

## Retiree/Medicare Advantage

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A legislative panel has signed off on an amendment to the state's Employee Benefits Division contract with United Healthcare that provides group Medicare Advantage with prescription drug coverage through state government's public school and state employee health insurance plans to Medicare-eligible retirees.

These Medicare-eligible retirees have the option of selecting the group Medicare Advantage with prescription drug coverage or coverage through the traditional Health Advantage plan. The state's Employee Benefits Division started offering group Medicare Advantage with prescription drug coverage during calendar year 2023.

The amendment to the United Healthcare contract through Dec. 31, 2025, will increase costs to the state and Medicare-eligible retirees in the state's public school and state employee health insurance plans that are enrolled in the Medicare Advantage with prescription drug coverage plan during calendar year 2025, said Grant Wallace, director of the state's Employee Benefits Division.

The Legislative Council's Employee Benefits Division oversight subcommittee approved the amendment on Monday to complete legislative action on the amendment.

The Medicare-eligible retirees in the public school employee plan with United Healthcare Medicare Advantage with prescription drug coverage will contribute \$14.03 a month, and the Medicare-eligible retirees in the state employee plan with United Healthcare's Medicare Advantage with prescription drug coverage will contribute \$22.03 a month for the calendar year 2025.

In May, the Legislative Council approved rates for calendar year 2025 in the public school employee plan under which the 6,130 retirees with retiree-only coverage through United Healthcare's Medicare Advantage with a prescription drug coverage plan would pay \$9.03 a month in 2025 -- the same level as in 2024 -- and the 8,712 Medicare-eligible retirees with retiree-only coverage in the Health Advantage plan would pay \$121.98 a month in 2025 -- the same rate as in 2024.

At that time, the council also approved rates for calendar year 2025 in the state employee plan under which the 5,397 Medicare-eligible retirees with retiree-only coverage through United Healthcare's Medicare Advantage with a prescription drug coverage plan would contribute \$17.72 a month -- up from their contribution of \$17.03 a month in 2024 -- and the 3,185 Medicare-eligible retirees with retiree-only coverage through Health Advantage would contribute \$256.34 a month in 2025, an increase from their contribution of \$233.04 a month in 2024.

Earlier this year, Wallace said the number of Medicare-eligible retirees who selected United Healthcare's group Medicare Advantage with prescription drug coverage totaled 16,032, compared to 15,794 Medicare-eligible retirees who chose the plans' traditional Health Advantage coverage for calendar year 2024.

He said Monday that the increased cost will be \$4.6 million for the state's health insurance plan for state employees and retirees, and \$4.2 million for the state's health insurance plan for the public school employees and retirees for calendar year 2025.

The state is covering 90% of the increased costs and retirees are covering the other 10%, Wallace said.

The increased costs are a result of Congress' passage of the federal Inflation Reduction Act in 2023 in which there were substantial changes to the way that Medicare Advantage programs are going to be administered and particularly the Part D prescription drug plans, he said.

"What we were attempting to do with this amendment was to anticipate some of those increased costs because what is happening [is] our plans are having to absorb more of the cost," Wallace said. "The federal government is reducing its contribution to these programs. We are trying to hold members and our retirees at a level set."

For example, the Part D cap on members' out-of-pocket expenses is \$2,000 and that increases the costs that the plans have to absorb, he said.

The state's Employee Benefits Division is attempting to smooth out the cost increases for the state and retirees over calendar years 2025 and 2026 to avoid a "huge increase" in 2026, Wallace said.

State Sen. Missy Irvin, R-Mountain View, said "this is nothing to do with the state taking any action legislatively or otherwise.

"This is all federal action," he said. "I just think that needs to be very clear."

United Healthcare is "just the administrator of the plan and there is no excess administrative fees or anything like that," Irvin said.

Based on his knowledge, Wallace said that is correct.

The group Medicare Advantage plan offers significant savings to retirees and the state, and the group Medicare Advantage plan is different from individual Medicare Advantage plans, state officials have maintained.

The enrollment period for the state's health insurance plans for public school and state employees for calendar year 2025 is Oct. 1-31, and the enrollment period for public school and state government retirees is Nov. 1-30, division officials said.