



Statewide Health Insurance Benefits Advisors (SHIBA)

September 24, 2024



OFFICE of the
**INSURANCE
COMMISSIONER**
WASHINGTON STATE

Yogi Berra

“I never said half the things I said.”

Mary Frances and Tim



Introduction / thank you

Tim Smolen

SHIBA Program Manager

360.725.7091

tim.smolen@oic.wa.gov

Who we are

SHIBA is free, confidential, unbiased service of the Washington State Office of the Insurance Commissioner

Statewide

Health

Insurance

Benefits

Advisors

What we do

- Train volunteer advisors to help you
- Educate you about their rights and options
- Explain how to compare plans
- Introduce programs that might save you money

Agenda

- Insurance terms and principles
- Medicare
 - Getting started
- Open Enrollment, for 2025
 - Commercial market
 - Employer group plans (HCA PEBB)
- Q&A, discussion

Insurance terms and principles

In theory

1. Insurance is good for people and the economy
2. Competition in the marketplace is generally better
3. Consumers prefer choices

Yogi Berra

“In theory there is no difference between theory and practice. In practice there is.”

Insurance

"An economic device transferring risk from an individual to a company and reducing the uncertainty of risk via pooling."

Evidence of Coverage

your guide to:

- what is covered and what is excluded,
- how much you will pay depending on the circumstances,
- what your cost sharing will be, and
- other information about using your coverage.

Risk: auto theft

- 2018 Subaru Forester
 - \$8,600
- 2005 Chevy pick-up truck
 - \$4,200

Yogi Berra

“How can you think and
hit at the same time?”

Classic view of insurance

		How costly?	
		\$	\$\$\$\$\$
How likely?	0 %	1	2
	somewhat	3	4
	100 %	5	6

Heads or tails?



Car & Drivers insurance

Leslie

Leslie &
Ethan

Leslie &
Joel

Your intuition is correct

1. I'm getting an 'all expenses paid' rental car for the week.
 - Am I very concerned about gas mileage?
2. My local dealership has a used car for sale.
 - Who know more about the car?

Moral hazard

When insured individuals bear a smaller share of their medical care costs, they are likely to consume more care.

This is known as "moral hazard."

"That's OK, doc, the insurance will pay for it."

Adverse selection, part 1

When individuals who have a choice among insurance plans select their plan, those who are more likely to require care tend to choose more generous plans.

This is known as "adverse selection."

Adverse selection, part 2

- Are you even motivated to have some insurance for some reason, now?
- How would a rational and purely self-interested person behave – absent any limits?

We're balancing what you know about you with what the insurance company knows about you.

Medicare

Medicare 1.0

Medicare Part A

- Hospital insurance (HI)

Medicare Part B

- Supplemental medical insurance (SMI)

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

Yogi Berra

“When you come to a fork in the road,
take it.”

Incentives and 'down sides'

Fee-for-service

Capitation

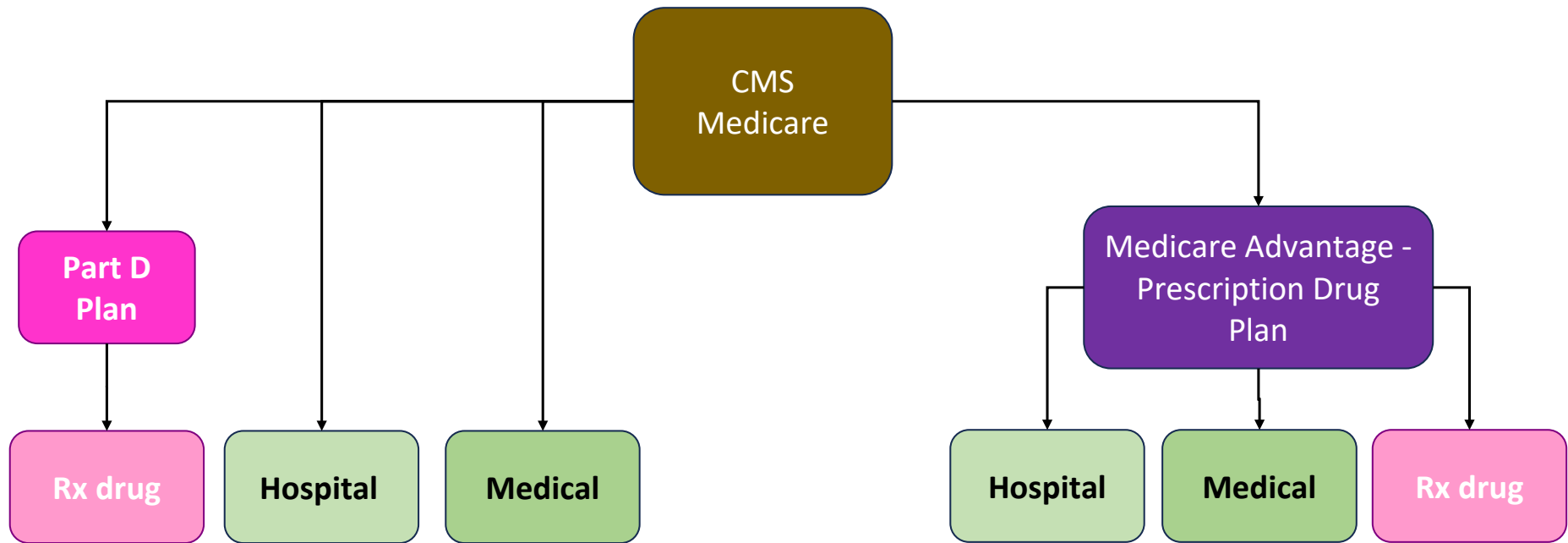
Medicare 2.0

- DRG's
 - Diagnosis related groups
 - Prospective payment system
- Medicare + Choice

Medicare Advantage plans

1. Expand Medicare beneficiaries' choices
 - private plans with coordinated care
 - more comprehensive benefits
2. Take advantage of efficiencies in managed care and save Medicare money

Medicare in context



Yogi Berra

“I wish I had an answer to that because I'm tired of answering that question.”

Modern view of insurance

- Over-invest in preventive care benefits
- Incentivize screening and wellness
- Broaden our perspective on “health” and “health care”
- Insurance affects access – quite a lot

Idea

For some people ... We want to provide more insurance than they might choose on their own, in order to actually create *moral hazard* to get them to use additional medical care.

Premium factors, Part 1

- Deductible
- Co-insurance
- Co-pay

Premium factors, Part 2

Access to services

- Provider network
 - PPO, HMO
- Prior authorization
- Formulary

Explainer

<https://www.cms.gov/files/document/uniform-glossary-english-060723.pdf>

Very helpful resource, with examples.

Your options for Medicare coverage

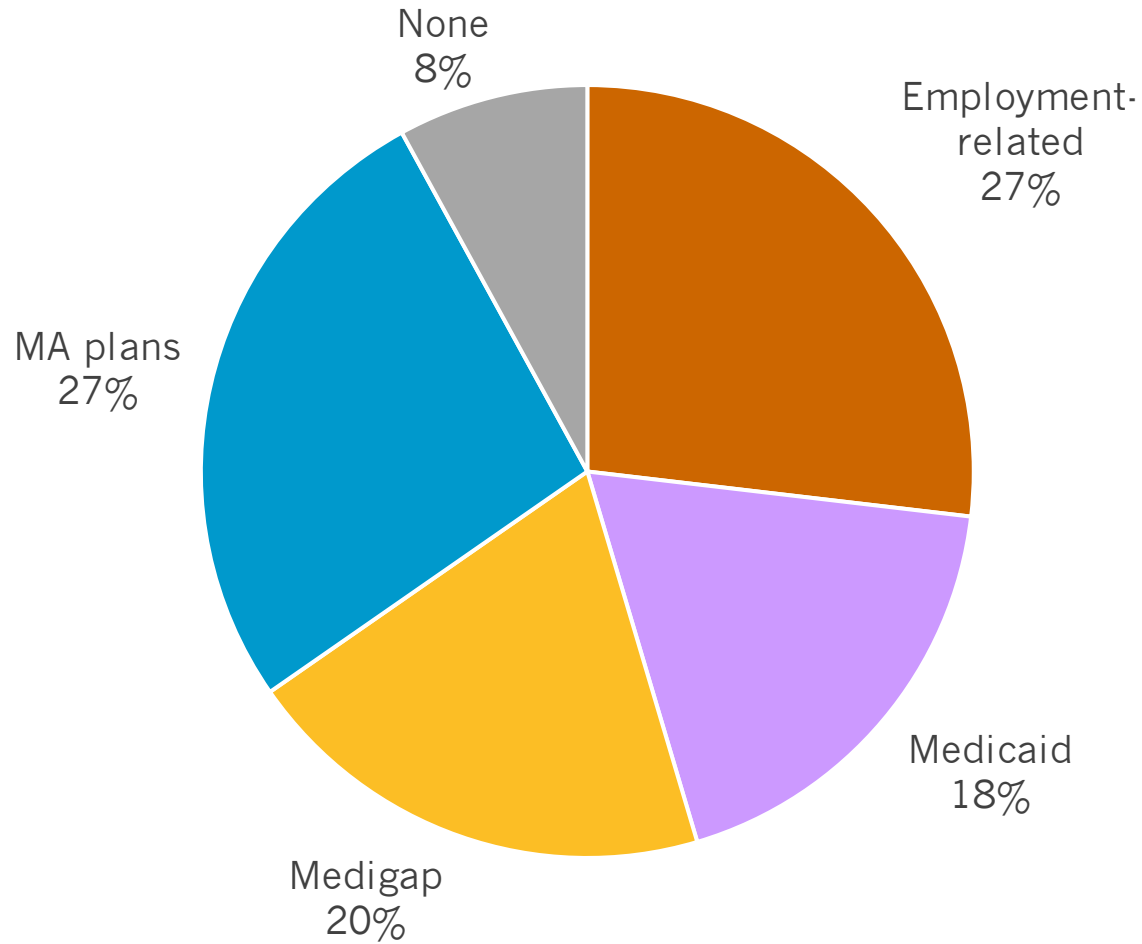
Original Medicare

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

Medicare Advantage **Medicare Part C**

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

Coverage in addition to Medicare



Getting started

Stop working?

At age 65

- Initial enrollment period

Later – not at age 65

- Special enrollment period

Social Security retirement benefits?

Drawing when you reach age 65

Waiting to draw until past age 65

Which scenario?

	Drawing SSA benefits	NOT drawing SSA
Stop work at age 65	1	2
Work past age 65	3	4

Initial Enrollment Period

Automatic enrollment or take action to enroll

Automatic enrollment in Medicare

If you are drawing a SSA retirement benefit before age 65, you will be automatically enrolled into Medicare Part A + Medicare Part B

- SSA sends you Red/White/Blue Medicare card ahead of time

The start date of coverage is the 1st day of the month when you turn age 65

Take action to enroll in Medicare

If you are NOT drawing a SSA retirement benefit when you reach age 65, you will be NOT automatically enrolled into Medicare Part A + Medicare Part B

You need to take action to enroll on-time

- [SSA.gov](https://www.ssa.gov)

The start date of coverage is the 1st day of the month when you turn age 65

Special Enrollment Period

You take action to enroll

Decline Medicare coverage, for now

If you are drawing a SSA retirement benefit before age 65, you will be automatically enrolled into Medicare Part A + Medicare Part B

- SSA sends you Red/White/Blue Medicare card ahead of time

You can decline coverage – send the card back – while you are still working

Be sure to start benefits on time!

Take action to enroll in Medicare

If you are NOT drawing a SSA retirement benefit when you stop working, you will be NOT automatically enrolled into Medicare Part A + Medicare Part B

You need to take action to enroll on-time

- [SSA.gov](https://www.ssa.gov)

Health Savings Accounts (HSA)

High-deductible health plan (HDHP)

IRS rules apply

You can't have other insurance besides the HDHP

If you work past age 65 and take SSA you will be enrolled into Medicare Part A

Therefore, decline SSA and Medicare to work past age 65 and continue contributions to HSA

Be careful about the start date for Medicare eligibility: six-month retroactive enrollment, based on SSA benefits

- Consult with an expert

Qualified medical expenses

Are defined by the IRS

Include Medicare premiums and copays

- Yes, Medicare Advantage
- No, Medicare supplement

Part B premium (per month, 2024)

Low-income	Standard	Higher-income
MSP	Subsidized	IRMAA
Depends on income	\$174.70	Depends on income

IRMAA, timing

Earning Year	Income Tax Return	Calendar Year Premium
Jan - Dec 2023	April 2024	Jan - Dec 2025

Suggested Resource

<https://www.medicareinteractive.org/>

Medicare Rights Center

Open Enrollment for 2025

Yogi Berra

“You've got to be very careful if you don't know where you are going, because you might not get there.”

Medicare Open Enrollment Period

Medicare + additional insurance

- What is changing for next year?
- Should I consider making a change?
- Who can help me?
- How do I do that?

Medicare marketplaces

- Commercial market
- Employer group market
- Medicaid – State market

Commercial market plans

Commercial insurance market

This is most people in Medicare

- They are not part of a employer group
- They are not enrolled in Medicaid

There are important exceptions: these can overlap





Commercial Market, Original Medicare

- Medicare red/white/blue card
- Medicare Part D plan card
- Medicare supplement card
 - Also called 'medigap' plans
 - For example, Plan G

Commercial Market, Medicare Advantage

- Medicare red/white/blue card
- Insurance card from the Medicare Advantage – Prescription Drug plan

Let's explore some options

Part D		Part D
MA-PD		MA-PD
Original Medicare		Medicare Advantage
MA-PD		Medicare Supplement + Medicare Part D (Rx) plan

Part D to Part D

For 2025, new plan design

- No more donut hole
- \$2,000 maximum out-of-pocket limit

Every year

- changes to formulary: list of covered drugs
- network of retail pharmacies
- your costs for each drug

www.medicare.gov

- Plan Finder tool

MA-PD to MA-PD

For 2025, new plan design

- No more donut hole
- \$2,000 maximum out-of-pocket limit

Every year

- changes to formulary: list of covered drugs
- network for doctors, retail pharmacies
- your costs for doctor visits, drugs, other services and supplies

www.medicare.gov

- Plan Finder tool

Original Medicare to MA-PD

People change for

- extra benefits
- lower monthly premium
- less complicated to coordinate

Step 1: choose your new plan

- www.medicare.gov, Plan Finder tool
- Be sure to talk with your doctor

Step 2: cancel your Medicare supplement plan

- Be sure for January 1, 2025 – not earlier

MA-PD to Medicare supplement + Part D

People change for

- provider access
- lower out-of-pocket costs
- frustration with managed care

Step 1: choose your new plan

- OIC web site and publications

Step 2: apply for coverage and get written acceptance

Step 3: cancel your current plan

- Do **NOT** cancel until your new policy starts
- That could be January 1, 2025; it could be later

We can help you

- Know your plan for 2025
- Understand your rights
- Consider options
- Make a change

Know Your Own Plan for 2025

- Cost, coverage, access
- Premium
- Out-of-pocket costs
- Covered benefits
- Prescription (Rx) drugs
- Access to doctors, hospitals, pharmacies

Understand Your Rights

- Explain the Medicare rules and other guidance
- You have the right to make changes – or to not make changes
- During this Medicare OEP, there are specific things that are allowed

Consider Options

- Show you tools and resources & help you use them
- For most people, there are lots of options for Medicare health plans
 - Medicare Advantage
 - Medicare Part D (prescription drugs)
- Medicare.gov has the Plan Finder tool – which is excellent

Employer group plans

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

Employer group health plan

- Medicare red/white/blue card
- Insurance card from your employer group health plan
 - Check for the name of the company or union
 - Could be one for medical and one for Rx drugs

HCA PEBB Portfolio

Plan	Subscriber
UMP Classic Medicare	\$419.36
UnitedHealthcare PEBB Complete	\$181.55
Kaiser Permanente	\$177.41
Premera Medicare Supplement Plan G	\$114.80

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

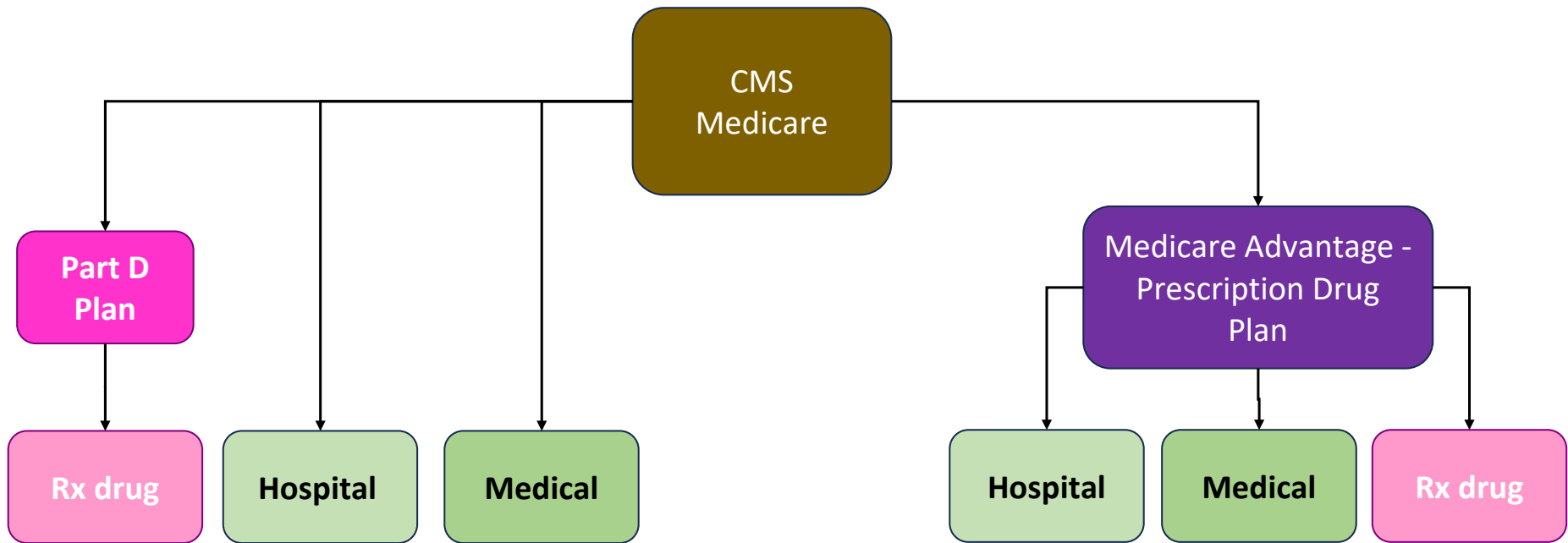
the value of the plan is personal: some people care more about some things than other things

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.

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

UMP in context



Exit the employer group

- 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

Employer group waiver plans – EGWP

Group health plan

- You are part of a group
- Group sets rules about eligibility and enrollment
- More comprehensive coverage
- Higher premium – but subsidized, too

Commercial market

- You are an individual policy holder
- Medicare rules about eligibility and enrollment
- Less comprehensive coverage
- Lower premium, but could be higher cost-sharing

General approach

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 - 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?”

SHIBA is volunteers

Volunteers welcome

- If you'd like to learn more and meet interesting people and help your community
- We provide great, free training – you can do this from home
- It's fun and meaningful

Beware of fraud!

We are the Senior Medicare Patrol project in Washington state.

“Prevent, detect, report fraud.”

Call us or send a complaint on-line at our web site

1-800-562-6900

www.insurance.wa.gov

Need help with other insurance questions?

The Office of the Insurance Commissioner can also help you with questions, information and complaints about all types of insurance, such as:

- Homeowner
- Auto
- Life
- Annuities
- Health
- And more!

Call our Insurance Consumer Hotline:

1-800-562-6900

On the web at: www.insurance.wa.gov

Questions and answers

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

Yogi Berra

“It was impossible to get a conversation going, everybody was talking too much.”