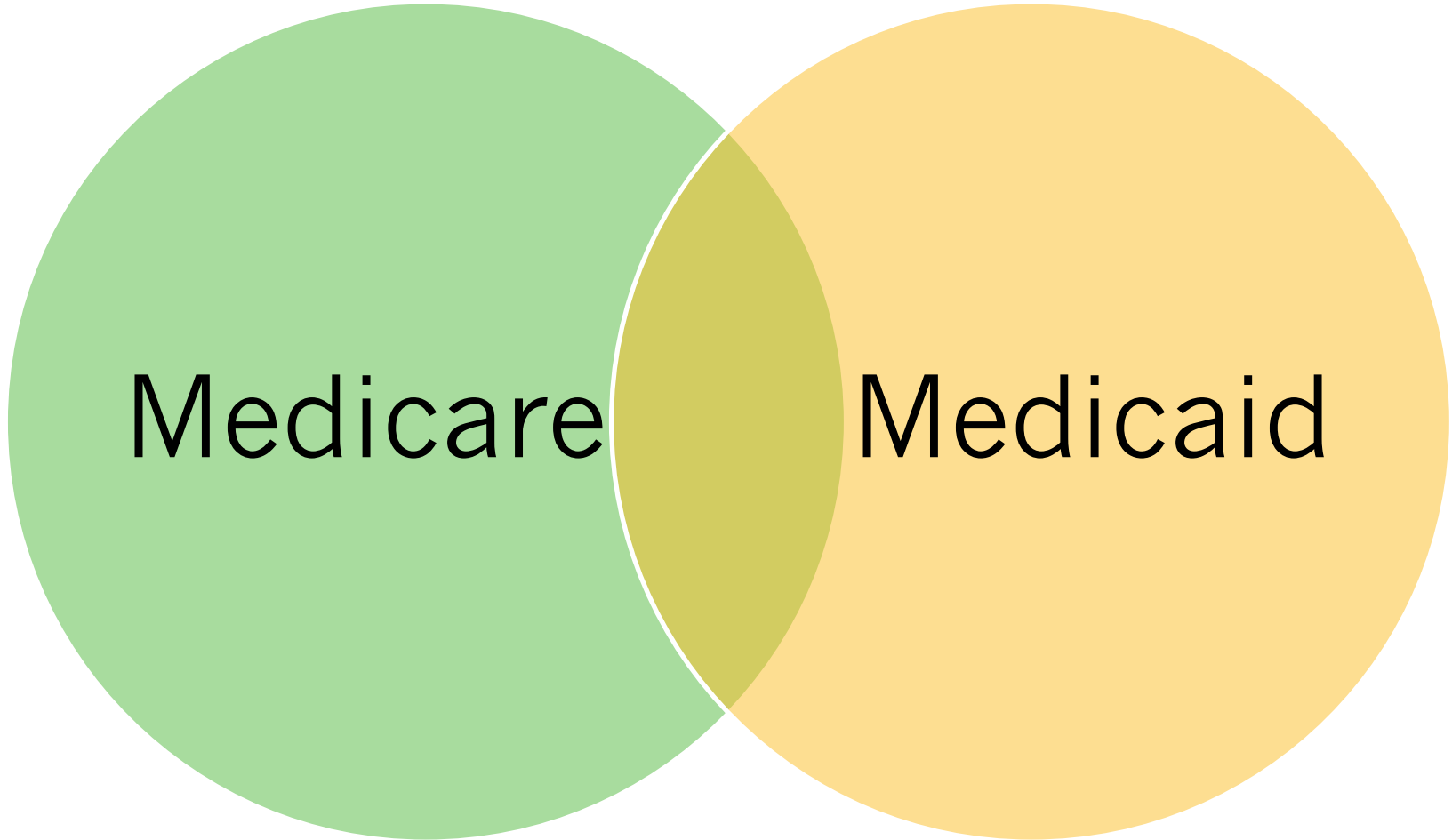
- There is no limit on Medicare wages.
  - The employee's share of the Medicare tax is a percentage withheld from their paycheck.
- In 2023, the Medicare tax is 1.45% on an individual's wages. Employers also pay 1.45%.
  - There is also a 0.9% Additional Medicare Tax that only the employee filing an individual tax return pays for wages that exceed \$200,000.





# Medicare-Medicaid Integration

---





# IRMAA

---

- Since 2007, a beneficiary's Part B monthly premium is based on his or her income.
  - These income-related monthly adjustment amounts affect roughly 7 percent of people with Medicare Part B.
- Since 2011, higher income beneficiaries' Part D monthly premiums are based on income.
  - These income-related monthly adjustment amounts affect roughly 8 percent of people with Medicare Part D.

# Medicare Savings Programs

---

The Omnibus Budget Reconciliation Act of **1986** created the Qualified Medicare Beneficiary (QMB) program as a state option.

- This was the first of the programs now commonly referred to as the Medicare Savings Programs (MSP's).

# Guidelines and resources

*Unbiased, confidential, free & competent, caring*

# Groucho Marx

---

“If you're not having fun, you're doing something wrong.”



# This hurts

---

- Angry
  - Confused
  - Anxious
  - Frustrated
  - Bitter
  - *More...*
- Afraid
  - Disappointed
  - Upset
  - Discouraged
  - Lost
  - *More...*

# What matters to you?

---

In general, we anticipate there are three (3) things that are most important, but your own list can be different.

- Prescription (Rx) drugs
- Primary care and specialist providers
- Additional services not covered by Medicare

# Rx drugs: you have options

---

- **Plan G** does not include coverage for Rx drugs
- Most people will enroll in a stand-alone Medicare Part D plan
- **All** other plans in the PEBB portfolio have “creditable coverage” – as good or better than Medicare Part D
- The options vary depending upon the plan you choose





# Rx drugs - key concepts

---

- Can I get it at all?
  - formulary
- Do I pay more for some kinds of drugs than others that are 'comparable'?
  - Everyone understands about brand v generic
- Do I have to try other comparable drugs, first, or face limits on my use of these drugs?
  - Step therapy is a kind of prior authorization
  - Quantity limits often relate to drugs related to addiction



# Provider network

---

1. Can keep who I have – or if I need to change, can I choose whomever I want?
2. Can I refer myself or it's managed, restricted, directed, prior authorization, referrals, etc.
  1. Is there a limited network or penalties for out-of-network?

# Primary care and specialist providers

---

- Start with the published provider directory, but don't stop there
- Talk with the person in charge – typically, not the provider
- Be clear: Medicare beneficiary
  - with HCA PEBB coverage as secondary insurance
    - Uniform Medical Plan (*or other PEBB plan, of course*)
- Changes do happen -- be persistent and be patient, too



# Additional benefits

---

- This is complex: make yourself a **chart**
- The rules vary per plan, including limits and prior authorization or other required referrals
- Ask lots of questions and request answers in writing for the most important – to you – concerns
  - “Can you please show me in the certificate of coverage?”
  - “Can you please send me a note that I can rely upon later, in case of a dispute?”

# Sample language [hearing aids]

---

- We provide a \$1,400 allowance per ear that you can use to help pay for one hearing aid per ear every 60 months.
  - If you do not use all of the allowance at the initial point of sale, you can use it later in that 60-month period.
  - The hearing aids must be prescribed by a network provider (clinical audiologist).
  - We select the provider or vendor that will furnish the covered hearing aid.
  - Coverage is limited to the types and models of hearing aids furnished by the provider or vendor.
- This hearing aid benefit doesn't cover the following:
  - Internally implanted hearing aids.
  - Service packages that include adjustment, cleaning, and inspection of hearing aids after manufacturer's warranty.

# Sample chart

---

	How much (\$)	How many (visits)	Prior authorization and/or Restrictions	Provider network	Other concerns
<b>Hearing</b>					
Annual exam					
Hearing aids					
<b>Therapy</b>					
Acupuncture					
Chiropractic					
Massage					
<b>Vision care</b>					
Annual exam					
Eyeglasses, contact lenses					
<b>Other</b>					

# HCA Resources

---

- Benefits Fairs (PEBB)

<https://www.hca.wa.gov/employee-retiree-benefits/benefits-fairs-pebb>

- Virtual Benefits Fairs (PEBB)

<https://www.hca.wa.gov/employee-retiree-benefits/pebb-virtual-benefits-fair/medicare-retirees-and-cobra-subscribers>

- Open enrollment webinars (PEBB)

<https://www.hca.wa.gov/employee-retiree-benefits/open-enrollment-webinars-pebb>

# Medicare Resources

---

- Help for paying Medicare costs:

<https://www.washingtonconnection.org/home/>

- Medicare Part D (Extra Help):

<https://www.ssa.gov/medicare/part-d-extra-help>



# Questions and answers

# Groucho Marx

---

“Quote me as saying I was mis-quoted.”

# Rules of engagement

---

## Audience questions and commentary

- Opinions are not facts, but both matter.
- Civility and respect are invaluable.
- Humor and perspective and humility are gold

# How to contact SHIBA

---

## **Phone:**

1-800-562-6900

TDD: 360-586-0241

TDD Relay: 1-800-833-6384

## **The web:**

[www.insurance.wa.gov/shiba](http://www.insurance.wa.gov/shiba)