

Public Agenda Item #22

Consideration of Proposed Member Contribution Rates for HealthSelectSM Medicare Advantage Preferred Provider Organization Plan for Calendar Year 2023 - (Action)

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HealthSelect Medicare Advantage PPO



- The HealthSelect SM Medicare Advantage preferred provider organization (HealthSelect MA PPO) is a fully-insured PPO medical plan customized for the Employees Retirement System of Texas (ERS).
- The federal government subsidizes the medical plan cost resulting in lower retiree cost and reduced program cost.
- Sierra Health and Life Insurance Company (United), a UnitedHealthcare underwriting entity, became the insurer effective January 1, 2021.

HealthSelect Medicare Advantage PPO



- The HealthSelect MA PPO continues to provide the most cost-effective medical benefits for both the state and eligible enrolled members.
- Those enrolled in the HealthSelect MA PPO receive prescription drug benefits through the self-funded HealthSelectSM Medicare RX plan.
- The HealthSelect MA PPO is a customized plan designed for ERS. It is not the same product offered to the general public.

HealthSelect MA PPO	January 2020	January 2021	January 2022
Members	66,762	71,286	76,345
Dependents	17,633	18,592	19,717
Total Enrolled Participants	84,395	89,878	96,062

HealthSelect Medicare Advantage PPO



Requirements: Theoretical Cost Index

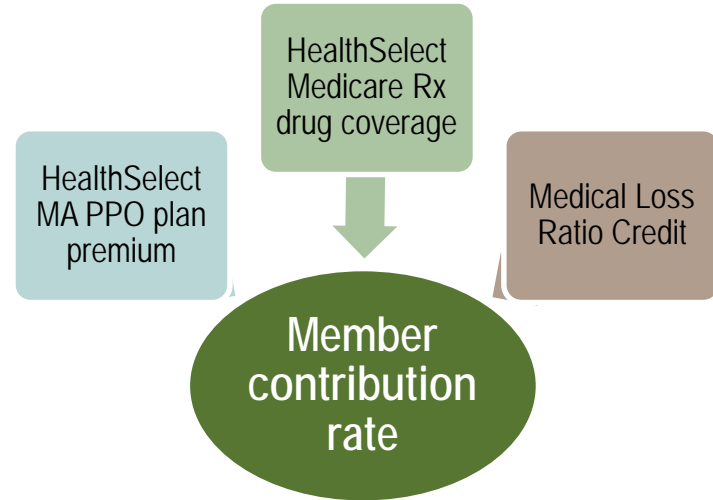
- To ensure the cost effectiveness of the MA PPO plan, the consulting actuary utilizes a theoretical cost index (TCI) model.
- TCI estimates the total cost that would be required to cover HealthSelect MA PPO participants if they were enrolled in HealthSelect of Texas[®], the GBP's self-funded health insurance plan.

HealthSelect Medicare Advantage PPO



Member Contribution Rates

- The HealthSelect MA member contribution rate is primarily composed of three elements; the HealthSelect MA PPO plan premium, the projected cost of HealthSelect Medicare Rx drug coverage, and applicable Medical Loss Ratio (MLR) rebate credits.
- No MLR rebate funds remain for CY23.



HealthSelect Medicare Advantage PPO

Calendar Year 2022 Member Contribution Rates



- \$ 40.00 Medical coverage fully-insured premium
- \$139.28 HealthSelect Medicare Rx prescription drug coverage projected cost
- (\$ 0.24) Credit due to Medical Loss Ratio rebates

\$179.04 Total CY22 member contribution rate

HealthSelect Medicare Advantage PPO

Calendar Year 2023 Member Contribution Rates



- \$ 40.00 Medical coverage fully-insured premium (guaranteed through CY23)
- \$173.32 HealthSelect Medicare Rx prescription drug coverage projected cost
- \$ 0.00 No MLR rebate funds remain for CY23

\$213.32 Total CY23 member contribution rate

HealthSelect Medicare Advantage PPO

Historical Member Contribution Rates*



HealthSelect MA PPO	CY20	CY21	CY22	CY23 (proposed)
Member Only	\$0.00	\$0.00	\$0.00	\$0.00
Spouse	\$151.70	\$89.52	\$89.52	\$106.66
Surviving Spouse	\$303.40	\$179.04	\$179.04	\$213.32

*Illustrates retirees with the maximum state contribution

HealthSelect Medicare Advantage PPO

Proposed CY23 Monthly Spouse Contribution Rates*



	Medicare-Primary Spouse	Medicare-Primary Surviving Spouse
Current (CY22) HealthSelect MA PPO Rates	\$ 89.52	\$ 179.04
Proposed CY23 HealthSelect MA PPO Rates	\$ 106.66	\$ 213.32
Change from CY22 Rates	\$17.14	\$34.28
HealthSelect of Texas FY23 Rates	\$ 358.00	\$ 716.00
<i>Retiree Savings through HealthSelect MA PPO</i> <i>(difference in HealthSelect of Texas and HealthSelect MA PPO rates)</i>	\$ 251.34	\$ 502.68

*Illustrates retirees with the maximum state contribution

Questions?
Action Item