Harford County Public Schools
Retiree Health: Medicare Retirees Strategy

November 18, 2019 – Board Presentation

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Prepared by Aon
Health Solutions

Medicare Retiree Health Strategy: Study Conducted

Harford County Public Entities (HCPE) Consortium commissioned study for:

- Group Medicare Advantage with Part D (Group MAPD) to replace current Medicare retiree health coverage

- Potential cost of coverage, and annual savings, for HCPE Consortium members and Medicare retirees

Schools and Government concluded Group MAPD viable option to pursue and bid:

- Customized group Medicare Advantage plan with Part D Rx coverage for HCPS members

- National, passive Preferred Provider Organization (PPO) plan; In/Out of Network benefits are the same

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Comparison: Current Plans to Group MAPD Plan

Current Group Plans	Group Medicare Advantage with Part D Rx (MAPD)
Existing group plans	Customized HCPS-sponsored plan
Existing benefits (coinsurance, copays)	Same or enhanced benefits (copays)
No savings in retiree premium, nor HCPS costs	• ~34% HCPS annual savings* • ~$28 reduction in retiree monthly premium compared to Traditional plan*
Self-insured	Fully insured
Customer service supports both employees and retirees	Customer service focuses exclusively on Medicare retirees

* From Aon's feasibility study of MAPD market insurers for 2020

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Comparison: Current Plans to Group MAPD Plan

Current Group Plans	Group Medicare Advantage with Part D Rx (MAPD)
Different plans, depending on location, but no choice	One plan design for all retirees
Current providers available	Current providers who continue to accept Medicare, nationwide
Plans pay secondary to Medicare - complex	All benefits under one plan – easier to understand
Mandatory mail order / CVS pharmacies for maintenance drugs	No restrictions on pharmacy access
Mandatory generics	No mandatory generics
Existing communication process unchanged	Includes extensive communications

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Illustrative Member Savings: Current Plan vs. Group MAPD

Annual savings over current Traditional Supplement Plan: Chronic and Healthy member

- HCPS estimated savings for group MAPD ~$1,700 per person per year

	Chronic User		Healthy User	
	Current Traditional	Group MAPD	Current Traditional	Group MAPD
Cost of Coverage	$7,600	$5,200	$6,600	$4,300
HCPS Subsidy	$5,400	$3,700	$5,400	$3,700
Net Cost to Member	$2,200	$1,500	$1,200	$600
Savings to Member	N/A	$700	N/A	$600

Notes:
Cost of Coverage equals premium (or equivalent) plus Estimated Out-of-Pocket Costs for Services / Prescriptions
HCPS subsidy equal to total cost of current plan or group MAPD 2020 illustrative rate minus 10% retiree premium

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Medicare Retiree Health – Wrap up

Key Takeaways:

- Cost share features that result in similar or lower out-of-pocket costs for members

- Members can continue to use their Medicare providers

- Current retiree contribution percentages continue to apply to group MAPD premium

- Savings to Medicare Retiree Members and to HCPS

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Medicare Retiree Health – Timeline

Actions to this point:

- Briefing with leadership from unions and Benefits Advisory Committee

- Meeting with retiree leaders and select Board members to design group MAPD plan

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Medicare Retiree Health – Timeline continued

Moving forward:

- November - February: Develop Request for Proposal
- February: Request for Proposal released in open bid
- March – May: Evaluation of Proposals
- May: Open Enrollment for Short Plan Year
- June – July: Negotiations of Contract with Finalist
- **July:** **Contract Approval by Consortium and BOE**
- August – December: Communication with Members
- October: Open Enrollment
- January 1, 2021: Effective Date for New Group MAPD Plan

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