

TRS-Care Changes 2017-18 Transcript

Rhonda Price: Hello, and welcome to TRS Today. I'm your host Rhonda Price, and our guest today is TRS Chief Healthcare Officer, Katrina Daniel. And Katrina, thank you so much for being with us.

Katrina Daniel: Thanks for having me, Rhonda.

RP: Well Katrina, recent legislation is going to have a big impact on the Retiree Healthcare Program for TRS.

KD: That's right.

RP: Can you tell us what these changes mean for TRS care?

KD: Sure. Well, going into the legislative session, TRS-Care was facing significant challenges. The program was looking at a shortfall of more than \$1 billion for the coming biennium, and the shortfall was only going to increase every year after that. To help preserve the program, the Legislature passed a bill that changed the benefits structure. They also added nearly \$500 million in funding to further support it. Then, in June the TRS the TRS Board of Trustees adopted the changes necessary to implement legislation, which adjusted benefits and premiums in TRS-Care. Those changes were necessary to sustain the program going forward.

RP: Getting back to that billion dollar shortfall. Can you help us understand that a little more?

KD: Absolutely. So, the challenges that health plans face are not unique to TRS. Employers and employee health plans across the country face that. You cannot pick up the newspaper or look at the television, without seeing a story about the rising cost of healthcare, and TRS is no exception. TRS is a self-funded health plan, which means that we don't purchase health insurance, we fund the program through premium contributions and contributions from the state and schools. The costs are particularly challenging for retirees, who may experience higher costs than the average population. 4 out of 5 Americans age 50 or older have at least 1 chronic condition, such as diabetes, or hypertension. That means their healthcare costs are more expensive than the average person, and their healthcare needs and costs only increase with age. So together, these increasing costs, with the funding challenges that we were facing, mean that TRS-Care was at risk of becoming too expensive to continue.

RP: So, what are some of the biggest changes retirees can expect to see in their plan options?

KD: Under the new benefits structure, TRS-Care will be divided into two plan structures: one for the population that's not eligible for Medicare, and one for Medicare-eligible retirees and their families. For the population who isn't eligible for Medicare, the plan option will be very similar to TRS-Care 1, with a lower deductible. If you're eligible for Medicare, you have the option to enroll in our Medicare Advantage Program. And we have really structured that plan carefully so that it's a market-leading option. We also eliminated the zero-premium option. And, what's important to note here, is that while some retirees may experience a premium increase, others will experience a decrease, and TRS-Care has not changed premiums for the program in more than a decade. For the non-Medicare population, we also decided to push the effective date from September 2017, to January 1, 2018. We did this to add four more months for members to prepare, ask questions, for us to push out information, and it will also allow retirees to maximize

their current benefits through the rest of the year.

RP: So, let's start with Medicare-eligible retirees. You mention some advantages to that plan. Can you tell us more about those?

KD: That's right. The TRS-Care Medicare Advantage is offered currently through Humana. We have worked very hard to make sure that it offers maximum flexibility. It's not your typical Medicare Advantage Plan, and this is something I want retirees to understand. The flexibility starts with the doctors you see. Most Medicare Advantage Plans have pretty limited networks, but with the TRS plan, participants can go to any doctor they like, as long as the doctor accepts Medicare and is willing to bill Humana. So, if a retiree encounters a doctor who says they don't accept Humana or doesn't accept Medicare Advantage, they should contact us or Humana. We're happy to help reach out to the doctor to let them know that you have the same benefit in-network and out-of-network. The TRS-Care Medicare Advantage Program offers a much richer benefit than the average Medicare Advantage Program. We offer the same benefit in-network and out-of-network. That means, for the retiree, they pay the same co-insurance and co-pays whether they go to an in-network or out-of-network provider. This was an important feature for us to add to our Medicare Advantage Plan because we know it's important to retirees. It also means that when a retiree travels to visit family, they'll be able to access a nationwide network, and they'll receive the same benefits regardless of where in the United States they live or visit. Through Humana, TRS-Care Medicare Advantage Plan members will also have access to services like Well Dine, which delivers meals to your home after a hospital stay, and a free and flexible Silver Sneakers Gym Membership. These are all special programs to help people be their healthiest, and achieve goals like quitting smoking. We also offer a wellness program that rewards members for making healthier choices. One other very important point I want to make, is that our retirees must purchase Medicare Part B. So, while some of our retirees don't have access to free Medicare Part A, they must purchase Part B to be eligible to participate in our Medicare Advantage Plan, which is the only plan we're offering for Medicare-eligible retirees. This is another feature of the TRS-Care Medicare Advantage Program that's unique from other plans in the marketplace. Our retirees, who are not eligible for free Part A, can participate by purchasing B only. But, they must purchase B.

RP: So, what about retirees who are not eligible for Medicare? What can they expect?

KD: For TRS retirees who are not eligible for Medicare, they'll still be eligible for the TRS-Care Standard Plan, which is currently administered by Aetna. This is a health plan that will pay 80% of eligible, in-network medical and prescription expenses, once the deductible is met. But, the plan has some features I think retirees will really like. Participants who take certain maintenance medications for chronic conditions, such as diabetes, or high blood pressure, will be able to get those drugs at no cost. Preventive services, such as your annual physical, cancer screenings, and flu shots are also available at no cost. And, something I'm really excited about is the new Teladoc service, which allows members to access doctors via phone or video chat. It's a convenient option for retirees because they don't have to travel to see a physician for minor health issues, and at \$40 is a more affordable option than a standard office visit. TRS won't administer the Health Savings Account, but members have an ability to open an account through a bank, or other financial institution.

RP: So, with these changes, people will still be able to see their current doctor?

KD: Yes. This was very important to our members, and it was very important to us. We worked hard to make sure our retirees will have access to the same broad network of providers. For

retirees in the TRS-Care Standard Plan administered by Aetna ... retirees will still have access to the same broad network of providers that they have access to today. And, we encourage our retirees to seek out healthcare from in-network providers, when possible. Because that's the best way to make the best use of your healthcare dollars. And, for the TRS-Care, Medicare-eligible retirees ... before any of these changes were put into place, TRS worked closely with Humana to look at the healthcare providers that our members were currently using and found that 96% of those providers were either in Humana's network or willing to bill Humana. This is a very important point that I want retirees to understand because it's a question that we get frequently. If a retiree encounters a doctor who says they don't take Medicare Advantage or don't take Humana, it's important to reach out to TRS or Humana, because we can often help that provider understand, that our plan works differently than most Medicare Advantage plans.

RP: Let's talk now about prescription drug coverage. I know that's something that's on the minds of a lot of retirees.

KD: That's right, and it's something we worked very hard to preserve coverage on. So, we're experiencing, in TRS-Care, a significant rise in drug costs. In fact, it makes up almost 50% of the healthcare cost in TRS-Care. So, we looked at many different ways to save money while minimizing the impact to our membership. We knew it was a concern to our retirees and that's why it was very important to us. We looked at ways to make the coverage better, more efficient, and preserve the best experience for our retirees. For TRS retirees who aren't eligible for Medicare, they will be in the TRS-Care Standard Plan, and we'll have a new Pharmacy Benefit Administrator, starting on September 1, 2017 ... CVS Caremark. We anticipate that the change to this new PBM will be of minimal impact. CVS Caremark is an industry leader in pharmacy benefit administration and in the retail marketplace. That means we were able to bring significant savings to our health plan while maintaining the best experience for our members. And, there's good news for our Medicare Advantage retirees, enrolled in Part D. Many retirees are concerned about the donut hole, or coverage gap for prescription drugs. In TRS care about 35% of our retirees reach that gap. The important thing to know about the the TRS-Care, Part D Plan, is that there is no donut hole. TRS-Care covers the cost of the donut hole or coverage gap.

RP: There's just a lot for everyone to absorb here.

KD: That's right. We've talked about a lot of changes, and we had to make all of these changes to ensure the ongoing viability of TRS-Care. We had no option around that. But, we worked very hard to protect the things that we knew were important to our retirees, and they were important to us as well. We ensure things like access to doctors, in and out-of-network coverage ... That's unique to TRS-Care Medicare Advantage, and we offer a pharmacy benefit plan that's much richer than what's available out in the market. We already talked about this ... The cost of drugs are outpacing, overall healthcare cost, and we had to make changes here, but we wanted to ensure the best possible support around pharmacy costs as well.

RP: So Katrina, I know at the June board meeting you said TRS is committed to making sure retirees understand these changes. So, where can they go for answers, and what can they do to prepare?

KD: We have completely revamped the TRS Healthcare website. We know there are a lot of conversations happening right now about new options, but be sure to visit us online to find the latest and most accurate information about the changes. We also have our e-newsletter, The Pulse, that we've just launched, and we know it's already getting a lot of readers among

retirees. We encourage you to sign up through up your MyTRS account if you haven't already. We'll be hosting information sessions in person and online, for our members. We're still working to finalize our dates and locations, so visit our TRS-Care Events web page for updates. Over the coming months, we will be sending out notices and educational materials, to help everyone prepare for the upcoming changes in January. Humana currently has phone hours, Monday through Friday, 7 am to 8 pm, Central Time. And, of course, you can always contact TRS directly, Monday through Friday, 8 am to 5 pm, Central Time.

RP: Well Katrina, you've really covered a lot of ground today and we appreciate all of the information. Thank you.

KD: Thanks for having me.

RP: And thank you so much for joining us. Be sure to stay tuned for the next edition of TRS Today.