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Greater Tompkins County Municipal Health Insurance Consortium Medicare-Aged Retiree Benefit Overview

Historically, when a retiree became eligible for Medicare, usually at 65, they were enrolled in the Medicare Part A Plan, and they were given the option to enroll in the Medicare Part B Plan. If a retiree fails to enroll in Medicare Part B when first eligible, they could be subject to premium penalties and delays in enrolling. These coverages, often referred to as “Original Medicare” have provided less and less benefit over the years and did not provide any pharmacy benefit coverage. To illustrate how the coverage has lessened over the years, we have included a chart of the member costs for the program over the past 20+ years:

Year	Part A Deductible	Hospital Coinsurance		SNF Coinsurance	Part B Deductible	Part B Premium	Premium % of Increase
		Per Day (61-90)	Per Day (91-150)	Per Day (21-100)		New Enrollees	
1990	\$592.00	\$148.00	\$296.00	\$74.00	\$75.00	\$28.60	-10.34%
1991	\$628.00	\$157.00	\$314.00	\$78.50	\$100.00	\$29.90	4.55%
1992	\$652.00	\$163.00	\$326.00	\$81.50	\$100.00	\$31.80	6.35%
1993	\$676.00	\$169.00	\$338.00	\$84.50	\$100.00	\$36.60	15.09%
1994	\$696.00	\$174.00	\$348.00	\$87.00	\$100.00	\$41.10	12.30%
1995	\$716.00	\$179.00	\$358.00	\$89.50	\$100.00	\$46.10	12.17%
1996	\$736.00	\$184.00	\$368.00	\$92.00	\$100.00	\$42.50	-7.81%
1997	\$760.00	\$190.00	\$380.00	\$95.00	\$100.00	\$43.80	3.06%
1998	\$764.00	\$191.00	\$382.00	\$95.50	\$100.00	\$43.80	0.00%
1999	\$768.00	\$192.00	\$384.00	\$96.00	\$100.00	\$45.50	3.88%
2000	\$776.00	\$194.00	\$388.00	\$97.00	\$100.00	\$45.50	0.00%
2001	\$792.00	\$198.00	\$396.00	\$99.00	\$100.00	\$50.00	9.89%
2002	\$812.00	\$203.00	\$406.00	\$101.50	\$100.00	\$54.00	8.00%
2003	\$840.00	\$210.00	\$420.00	\$105.00	\$100.00	\$58.70	8.70%
2004	\$876.00	\$219.00	\$438.00	\$109.50	\$100.00	\$66.60	13.46%
2005	\$912.00	\$228.00	\$456.00	\$114.00	\$110.00	\$78.20	17.42%
2006	\$952.00	\$238.00	\$476.00	\$119.00	\$124.00	\$88.50	13.17%
2007	\$992.00	\$248.00	\$496.00	\$124.00	\$131.00	\$93.50	5.65%
2008	\$1,024.00	\$256.00	\$512.00	\$128.00	\$135.00	\$96.40	3.10%
2009	\$1,068.00	\$267.00	\$534.00	\$133.50	\$135.00	\$96.40	0.00%
2010	\$1,100.00	\$275.00	\$550.00	\$137.50	\$155.00	\$96.40	0.00%
2011	\$1,132.00	\$283.00	\$566.00	\$141.50	\$162.00	\$96.40	0.00%
2012	\$1,156.00	\$289.00	\$578.00	\$144.50	\$140.00	\$99.90	3.63%
2013	\$1,184.00	\$296.00	\$592.00	\$148.00	\$147.00	\$104.90	5.01%
2014	\$1,216.00	\$304.00	\$608.00	\$152.00	\$147.00	\$104.90	0.00%
2015	\$1,260.00	\$315.00	\$630.00	\$157.50	\$147.00	\$104.90	0.00%
2016	\$1,288.00	\$322.00	\$644.00	\$161.00	\$166.00	\$121.80	16.11%
2017	\$1,316.00	\$329.00	\$658.00	\$164.50	\$183.00	\$134.00	10.02%
2018	\$1,340.00	\$335.00	\$670.00	\$167.50	\$183.00	\$134.00	0.00%
2019	\$1,364.00	\$341.00	\$682.00	\$170.50	\$185.00	\$135.50	1.12%
2020	\$1,408.00	\$352.00	\$704.00	\$176.00	\$198.00	\$144.60	6.72%
2021	\$1,484.00	\$371.00	\$742.00	\$185.50	\$203.00	\$148.50	2.70%

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As an example of the member cost increases over the years, an inpatient hospital stay was subject to a \$592 deductible upon admission in 1990. Today, the inpatient hospital deductible has risen to \$1,484 which is a substantive amount for most retirees.

Over the years to assist retirees with the cost of their medical care, many employers have offered retiree health insurance generally at a reasonable cost. Historically, employers provided this coverage in one of two ways:

1. Same coverage as the active employees, referred to as a Medicare Carveout option; or
2. A separate Medicare Supplement Plan which picks up the balances left by Medicare.

The first option was traditionally the most popular option and Medicare-aged retirees would have their medical care costs submitted to Medicare and whatever was left over was then submitted to the employer’s group health insurance plan for a secondary payment. In addition, the employer’s group health insurance plan would pay for prescription drugs on a primary basis.

The Medicare Supplement Plan option typically did not come with a pharmacy benefit plan. As a result, many Medicare-aged retirees were obligated to pay for their prescription medications out of their pocket directly to the pharmacy.

The Consortium currently offers a Medicare Supplement Plan, the most common which being the “MS-4 Plan” which includes a pharmacy benefit option. The pharmacy benefits for the MS-4 Plan are summarized below for your reference and review:

		In-Network	Out-of-Network
Retail Pharmacy Patient Cost Sharing	Tier 1	\$15.00	Not Covered
	Tier 2	\$30.00	Not Covered
	Tier 3	\$45.00	Not Covered
	Days Supply Limit	30-Days	Not Covered
Mail-Order Pharmacy Patient Cost Sharing	Tier 1	\$30.00	Not Covered
	Tier 2	\$60.00	Not Covered
	Tier 3	\$90.00	Not Covered
	Days Supply Limit	90-Days	Not Covered

The current premium for Medicare Supplement Plan MS-4 is \$604.81 per Medicare-aged enrollee. This monthly premium rate is per person and is substantially below the premium rates associated with the Consortium’s Traditional Indemnity and PPO Plans.

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There is a third option which has become increasingly more popular with employers in recent years, often referred to as a Medicare Advantage Plan. The Medicare Advantage Plan combines the Original Medicare Parts A and B with a traditional health insurance plan, typically including prescription drug coverage. These plans are funded primarily through a Federal Government subsidy paid to insurance carriers which can total upwards of \$10,000 per covered life. This high level of subsidy payment allows insurance carriers to offer these Medicare Advantage Plans at a very low premium rate and in some cases at no premium cost to the Medicare-aged retiree.

At the moment, the Consortium does not offer a Medicare Advantage Plan, but this is something that has been discussed and will continue to be studied by the Consortium's Joint Committee on Plan Structure and Design. The Consortium must be careful to not fix one problem (high Medicare-aged retiree health insurance costs) only causing another possibly larger problem (increasing the cost of employee health insurance). It is our experience that when an employer removes their Medicare-aged retirees from their base health insurance plan, the premium rates for the active employees and non-Medicare-aged retirees goes up by between 6.0% and 10.0%. Obviously, with this level of impact and with the substantial cost of health insurance, the Consortium must be careful on how it proceeds in this regard.

The issues associated with Medicare-aged retiree coverage can be quite complex. Municipal employers in the Consortium can assist with the control of this cost by ensuring the rules and procedures of the Consortium are followed regarding Medicare-aged retiree benefits. Ensuring Medicare-aged retirees are moved from an active sub-group to a retiree sub-group will lessen the burden on the Consortium as Medicare will become the primary insurance carrier at that time.

Please reach out to the Consortium's Executive Director or to Locey & Cahill, LLC if you have any questions about how best to handle a Medicare-aged retiree matter. To assist you with benefit decisions, we have attached to this memo a summary of the current Medicare Supplement Plans for your reference and review. Please let us know if you have any questions about these plans or if we can provide assistance of any kind. Thank You.

**Greater Tompkins County Municipal Health Insurance Consortium
2021 Medicare Supplement Benefit Plan Options and Rates**

Benefit Plan Description		Medicare Supplement (MS1)		Medicare Supplement (MS3)		Medicare Supplement (MS4)	
		Standard Medicare Benefit	Supplemental Benefit	Standard Medicare Benefit	Supplemental Benefit	Standard Medicare Benefit	Supplemental Benefit
Number of Sub-Groups		0		3		2	
Number of County of Tompkins Sub-Groups		0		0		1	
Deductible <i>(only applies to "major medical" services)</i>	Individual	Changes Year to Year	Covers Medicare A & B Deductibles	Changes Year to Year	Covers Medicare A & B Deductibles	Changes Year to Year	Covers Medicare A & B Deductibles
	Family	N/A	N/A	N/A	N/A	N/A	N/A
Out-of-Pocket Maximum <i>(includes only "major medical" coinsurance amounts)</i>	Individual	N/A	N/A	N/A	N/A	N/A	N/A
	Family	N/A	N/A	N/A	N/A	N/A	N/A
Inpatient Hospital Patient Cost Sharing		Medicare Part A Deductible then 20%	Balance after Medicare Covered in Full	Medicare Part A Deductible then 20%	Balance after Medicare Covered in Full	Medicare Part A Deductible then 20%	Balance after Medicare Covered in Full
Emergency Room Patient Cost Sharing		Medicare Part B Deductible then 20%	Balance after Medicare Covered in Full	Medicare Part B Deductible then 20%	Balance after Medicare Covered in Full	Medicare Part B Deductible then 20%	Balance after Medicare Covered in Full
Office Visit Patient Cost Sharing	Primary Care Physician	Medicare Part B Deductible then 20%	Balance after Medicare Covered in Full	Medicare Part B Deductible then 20%	Balance after Medicare Covered in Full	Medicare Part B Deductible then 20%	Balance after Medicare Covered in Full
	Specialist	Medicare Part B Deductible then 20%	Balance after Medicare Covered in Full	Medicare Part B Deductible then 20%	Balance after Medicare Covered in Full	Medicare Part B Deductible then 20%	Balance after Medicare Covered in Full
Diagnostic Lab and X-Ray Patient Cost Sharing		Medicare Part B Deductible then 20%	Balance after Medicare Covered in Full	Medicare Part B Deductible then 20%	Balance after Medicare Covered in Full	Medicare Part B Deductible then 20%	Balance after Medicare Covered in Full
Retail Pharmacy Patient Cost Sharing	Tier 1	Not Covered	Not Covered	\$10.00	Not Covered	\$15.00	Not Covered
	Tier 2	Not Covered	Not Covered	\$25.00	Not Covered	\$30.00	Not Covered
	Tier 3	Not Covered	Not Covered	\$40.00	Not Covered	\$45.00	Not Covered
	Days Supply Limit	Not Covered	Not Covered	30-Days	Not Covered	30-Days	Not Covered
Mail-Order Pharmacy Patient Cost Sharing	Tier 1	Not Covered	Not Covered	\$20.00	Not Covered	\$30.00	Not Covered
	Tier 2	Not Covered	Not Covered	\$50.00	Not Covered	\$60.00	Not Covered
	Tier 3	Not Covered	Not Covered	\$80.00	Not Covered	\$90.00	Not Covered
	Days Supply Limit	Not Covered	Not Covered	90-Days	Not Covered	90-Days	Not Covered
2021 Premium Rates		Medical Rate	\$293.93	Medical Rate	\$293.93	Medical Rate	\$293.93
		Rx Rate	\$0.00	Rx Rate	\$455.35	Rx Rate	\$310.88
		Total Rate	\$293.93	Total Rate	\$749.28	Total Rate	\$604.81