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

<table>
<thead>
<tr>
<th>Service Years</th>
<th>Retirement on or before July 1, 1989</th>
<th>August 1, 1998 through July 1, 2008</th>
<th>Retirement on or after August 1, 2008</th>
<th>Disability Recipients</th>
</tr>
</thead>
<tbody>
<tr>
<td>5-9.999</td>
<td>50.00%</td>
<td>Not eligible</td>
<td>50%</td>
<td></td>
</tr>
<tr>
<td>10-14.999</td>
<td>17.50%</td>
<td>100%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>15-19.999</td>
<td>17.50%</td>
<td>50%</td>
<td>100%</td>
<td></td>
</tr>
<tr>
<td>20-24.999</td>
<td>17.50%</td>
<td>25%</td>
<td>50%</td>
<td></td>
</tr>
<tr>
<td>25-29.999</td>
<td>17.50%</td>
<td>17.5%</td>
<td>30%</td>
<td></td>
</tr>
<tr>
<td>30-34.999</td>
<td>17.50%</td>
<td>20%</td>
<td>17.50%</td>
<td></td>
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</table>

<table>
<thead>
<tr>
<th>Spouse Premium</th>
<th>Child(ren) Premium</th>
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</thead>
<tbody>
<tr>
<td>24.999 or less</td>
<td>100%</td>
</tr>
<tr>
<td>25-29.999</td>
<td>90%</td>
</tr>
<tr>
<td>30+ years</td>
<td>80%</td>
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</tbody>
</table>

Spouse premium is based on service retiree, disability recipient, or member’s service credit.
### Most Common Subsidized Member Premiums

#### Aetna Non-Medicare

<table>
<thead>
<tr>
<th>Benefit Type</th>
<th>Member Share</th>
<th>SERS Share</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Service</td>
<td>20% / $284</td>
<td>$998</td>
<td>$1,282</td>
</tr>
<tr>
<td>Disability</td>
<td>17.5% / $253</td>
<td>$1,029</td>
<td>$1,282</td>
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</table>

#### Aetna Medicare

<table>
<thead>
<tr>
<th>Benefit Type</th>
<th>Member Share</th>
<th>SERS Share</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Service</td>
<td>17.5% / $64</td>
<td>$134</td>
<td>$198</td>
</tr>
<tr>
<td>Disability</td>
<td>17.5% / $64</td>
<td>$134</td>
<td>$198</td>
</tr>
</tbody>
</table>
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
  - Expenses: $79M (53%)

- Medicare
  - Expenses: $71M (47%)

Additions

- Medicare Subsidies and Other Receipts*
  - Premiums: $57M (80%)

- Non-Medicare Enrollment: 5,685
- Medicare Enrollment: 38,002

* Aetna MA Risk Share and PDP Subsidy
Non-Medicare Program 2018 (All Plans)

Expenses

- Medicare: $71M (47%)
- Non-Medicare: $79M (53%)

Additions

- Premiums: $22M (31%)
- SERS Contributions

Medicare Enrollment: 38,002
Non-Medicare Enrollment: 5,685
Non-Medicare Program 2018
(Aetna Only)

Total Claims

- Service $38M 56%
- Disability $30M 44%

Enrollment

- Service Enrollees 4,775 80%
- Disability Enrollees 1,231 20%
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)

<table>
<thead>
<tr>
<th>Year</th>
<th>Jan</th>
<th>Feb</th>
<th>Mar</th>
<th>Apr</th>
<th>May</th>
<th>Jun</th>
<th>Jul</th>
<th>Aug</th>
<th>Sep</th>
<th>Oct</th>
<th>Nov</th>
<th>Dec</th>
<th>Overall Year Median</th>
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<tr>
<td>2014</td>
<td>59</td>
<td>59</td>
<td>59</td>
<td>60</td>
<td>62</td>
<td>61</td>
<td>60</td>
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<td>2015</td>
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<td>2016</td>
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<td>61</td>
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<td>59</td>
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<tr>
<td>2017</td>
<td>60</td>
<td>60</td>
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<td>61</td>
<td>61</td>
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<td>62</td>
<td>58</td>
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<td>61</td>
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<tr>
<td>2018</td>
<td>60</td>
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<tr>
<td>2019</td>
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## Profile: Non-Medicare Disability Population

### Differences between Old and New Disability Gross Benefit Amount

<table>
<thead>
<tr>
<th>Disability Plan</th>
<th>Benefit Type</th>
<th>Count</th>
<th>Label</th>
<th>Mean</th>
<th>Median</th>
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<tbody>
<tr>
<td>NEW</td>
<td>Disability</td>
<td>170</td>
<td>Gross Benefit Amount</td>
<td>$1,496</td>
<td>$1,372</td>
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<td></td>
<td></td>
<td></td>
<td>HC Service Credit</td>
<td>16</td>
<td>16</td>
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<tr>
<td></td>
<td>Service</td>
<td>560</td>
<td>Gross Benefit Amount</td>
<td>$2,219</td>
<td>$1,883</td>
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<td></td>
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<td>HC Service Credit</td>
<td>28</td>
<td>30</td>
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<tr>
<td>OLD</td>
<td>Disability</td>
<td>502</td>
<td>Gross Benefit Amount</td>
<td>$2,510</td>
<td>$2,452</td>
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<td></td>
<td>HC Service Credit</td>
<td>33</td>
<td>34</td>
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<tr>
<td></td>
<td>Service</td>
<td>2,666</td>
<td>Gross Benefit Amount</td>
<td>$2,737</td>
<td>$2,544</td>
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<td></td>
<td>HC Service Credit</td>
<td>31</td>
<td>30</td>
</tr>
</tbody>
</table>
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

<table>
<thead>
<tr>
<th>County</th>
<th>Plan Count</th>
<th>Premium</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hamilton</td>
<td>48</td>
<td>Lowest: $501.36</td>
</tr>
<tr>
<td>Cuyahoga</td>
<td>39</td>
<td>Lowest: $527.53</td>
</tr>
<tr>
<td>Franklin</td>
<td>30</td>
<td>Lowest: $496.36</td>
</tr>
<tr>
<td>Stark</td>
<td>83</td>
<td>Lowest: $510.71</td>
</tr>
</tbody>
</table>

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