



# State of Delaware Group Health Insurance Program (GHIP)

## Medical and Pharmacy Benefits Comparison

Eligible Retirees - MD, NJ, PA, VA, WV, NC, and OH state employers

November 12, 2019

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# Background

- The State of Delaware Group Health Insurance Program (GHIP) sponsors group health coverage for all eligible pre-65 retirees and Medicare-eligible retirees

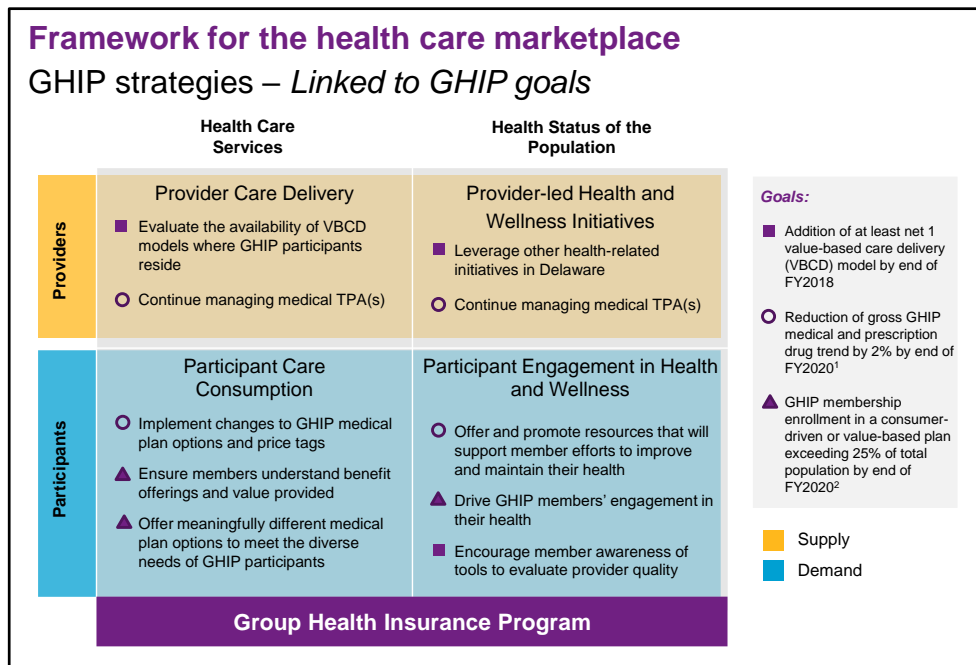
GHIP	Pre-65 Retirees	Medicare Retirees
<b>Eligibility</b>	Any pensioner receiving or eligible to receive a pension from the State and not eligible for Medicare	Any pensioner receiving or eligible to receive a pension from the State and eligible for Medicare
<b>Coverage</b>	Same self-funded plan options as active employees: Comprehensive PPO, HMO, CDH Gold, and First State Basic plans	Self-funded traditional Medicare supplement plan (“Medicfill”) which supplements Medicare Part A and Part B; can elect with or without Rx drug coverage
<b>Pensioner Premium Cost Share</b> <i>Shown for retirees with 20+ YOS<sup>1</sup></i>	Same premium contribution share as active employees, ranging 4% - 13% based on plan election and coverage tier	Retirement date prior to 7/1/2012: 0% of Medicfill rate (fully subsidized)  Retirement date after 7/1/2012: 5% of Medicfill rate

- In 2013, the State took action to reduce the OPEB liability by moving the Medicare prescription drug coverage to an Employer Group Waiver Plan (EGWP) arrangement
  - Allowed the GHIP to take advantage of federal and pharmaceutical company subsidies available, and resulted in a reduction in State and pensioner premium rates
  - No impact to the prescription drug plan design or network; no change in coverage for retirees
  - \$1.4B reduction in OPEB liability realized

1. State pays 100% of State Share portion for retirees with 20+ years of service

# Background

- Over the past several years, the State Employee Benefits Committee (SEBC) has utilized a health care strategic framework to prioritize focus areas of cost reduction, quality improvement and enhanced member engagement
- Several strategies and tactics were implemented to better manage the cost and health of the GHIP population, including (but not limited to):
  - Site-of-care steerage towards non-health system-based providers
  - Adoption of a third party carve-out COE vendor
  - Improved education of members through consumerism courses
  - Focus on enhanced care management as well as targeted specific chronic illness management (i.e., diabetes)



- While these actions have had a positive impact on the GHIP and resulted in reduced trend, this trend reduction will have a limited impact on the overall unfunded OPEB liability
- In order to have a more significant impact on the OPEB liability, benefit design, subsidy or delivery modifications will need to be considered

# Overview

- Willis Towers Watson (WTW) completed a review of pre-65 retiree and Medicare eligible retiree medical and Rx benefit design and cost share strategies for the State of Delaware in comparison the following state employers:
  - Maryland (MD)
  - New Jersey (NJ)
  - Pennsylvania<sup>1</sup> (PA)
  - Virginia (VA)
  - West Virginia (WV)
  - North Carolina (NC)
  - Ohio (OH)
- Nationally, 82% of state and local governments offer health benefits to retirees<sup>2</sup>

1. PA employee benefits are administered by the Pennsylvania Employee Benefit Trust Fund (PEBTF)

2. Source: 2019 Kaiser Family Foundation Employer Health Benefits Survey

# Benchmarking Observations: Pre-65 Retirees

- Like the GHIP, the states reviewed generally offer the same medical/Rx plans to pre-65 retirees and active employees at the same contribution rates, with some exceptions
  - Some states choose to exclude select plans from pre-65 retirees, notably high deductible health plans and/or limited network plans
  - Some states vary retiree contributions based on salary at retirement or years of service
  - Ohio offers a leaner plan to pre-65 retirees compared to active employees

2019 Plan Year	Pre-65 Retiree Medical/Rx Coverage	Pre-65 Retiree Subsidy
<b>State</b>		
Delaware (GHIP)	Same plan offerings as active employees including 2 PPOs, 1 CDH and 1 HMO	Retiree contributions identical to active employees
Maryland	Same plan offerings as active employees including 2 PPOs, 2 EPOs, and 1 HMO	Retiree contributions identical to active employees
New Jersey	Similar plan offerings as active employees <sup>1</sup> including 4 PPOs, 2 HDHPs, and 1 HMO	Pre-65 retiree contributions are roughly 70% higher than active employee contributions <sup>5</sup>
Pennsylvania	Same plan offerings as active employees including 2 PPOs, and 1 HMO	Retiree contribution is set based on a percentage of the salary during last year of employment
Virginia	Same plan offerings as active employees including 2 PPOs, 1 POS, 1 HDHP 2 HMOs, and 1 TRICARE Supplement	Retirees receive Health Insurance Credits based on YOS to offset premium cost
West Virginia	Similar plan offerings as active employees <sup>2</sup> including 2 PPBs, 2 HMOs, and 1 PPO	Retiree contributions vary based on years of service; access-only if hired on or after 7/1/2010
North Carolina	Similar offerings as active employees <sup>3</sup> including 2 PPOs	Retiree with 20+ YOS pay similar contributions as active employees for higher value PPO and retiree-only contribution waived for lower-value PPO <sup>6</sup>
Ohio	PPO offering, less rich provisions compared to active PPO plan <sup>4</sup>	Retiree contributions vary by age and years of service at retirement

1. NJ offers two additional PPOs to active employees

2. WV additionally offers one high deductible health plan and one narrow-network plan only to active employees

3. NC offers one additional high deductible health plan to active employees

4. Eligibility for pre-65 retiree coverage based on age and years of service at retirement

5. Active and retiree % cost share varies based on salary; active and pre-65 retirees have the same % cost share but pre-65 retiree budget rates are 70% higher

6. Retirees with 10-20 YOS contribute 50% of premiums and retirees with 5-10 YOS contribute 100% of premiums; retiree plans will be closed to new hires eff. 1/1/2021

# Individual Coverage Health Reimbursement Arrangements

On June 13, 2019, the Trump Administration released a final rule in response to President Trump's Executive Order 13813 which called for the expansion of Health Reimbursement Arrangements (HRAs)

## Creates two NEW types of HRAs

*New rule does not affect existing HRAs*



### Individual Coverage HRA (ICHRA)

New rule allows integration of HRA with individual health insurance coverage purchased either on- or off-exchange

### Excepted Benefit HRA

Standalone HRA that employees can use to pay for out-of-pocket health expenses and certain premiums; \$1,800 annual limit; can offer only in combination with a group health plan

### Further guidance

Proposed regulations regarding the interaction of ICHRAs, ACA employer mandate and self-insured group health plan non-discrimination rules released on September 28, 2019

### Effective date

Plan years beginning on or after **January 1, 2020**

### Individual marketplace predictions\*

Government estimates **1.1 million** individuals with individual coverage by 2020, growing to **11.4 million** by 2029

**800,000 employers** will offer by 2024



### Potential impact for pre-Medicare retirees

Increase in individual marketplace enrollment may further stabilize premiums and increase the options available for pre-65 retirees

\*Source: <https://www.federalregister.gov/d/2019-12571/p-849>

## Benchmarking Observations: Medicare Retirees

- Generally, the GHIP Medicfill plan has a more generous design than the plans offered by nearby state employers
  - Medicfill plan fully covers medical out-of-pocket costs not covered by Medicare Part B (other than the Part B premium) while most states have some level of cost sharing for the medical plan via copays, coinsurance, deductibles, etc.
  - Medicfill prescription drug coverage is comparable to other states; all of the states included in the benchmarking analysis offer prescription drug coverage through an EGWP to Medicare-eligible retirees
- Most other states offer a mix of Medicare Supplement and/or Medicare Advantage plans
  - Maryland offers choice of two Medicare Supplement plans
  - New Jersey, Pennsylvania, and West Virginia offer multiple group Medicare Advantage plan options
  - Virginia and North Carolina offer both Medicare Supplement and group Medicare Advantage plans
  - Ohio provides Medicare retirees the ability to purchase individual plans through Medicare Connector
- Cost sharing approaches vary significantly by state and in some cases, by cohorts within a state
  - Additional details provided in the Appendix
- Medicare retirees in Ohio receive a Health Reimbursement Arrangement (HRA) allowance to pay for premiums and/or qualified out-of-pocket medical expenses; HRA amount varies by age and years of service at retirement

# Medicare Eligible Retirees Comparison

## GHIP and Maryland

2019 Plan Year Provisions (in-Network)	GHIP	MD	
<b>Medical</b>			
Plan Name	Medicfill	PPO	EPO
Plan Type	Medicare Supplement	Medicare Supplement	
Deductible (Individual / Family)	None	None	None
Coinsurance	100% of Part B coinsurance differential, after Part B ded. <sup>1</sup>	90%-100% <sup>4</sup> of Part B coinsurance differential, after Part B ded.	100% <sup>4</sup> of Part B coinsurance differential, after Part B ded.
Out-of-Pocket Maximum (Individual / Family)	None	\$2,000 / \$4,000	None
Primary Care Physician Office Visit	100% of Part B coinsurance differential, after Part B ded.	100% of Part B deductible/ coinsurance differential	100% of Part B deductible/ coinsurance differential
Specialist Office Visit			
<b>Prescription Drug – (Retail / Mail-Order)</b>			
Plan Name	Express Scripts Medicare <sup>2</sup>	CVS Caremark SilverScript Medicare	
Out-of-Pocket Maximum (Individual / Family)	None <sup>3</sup>	\$1,500 / \$2,000	
Generic	\$8 / \$16	\$10 / \$20	
Brand Formulary	\$28 / \$56	\$25 / \$50	
Brand Non-Formulary	\$50 / \$100	\$40 / \$80	
<b>Cost Share Strategy</b>			
Cost Share (State / Retiree)	95% / 5% <sup>2</sup>	80% / 20%	85% / 15%

1. Plan fully covers medical out-of-pocket costs not covered by Medicare Part B, other than the Part B premium
2. Prescription drug copays and 5% premium cost share applies for pensioners retiring on or after 7/1/2012; State share is 100% for pensioners retiring before 7/1/2012; State pays 100% of State Share for pensioners with 20+ years of service
3. Catastrophic Coverage: After yearly out-of-pocket drug costs reach \$6,350, retirees pay the greater of 5% coinsurance or from \$3.40 to \$8.50 copayment per script based on drug tier
4. Plan covers fully or partially the Medicare Part B coinsurance differential (i.e. Medicare Part B pays 80% of approved charges, MD plan pays 90% of the remaining 20% not paid by Medicare Part B); eligible retirees not electing Medicare Part B will be responsible for the charges Part B would have paid otherwise, and plan would pay the difference as previously described; plan pays fully or partially Part A and B deductible based on the type of service



# Medicare Eligible Retirees Comparison

## GHIP and New Jersey

2019 Plan Year Provisions (in-Network)	GHIP	NJ			
<b>Medical</b>					
Plan Name	Medicfill	Aetna Freedom 10	Aetna Freedom 15	Aetna HMO <sup>4</sup>	Aetna HMO 1525 <sup>4</sup>
Plan Type	Medicare Supplement	Medicare Advantage			
Deductible (Individual / Family)	None	None	None	None	None
Coinsurance	100% of Part B coinsurance differential, after Part B ded. <sup>1</sup>	90%	90%	100%	100%
Out-of-Pocket Maximum (Individual / Family)	None	\$400 / \$1,000	\$6,549 / \$13,098	\$6,549 / \$13,098	\$6,549 / \$13,098
Primary Care Physician Office Visit	100% of Part B coinsurance differential, after Part B ded.	\$10 copay	\$15 copay	\$10 copay	\$15 copay
Specialist Office Visit		\$10 copay	\$15 copay	\$10 copay	\$25 copay
<b>Prescription Drug – (Retail / Mail-Order)</b>					
Plan Name	Express Script Medicare <sup>2</sup>	Prescription Drug provided through Medical Plan			
Out-of-Pocket Maximum (Individual / Family)	None <sup>3</sup>	\$1,351 / \$2,702			
Generic	\$8 / \$16	\$10 / \$5	\$10 / \$5	\$6 / \$5	\$7 / \$5
Brand Formulary	\$28 / \$56	\$22 / \$28	\$22 / \$28	\$12 / \$18	\$16 / \$40
Brand Non-Formulary	\$50 / \$100	\$44 / \$55	\$44 / \$55	\$24 / \$30	\$35 / \$88
<b>Cost Share Strategy</b>					
Cost Share (State / Retiree)	95% / 5% <sup>2</sup>	Ranges 97% / 3% to 65% / 35% based on coverage level and salary at retirement			

1. Plan fully covers medical out-of-pocket costs not covered by Medicare Part B, other than the Part B premium
2. Prescription drug copays and 5% premium cost share applies for pensioners retiring on or after 7/1/2012; State share is 100% for pensioners retiring before 7/1/2012; State pays 100% of State Share for pensioners with 20+ years of service
3. Catastrophic Coverage: After yearly out-of-pocket drug costs reach \$6,350, retirees pay the greater of 5% coinsurance or from \$3.40 to \$8.50 copayment per script based on drug tier
4. Plan covers fully or partially the Medicare Part B coinsurance differential (i.e. Medicare Part B pays 80% of approved charges, MD plan pays 90% of the remaining 20% not paid by Medicare Part B); eligible retirees not electing Medicare Part B will be responsible for the charges Part B would have paid otherwise, and plan would pay the difference as previously described; plan pays fully or partially Part A and B deductible based on the type of service

# Medicare Eligible Retirees Comparison

## GHIP and Pennsylvania

2019 Plan Year Provisions (in-Network)	GHIP	PA	
<b>Medical</b>			
Plan Name	Medicfill	Medicare PPO	Medicare HMO
Plan Type	Medicare Supplement	Medicare Advantage	
Deductible (Individual / Family)	None	Annual Medicare Part B deductible	None
Coinsurance	100% of Part B coinsurance differential, after Part B ded. <sup>1</sup>	100%	
Out-of-Pocket Maximum (Individual / Family)	None	\$2,500 per member	
Primary Care Physician Office Visit	100% of Part B coinsurance differential, after Part B ded.	. \$20 copay, after ded.	
Specialist Office Visit		\$30 copay, after ded.	
<b>Prescription Drug – (Retail / Mail-Order)</b>			
Plan Name	Express Script Medicare <sup>2</sup>	CVS Caremark SilverScript Medicare <sup>4</sup>	
Out-of-Pocket Maximum (Individual / Family)	None <sup>3</sup>	None	
Generic	\$8 / \$16	\$12 / \$18	
Brand Formulary	\$28 / \$56	\$30 / \$45	
Brand Non-Formulary	\$50 / \$100	\$60 / \$90	
<b>Cost Share Strategy</b>			
Cost Share (State / Retiree)	95% / 5% <sup>2</sup>	Total premium information not available; retirees contribute 1.5% of annual gross salary at retirement (retired after 7/1/2007)	

1. Plan fully covers medical out-of-pocket costs not covered by Medicare Part B, other than the Part B premium
2. Prescription drug copays and 5% premium cost share applies for pensioners retiring on or after 7/1/2012; State share is 100% for pensioners retiring before 7/1/2012; State pays 100% of State Share for pensioners with 20+ years of service
3. Catastrophic Coverage: After yearly out-of-pocket drug costs reach \$6,350, retirees pay the greater of 5% coinsurance or from \$3.40 to \$8.50 copayment per script based on drug tier
4. Plan covers fully or partially the Medicare Part B coinsurance differential (i.e. Medicare Part B pays 80% of approved charges, MD plan pays 90% of the remaining 20% not paid by Medicare Part B); eligible retirees not electing Medicare Part B will be responsible for the charges Part B would have paid otherwise, and plan would pay the difference as previously described; plan pays fully or partially Part A and B deductible based on the type of service

# Medicare Eligible Retirees Comparison

## GHIP and Virginia

2019 Plan Year Provisions (in-Network)	GHIP	VA	
<b>Medical</b>			
Plan Name	Medicfill	Advantage 65	Medicare Supplemental Option II <sup>4</sup>
Plan Type	Medicare Supplement	Medicare Advantage	Medicare Supplement
Deductible (Individual / Family)	None	\$100	\$100
Coinsurance	100% of Part B coinsurance differential, after Part B ded. <sup>1</sup>	80%	
Out-of-Pocket Maximum (Individual / Family)	None	None	None
Primary Care Physician Office Visit	100% of Part B coinsurance differential, after Part B ded.	100% of Part B deductible/ coinsurance differential	100% of Part B deductible/ coinsurance differential
Specialist Office Visit			
<b>Prescription Drug – (Retail / Mail-Order)</b>			
Plan Name	Express Scripts Medicare <sup>2</sup>	Prescription Drug provided through Medical Plan	
Out-of-Pocket Maximum (Individual / Family)	None <sup>3</sup>	None	
Generic	\$8 / \$16	\$7 / \$7	
Brand Formulary	\$28 / \$56	\$25 / \$50	
Brand Non-Formulary	\$50 / \$100	25% coinsurance	
<b>Cost Share Strategy</b>			
Cost Share (State / Retiree)	95% / 5% <sup>2</sup>	Varies; retirees receive Health Insurance Credits based on YOS to offset premium cost	

1. Plan fully covers medical out-of-pocket costs not covered by Medicare Part B, other than the Part B premium
2. Prescription drug copays and 5% premium cost share applies for pensioners retiring on or after 7/1/2012; State share is 100% for pensioners retiring before 7/1/2012; State pays 100% of State Share for pensioners with 20+ years of service
3. Catastrophic Coverage: After yearly out-of-pocket drug costs reach \$6,350, retirees pay the greater of 5% coinsurance or from \$3.40 to \$8.50 copayment per script based on drug tier
4. Plan covers fully or partially the Medicare Part B coinsurance differential (i.e. Medicare Part B pays 80% of approved charges, MD plan pays 90% of the remaining 20% not paid by Medicare Part B); eligible retirees not electing Medicare Part B will be responsible for the charges Part B would have paid otherwise, and plan would pay the difference as previously described; plan pays fully or partially Part A and B deductible based on the type of service

# Medicare Eligible Retirees Comparison

## GHIP and West Virginia

2019 Plan Year Provisions (in-Network)	GHIP	WV		
<b>Medical</b>				
Plan Name	Medicfill	Humana/PEIA Plan 1	Humana/PEIA Plan with Ben. Assistance	Humana/PEIA Plan 2
Plan Type	Medicare Supplement	Medicare Advantage		
Deductible (Individual / Family)	None	\$150	\$50	\$375
Coinsurance	100% of Part B coinsurance differential, after Part B ded. <sup>1</sup>	100%	100%	100%
Out-of-Pocket Maximum (Individual / Family)	None	\$1200	\$600	\$1950
Primary Care Physician Office Visit	100% of Part B coinsurance differential, after Part B ded.	\$20	\$2	\$20
Specialist Office Visit		\$40	\$5	\$50
<b>Prescription Drug – (Retail / Mail-Order)</b>				
Plan Name	Express Scripts Medicare <sup>2</sup>	Prescription Drug provided through Medical Plan		
Out-of-Pocket Maximum (Individual / Family)	None <sup>3</sup>	\$1750	\$250	\$1750
Generic	\$8 / \$16	\$5	\$5	\$5
Brand Formulary	\$28 / \$56	\$15	\$15	\$15
Brand Non-Formulary	\$50 / \$100	50% (non-preferred), \$100 (specialty)	50% Coinsurance, \$100 (specialty)	50% Coinsurance, \$100 (specialty)
<b>Cost Share Strategy</b>				
Cost Share (State / Retiree)	95% / 5% <sup>2</sup>	0% / 100% for new hires after 7/1/2020; other cohorts varies by years of service (detail provided in Appendix)		

1. Plan fully covers medical out-of-pocket costs not covered by Medicare Part B, other than the Part B premium
2. Prescription drug copays and 5% premium cost share applies for pensioners retiring on or after 7/1/2012; State share is 100% for pensioners retiring before 7/1/2012; State pays 100% of State Share for pensioners with 20+ years of service
3. Catastrophic Coverage: After yearly out-of-pocket drug costs reach \$6,350, retirees pay the greater of 5% coinsurance or from \$3.40 to \$8.50 copayment per script based on drug tier
4. Plan covers fully or partially the Medicare Part B coinsurance differential (i.e. Medicare Part B pays 80% of approved charges, MD plan pays 90% of the remaining 20% not paid by Medicare Part B); eligible retirees not electing Medicare Part B will be responsible for the charges Part B would have paid otherwise, and plan would pay the difference as previously described; plan pays fully or partially Part A and B deductible based on the type of service

# Medicare Eligible Retirees Comparison

## Plan Design - GHIP and North Carolina

2019 Plan Year Provisions (in-Network)	GHIP	NC <i>Retiree plans will be closed to new hires eff. 1/1/2021</i>		
<b>Medical</b>				
Plan Name	Medicfill	70/30 Plan	UHC Medicare Advantage Base	UHC Medicare Advantage Enhanced
Plan Type	Medicare Supplement	Medicare Supplement	Medicare Advantage	
Deductible (Individual / Family)	None	\$1,080 / \$3,240	None	
Coinsurance	100% of Part B coinsurance differential, after Part B ded. <sup>1</sup>	70%	Most services are Copay-only, some have some level of coinsurance (usually 80%)	
Out-of-Pocket Maximum (Individual / Family)	None	\$4,388 / \$13,164	\$4,000, no family maximum	\$3,300, no family maximum
Primary Care Physician Office Visit	100% of Part B coinsurance differential, after Part B ded.	\$40	\$20	\$15
Specialist Office Visit		\$94	\$40	\$35
<b>Prescription Drug – (Retail / Mail-Order)</b>				
Plan Name	Express Scripts Medicare <sup>2</sup>	Prescription Drug provided through Medical Plan <sup>4</sup>		
Out-of-Pocket Maximum (Individual / Family)	None <sup>3</sup>	\$3,360 / \$10,080	\$2,500, no family maximum	
Generic	\$8 / \$16	\$16 / \$48	\$10 / \$24	\$10 / \$20
Brand Formulary	\$28 / \$56	\$47 / \$141	\$40 / \$80	\$35 / \$70
Brand Non-Formulary	\$50 / \$100	\$74 / \$222	\$64 / \$128	\$50 / \$100
<b>Cost Share Strategy</b>				
Cost Share (State / Retiree)	95% / 5% <sup>2</sup>	Varies by YOS	Retiree only contributes \$0	Retiree only contributes \$63/month

1. Plan fully covers medical out-of-pocket costs not covered by Medicare Part B, other than the Part B premium
2. Prescription drug copays and 5% premium cost share applies for pensioners retiring on or after 7/1/2012; State share is 100% for pensioners retiring before 7/1/2012; State pays 100% of State Share for pensioners with 20+ years of service
3. Catastrophic Coverage: After yearly out-of-pocket drug costs reach \$6,350, retirees pay the greater of 5% coinsurance or from \$3.40 to \$8.50 copayment per script based on drug tier
4. Plan covers fully or partially the Medicare Part B coinsurance differential (i.e. Medicare Part B pays 80% of approved charges, MD plan pays 90% of the remaining 20% not paid by Medicare Part B); eligible retirees not electing Medicare Part B will be responsible for the charges Part B would have paid otherwise, and plan would pay the difference as previously described; plan pays fully or partially Part A and B deductible based on the type of service

# Medicare Eligible Retirees Comparison

## Plan Design - GHIP and Ohio

GHIP	GHIP	Ohio
<b>Coverage</b>	Self-funded traditional Medicare supplement plan (“Medicfill”) which supplements Medicare Part A and Part B as outlined on the prior pages; can elect Medicfill plan with or without Rx drug coverage	No group sponsored plan  Retirees receive decision support to select from a range of Medicare Supplement and Medicare Advantage plans available on the Medicare marketplace
<b>Subsidy</b>	Retirement date prior to 7/1/2012 <sup>1</sup> : retiree pays 0% of Medicfill rate (\$5,513 annual State Share)  Retirement date after 7/1/2012 <sup>1</sup> : retiree pays 5% of Medicfill rate (\$5,237 annual State Share)	Retirees receive an annual allowance in the form of a Health Reimbursement Arrangement (HRA) to purchase coverage; annual amounts range \$2,754 to \$5,130 based on age/years of service at retirement

- At least four states (Ohio, Rhode Island, Louisiana, and Nevada) and more than 60 other public entities (cities, counties, etc.) provide retirees access to a Medicare marketplace/exchange arrangement
- Retirement Health Reimbursement Arrangement (RHRA) is a tax-free account that can be used to pay premiums for Medicare Parts A, B and D, Medicare Advantage plan and/or supplemental plan, as well as qualified out-of-pocket expenses (deductibles, copays, etc.)
- Medicare-eligible retirees in Ohio have more choice of plans and carriers compared to GHIP retirees, and for many the HRA allowance covers the cost of Medicare and supplemental premiums

1. State pays 100% of State Share portion for retirees with 20+ years of service; State Share shown for medical plus prescription drug coverage for comparison with Ohio HRA allowance

# Medicare Marketplace/Exchange Considerations

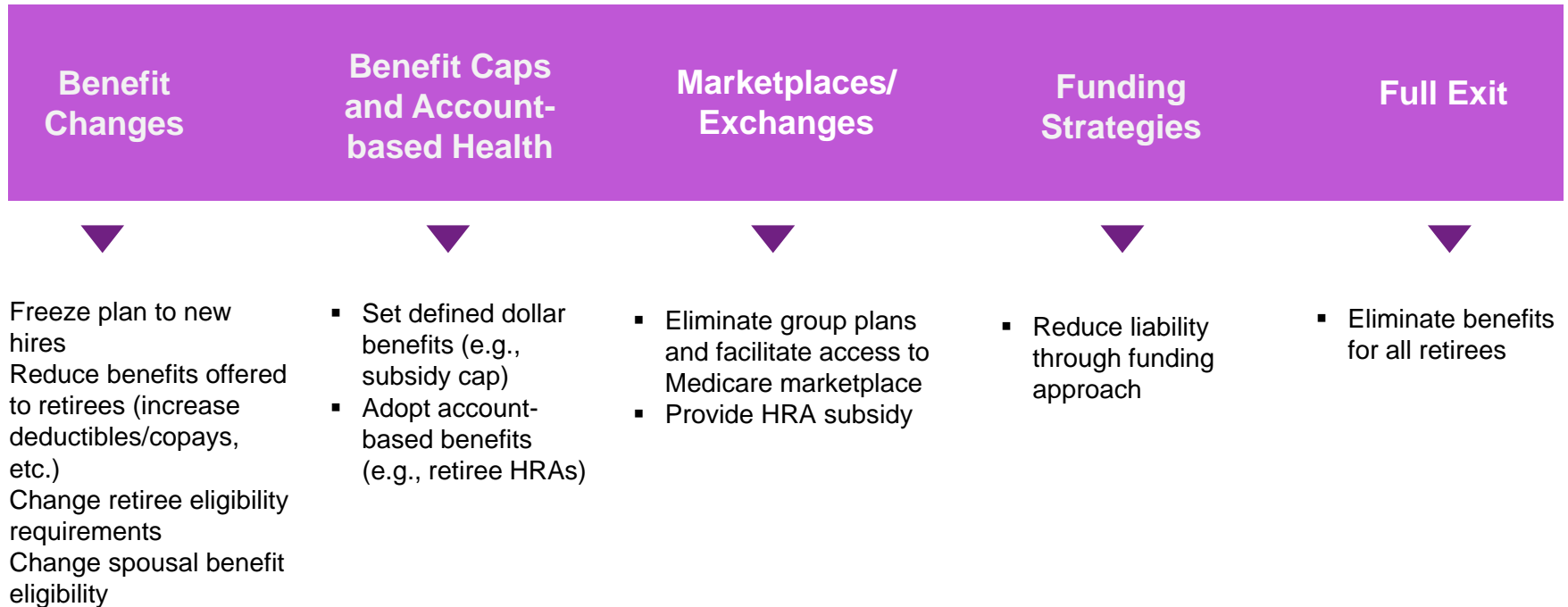
## Retirees

- More choice of options
- Equal or better benefits
- Financial savings for most retirees
- Decision support

## Plan Sponsor

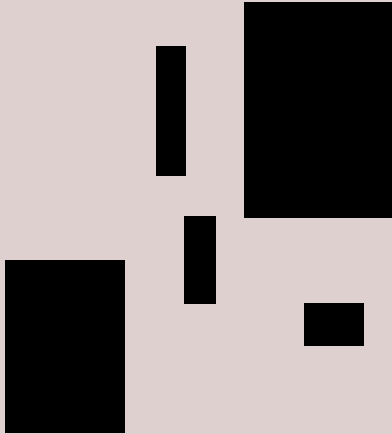
- Reduced administrative burden
- Eliminate carrier negotiations
- More sustainable and predictable costs
- Potential for retiree benefits cost reduction

# Options to Reduce OPEB Liability





# Appendix



# Medicare Eligible Retirees Benchmarking

## Premium and contribution rate detail - GHIP and MD

2019 Medical/Rx Monthly Premium Rates, Contributions and Cost Share				
Coverage Level	Employer Subsidy	Retiree Contribution	Rate	% Cost Share (State / Retiree)
<b>GHIP – Medicfill</b>				
Retiree prior to 7/1/2012 <sup>1</sup>				
Subscriber Medical and Rx	\$459.38	\$0.00	\$459.38	100% / 0%
Subscriber no Rx	\$260.44	\$0.00	\$260.44	
Retiree after 7/1/2012 <sup>1</sup>				
Subscriber Medical and Rx	\$436.42	\$22.96	\$459.38	95% / 5%
Subscriber no Rx	\$260.44	\$13.00	\$273.44	
<b>MD – PPO (medical only)</b>				
Retiree Only w/Medicare	\$200.70	\$50.16	\$250.86	80% / 20%
<b>MD – EPO (medical only)</b>				
Retiree Only w/Medicare	\$256.30	\$45.22	\$301.52	85% / 15%
<b>MD – Pharmacy</b>				
Retiree Only w/Medicare	\$120.12	\$40.04	\$160.16	75% / 25%

1. The GHIP fully subsidizes the Medicfill plan cost for pensioners with retirement date prior to 7/1/2012; pensioners retired after 7/1/2012 contribute 5% of the premium rate for the Medicfill plan with or without prescription drug coverage

# Medicare Eligible Retirees Comparison

## Premium and contribution rate detail - GHIP and NJ

2019 Medical/Rx Monthly Premium Rates, Contributions and Cost Share				
Coverage Level	Employer Subsidy	Retiree Contribution	Premium Rate	% Cost Share (State / Retiree)
<b>GHIP – Medicfill</b>				
Retiree prior to 7/1/2012 <sup>1</sup>				100% / 0%
Subscriber Medical and Rx	\$459.38	\$0.00	\$459.38	
Subscriber no Rx	\$260.44	\$0.00	\$260.44	
Retiree after 7/1/2012 <sup>1</sup>				95% / 5%
Subscriber Medical and Rx	\$436.42	\$22.96	\$459.38	
Subscriber no Rx	\$260.44	\$13.00	\$273.44	
<b>NJ – Aetna Freedom 10<sup>3</sup></b>				
Retiree Only, \$30k salary	\$306.69	\$34.08	\$340.77	90% / 10%
Retiree Only, \$60k salary	\$248.76	\$92.01	\$340.77	73% / 27%
Retiree + SP (both Medicare), \$30k salary	\$640.65	\$40.89	\$681.54	94% / 6%
Retiree + SP (both Medicare), \$60k salary	\$538.42	\$143.12	\$681.54	79% / 21%
<b>NJ – Aetna HMO 1525<sup>3</sup></b>				
Retiree Only, \$30k salary	\$328.17	\$36.46	\$364.63	90% / 10%
Retiree Only, \$60k salary	\$266.18	\$98.45	\$364.63	73% / 27%
Retiree + SP (both Medicare), \$30k salary	\$685.50	\$43.76	\$729.26	94% / 6%
Retiree + SP (both Medicare), \$60k salary	\$576.12	\$153.14	\$729.26	79% / 21%

1. The GHIP fully subsidizes the Medicfill plan cost for pensioners with retirement date prior to 7/1/2012; pensioners retired after 7/1/2012 contribute 5% of the premium rate for the Medicfill plan with or without prescription drug coverage
2. NJ premiums, contributions and cost sharing reflects 2017 information (2019 not available)
3. Contribution rates shown are illustrative based on select salary at retirement levels (additional salary levels exist in the NJ plans), coverage tiers and plans (Aetna Freedom 10 and Aetna HMO 1525 shown in exhibit but the same cost share formula applies to all retiree plan options); Aetna Freedom 10 and HMO 1525 plans are also administered by Horizon Blue Cross Blue Shield

# Medicare Eligible Retirees Benchmarking

## Premium and contribution rate detail - GHIP and PA

2019 Medical/Rx Monthly Premium Rates, Contributions and Cost Share				
Coverage Level	Employer Subsidy	Retiree Contribution	Rate	% Cost Share (State / Retiree)
<b>GHIP – Medicfill</b>				
Retiree prior to 7/1/2012 <sup>1</sup>				100% / 0%
Subscriber Medical and Rx	\$459.38	\$0.00	\$459.38	
Subscriber no Rx	\$260.44	\$0.00	\$260.44	
Retiree after 7/1/2012 <sup>1</sup>				95% / 5%
Subscriber Medical and Rx	\$436.42	\$22.96	\$459.38	
Subscriber no Rx	\$260.44	\$13.00	\$273.44	
<b>PA – PPO &amp; HMO<sup>2</sup></b>				
Retiree after 7/1/2005 but after 7/1/2007				
Retiree Only w/Medicare ▪ \$30,000 final annual gross salary	Not available	\$25.00	Not available	Not available
Retiree Only w/Medicare ▪ \$60,000 final annual gross salary	Not available	\$50.00	Not available	Not available
Retiree after 7/1/2007				
Retiree Only w/Medicare ▪ \$30,000 final annual gross salary	Not available	\$37.50	Not available	Not available
Retiree Only w/Medicare ▪ \$60,000 final annual gross salary	Not available	\$75.00	Not available	Not available

- PEBTF retiree contributions vary based on the retiree’s retirement date and final annual gross salary
  - Retirement date on or after 7/1/2005 but before 7/1/2007: most retirees must contribute 1% of their final annual gross salary
  - Retirement date on or after 7/1/2007: most retirees must contribute 1.5% annual gross salary

1. The GHIP fully subsidizes the Medicfill plan cost for pensioners with retirement date prior to 7/1/2012; pensioners retired after 7/1/2012 contribute 5% of the premium rate for the Medicfill plan with or without prescription drug coverage  
 2. Contribution rates shown are illustrative based on select salary levels and formula outlined in PEBTF REHP handbook

# Medicare Eligible Retirees Benchmarking

## Premium and contribution rate detail - GHIP and VA

2019 Medical/Rx Monthly Premium Rates, Contributions and Cost Share				
Coverage Level	Employer Subsidy	Retiree Contribution	Rate	% Cost Share (State / Retiree)
<b>GHIP – Medicfill</b>				
Retiree prior to 7/1/2012 <sup>1</sup>				100% / 0%
Subscriber Medical and Rx	\$459.38	\$0.00	\$459.38	
Subscriber no Rx	\$260.44	\$0.00	\$260.44	95% / 5%
Retiree after 7/1/2012 <sup>1</sup>				
Subscriber Medical and Rx	\$436.42	\$22.96	\$459.38	
Subscriber no Rx	\$260.44	\$13.00	\$273.44	
<b>VA – Medicare Advantage</b>				
Retiree Only w/Medicare (Medical and Rx)	Retirees receive Health Insurance Credits based on YOS to offset premium cost		\$262.00	Varies
Retiree Only w/Medicare (Medical only)	Retirees receive Health Insurance Credits based on YOS to offset premium cost		\$159.00	Varies
<b>VA – Medicare Supplemental Option II<sup>2</sup></b>				
Retiree Only w/Medicare (Medical and Rx)	Retirees receive Health Insurance Credits based on YOS to offset premium cost		\$355.00	Varies

1. The GHIP fully subsidizes the Medicfill plan cost for pensioners with retirement date prior to 7/1/2012; pensioners retired after 7/1/2012 contribute 5% of the premium rate for the Medicfill plan with or without prescription drug coverage

2. The Medicare Supplemental Option II is not available to new enrollees.

# Medicare Eligible Retirees Benchmarking

## Premium and contribution rate detail - GHIP and WV

2019 Medical/Rx Monthly Premium Rates, Contributions and Cost Share				
Coverage Level	Employer Subsidy	Retiree Contribution	Rate	% Cost Share (State / Retiree)
<b>GHIP – Medicfill</b>				
Retiree prior to 7/1/2012 <sup>1</sup>				
Subscriber Medical and Rx	\$459.38	\$0.00	\$459.38	100% / 0%
Subscriber no Rx	\$260.44	\$0.00	\$260.44	
Retiree after 7/1/2012 <sup>1</sup>				
Subscriber Medical and Rx	\$436.42	\$22.96	\$459.38	95% / 5%
Subscriber no Rx	\$260.44	\$13.00	\$273.44	
<b>WV – PEIA Plan 1 (Retiree Only)</b>				
Hired on or after 7/1/2010	\$0	\$473.13	\$473.13	0% / 100%
5 to 9 years of service	\$42.58	\$430.55	\$473.13	9% / 91%
10 to 14 years of service	\$156.06	\$317.07	\$473.13	33% / 67%
15 to 19 years of service	\$269.53	\$203.60	\$473.13	57% / 43%
20 to 24 years of service	\$336.64	\$136.49	\$473.13	71% / 29%
25 or more years of service	\$381.78	\$91.35	\$473.13	81% / 19%
<b>WV – PEIA Plan 2 (Retiree Only)</b>				
Hired on or after 7/1/2010	\$0	\$438.49	\$438.49	0% / 100%
5 to 9 years of service	\$44.17	\$394.32	\$438.49	10% / 90%
10 to 14 years of service	\$150.83	\$287.66	\$438.49	34% / 66%
15 to 19 years of service	\$256.42	\$182.07	\$438.49	58% / 42%
20 to 24 years of service	\$317.83	\$120.66	\$438.49	72% / 28%
25 or more years of service	\$359.84	\$78.65	\$438.49	82% / 18%

1. The GHIP fully subsidizes the Medicfill plan cost for pensioners with retirement date prior to 7/1/2012; pensioners retired after 7/1/2012 contribute 5% of the premium rate for the Medicfill plan with or without prescription drug coverage

# Medicare Eligible Retirees Benchmarking

## Premium and contribution rate detail - GHIP and NC

2019 Medical/Rx Monthly Premium Rates, Contributions and Cost Share				
Coverage Level	Employer Subsidy	Retiree Contribution	Rate	% Cost Share (State / Retiree)
<b>GHIP – Medicfill</b>				
Retiree prior to 7/1/2012 <sup>1</sup>				100% / 0%
Subscriber Medical and Rx	\$459.38	\$0.00	\$459.38	
Subscriber no Rx	\$260.44	\$0.00	\$260.44	95% / 5%
Retiree after 7/1/2012 <sup>1</sup>				
Subscriber Medical and Rx	\$436.42	\$22.96	\$459.38	
Subscriber no Rx	\$260.44	\$13.00	\$273.44	
<b>NC – 70/30<sup>2</sup></b>				
Retiree Only 20+ YOS	\$403.06	\$0	\$403.06	100% / 0%
Retiree Only 10-20 YOS	\$201.53	\$201.53	\$403.06	50% / 50%
Retiree Only 5-10 YOS	\$0	\$403.06	\$403.06	0% / 100%
Spouse	\$0	\$425.00	\$425.00	0% / 100%
<b>NC – UHC Medicare Advantage Base Plan<sup>2</sup></b>				
Retiree Only 20+ YOS	N/A	\$0	N/A	100% / 0%
Retiree Only 10-20 YOS	N/A	\$89	N/A	N/A
Retiree Only 5-10 YOS	N/A	\$89	N/A	N/A
Spouse	N/A	\$89	N/A	N/A
<b>NC – UHC Medicare Advantage Enhanced Plan<sup>2</sup></b>				
Retiree Only 20+ YOS	N/A	\$63	N/A	N/A
Retiree Only 10-20 YOS	N/A	\$152	N/A	N/A
Retiree Only 5-10 YOS	N/A	\$152	N/A	N/A
Spouse	N/A	\$152	N/A	N/A

1. The GHIP fully subsidizes the Medicfill plan cost for pensioners with retirement date prior to 7/1/2012; pensioners retired after 7/1/2012 contribute 5% of the premium rate for the Medicfill plan with or without prescription drug coverage
2. Retiree plans will be terminated for new hires effective 1/1/2021