

SERS Health Care Board Sustainability Review 2019

September 19, 2019

Serving the People Who Serve Our Schools®



Agenda

- History of Guiding Principles
- Review of Highlights from July
- Non-Medicare Strategies
- Discussion and Next Steps



History of Guiding Principles

- 1991** - First established Principles
- 1992** - Established Managed Care Principles
- 1998** - Statement of Health Care Policy
- 2006** - Health Care Preservation Task Force established
- 2007** - Task Force developed Guiding Principles and adopted by Board
- 2015** - Reviewed as part of Sustainability; revisions suggested, but not formally adopted

Review: Subsidized Member Premiums

Subsidy takeaways:

- Precedent of grandfathering subsidization changes
- Grandfathering mutes impact, but is a common approach
- Can subsidize groups differently

Subsidy dollars:

- 48% in the Medicare population
- 52% in the non-Medicare population
- Service Retirees account for 86%
- Enrollees with more than 20 years of service account for 92%
- Disability members are more subsidized

Service Years	Retirement on or before July 1, 1989	August 1, 1998 through July 1, 2008	Retirement on or after August 1, 2008	Disability Recipients	
5-9.999	50.00%	Not eligible		50%	
10-14.999	17.50%	100%		33%	
15-19.999		50%	100%		
20-24.999		25%	50%		
25-29.999		17.5%	30%		17.50%
30-34.999			20%		
Spouse Premium					Child(ren) Premium
24.999 or less	100%	Spouse premium is based on service retiree, disability recipient, or member's service credit.		70%	
25-29.999	90%				
30+ years	80%				

Most Common Subsidized Member Premiums

Aetna Non-Medicare

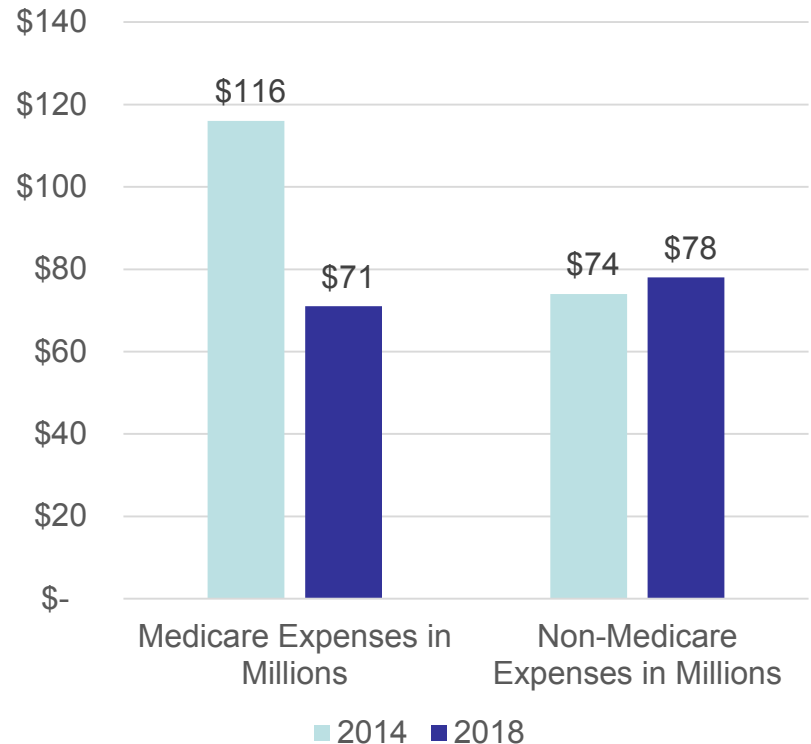
Benefit Type	Member Share	SERS Share	Total
Service	20% / \$284	\$998	\$1,282
Disability	17.5% / \$253	\$1,029	\$1,282

Aetna Medicare

Benefit Type	Member Share	SERS Share	Total
Service	17.5% / \$64	\$134	\$198
Disability	17.5% / \$64	\$134	\$198

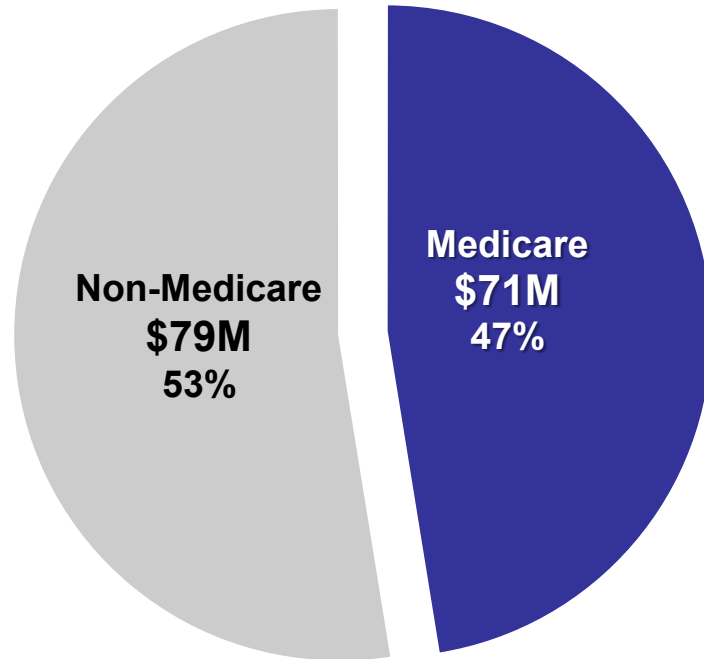
Review: Expenses

- Per capita differences and trends
 - A non-Medicare member costs 7 times more than a Medicare member in 2018
- Positive impact of Medicare Advantage and EGWP
- Goal to increase Medicare Advantage enrollment
- Focus on managing non-Medicare population



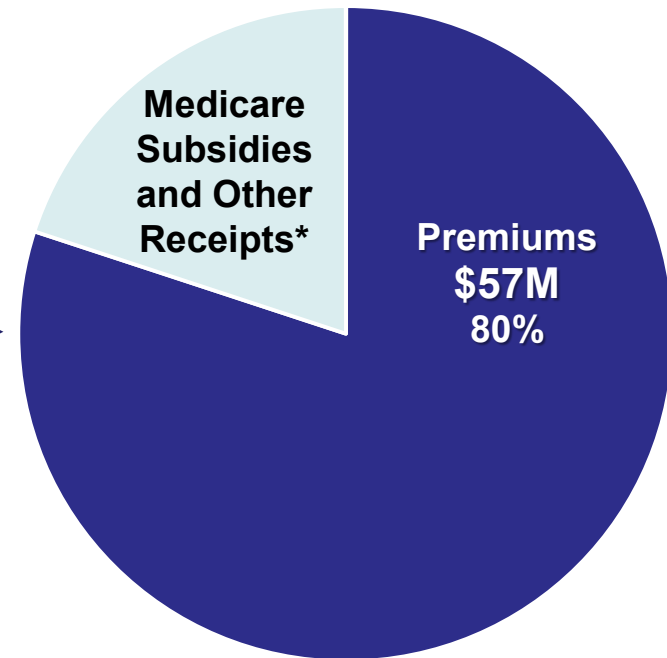
Medicare Program 2018 (All Plans)

Expenses



Non-Medicare
Enrollment:
5,685

Additions

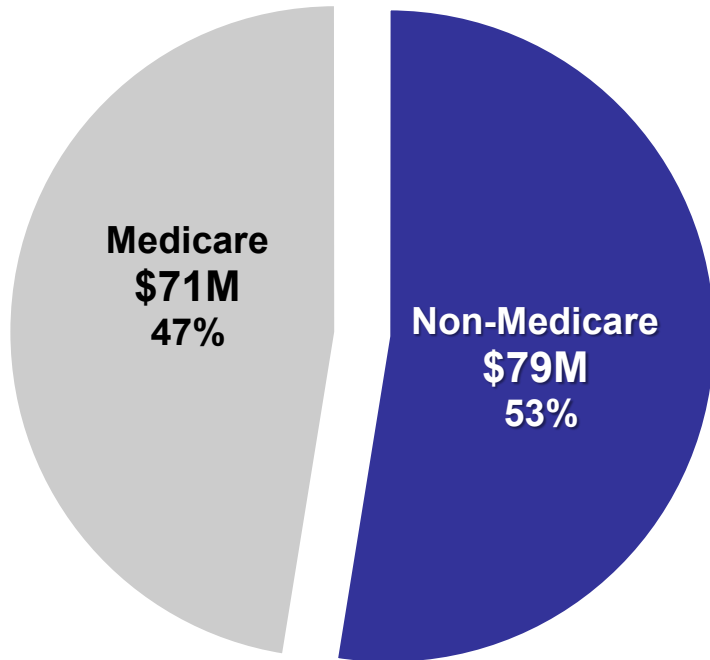


*Aetna MA Risk Share and PDP Subsidy

Medicare
Enrollment:
38,002

Non-Medicare Program 2018 (All Plans)

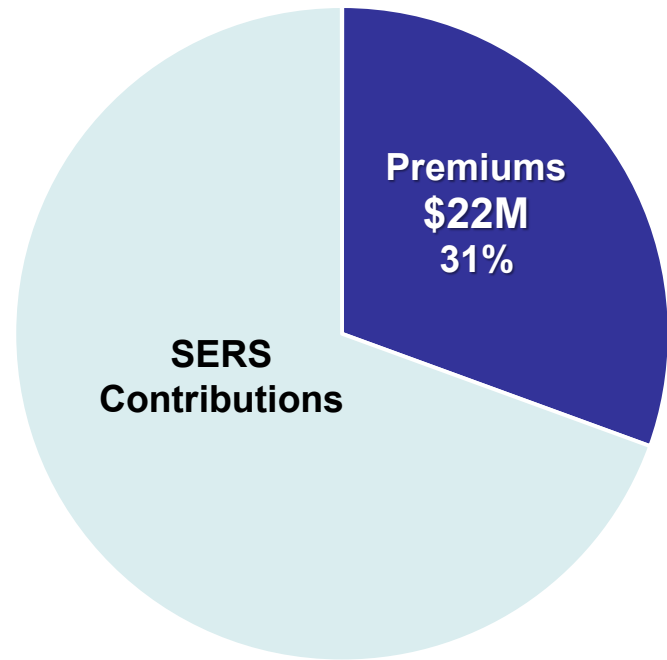
Expenses



Medicare
Enrollment:
38,002

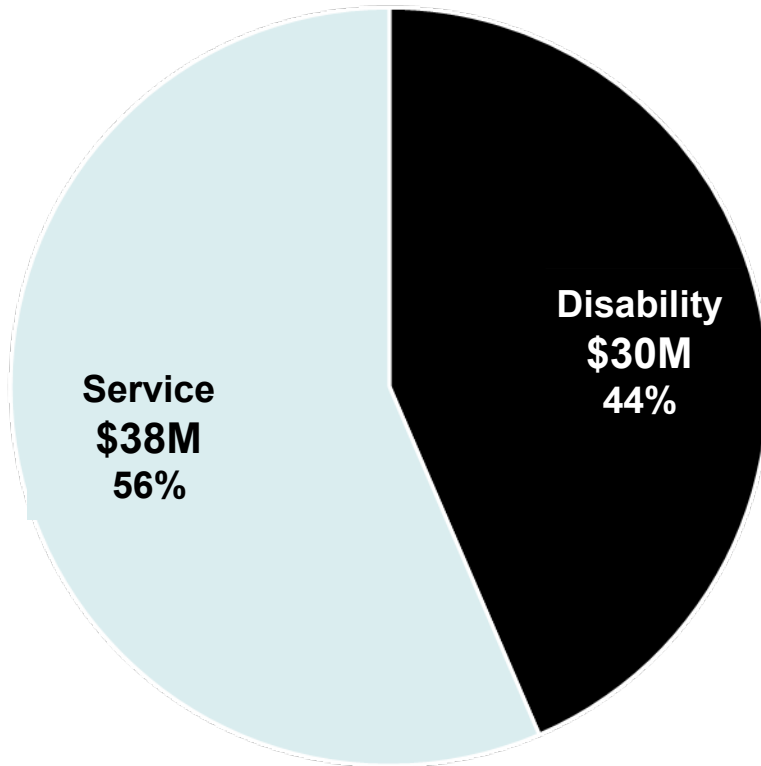
Non-Medicare
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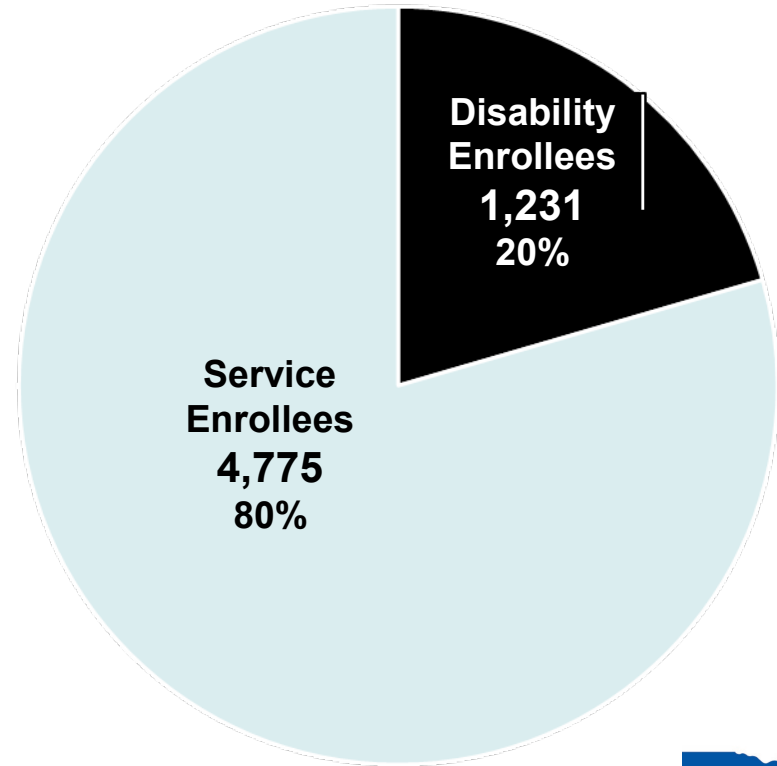


Non-Medicare Program 2018 (Aetna Only)

Total Claims



Enrollment



Aetna Choice POS II Profile: July 2019

Enrollment

- 4,350 Total Enrollees
 - 7% live outside of Ohio
 - 17% are disability enrollees

Contributors & Cost

- 3,898 Contributors
 - 34% are 63 or 64 years old
 - 72% have 30 or more years of service
- Net cost to SERS is about \$11,300 per contributor per year.
 - Average claims expense per contributor per year: \$15,200
 - Average premium collected per contributor per year: \$3,900

Non-Medicare Strategies

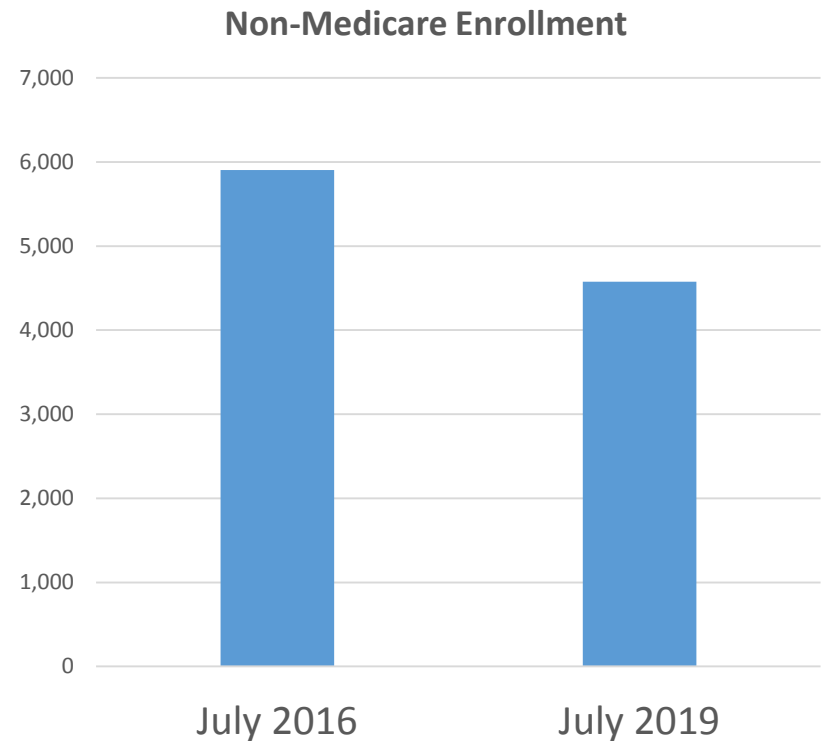
- Enrollment trends
- Disabled population
- Wraparound plan
- Medicaid enrolled and potentially eligible



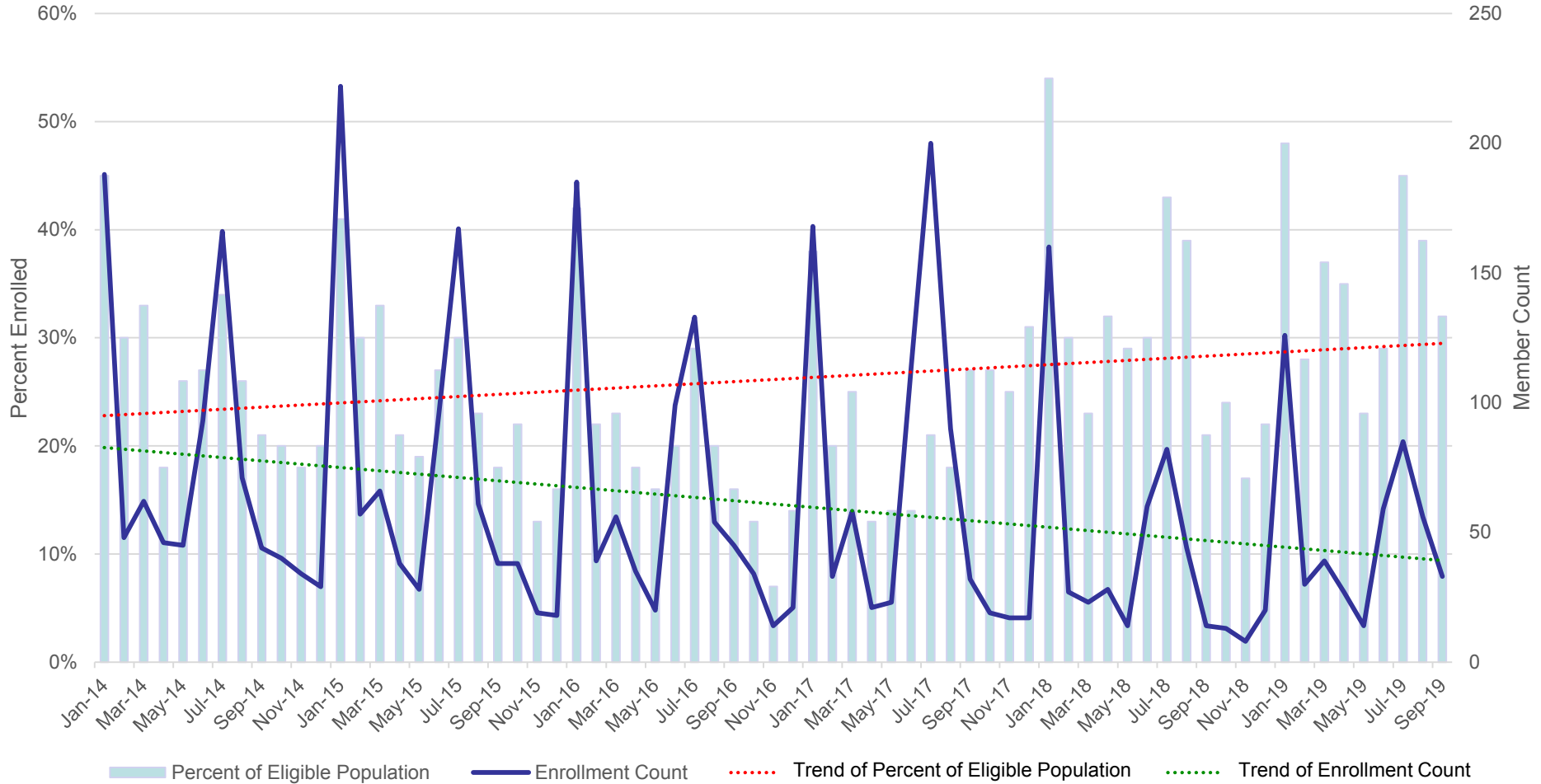
Enrollment Trends

Non-Medicare population

- Decreasing enrollment
- Pre-89 enrollees (13 in 2018) account for less than half of a percent of claims expenses.



Non-Medicare Enrollment Rate



Note: July 2017 was the last month before pension reform

New Beneficiary Median Retirement Age (Aetna Choice POS II, AultCare, & Wraparound)

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Overall Year Median
2014	59	59	59	60	62	61	60	60	59	60	57	60	60
2015	59	60	60	59	60	61	61	61	61	61	62	60	60
2016	60	60	60	60	60	61	60	61	60	59	59	58	60
2017	60	60	61	61	61	61	62	62	58	61	61	62	61
2018	60	60	58	61	60	62	61	61	60	61	60	58	60
2019	60	62	61	61	61	61	61	61	62	.	.	.	61

Profile: Non-Medicare Disability Population

Differences between Old and New Disability Gross Benefit Amount

Disability Plan	Benefit Type	Count	Label	Mean	Median
NEW	Disability	170	Gross Benefit Amount	\$1,496	\$1,372
			HC Service Credit	16	16
	Service	560	Gross Benefit Amount	\$2,219	\$1,883
			HC Service Credit	28	30
OLD	Disability	502	Gross Benefit Amount	\$2,510	\$2,452
			HC Service Credit	33	34
	Service	2,666	Gross Benefit Amount	\$2,737	\$2,544
			HC Service Credit	31	30

Wraparound Plan: Options / Replacement

Wraparound Plan

- \$436,000 in claim payments since January 2017
 - \$160,000 in 2017 (\$36 PMPM)
 - \$210,000 in 2018 (\$34 PMPM)

Strategic Options

- HRA replacement

Non-Medicare Premiums

Ohio Market (individual 60-year-old member)

Source: ACA 2019 QHP landscape data

County	Plan Count	Premium		
		Lowest	Median	Highest
Hamilton	48	\$501.36	\$904.81	\$1,231.75
Cuyahoga	39	\$527.53	\$1,064.63	\$1,322.75
Franklin	30	\$496.36	\$1,065.71	\$1,244.00
Stark	83	\$510.71	\$927.21	\$1,610.85

- Vast majority of non-Medicare membership has 30-34.99 years of service
- Current subsidy structure does not fully incentivize Wraparound Plan enrollment

SERS 2019 Premiums

Aetna Choice POS II				
NON-MEDICARE				
Service Years	Retirement on or before July 1, 1989	Aug. 1, 1989 through July 1, 2008	Retirement on or after Aug. 1, 2008*	Disability Recipients
5 to 9.999	\$659	Not Eligible	Not Eligible	\$659
10 to 14.999	\$253	\$1,282	\$1,282	\$447
15 to 19.999	\$253	\$ 659	\$1,282	\$447
20 to 24.999	\$253	\$ 347	\$ 659	\$447
25 to 29.999	\$253	\$ 253	\$ 409	\$253
30 to 34.999	\$253	\$ 253	\$ 284	\$253

AultCare PPO				
NON-MEDICARE				
Service Years	Retirement on or before July 1, 1989	Aug. 1, 1989 through July 1, 2008	Retirement on or after Aug. 1, 2008*	Disability Recipients
5 to 9.999	\$539	Not Eligible	Not Eligible	\$539
10 to 14.999	\$211	\$1,042	\$1,042	\$367
15 to 19.999	\$211	\$ 539	\$1,042	\$367
20 to 24.999	\$211	\$ 287	\$ 539	\$367
25 to 29.999	\$211	\$ 211	\$ 337	\$211
30 to 34.999	\$211	\$ 211	\$ 236	\$211



Medicaid Eligible Non-Medicare Population

Medicaid Enrolled

- 56 Aetna non-Medicare members are currently enrolled in Medicaid
- Approximately \$530,000 per year in claims paid

Medicaid Eligible

- 718 more Aetna non-Medicare primaries have gross benefit amount under 138% FPL
- An additional \$720,000 per year if 10% of these are Medicaid eligible

Discussion and Next Steps

What does the Board recommend for further research?

- Disability plan subsidy or alternative population strategy
- Non-Medicare subsidy relative to Marketplace premiums
- Medicaid eligibility strategy
- Increasing Medicare enrollment
- Other considerations

