

**WORK SESSION AGENDA  
WYOMING CITY COUNCIL MEETING  
CITY COUNCIL CHAMBERS**

**Monday, April 8, 2013, 7:00 P.M.**

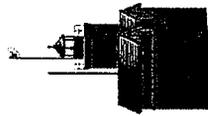
- 1) Call to Order**
- 2) Student Recognition**
- 3) Public Comment on Agenda Items (3 minute limit per person)**
- 4) Medicare Advantage Plan Presentation**
- 5) Continue Draft Budget Discussion (Draft Budgets Already Provided)**
- 6) Any Other Matters**
- 7) Acknowledgement of Visitors/Public Comment (3 minute limit per person)**

LIGHTHOUSE INSURANCE GROUP

City of Wyoming  
Medicare Retiree Discussion

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April 8, 2013



Lighthouse  
Group  
INSURANCE • TITLE

# Overview

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Purpose is to provide a brief overview of the Medicare Eligible retiree options for the City of Wyoming Health Care Plan with a focus on the feasibility of offering Medicare Advantage/ Supplement plans.

# Current Plans

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□ Medicare eligible retirees currently have self insured medical and prescription plans administered by Priority Health. These plans are now closed.

□ Medicare eligible retirees

- Must enroll in Medicare Parts A&B
- Part A – Hospitalization services
- Part B – Medical services

□ Plans available through the City of Wyoming – Post 65 Retirees

- Indemnity Plan B: 1
- PPO Plan A \$2 copay: 6
- PPO Plan E \$10/\$20 copay: 33
- PPO Plans F & G \$10/\$30: 190
- PPO Plan G \$10/\$30/\$60 July 1, 2013

□ These plans

- Pay secondary to Medicare
- Fill in areas that Medicare doesn't cover (such as deductibles and coinsurance)
- Provides prescription drug coverage that isn't covered by Medicare at all

# Current Medicare Retiree Plans

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## □ Features

- Open access to providers – in and out of network coverage
- Open access to prescription drugs
- No residency restrictions
- Providers bill on behalf of the members

# Options other than current:

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- Traditional Medicare Supplements
  - These policies supplement Medicare Parts A and B
  - A separate prescription drug benefit would need to be packaged to provide this coverage (Part D)
    - Aetna
    - Professional Benefits Services (PBS) / United American (UA)
    - Nebco
    - Humana
  
- Medicare Advantage Plans
  - These plans become Medicare, supplemental and prescription coverage in one plan
  - Includes Physician, Hospital and Prescription drug coverage
    - Some Carriers that provide Medicare Advantage plans in Michigan include:
      - Aetna
      - Priority Health
      - Blue Care Network
      - Blue Cross Blue Shield of Michigan
      - Humana
      - United Health Care
  
- We are going to focus on the most competitive Medicare Advantage and Medicare Supplemental plans based upon coverage and cost for this presentation/ comparison

# Two Types of Medicare Advantage Plans: Group and Individual

	<b>Group</b>	<b>Individual</b>
<b>Premium billed/collection</b>	Total Replacement Employer	Optional for Medicare Retiree Individual
<b>Coverage levels</b>	Typically higher level of benefits vs. individual coverage	Increased copays and out of pocket expenses vs. group coverage
<b>Responsible for Part B Premium</b>	Individual	Individual
<b>Retiree Medicare / Spouse Medicare</b>	Both retiree and spouse have same coverage levels	Both retiree and spouse have same coverage levels
<b>Retiree Medicare / Spouse Non-Medicare</b>	Retiree has Medicare Advantage coverage and spouse will have "similar" coverage through customized plan	Retiree has Medicare Advantage coverage and spouse would be offered COBRA or if amended the group plan could add the non-Medicare spouse to "active" coverage until Medicare eligible ("split" contract)
<b>Eligibility Requirements – Michigan residents</b>	Six month permanent residence in the Priority Health Medicare service area <i>(State of Michigan)</i>	Six month permanent residence in the Priority Health service area <i>(Specific Counties in Michigan)</i>
<b>Eligibility Requirements – Non-Michigan residents</b>	Coverage would be provided for the covered member as designed by the employer	Not eligible for the Priority Health, BCN and BCBSM plans. A national plan (i.e. Humana) or a regional plan could be selected by the individual.
<b>Prescription Drug Cost</b>	No donut hole More expensive than individual plans	Donut hole Less expensive than group plans

# The “Donut Hole” – Medicare Part D

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## □ Medicare Part D Prescription Drug

- Member is responsible for their copays until their total yearly drug costs reach \$2,970 (adjusted annually)
- Member is then responsible for 79% of the discounted cost of Generics and 47.5% of the discounted cost of Brand Name drugs until the total out-of-pocket expenses reach \$4,750 (adjusted annually)
- Member is then responsible for the greater of \$2.50 co pay for generics, \$6.30 copay for all other drugs or 5% coinsurance

# The “Donut Hole” – EXAMPLE

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- Enbrel (drug prescribed to treat arthritis) approximately \$2,900 per fill
  - Member is responsible for their copays until their total yearly drug costs reach \$2,970 (adjusted annually)
    - First fill \$2,900 – member pays \$30 copay the plan picks up \$2,870
    - Next fill is for \$70 prescription for an infection – member pays \$30 plan picks up \$40
    - TOTAL Yearly Drug cost \$2,970 Member’s out of pocket = \$60.00
  - Member is then responsible for 79% of the discounted cost of Generics and 47.5% of the discounted cost of Brand Name drugs until the total out-of-pocket expenses reach \$4,750 (adjusted annually)
    - Next Enbrel fill the member pays 47.5% of the cost -  $\$2,900 \times 47.5\% = \$1,337.50$
    - Next Enbrel fill member pays 47.5% of the cost ~ \$1,337.50
    - Next Enbrel fill member pays 47.5% of the cost ~ \$1,337.50
    - Next Enbrel fill member pays 47.5% of the cost but the total out of pocket stops \$677.50
  - Member is then responsible for the greater of \$2.50 co pay for generics, \$6.30 copay for all other drugs or 5% coinsurance
    - Next 7 Enbrel fills would be at 5%  $\$145.00 = \$1,015$
- TOTAL OUT OF POCKET - \$ 60.00 RX copays  
(Member) \$4,690.00 in donut hole (coverage gap)  
\$1,015.00 in 5% copays in catastrophic coverage  
\$5,765.00

# Group Medicare Plans

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Lighthouse Insurance Group, Inc.  
for

City of Wyoming

Group Medicare Advantage - Post 65 Retirees - Total Replacement  
June 1, 2013

Insurance Company	Priority Health - Plan F Current	Aetna PPO 100				
Type of Plan	PPO	Aetna PPO 100				
Provider Dir Website	Priority Health	Medicare/AETNA	Medicare Only	Medicare Only	Medicare/Aetna	Medicare Only
In Network						
Office Visit	\$10 PCP / \$20 Specialist	100%	100%	100%	\$15 Copay	\$15 Copay
Preventive	100%	100%	100%	100%	100%	100%
Inpatient & Outpatient Hospital	100%	100%	100%	100%	100%	100%
Imaging Services	\$50 copay per test (max 2 copays per benefit year)	100%	100%	100%	100%	100%
Emergency Room	\$50 copay waived if admitted	100%	100%	100%	\$50 Copay waived if admitted	\$50 Copay waived if admitted
Ambulance	100%	100%	100%	100%	\$15 Copay	\$15 Copay
Durable Medical Equipment	100%	100%	100%	100%	85%	85%
Prescription Drug	\$10/\$30 - coverage thru donut hole 1 x MOPD	\$5/\$30/\$60 - coverage thru donut hole 2 X MOPD - Formulary more managed	\$5/\$30/\$60 - coverage thru donut hole 2 X MOPD - Formulary more managed	\$5/\$30/\$60 - coverage thru donut hole 2 X MOPD - Formulary more managed	\$5/\$30/\$60 - coverage thru donut hole 2 X MOPD - Formulary more managed	\$5/\$30/\$60 - coverage thru donut hole 2 X MOPD - Formulary more managed
Deductible	NONE	NONE	NONE	NONE	NONE	NONE
Out of Pocket Maximum	NONE	\$1,000 in/out of network combined	\$1,000	\$1,000	\$1,000 in/out of network combined	\$1,000
Out of Network						
Office Visit	80% after deductible	90%	Not Applicable	Not Applicable	85%	Not Applicable
Preventive	80% after deductible	90%	Not Applicable	Not Applicable	85%	Not Applicable
Inpatient & Outpatient Hospital	80% after deductible	90%	Not Applicable	Not Applicable	85%	Not Applicable
Imaging Services	80% after deductible	90%	Not Applicable	Not Applicable	85%	Not Applicable
Emergency Room	\$50 copay waived if admitted	100%	Not Applicable	Not Applicable	100%	Not Applicable
Ambulance	covered in full deductible waived	90%	Not Applicable	Not Applicable	85%	Not Applicable
Durable Medical Equipment	80% after deductible	90%	Not Applicable	Not Applicable	85%	Not Applicable
Deductible	\$100	NONE	Not Applicable	Not Applicable	NONE	Not Applicable
Out of Pocket Maximum	\$1,000	\$1,000 in/out of network combined	Not Applicable	Not Applicable	Not Applicable	Not Applicable
Annual Maximum	\$5,000,000	N/A	N/A	N/A	N/A	N/A
Premium	Priority Health	Aetna In Service Area	Aetna Out of Service Area	Aetna In Service Area	Aetna Out of Service Area	Aetna Out of Service Area
Contracts	230	\$336.28	\$355.48	\$269.90	\$277.23	\$277.23
Rate Guarantee		1/1/2014	1/1/2014	1/1/2014	1/1/2014	1/1/2014
ESTIMATED MONTHLY	\$75,101.90	\$60,194.12	\$18,129.48	\$48,312.10	\$14,138.73	\$14,138.73
ESTIMATED COMBINED MONTHLY (if applicable)	\$901,223	\$78,323.60	\$939,883	\$62,450.83	\$749,409.96	\$749,409.96
ESTIMATED ANNUAL		\$38,660	\$38,660	\$151,813	\$151,813	\$151,813
\$ DIFFERENCE (Annual)		4.3%	4.3%	-16.8%	-16.8%	-16.8%
% DIFFERENCE						

Lighthouse Insurance Group, Inc.

for

City of Wyoming

Group Medicare Advantage - Post 65 Retirees - Total Replacement

September 1, 2013

Insurance Company	Priority Health - Plan F	HUMANA	HUMANA	HUMANA	HUMANA
Type of Plan	Current	PPO (like Plan F)	PPO (like Plan A)	PPO (like Plan B)	PPO Network
Provider Dir Website	Priority Health	PPO Network	PPO Network	PPO Network	PPO Network
In Network					
Office Visit	\$10 PCP / \$20 Specialist	\$10 PCP / \$20 Specialist	\$5 Copay	after deductible 100%	after deductible 100%
Preventive	100%	100%	100%	100%	100%
Inpatient & Outpatient Hospital	100%	100%	100%	after deductible 100%	after deductible 100%
Imaging Services	\$50 copay per visit (max 2 copays per benefit year)	\$50 Copay per visit ( max \$100 per member)		after deductible 100%	after deductible 100%
Chiropractic Services	80% up to 20 visits during the first 90 days of treatment for acute conditions. 2 visits per month for chronic conditions	80% up to 20 visits per year	80% up to 20 visits per year	after deductible 80% up to 20 visits per year	after deductible 80% up to 20 visits per year
Emergency Room	\$50 copay waived if admitted	\$50 copay waived if admitted	\$25 Copay waived if admitted	after deductible \$25 Copay waived if admitted	after deductible \$25 Copay waived if admitted
Ambulance	100%	100%	100%	after deductible 100%	after deductible 100%
Durable Medical Equipment	100%	100%	\$2/\$2/\$2 1 x MOPD - coverage thru donut hole - Formulary more managed	\$10/\$30/\$30\$30 1 x MOPD coverage thru donut hole - Formulary more managed	\$10/\$30/\$30\$30 1 x MOPD coverage thru donut hole - Formulary more managed
Prescription Drug	\$10/\$30 - coverage thru donut hole 1 x MOPD	NONE	NONE	\$100	\$100
Deductible	NONE	NONE	NONE		
Out of Pocket Maximum	NONE	\$1000 In/Out of Network combined	\$1000 In/Out of network combined	\$1100 In/Out of network combined	\$1100 In/Out of network combined
Out of Network					
Office Visit	80% after deductible	\$10 PCP / \$20 Specialist	\$5 Copay	after deductible 100%	after deductible 100%
Preventive	80% after deductible	100%	100%	after deductible 100%	after deductible 100%
Inpatient & Outpatient Hospital	80% after deductible	100%	100%	after deductible 100%	after deductible 100%
Imaging Services	80% after deductible	\$50 Copay per visit ( max \$100 per member)	100%	after deductible 100%	after deductible 100%
Chiropractic Services	80% up to 20 visits during the first 90 days of treatment for acute conditions. 2 visits per month for chronic conditions	80% up to 20 visits per year	80% up to 20 visits per year	after deductible 80% up to 20 visits per year	after deductible 80% up to 20 visits per year
Emergency Room	\$50 copay waived if admitted	\$50 copay waived if admitted	\$25 Copay waived if admitted	80% R&C after deductible	80% R&C after deductible
Ambulance	covered in full deductible waived	100%	100%	100%	100%
Durable Medical Equipment	80% after deductible	100%	100%	\$100	\$100
Deductible	\$100	NONE	NONE	\$1100 In/Out of network combined	\$1100 In/Out of network combined
Out of Pocket Maximum	\$1,000	\$1000 In/Out of Network combined	\$1000 In/Out of network combined	\$1100 In/Out of network combined	\$1100 In/Out of network combined
Annual Maximum	\$5,000,000	N/A	N/A	N/A	N/A
Premium	Current				
Contracts	230	HUMANA	HUMANA	HUMANA	HUMANA
Rate Guarantee	\$326.53	\$398.00	\$440.00	\$359.00	\$359.00
ESTIMATED MONTHLY		1/1/2014	1/1/2014	1/1/2014	1/1/2014
ESTIMATED ANNUAL	\$75,101.90	\$98,754.00	\$2,640.00	\$359.00	\$359.00
COMBINED ANNUAL TOTAL	\$901,222.80	\$1,065,048	\$31,680	\$4,308	\$4,308
\$ DIFFERENCE		\$1,101,036	\$199,813		
% DIFFERENCE		22.2%			

Lighthouse Insurance Group, Inc.  
for

City of Wyoming

Group Medicare Supplement - Post 65 Retirees - Total Replacement

September 1, 2013

Insurance Company Type of Plan Provider Dir Website In Network	Priority Health - Plan F Current POS Priority Health	PBS (like plan F) PPO Network	PBS (like Plan A) PPO Network	PBS (like Plan B) PPO Network
Office Visit Preventive Inpatient & Outpatient Hospital Imaging Services	\$10 PCP / \$20 Specialist 100% 100% \$50 copay per test (max 2 copays per benefit year)	\$20 Copay 100% 100% 100%	After Deductible 100% 100% 100% 100%	\$20 Copay 100% 100% 100%
Chiropractic Services	80% up to 20 visits during the first 90 days of treatment for acute conditions. 2 visits per month for chronic conditions	100%	100%	100%
Emergency Room Ambulance	\$50 copay waived if admitted 100% 100%	100% 100%	100% 100%	100% 100%
Durable Medical Equipment	100%	100%	100%	100%
Prescription Drug	\$10/\$30 - coverage thru donut hole 1 x MOPD	\$10/\$30/\$30/\$30 1 x MOPD coverage thru donut hole - Formulary more managed	\$2/\$2/\$2/\$2 1 x MOPD coverage thru donut hole - Formulary more managed	\$10/\$20/\$20/\$20 1 x MOPD coverage thru donut hole - Formulary more managed
Deductible	NONE	NONE	\$100 Part B Services Only	
Out of Pocket Maximum	NONE	NONE	\$100	
Out of Network				
Office Visit Preventive Inpatient & Outpatient Hospital Imaging Services Chiropractic Services	80% after deductible 80% after deductible 80% after deductible 80% after deductible 80% up to 20 visits during the first 90 days of treatment for acute conditions. 2 visits per month for chronic conditions	Provides coverage up to Medicare Allowed Amount	Provides coverage up to Medicare Allowed Amount	Provides coverage up to Medicare Allowed Amount
Emergency Room Ambulance	\$50 copay waived if admitted covered in full deductible waived			
Durable Medical Equipment Deductible	80% after deductible \$100			
Out of Pocket Maximum	\$1,000			
Annual Maximum	\$5,000,000	N/A	N/A	N/A
Premium	Current	United American	United American	United American
Contracts	230	190	7	33
Rate Guarantee	\$326.53	\$357.00	\$500.00	\$400.00
ESTIMATED MONTHLY	\$75,101.90	1/1/2015	1/1/2015	1/1/2014
ESTIMATED ANNUAL	\$901,222.80	\$67,830.00	\$3,600.00	\$13,200.00
COMBINED ANNUAL TOTAL		\$813,960	\$42,000	\$158,400
\$ DIFFERENCE		\$1,014,360	\$113,137	
% DIFFERENCE		12.6%		

Lighthouse Insurance Group, Inc.

for

City of Wyoming

Group Medicare Advantage - Post 65 Retirees - Total Replacement

September 1, 2013

Insurance Company	Priority Health - Plan F Current	Priority Health (like Plan G)	Priority Health	Priority Health	Priority Health
Type of Plan	PPO	Enhanced Plan HMO/POS	Basic Plan HMO/POS	Enhanced Plan HMO/POS	Enhanced Plan HMO/POS
Provider Dir. Website	Priority Health	Priority Health Network	Priority Health Network	Priority Health Network	Priority Health Network
In Network					
Office Visit	\$10 PCP / \$20 Specialist	\$10 PCP / \$20 Specialist	\$15 PCP / \$30 Specialist	\$10 PCP / \$25 Specialist	\$10 PCP / \$25 Specialist
Preventive	100%	100%	100%	100%	100%
Inpatient Hospital	100%	100%	after deductible 100%	100%	100%
Outpatient Hospital	100%	100%	after deductible \$50 copay	100%	100%
Imaging Services	\$50 copay per test (max 2 copays per benefit year)	\$50 copay per test (max 2 copays per benefit year)	\$150 Copay per test	\$100 copay per test	\$100 copay per test
Chiropractic Services	80% up to 20 visits during the first 90 days of treatment for acute conditions. 2 visits per month for chronic conditions	\$10 Copay to a 20 visits per plan year	\$20 copay per visit	\$20 copay per visit	\$20 copay per visit
Emergency Room	\$50 copay waived if admitted	\$50 copay waived if admitted	\$65 copay waived if admitted	\$65 copay waived if admitted	\$65 copay waived if admitted
Ambulance	100%	100%	\$100 per service	\$100 per service	\$100 per service
Durable Medical Equipment	100%	100%	after deductible 80%	after deductible 80%	after deductible 80%
Prescription Drug	\$10/\$30 - coverage thru donut hole 1 x MOPD	\$10/\$30/\$60/\$30 1 x MOPD coverage thru the donut hole; Formulary more managed	\$15/\$50/\$80/20% to \$150 max copay. 2 x MOPD - coverage thru donut hole - Formulary more managed	\$10/\$40/\$70/20% to \$100 max copay. 2 x MOPD - coverage thru donut hole - Formulary more managed	\$10/\$40/\$70/20% to \$100 max copay. 2 x MOPD - coverage thru donut hole - Formulary more managed
Deductible	NONE	NONE	\$250	NONE	NONE
Out of Pocket Maximum	NONE	\$500	\$6,700	\$6,700	\$6,700
Out of Network					
Office Visit	POS Network	POS Network	POS Network	POS Network	POS Network
Preventive	80% after deductible	80% after deductible	after deductible 70%	after deductible 80%	after deductible 80%
Inpatient & Outpatient Hospital	80% after deductible	80% after deductible	after deductible 70%	after deductible 80%	after deductible 80%
Imaging Services	80% after deductible	80% after deductible	after deductible 70%	after deductible 80%	after deductible 80%
Chiropractic Services	80% up to 20 visits during the first 90 days of treatment for acute conditions. 2 visits per month for chronic conditions	80% after deductible up to 20 visits per plan year	after deductible 50% limited to \$300 per coverage period	after deductible 50% limited to \$300 per coverage period	after deductible 50% limited to \$300 per coverage period
Emergency Room	\$50 copay waived if admitted	\$50 copay waived if admitted	\$65 copay waived if admitted	\$65 copay waived if admitted	\$65 copay waived if admitted
Ambulance	covered in full deductible waived	covered in full deductible waived	\$100 per service	\$100 per service	\$100 per service
Durable Medical Equipment	80% after deductible	80% after deductible	after deductible 50%	after deductible 50%	after deductible 50%
Deductible	\$100	\$100	\$1,000	\$500	\$500
Out of Pocket Maximum	\$1,000	\$1,000	\$6,700	\$6,700	\$6,700
Annual Maximum	\$5,000,000	Unlimited - HMO / \$1,000,000 annual max - POS	Unlimited - HMO / \$1,000,000 annual max - POS	Unlimited - HMO / \$1,000,000 annual max - POS	Unlimited - HMO / \$1,000,000 annual max - POS
Premium	Current	PRIORITY HEALTH	PRIORITY HEALTH	PRIORITY HEALTH	PRIORITY HEALTH
Contracts	230	\$445.54	\$240.21	\$325.96	\$325.96
Rate Guarantee		8/31/2014	8/31/2014	8/31/2014	8/31/2014
ESTIMATED MONTHLY	\$75,102	\$102,474	\$65,248	\$74,971	\$74,971
ESTIMATED ANNUAL	\$901,223	\$1,229,690	\$662,980	\$899,650	\$899,650
\$ DIFFERENCE		\$328,468	-\$238,243	-\$1,573	-\$1,573
% DIFFERENCE		36.4%	-26.4%	-0.2%	-0.2%

# Group Medicare Plans

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## □ Aetna PPO and ESA 15

- Provides \$151,813 in annual premium savings
- Significant out of pocket/coverage differences compared to current plan
- Potential “stipend” to provide incentive to participants to select plan versus the current plan would have to exceed the cost savings
- \$151,813 in annual premium savings would equate to \$660 annual stipend to retiree. This amount would not cover additional out of pocket exposure, especially in the areas of:
  - *DME/P&O*
  - *Prescription Drug copays (and formulary)*

# Individual Medicare Plans

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Lighthouse-Keuning Insurance Group, Inc.

for

City of Wyoming

Individual Medicare Advantage - Post 65 Retirees

September 1, 2013

Insurance Company	Priority Health - Plan F	Priority Health Value	Priority Health Medicare	BCN Basic	BCN Classic
Type of Plan	POS	www.priorihealth.com	www.priorihealth.com	www.mibcn.com	www.mibcn.com
Provider Dir Website	www.priorihealth.com	www.priorihealth.com	www.priorihealth.com	www.mibcn.com	www.mibcn.com
In Network					
Office Visit	\$10 PCP / \$20 Specialist	\$20 PCP / \$45 Specialist	\$15 PCP / \$40 Specialist	\$15 PCP / \$45 Specialist	\$10 PCP / \$25 Specialist
Preventive	Covered at 100%	Covered at 100%	Covered at 100%	Covered at 100%	Covered at 100%
Hospital	Covered at 100%	\$800 Copay for each stay	Days 1 - 5 : \$130 Copay per day	Days 1 - 5 : \$200 Copay per day	Days 1 - 5 : \$90 Copay per day
Outpatient Hospital	Covered at 100%	\$100 copay for each surgical center visit ; \$225 copay for each outpatient hospital facility visit	Days 6 - 90 no copay	Days 6 + no copay	Days 6 + no copay
Emergency Room	Covered at 100%	\$65 copay waived if admitted	\$75 copay for each surgical center visit ; \$100 copay for each outpatient hospital facility visit	\$0 to \$125 copay	\$0 to \$75 copay
Ambulance	Covered at 100%	\$50 copay waived if admitted	\$85 copay waived if admitted	\$50 copay	\$65 copay \$50,000 lifetime max
Durable Medical Equipment / P&O Prescription Drug	\$10/\$30 1 x MOPD	\$9/\$40/\$90/33% coinsurance Managed Formulary Mail order available	\$8/\$35/\$90/33% coinsurance Managed Formulary Mail order available	25% coinsurance after \$325 annual deductible Managed Formulary Mail order available	\$10/\$35/\$75/30% coinsurance Managed Formulary Mail order available
RX Coverage through the Donut Hole	\$10/\$30 1 x MOPD	79% Generic Copay 47.5% Brand Name Plan pays zero	79% Generic Copay 47.5% Brand Name Plan pays zero	79% Generic Copay 47.5% Brand Name Plan pays zero	79% Generic Copay 47.5% Brand Name Plan pays zero
RX Out of Pocket Maximum	NONE	\$4,750	\$4,750	\$4,750	\$4,750
Annual Deductible	NONE	greater of 5% or \$2.65 copay - generic ; \$6.60 copay - brand	greater of 5% or \$2.65 copay - generic ; \$6.60 copay - brand	greater of 5% or \$2.65 copay - generic ; \$6.60 copay - brand	greater of 5% or \$2.65 copay - generic ; \$6.60 copay - brand
Annual Medical Out of Pocket Maximum	NONE	\$3,400	\$3,400	\$4,200	\$4,200
Total Out of Pocket Maximum	NONE	\$8,150	\$8,150	\$8,950	\$8,950
Out of Network					
Office Visit	80% after deductible	70% after deductible	70% after deductible	Out of network services are covered at the in-network benefit levels with authorization by the plan	Out of network services are covered at the in-network benefit levels with authorization by the plan
Preventive	80% after deductible	70% after deductible	70% after deductible		
Hospital	80% after deductible	70% after deductible	70% after deductible		
Outpatient Hospital	80% after deductible	70% after deductible	70% after deductible		
Emergency Room	80% up to 20 visits during the first 90 days of treatment for acute conditions. 2 visits per month for chronic conditions				
Ambulance	\$50 copay waived if admitted	\$65 copay waived if admitted	\$50 copay waived if admitted		
Durable Medical Equipment / P&O	covered in full deductible waived	70% after deductible	70% after deductible		
Annual Deductible	\$100	\$1,500	\$1,000	\$300	\$300
Annual Medical Out of Pocket Maximum	\$1,000	NONE	NONE	\$4,200	\$4,200
Annual Maximum	\$5,000,000	Unlimited HMO / \$25,000 POS	Unlimited HMO / \$25,000 POS	Unlimited	Unlimited
Premium	PRIORITY HEALTH	PRIORITY HEALTH	PRIORITY HEALTH	BLUE CARE NETWORK	BLUE CARE NETWORK
Contracts	230	\$326.53	\$81.00	\$0.00	\$203.00
ESTIMATED MONTHLY	\$75,102	\$75,102	\$18,630	\$46,690	\$46,690
ESTIMATED ANNUAL	\$901,223	\$901,223	\$223,560	\$0	\$560,280
\$ DIFFERENCE		-\$901,223	-\$877,663	-\$901,223	-\$340,943
% DIFFERENCE		-100.0%	-75.2%	-100.0%	-37.8%

Lighthouse Insurance Group, Inc.

for

City of Wyoming

Individual Medicare Advantage - Post 65 Retirees

September 1, 2013

Insurance Company	Priority Health - Plan F	HUMANA	HUMANA	BCBSM
Type of Plan	Current POS	H5470-005 PPO	R5826-006 PPO	Signature PPO
Provider Dir Website	Priority Health			
In Network				
Office Visit Preventive	\$10 PCP / \$20 Specialist	\$10 PCP / \$30 Specialist	\$5 PCP / \$35 Specialist	\$20 PCP / \$40 Specialist
Inpatient Hospital	Covered at 100%	Covered at 100%	Covered at 100%	Covered at 100%
Outpatient Hospital	Covered at 100%	Days 1 - 7: \$255 Daily Copay Days 8-60 \$0 Daily Copay Days 61- 90 \$100 Daily Copay	Days 1 - 7: \$255 Daily Copay Days 8- 60 \$0 Daily Copay Days 61- 90 \$100 Daily Copay	Days 1 - 5: \$160 Daily Copay Days 6- 90 \$0 Daily Copay
Emergency Room	Covered at 100%	copays from \$150 to \$255	copays from \$150 to \$255	copays from \$100 to \$150
Ambulance	\$50 copay waived if admitted	\$65 copay waived if admitted	\$65 copay waived if admitted	\$65 copay waived if admitted
Durable Medical Equipment / P&O Prescription Drug	Covered at 100%	\$200 copay	\$200 copay	\$50 copay
	Covered at 100%	Covered at 80%	Covered at 80%	Covered at 80%
RX Coverage through the Donut Hole	\$10/\$30 1 x MOPD	\$9/\$40/\$90/33% coinsurance Managed Formulary Mail order available	\$8/\$40/\$60/33% coinsurance Managed Formulary Mail order available	\$3/\$15/\$45/\$95/30% coinsurance Managed Formulary Mail order available
RX Out of Pocket Maximum	NONE	79% Generic Copay 47.5% Brand Name Plan pays zero	79% Generic Copay 47.5% Brand Name Plan pays zero	79% Generic Copay 47.5% Brand Name Plan pays zero
		\$4,750	\$4,750	\$4,750
RX Coverage After Donut Hole	\$10/ \$30 1 x MOPD	greater of 5% or \$2.65 copay - generic ; \$6.60 copay - brand	greater of 5% or \$2.65 copay - generic ; \$6.60 copay - brand	greater of 5% or \$2.65 copay - generic ; \$6.60 copay - brand
Annual Deductible	NONE	NONE	NONE	NONE
Annual Medical Out of Pocket	\$1,000	\$5,000	\$6,700	\$4,400
Total Out of Pocket	\$1,000	\$10,750	\$6,700	\$9,150
Out of Network				
Office Visit Preventive	80% after deductible	covered at 50%	covered at 50%	60% after deductible
Inpatient Hospital	80% after deductible	covered at 50%	covered at 50%	60% after deductible
Outpatient Hospital	80% after deductible	covered at 50%	covered at 50%	60% after deductible
Emergency Room	\$50 copay waived if admitted	\$65 copay waived if admitted	\$65 copay waived if admitted	\$65 copay waived if admitted
Ambulance	Covered at 100%	\$200 per service	\$200 per service	60% after deductible
Durable Medical Equipment / P&O	80% after deductible	covered at 50%	60% after deductible	60% after deductible
Annual Deductible	\$100	NONE	NONE	\$500
Annual Medical Out of Pocket Maximum	\$1,000	\$7,500	\$10,000	\$6,100 combined in/out
Annual Maximum	\$5,000,000	N/A	N/A	N/A
Premium	Current			
Contracts	230	HUMANA	HUMANA	BCBSM
Rate Guarantees	\$326.53	\$62.00	\$99.00	\$96.00
ESTIMATED MONTHLY	\$75,102	\$14,260	\$22,770	\$22,080
ESTIMATED ANNUAL	\$901,223	\$171,120	\$273,240	\$264,960
\$ DIFFERENCE		-\$730,103	-\$627,983	-\$636,263
% DIFFERENCE		-81.0%	-69.7%	-70.6%

# Individual Medicare Plans

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## □ Priority Health

(out of area would select a plan in their home area)

- Provides \$901,223 in annual premium savings
- Significant out of pocket/coverage differences compared to current plan
- Potential “stipend” to provide incentive to participants to select plan versus the current plan would have to exceed the cost savings
- \$901,223 in annual premium savings would equate to \$3,918 annual stipend to retiree. This amount would not cover additional out of pocket exposure, especially in the areas of:
  - *Daily hospital copays*
  - *DME/P&O*
  - *Prescription Drug copays (and formulary)*

# Considerations to be addressed:

- Union agreements
  - Legal Opinion – November 3, 2008
  - Contractual obligation to provide “same as active employees: health coverage
  - Voluntary opt out
  - Would there be a legal obligation to allow retiree to opt back in?
  - Incentive to opt out
- Residency requirements
  - These plans are approved based upon specific geographic areas
    - Group plans – State of Michigan
    - Individual plans – Specific counties within Michigan
  - To be eligible the retiree must reside in the geographic area at least six months of the year
- Prescription Drug Formulary
  - The Medicare Advantage plans have a list of “approved” drugs for coverage so not every prescription would be covered as they are today
    - Different copay structure
    - Donut Hole (individual plans)
    - Non covered prescriptions

# Considerations to be addressed:

- Additional Out of Pocket Exposure
- Provider Network
  - Reduced physician provider network (*including pharmacies*)
  - Most plans require the designation of a Primary Care Provider
  - Authorization typically required for non-emergency out-of-network services
- Cost

NOTE: RDS subsidy currently being received by the City of Wyoming would go away if a Medicare Advantage plan was put in place: Calendar year 2012 = \$139,661
- Communication to Retirees
- Rules will need to be established to help protect the integrity/risk of the plan
  - Retiree stays on City of Wyoming plan spouse opts for Medicare Advantage plan will they qualify for Stipend?
  - Once retiree or spouse opts out of City of Wyoming plan recommend not allowing to re-enroll (Risk Pool Affected)
  - How do you pay Stipend each year?

# Notes:

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- For purposes of this presentation covered members are reflected as the actual members (retiree and spouse are counted separately)
- Individual Medicare plans rate are based upon member living in Kent County
- Some Medicare Advantage plans were not included in this presentation as the network did not include local providers such as Spectrum Health Grand Rapids