

Finance and Facilities Meeting – September 5, 2017
Overview of CY 2018 Medicare Retiree Plan Renewal Rates

Presented by Dorothy Anderson Vice President HR, Brenda De la Peña University Benefits Director and Joey Evans, HR Benefits Manager

Informational item – the 2018 65+ Senior Medical Plan premium renewal rates. Human Resources is requesting approval to move this item to the full Board of Regents for approval on September 12, 2017. Approval by the Board will allow HR to begin communicating open enrollment which is scheduled to begin October 23, 2017.

UNM has traditionally offered various options of insured Medicare Advantage and Medicare Supplemental plans to Medicare eligible retirees and dependents. The various plans offered provide coverage to address access to both major networks in New Mexico, varying levels of coverage through the Medicare Part D prescription drug coverage gap, and options for out-of-state retirees. These plans are subsidized by CMS and have historically been a relatively low cost to UNM.

65+ Senior Plans (UNM 30% & Retiree 70%)	2018 Total Premium Rate	UNM (30%)	Retiree (70%)	2017 Total Premium Rate	UNM (30%)	Retiree (70%)	Premium Increase CY17 to CY18
BCBSNM HMO Plan 1	\$ 321.40	\$96.42	\$224.98	\$239.90	\$71.97	\$167.93	\$81.50
BCBSNM HMO Plan 2	\$ 232.50	\$69.75	\$162.75	\$162.00	\$48.60	\$113.40	\$70.50
BCBSNM PPO Plan	\$ 302.70	\$90.81	\$211.89	\$215.60	\$64.68	\$150.92	\$87.10
Presbyterian Premier Plan	\$196.00	\$58.80	\$137.20	\$148.00	\$44.40	\$103.60	\$48.00
Presbyterian Select Plan	\$160.00	\$48.00	\$112.00	\$123.00	\$36.90	\$86.10	\$37.00

The rate increases include a \$23 per member per month ACA ‘Insurer Fee’ and increases based on our retirees’ claims experience. The 2018 premium rate increases range from 30% to 44% increases, minus ACA fees the increase would range from 11% to 30%. Aon Consulting completed a high level review and determined these rate increases are consistent with other large group Medicare Advantage plans in New Mexico. However, based on the significant increase for CY18, we intend to ask Aon to complete a full review to determine opportunities for cost savings prior to CY19.

2018 Renewal Timeline

- The CY18 Medicare Retiree Medical Plan rate renewals impact to UNM is \$509,924.04
 - Annually Retiree Medicare plan rates require Centers for Medicare and Medicaid Services (CMS) approval prior to being released.
 - Rates were requested from carriers in July.
 - Carriers provided rates to UNM in August.
 - During August, HR completed a preliminary review of rates and plan design options.
 - Aon Consulting completed a high-level review of these renewal rates and determined these rate increases are consistent with other large group Medicare Advantage plans in New Mexico.

Funding and Cost Mitigation

- Retiree medical plan costs are funded from the Miscellaneous Fringe Pool (not I&G dollars). The Office of Planning, Budget and Analysis (OPBA) confirmed the Miscellaneous Fringe Pool is funded and can absorb this rate increase.

- Funding for these plans may come from the VEBA when the fund reaches approximately \$52M and must be used prior to reaching \$87M.
- Beginning in FY14 with the adoption of the VEBA, UNM's contribution toward the Medicare retiree plans was reduced using a phased approach over a three year period, from ~~47%~~ 43% in FY 2013 to 30% beginning July 1, 2015.
- New employees hired July 1, 2015 and later are not eligible for retiree health benefits.

Important Notes

- Rates for UNM's Medicare Supplemental Plan offered by AARP are still pending CMS approval. An estimated 12% increase was used for our renewal cost calculations. We are analyzing additional AARP plan offerings that may reduce costs.
- In 2017 changes included a combination of premium increases and plan design changes. Feedback obtained by HR from retirees indicated that the preference was to have either design change or a plan change – not both. Based on this request, HR decided to only move forward with premium changes and hold on plan changes until a full evaluation can be completed.
- The 65+ Senior Open Enrollment period is tentatively planned for October 23 – November 13, which corresponds with the Medicare Open Enrollment period of October 16-December 6.