



Georgia State Retirees  
Association

# [ July 1, 2009 Change ]

- For some 2,900 retirees who had not enrolled in Part B Medicare or those who did not enroll between January-March 2009, premiums were increased by \$300 per month.
- If enroll in Part B, SHBP will pay retirees' penalties
  - 10% each year for number of years eligible and not enrolled
  - Loss in Revenue to SHBP \$1.2 million
- Premiums if enrolled in Part B
  - \$13.46 (HRA) to \$37.80 (HMO) monthly
  - Plus Income-based Medicare Part B (basic \$96.40 monthly)

# [ Jan. 1, 2010 – Policy Change ]

- Require transfer to Medicare Advantage Plan or receive no State contribution to premium
- January 2010 premium rates have not be announced (Gov's budget adds 5% to PPO and HMO and 1% across-the board)
- DCH states that the average retiree (65+) cost in SHBP is \$2,640 annually - \$220 monthly.

# [ Impact on Retirees ]

- Eliminate legitimate choice
- MAP premiums in 2009 - \$17.50/\$35.00
- **Reduce** annual premiums – (In 2009)
  - if in HRA by \$312.52 (\$26 monthly)
  - if in PPO by \$544.80 (\$45 monthly)
  - If in HMO by \$603.60 (\$50 monthly)
- **Increase** out-of-pocket cost when medical services received

# Impact on Retirees - Premium Savings with MAP - Example

MAP Calendar 2009		
Type	Monthly	Annual
MAP (SHBP)	\$ 17.50	\$ 210.00
Part B	96.40	1,156.80
Part D	-	-
Total	\$ 113.90	\$1,366.80
Supplement based on income up to \$205.60	205.60	2,467.20
Possible	\$ 324.90	\$3,834.00

PPO Calendar 2009		
Type	Monthly	Annual
PPO	\$ 32.90	\$ 394.80
Part B	96.40	1,156.80
Part D	30.00	360.00
Total	\$ 159.30	\$1,911.60
Supplement based on income up to \$205.60	205.60	2,467.20
Possible	\$ 364.90	\$4,378.80

# Impact on Retirees – Out-of-Pocket (OOP) Costs

- Will not receive 100% from Medicare & SHBP until paid \$1,000 (exclusive for office visit copays) for services
- If you are admitted to hospital, cost \$190 for each day up to 4 days or up to \$760
- Emergency Room cost \$50, unless admitted
- Office Visit – primary care is \$20 copay and specialist is \$25 copay

# [ Impact on Retirees - OOP ]

- Exposure is \$1,000 plus office copays
- Amount of additional out-of-pocket cost that an individual pays will depend on number and type of services
  - If only office visits – not a lot
  - If hospital visit – probably \$1,000
- Cost Shift to retirees – Total estimated at \$10-11 million annually

# [ MAP Services Covered ]

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- Generally, the services covered are the same as in the PPO or HMO
- Includes Prescription drugs without an extra premium payment
- A few enhancements, such as partial payment for eye glasses or hearing aides
- See SHBP enrollment materials



# [ MAP Providers ]

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- Generally, any provider who accepts Medicare payment (assignment or filing claim)
- Provider has discretion as to participating in MAP
- Provider must bill MAP – not Medicare

# [ Who is Affected? ]

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- As of January 2009, approximately 70,000 retirees (65+)
- All retirees eventually – as they reach age 65
- Retirees from State Departments and Local Schools (Teachers and School Personnel), Libraries, RESAs, etc.

# [ Advantage to SHBP ]

- Save money for State – Medicare “pick-up” cost
- Reduce SHBP estimated cost by \$672 per retiree (from \$2,640 to \$1,968) in PPO, HMO, or HRA
- SHBP is expected to pay to UHC or CIGNA approximately \$150-200 per month for each retiree (or spouse) in 2010

# Reminders – Governor & General Assembly Actions

- 1<sup>st</sup> Fund Balance Cut - \$535.6 Million
- 2<sup>nd</sup> Fund Balance Cut - \$128.0 Million
- 3<sup>rd</sup> Fund Balance Cut - \$ 18.0 Million
- OPEB Revenue Cut - \$ 120.1 Million

Total Cut in FY 2009 - \$ 791.7 Million

**RESULT** – Members paid more than 25% off cost in FY 2009

# No Social Security COLA Impact on Medicare Premiums - 2010

- Current federal law limits increases in Part B premium by SS COLA increases.
- Probably no Medicare premium increase for base rate of \$96.50 for 75% of Medicare covered persons—having “hold harmless.”
- Persons without “hold harmless” and those with high incomes will have base premium increased to \$104.20 in 2010 and \$120.20 in 2011.

# Hold Harmless Not Applicable For 25% of Medicare Members

- 7.5 million people, plus High Income (\$85,000 single, \$170,000 Married).
- States must pay higher rate for Medicaid enrollees under Medicare.
- Persons mailing checks to Social Security.
- Persons enrolling in Medicare from November 2009 to November 2010.

# Other Factors Affecting Medicare Premium Rates

- Hold Harmless provision does not apply to Part D – Rx plan.
- Payments to physicians are scheduled to decline by 21.5% in 2010, 5.5% in 2011-2014, and 0.2% in 2015.
- Should Congress pass legislation to moderate reductions, Medicare premiums will probably be higher.

# US News & World Reports on Medicare Advantage Premiums

- Feds currently paying between 13-19% more for enrollees in MAP than average Medicare enrollee.
- Obama Adm has planned to trim the higher rates and based on announced new payment rates, MAP premiums will increase.
- BCBS Association projects an increase of \$40 to \$70 per month.
- OR change benefit coverages.
- OR increase cost-sharing with members.



# [Reminders – Governor & General Assembly Actions]

- Governor Proposed for FY 2010
  - Reduce Employer's share of cost from 75% to 70%
  - Increase members' rates by 25%-30%
- General Assembly approved continuation of 75% share for FY 2010

# [ What do You Want to Do? ]

- Contact Local State Senator or Representative
  - Limit Choice
  - Cost-Shift \$10-\$11 million dollars to retirees
  - All Medicare providers may not participate
  - Ask for a Legislative way of providing policy input
- Contact Department of Community Health and the Board of Community Health



# HEALTH CARE REFORM NATIONAL

# [ Health Care Reform/National ]

- 2009 – Expanded Children’s Health Care program
- 2009 – Increased Medicaid Spending
- Established coordination & oversight over IT and medical records
- Created 15-member Federal Council for Comparative Effectiveness Research

# [ Health Care Reform/National ]

- Council has power to block usage of drugs or medical procedures deemed to costly
- 2010 Federal budget includes funds for reform over next 10 years
- Expected – Federal health insurance reform
  - Creation of new government-run health plan to compete with private health insurance
  - Require employers to provide an approved plan or pay a tax

# Who in Congress Working on Health Care Reform

- Senate Health, Education, Labor and Pensions Committee (HELP) – Sen Kennedy —too expensive with too much government
- Senate Finance Committee—working across party lines
- Three Committees in House working together—too costly and will ration

# [ Issues ]

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- 47 million uninsured – about half illegal aliens
- Likely to limit how much extra insurance co's can charge seniors
- No pre-existing conditions & no gender based premiums
- Relief for Part D “donut” hole
- Reduction in payments to MAPs
- Reduction in Fraud & Waste

# [ Issues (Cont'd) ]

- Reward providers for quality
- Charging wealthy more for Medicare Part D
- Expand Medicaid Eligibility
- Subsidize premiums for moderate income families
- Require everyone to have some insurance



# [ Health Care Reform Concerns ]

- Should government plans compete with private?
- Should we have private cooperatives?
- Tax value of health care premiums provided by employers
- Tax all income (dividends, capital gains, etc.) – higher at higher income levels
- Tax wealthier employees on their premiums

# [ HELP - Proposal ]

- CBO cost estimate \$1.2 Trillion over 10 years – less than earlier by \$400 B
- Create “Gateways” for coverage
- Require legal residents to have coverage or penalty (unless poor)
- Require community rating with 3 options
- Subsidy premium by income groups

# [ HELP – Proposal (Cont'd) ]

- Require firms with 25+ employees to offer a plan & contribute at least 60% toward premium or be penalized @ \$750 per F/T or \$375 per P/T employee
- Individuals eligible for employer coverage not eligible for exchange subsidies
- A public plan included in the insurance “gateways” or “exchanges.”
- Subsidize small employers having low wage employees
- Cover 26 million people of the 47 million uninsured

# [ Likely Passage ]

- Democratic Behavioral Specialist say use Stability, Quality, Peace of Mind, Cost to sell
- Quinnipiac Poll: (a) New tax for premium paid by employer- 39% favor, 63% oppose; (b) Pay more tax for overhaul & coverage- 49% will – 45% oppose; (c) Supportr requiring people to have insurance – 44% support 51% oppose; (d) Give people option for government plan – 69% support – 26% oppose.

# [ GSRA Invites You ]

- If you are not a member of GSRA, JOIN Now!

