State Employee Health Plan Update

COMMITTEE ON HEALTH CARE, INSURANCE & FINANCIAL SERVICES

JANUARY 24TH, 2019
Employee Health & Benefits Programs

- Medical Plans
  - SOM Active Employees and Retirees
  - Ancillary Employees and Retirees
- Dental Plan
- Vision Plan
- COBRA
- Wellness Program
- Deferred Compensation Plan (Voluntary 457(b) Defined Contribution)
- Employee Assistance Program (aka “Living Resource Program”)
- Flex Spending Accounts
  - Health Care FSA
  - Dependent Care FSA
- Firefighter/Law Enforcement Retirement
- Teacher Retiree Health Insurance Subsidy
- Teacher Grant program
State Employee Health Commission (SEHC)

- Oversite of Medical and Dental Plans
- 12 labor members - 1 co-chair member
- 12 management members - 1 co-chair member
- Focus – Plan Design and Cost

Employee Health & Benefits

- Analysis and Strategic Recommendation to SEHC
- Plan Administration

Statutory language

- SEHC: Title 5, Part 1, Chapter 13, Subchapter 2, §285-A
- Administration: Title 5, Part 1, Chapter 13, Subchapter 2, §286
- Health Plan: Title 5, Part 1, Chapter 13, Subchapter 2, §285
Availability of Health & Dental Plan

- State Employees
- “Ancillary Employers”
  - Maine Military Authority;
  - Judiciary;
  - Maine State Employees Association;
  - Council 74 of the American Federation of State, County and Municipal employees
  - Maine Turnpike Authority;
  - Maine Community College System;
  - Maine Maritime Academy;
  - Maine Public Employees Retirement System
  - Maine National Guard performing state active service pursuant to Title 37-B
  - Northern New England Passenger Rail Authority;
  - Maine Port Authority;
  - Child Development Services System under Title 20-A, section 7209.
  - Finance Authority of Maine;
  - Maine School of Science and Mathematics;
  - Small Enterprise Growth Board;
  - Maine School for Marine Science, Technology, Transportation and Engineering;
  - Other Small Boards and Commissions
Insurance Program Structure

Medical Plans
- Preferred Provider Plan (Self-Insured, Employer subsidized, Anthem)
  - State of Maine & Ancillary employees
  - State of Maine & Ancillary non-Medicare Retirees

- Medicare Advantage Plan (Fully Insured, Medicare Integrated, Employer Subsidized, Aetna)
  - State of Maine & Ancillary Medicare Retirees

Dental Plan
- Standard Plan (Retention Account, Employer Subsidized, Northeast Delta Dental)
  - State of Maine & Ancillary employees

Vision Plan (Fully-Insured, No Employer Subsidy)
- State of Maine & Ancillary employees
Value of Subsidized Health Plans – FY18

- **PPO (Anthem)**
  - Medical Claims*: $173.8
  - Pharmacy (Express Scripts): $46.9
  - Claims Admin $5.0
  - Stop-Loss Insurance: $2.3

  **Total Gross** $228.0

- **Refunds/Rebates:** $7.6
  - Stop Loss Insurance
  - Pharmacy Rebates

  **Total Net** $220.4
Value of Retiree PPO Plan – FY18

- Retiree Medicare Advantage Plan $ Millions
  (Fully Insured – AETNA)
  - Paid Premium 29.6
Value of Dental & Vision Plan - FY18

Dental Plan (DELTA) $ Millions

- Dental Claims: 7.3
- Claims Admin: .8
- Stabilization Fund: (.6)

Total Gross 7.5 ← Premium

Vision Plan (ANTHEM)

- Paid Premium .4
## Plan Comparison - Medical

<table>
<thead>
<tr>
<th>Benefits</th>
<th>Anthem PPO</th>
<th>Aetna Medicare Advantage</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>In-Network</td>
<td>Out-of-Network</td>
</tr>
<tr>
<td><strong>Individual Annual Deductible</strong></td>
<td>$600</td>
<td>$3,000</td>
</tr>
<tr>
<td><strong>Individual Annual Out-of-Pocket Maximum</strong></td>
<td>$2,000</td>
<td>$5,000</td>
</tr>
<tr>
<td><strong>Preventive Care</strong></td>
<td>Covered at 100%</td>
<td>Deductible, then plan pays 60%</td>
</tr>
<tr>
<td><strong>PCP Office Visit</strong></td>
<td>No deductible applies, $20 copay</td>
<td>Deductible, then plan pays 60%</td>
</tr>
<tr>
<td><strong>Specialist Office Visit</strong></td>
<td>No deductible applies, $40 copay</td>
<td>Deductible, then plan pays 60%</td>
</tr>
<tr>
<td><strong>Inpatient Hospital</strong></td>
<td>Deductible, then plan pays 90%</td>
<td>Deductible, then plan pays 60%</td>
</tr>
<tr>
<td><strong>Outpatient Surgery</strong></td>
<td>Deductible, then plan pays 90%-95%</td>
<td>Deductible, then plan pays 60%</td>
</tr>
<tr>
<td>Medication Category</td>
<td>Express Scripts</td>
<td>Aetna Medicare Advantage</td>
</tr>
<tr>
<td>--------------------------</td>
<td>----------------------------------</td>
<td>-------------------------------------------</td>
</tr>
<tr>
<td></td>
<td>30-Day Retail</td>
<td>90-Day Retail or Mail Order</td>
</tr>
<tr>
<td>Generic</td>
<td>$10 copay</td>
<td>$15 copay</td>
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<tr>
<td>Preferred Brand</td>
<td>$30 copay</td>
<td>$45 copay</td>
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<tr>
<td>Non-Preferred Brand</td>
<td>$45 copay</td>
<td>$70 copay</td>
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<tr>
<td>Specialty</td>
<td>$25% coinsurance up to $150</td>
<td>25% coinsurance up to $225</td>
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<tr>
<td>Annual Out-of-Pocket Limit</td>
<td>$4,600</td>
<td>N/A</td>
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</table>
# Current Premium Levels

## Anthem PPO (Active EE & Non-MCR Retirees)

<table>
<thead>
<tr>
<th>Plan Type</th>
<th>Single</th>
<th>Employee + Sp/DP</th>
<th>Employee + Children</th>
<th>Family</th>
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</thead>
<tbody>
<tr>
<td><strong>Premium/Mo</strong></td>
<td>$889.35</td>
<td>$1,860.14</td>
<td>$1,463.05</td>
<td>$2,213.31</td>
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<tr>
<td><strong>Members</strong></td>
<td>9,148</td>
<td>1,666</td>
<td>1,722</td>
<td>2,422</td>
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</tbody>
</table>

## Aetna Medicare Advantage (Medicare Retirees)

<table>
<thead>
<tr>
<th>Plan Type</th>
<th>Single</th>
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</thead>
<tbody>
<tr>
<td><strong>Premium/Mo</strong></td>
<td>$285.34</td>
</tr>
<tr>
<td><strong>Members</strong></td>
<td>8,652</td>
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</table>
Major Contract Status

- **Active & Non-Medicare Retiree PPO Plan**
  - Current Vendor: Anthem
  - Contract Period: Contract runs through 6/30/20; extensions can be placed through 6/30/23.

- **Prescription Benefit Management**
  - Current Vendor: Express Scripts
  - Contract Period: Contract runs through 6/30/20; extensions can be placed through 6/30/23.

- **Medicare Advantage Plan**
  - Current Vendor: Aetna
  - Current Period: Contract runs through 12/31/20; extensions can be placed through 12/31/23.

- **Stop-Loss Insurance**
  - Current Vendor: Sun Life Financial
  - Current Period: Contract runs through 6/30/19; can be renewed in one-year periods through 6/30/23.

- **Dental Plan**
  - Current Vendor: Northeast Delta Dental
  - Initial contract runs through 6/30/20; extensions can be placed through 6/30/22.
Historical Theme

• Highest Quality at Most Appropriate Cost

Moving the Needle
• Impact State Employee Health Plans
• Leverage States Purchasing Power on Maine Healthcare Market
Historical Refinement – Quality & Cost

Aggregate Provider Focus
- Hospitals
- Accountable Care Organization / Contracts
- Facility Tiering
- Physician Practices Tiering

Data Analytics
- Wide Variances of Quality & Cost
  - Doctors
  - Procedures

Refined Focus
- Facilities
- Doctors
- Procedures
- Best Days of the Week for Procedures
Moving Members to High Quality & Lower Cost Services

- Educate: Subscriber ➔ Good Healthcare Consumer
- Plan Design Incentives (i.e., no member cost share)
  - Centers of Excellence
    - Knee & Hip Replace Replacement
    - Bariatric Surgery
  - Independent Lab & Imaging Services
- Bundled Fixed Cost Procedures
  - Specialty Procedures
• Center of Excellence expansion

• Infusion Therapy Services
  • Acute Care Sites
  • Home Infusion
  • Independent Sites of Care

• Non-Emergency Care
  • Appropriate use of Tele-medicine option
    • Office visit - $200+
    • Tele-med - $49
Other Initiatives

**Pharmacy Benefit**
- Opioid Management Program
- Market Review Analysis
- Contract review
  - Make more transparent
  - Focus on Specialty Meds

**Dental Plan**
- Shift to Self-Insured Status
  - Reduce “Retention” fees (TPA fees = 11% of claims)
Challenges

- Paternalistic Culture: Recipient → Active Shopper
- Population Risk: Higher Age = Higher Risk
- Budgetary Constraints: COLA + 3%
- Affordable Care Act: Reporting
- Wage erosion from medical premium inflation
- Antiquated Statutes
  - Administrative Rules
  - Wellness – Health Premium Credit
- Administrative Technology: Manual → Workday
FY 2019-20 Priorities

- HRMS Implementation – 1/1/2020
- Health Care Cost Containment / Plan Design Strategy
- Wellness Initiatives
- Employee Support and Education
Questions?

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