



Health Care Sustainability Highlights

February 16, 2023

The February Health Care Sustainability discussion began with a recap of data provided in December concerning Marketplace counseling for non-Medicare retirees, the advantages and disadvantages of bringing counseling services in-house, and changing SERS' health care premium subsidies based on years of service.

Currently, SERS provides voluntary counseling services to retirees enrolled in SERS' non-Medicare coverage so they can find an affordable plan that meets their medical needs. These services are provided by HealthScope Benefits (HSB). HSB also verifies Medicaid eligibility, assists with Marketplace plan enrollment and Medicaid application, coordinates plan administration and claims reimbursement for SERS' Marketplace Wraparound HRA, and assists retirees with out-of-state coverage. They provide two SERS-dedicated, Marketplace-trained agents with additional trained staff that can assist during high-volume times or absences. SERS regularly monitors these agents and their service ranks high based on feedback from SERS retirees.

The SERS Board agreed with mandatory Marketplace counseling for new non-Medicare retirees. A proposed amendment to SERS' health care rule will be prepared for the next Board meeting.

This change will add approximately 500 calls per year. Marketplace counselors will work with the retirees to find an affordable Marketplace plan that meets their unique needs. Ultimately, the retiree will make the decision to enroll in a Marketplace plan or SERS' self-insured plan. Based on the data received from the voluntary counseling, we expect that a large percentage of non-Medicare retirees will find a Marketplace plan that is more affordable and has equal or better coverage than the SERS plan; however, we conservatively project only 15% to make that choice.

The Board also approved retaining HSB for the non-Medicare counseling calls, as the costs for bringing that service in-house exceeded the additional costs of expanding SERS' volume with HSB.

Finally, the SERS Board agreed to equalize service and disability health care premiums in the non-Medicare self-insured plans. The Board considered this a fairness issue as the highest cost members were contributing less to premiums. A motion and rule change will be prepared for upcoming meetings to formalize the intent.

Combined, the Board's approved changes to non-Medicare counseling and equalization of premiums for service and disability retirees will increase the sustainability of the Health Care Fund. According to Cavanaugh Macdonald, SERS' independent actuary, for every 50 retirees who choose a Marketplace plan, the Health Care Fund would save approximately \$1 million in coverage costs. In addition, equalizing the service and disability premiums would save approximately \$3 million. This equates to adding four years to the Health Care Fund's solvency. Should the savings reach \$10 million, 22 years of solvency would be added.

The Board also considered changes to the current premium structure for years of service but declined to make any changes at this time.