

Public Agenda Item #30

Review and Discussion of the Future of the Medicare Advantage Health Maintenance Organization Plan

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Medicare Advantage HMO Plan



Houston Service Area

- The Medicare Advantage health maintenance organization (MA HMO) is a fully-insured plan available to Medicare-primary participants in the eight county Houston service area.
- The plan is unique to ERS, offering zero or minimal out-of-pocket costs for Medicare-covered services and supplies, and provides benefits equal to or greater than HealthSelect of Texas® which coordinates benefits with Medicare.
- The cost of the plan is subsidized by the federal government, resulting in lower cost to retirees and reduced cost to the program.

Medicare Advantage HMO (MA HMO)



KelseyCare Advantage

- KelseyCare Advantage is the only MA HMO currently offered under the Texas Employees Group Benefits Program (GBP).
- The MA HMO participants receive medical coverage through KelseyCare Advantage, and prescription drug coverage through the self-funded HealthSelectSM Medicare Rx plan, administered by UnitedHealthcare.

KelseyCare Advantage*	January 2018	January 2019	January 2020
Members	1,206	1,302	1,378
Dependents	256	273	287
Total Participants Enrolled	1,462	1,575	1,665

KelseyCare Advantage MA HMO



Requirements by Statute

- The General Appropriations Act (GAA) includes a Rider applicable to the legislative appropriation to ERS for the GBP that specifies:

"In no event shall the total amount of state contributions allocated to fund coverage in an optional health plan exceed the actuarially determined total amount of state contributions required to fund basic health coverage for those active employees and retirees who have elected to participate in that optional health coverage."
- Under ERS rules, HealthSelect MA PPO is considered the basic coverage for Medicare-primary participants.

Health Maintenance Organization Plans



Issuance of Solicitation

On October 31, 2019, ERS issued a RFP seeking a qualified Medicare Advantage HMO in the Houston area to underwrite and administer the medical-only MA HMO plan for a six-year term.

- One proposal was received, from KelseyCare.
- The rates were significantly higher than the MA PPO plan.
- Inclusion of KelseyCare in the GBP as an optional health plan for CY21 would prevent compliance with the GAA Rider.

Health Maintenance Organization Plans



Future of MA HMO

- Due to non-compliance with the GAA, the MA HMO plan will not be offered through the GBP, and the current agreement will end December 31, 2020.
- Participants will be able to enroll in an alternate GBP plan (MA PPO or HealthSelectSM Secondary) during fall enrollment with coverage effective January 1, 2021.
- Kelsey physicians do not participate in either plan, and participants will have to select new physicians.
- Activities are in process to ensure a smooth transition.

Questions?