

Evaluating Your Health Insurance Options For 2010

Evaluating SHBP options is not as difficult as you may think; however, it requires you to consider your normal medical expenses, what medical services are covered, the provider network, and prescription drug formularies. Then you can determine the most appropriate option for you—given the services and level of cost and risk that you want to assume.

Step 1 – Evaluate the Benefit Coverages

Review the benefit comparisons—not just the cost factors like deductibles—provided by the State Health Benefit Plan (SHBP). This step is generally fairly easy since the SHBP has standardized the benefits that are offered. All options include benefits for office visits, hospital services, and prescription drugs. Look for limitations on services, such as the number of physical therapy or chiropractic visits. Read statements on all limitations or exclusions, such as for foot care or mental health services or treatment for insomnia and other sleep disorders. If you see that one option excludes coverage for services that you will need and another option covers them, be sure to consider the difference.

Step 2—Evaluate the Provider Network

Review the provider network to determine if your doctors and hospitals are included. All other evaluations are of little value if there are no providers to provide the medical services that you need. Of course, if your provider is not shown in the network, check to see if other physicians and medical facilities in the network would be acceptable to you. You can also ask your provider to become a network provider under the guidelines provided by the vendor (CIGNA or United Healthcare—UHC) you have chosen. If your provider is not shown as included in the provider network of the State’s vendor (CIGNA or UHC) you should check the network of the other State vendor.

For retirees age 65 and older, the Medicare Advantage Plan (MAP) allows in-network payment for all providers who accept Medicare Assignment. This does not mean that all providers who accept Medicare will become what is referred to as “**deemed providers**” under MAP. But the SHBP has provided a process for you to solicit your provider to become a deemed provider under MAP. Be sure to use the entire option name—**SHBP Medicare Advantage Private Fee for Service (MAPFFS) plan**—when asking the provider if he/she **accepts or will accept MAP because** the MAP offered by the SHBP is a different product from the MAP that is offered directly to the public by CIGNA or UHC. However, a provider may choose to become a “deemed provider” for another SHBP member, but not for you or for you one time and not another time.

Step 3—Evaluate the Prescription Drug Preferred Lists (Formularies)

Prescription drugs can be very expensive; therefore, you should check the preferred lists of the two SHBP vendors to determine the tier under which your drugs are included. Make a list of your drugs and the tier levels. Remember that several pharmacies offer specific generic drugs at \$4 for a 30-day or \$10 for a 90-day supply. Also note that any prescription with **an allowable cost of \$100 or more** will have the same copay under either the Standard or Premium MAP options.

Step 4—Evaluate Your Expected Cost and Risk

To evaluate your expected cost, you should include premiums, copays and coinsurance, out-of-pocket maximums, deductibles and limitations on benefits. Although there are payment differences between the in-network and out-of-network providers, these payment differences are not discussed in this article.

You should begin your evaluation by compiling your 2008 or 2009 medical expenses. Use the year's expense that you feel will better represent your 2010 medical services. If you do not have records showing the number of services that you received,

- estimate the number of doctor visits, physical therapy visits, or chiropractic visits, etc. per month (quarter or year);

- review your prescription drugs to determine the tier (generic, preferred brand, non-preferred brand) for each prescription;
- determine if you need to reduce your cost risk of emergency room visits, surgery, hospital inpatient or outpatient visits;
- calculate the costs and compare the options of your interest.

Medical costs in **Table I, "Evaluating Your Cost"** is calculated for **single coverage** for (1) **a retiree under age 65 and (2) a member age 65 or older** who chooses to enroll in a MAP option. Footnotes reflect the difference in medical costs for **a member age 65 or older** who chooses to retain the HMO or PPO. Benefit statements in Tables VII and VIII provide the basis for the calculations. The medical cost amounts **are not intended to be your costs**, but reflect an example of how you can estimate your cost and risk. The comparison highlights both common and infrequent, i.e. hospital costs, types of expenses.

Tables II through IV combine the medical and premium costs to show the estimated total for single coverage and the three categories of retirees.

Evaluating Your Annual Medical Cost (Table I)						
Service	Allowable Cost	You Pay For Service ¹				Add to OOP
		PPO/HMO	HRA	MAP Standard	MAP Premium	
Wellness Physical	\$250	0	0	0	0	
6 office visits (bi-monthly) @ \$100 each & copay times 6	600	210	\$500 paid from credit leaving \$100 ²	120	60	No for all except HRA
Emergency Room visit	1,000	800 ³	575 ⁴	50	50	Yes
Hospital visit (5 days)	9,000	1,200 ⁵	1,325 ⁶	760	300	Yes
Rx (2 Tier 1 each month)- 2 x 12 x \$15	360	360	0	240	240	No
Rx (2 Tier 2 each month) 1 x 12 x \$80 & 1 x 12 x \$100 ⁷	2,160	480 480	0	300 300	240 300	No
Totals⁸ OOP – Medical Services	\$13,370	\$3,530⁹	\$2,000 plus \$500 credit	\$1,800	\$1,190	

¹ These payments are approximations and the order of some medical expenses will affect your payment because the deductible or out-of-pocket (OOP) may be affected, especially in the HRA, PPO (OAP), or HMO.

² Payment by patient is \$100 after HRA credit pays \$500. All \$600 is included in the annual Deductible and the OOP maximum.

³ \$600 annual deductible plus \$150 deductible plus 20% of \$250 remainder (\$600+\$150+\$50) – satisfied annual deductible and accumulated \$800 in OOP maximum for the under age 65 retiree. **With Medicare**, you pay \$600 annual deductible and \$150 emergency room deductible (if all deductibles must be paid by the member) or **\$750** rather than the example \$800.

⁴ Patient pays \$500 because of the remaining annual deductible and 15% of other \$500 (\$500 plus \$75).

⁵ Patient pays \$250 deductible plus 20% of \$8,750 up to \$2,000 OOP maximum; therefore, under age 65 retirees meet the OOP maximum with \$1,200. A **Retiree with Medicare Parts A and B** would have a cost of \$250 because of coordination with Medicare.

⁶ Patient has met \$1,100 annual deductible and pays 15% up to the \$2,500 OOP maximum (\$9,000 X 15% = \$1,350); therefore, previous out-of-pocket is \$1,175 (\$600 plus \$575) and an additional payment of \$1,325 satisfies the annual \$2,500 OOP maximum.

⁷ If a prescription has an allowable cost of \$100 or more, the copayment under the Standard and Premium MAP options is the same.

⁸ If the member does not have a hospital confinement, the costs for the year is much less.

⁹ A retiree who chooses to remain in the PPO (OAP) would have an out-of-pocket cost of \$600 plus office visit and Rx copays because of a change in coordination of benefits policy; however, if the new Coordination of Benefits policy requires the retiree to pay all deductibles, he/she would pay \$600+\$150+\$250+copays in this example.

Example Total Annual Cost with Premiums and Medical Services (Table II) (Retiree under age 65)			
	HMO	PPO (OAP) ¹⁰	HRA
Annual Premiums (Table V) SHBP Option	\$ 1,202.40	\$ 1,136.40	\$ 750.00
Medical Services Cost (Table I)	3,530.00	3,530.00	2,000.00
Example: Total Cost With Premiums	\$ 4,732.40	\$ 4,666.40	\$2,750.00

Example Total Annual Cost with Premiums and Medical Services (Table III) (Retiree age 65 and older- Retaining pre-2010 Option)			
	HMO	PPO (OAP)	HRA
Annual Premiums (Table V) SHBP Option, Medicare Part B Medicare Part D	\$ 2,188.80 1,156.80 384.00	\$ 2,415.60 1,156.80 384.00	\$2,304.00 1,156.80 384.00
Medical Services Cost (Table I) ¹¹	\$ 2,530.00	\$ 2,530.00	\$ 2,000.00
Example: Total Cost With Premiums	\$ 6,259.60	\$ 6,486.40	\$5,844.80

Example Total Cost with Premiums and Medical Services (Table IV) (Retiree age 65 and older- MAP Options)		
	MAP Standard	MAP Premium
Annual Premiums (Table VI) SHBP MAP Medicare Part B (No Medicare Part D)	\$ 231.60 1,156.80	\$ 711.60 1,156.80
Medical Services Cost (Table I)	1,800.00	1,190.00
Example: Total Cost With Premiums	\$ 3,188.40	\$ 3,058.40

Conclusion

After you have evaluated benefits, provider issues, and preferred drug lists, you should calculate your anticipated costs for 2010. The annual premium costs shown in Tables II through IV are annualized monthly rates set by DCH; however, your total medical cost will vary depending upon the number and type of services that you actually receive during the year. Remember, **copayments for office visits and prescription drugs for all options other than the HRA are in addition to any deductibles and out-of-pocket maximums** and will continue after you meet the OOP amount.

- **Retirees under age 65** will see an increase in out-of-pocket cost during 2010 because of the increase in premiums, deductibles, copayments, and coinsurance amounts. If the retiree under age 65 does not experience a hospital admission or emergency room visit, the OOP costs for medical services should be much less than the amounts reflected by option in Tables I and II.
- **Retirees age 65 or older who choose to retain the HMO, PPO (OAP), HRA or HDHP** will see a substantial increase in OOP costs for 2010. The premium rates do not reflect any state contribution and the SHBP is changing the “Coordination of Benefits” provisions. That means you will not receive almost 100% of medical

¹⁰ SHBP Retiree Option Change Period Guide will refer to the PPO as the Open Access Plan (OAP). DCH is changing the provider network from the PPO network to the Open Access Plan network. Providers who were included in the 2009 UHC PPO network may not be included in the 2010 UHC OAP network. The CIGNA network is not affected by this change.

¹¹ See footnotes 3 and 5 to determine the OOP for Retirees having Medicare. If only the \$600 annual deductible is required before 100% Medicare coordination, the “Medical Cost” is \$2,130 instead of \$2,530 (\$210+\$750+\$250+\$360+\$480+\$480).

cost—except for prescription drugs—through the combination of Medicare and the HMO, PPO (OAP), HRA, or HDHP. You will be required to pay the office and Rx copays and the deductibles regardless of the Medicare payment¹². Table I shows expense without Medicare coordination. The cost with Medicare coordination for these services is \$6,259.60 (HMO), \$6,486.40 PPO (OAP), or \$5,844.80 HRA as reflected in Table III.

- **Retirees age 65 or older who choose one of the MAP options** will have the lowest OOP (with premiums). Under the MAP Premium option you will pay an additional \$480 in annual premiums over the MAP Standard option. The major difference between the MAP Premium and Standard options will be whether you want to reduce the risk of the higher copayment for a hospital admission or skilled nursing episode. However, if you experience frequent office visits, the MAP Premium option will reduce your copay by \$10 for each office visit, and if you use brand drugs (either preferred or non-preferred where the allowable cost is under \$100, the MAP Premium option will reduce the copayment for each prescription. The basic question is, “Do you want to pay \$480 in premiums during the year:
 - to reduce the risk of a hospital admission which may cost you \$300 rather than \$760, or
 - do you have a sufficient number of office visits and medium priced drugs to compensate for the higher premium of \$480 annually, or
 - you simply want to pay \$40 extra per month to reduce by \$500 your risk of annual out-of-pocket medical cost.

Only you can make the decision about the option. The SHBP will send you an individualized change form that will show your exact premium for each option for which you are eligible. Along with the change form, you will be provided a more in-depth description of the benefits. Please read the material carefully and make a decision that best provides for you and your family.

The cost calculations in Tables I through IV are based on information in Tables V through VIII—Premium rates, MAP benefit comparisons (Standard and Premium), and benefit changes for the HMO, PPO (OAP), HRA, and HDHP for January 1st. Although Retiree Premium Rates are shown for 2009 and 2010, **this article uses only the 2010 premium rates in Tables II through IV for the PPO¹³ (OAP), HRA, and MAP options.**

SHBP Retiree Monthly Premiums (Table V)								
Coverage Tier	HMO CIGNA & UHC		HDHP CIGNA & UHC		HRA CIGNA & UHC		PPO/OAP CIGNA & UHC	
	2009	2010	2009	2010	2009	2010	2009	2010
Single under 65	91.10	100.20	49.50	54.40	56.92	62.50	86.10	94.70
Single 65+ with Full Medicare ¹⁴	37.80	182.40	1.70	177.40	13.46	192.00	32.90	201.30
Family under 65	218.20	240.00	160.60	176.70	173.74	191.10	256.90	282.60
Family 65+ with Full Medicare	103.50	333.40	53.56	323.40	76.42	352.60	142.40	371.30
Family 1 under 65 and 1 over 65 with MAP Standard	NA	119.50	NA	73.70	Not Available	81.80	NA	114.00
Family 1 under 65 and 1 over 65 with MAP Premium	NA	159.50	NA	113.70	NA	121.80	NA	154.00

¹² SHBP materials may provide additional information about the coordination rules; therefore, this statement may change when the SHBP materials are received.

¹³ SHBP is changing the Other Coverage Coordination (including Medicare) in the PPO (OAP) provisions in 2010; therefore, members who retain the PPO (OAP), HRA, or HMO and original Medicare will have more out-of-pocket cost in 2010 than in 2009.

¹⁴ Full Medicare means Part A, Part B, and Part D.

Medicare Advantage Plan (PFFS) – Retiree Monthly Premiums (Table VI)				
Coverage Tier	MAP Standard		MAP Premium	
	2009	2010	2009	2010
Single 65+ with Medicare ¹⁵	17.50	19.30	NA	59.30
Family 65+ with Medicare	35.00	38.60	NA	118.60

Table VII displays the benefit comparison for the MAP Standard and Premium options that are offered in 2010 to retirees age 65 and over.

Medicare Advantage (PFFS) Benefit Comparison (Major Components¹⁶) – (Table VII)		
Benefit Category	MAP Standard (You Pay)	MAP Premium (You Pay)
Out-of-pocket Maximum (excludes copays for office visits and drugs) – You Pay	\$1,000	\$500
Hospital Inpatient – Unlimited Days	\$190 per day (1-4 days per admission)	\$100 per day (1-3 days per admission)
Skilled Nursing Facility (100 day limit)	\$50 per day for days # 11-100	\$25 per day for days # 11-100
Emergency Room Copay	\$50	\$50
Urgent Care	\$25 copay	\$20 copay
Primary Care Physician	\$20 copay	\$10 copay
Specialist office visit	\$25 copay	\$20 copay
Hospital Outpatient/Ambulatory Surgical Center	\$95 copay	\$50 copay
Prescription Drug (Rx) Copay	\$10 Tier 1, \$25 Tier 2, \$50 Tier 3	\$10 Tier 1, 25% up to \$25 Tier 2, 25% up to \$50 Tier 3

Table VIII shows the **2010 primary Benefit Changes for the HMO, PPO (OAP), HRA and HDHP** plans. These benefit cost amounts are used in the “You Pay” columns in the “Evaluate Your Cost” table.

Benefit Changes – January 1, 2010 (Table VIII)						
Benefit	HMO/PPO-OAP		HRA		HDHP	
	2009	2010	2009	2010	2009	2010
Deductible (Single)	\$ 500 ¹⁷	\$ 600	\$ 1,000	\$ 1,100	\$ 1,150	\$ 1,200
Out-of-Pocket Maximum (Single)	1,500+ copays	2,000+ copays	2,000	2,500	1,700	1,800
Member Coinsurance	10%	20%	10%	15%	10%	Not Mentioned
Office Visit Copay/Coinsurance	30	35	10%	Not ¹⁸ Mentioned	10%	Not Mentioned
Emergency Room Copay/Coinsurance	100	150	100	Not Mentioned	100	Not Mentioned

¹⁵ Medicare means Parts A and B or only Part B.

¹⁶ SHBP materials that were mailed to you in August 2009.

¹⁷ \$400 deductible for HMO in 2009.

¹⁸ “Not Mentioned” means that the DCH Presentation did not mention a change and presumably will not change the provision; however, members should review for clarification SHBP materials, which should be furnished in October by the SHBP.

Benefit Changes – January 1, 2010 (Table VIII)						
Benefit	HMO/PPO-OAP		HRA		HDHP	
	2009	2010	2009	2010	2009	2010
Prescription Drug Copay/ coinsurance	\$10 Generic \$30 for Preferred Brand	\$15 Generic \$40 for Preferred Brand	10% Subject to Deductible	15% Generic 25% for Preferred Brand	20%, subject to Deductible with \$10 Min & \$100 Max	Not Mentioned

**DON'T MISS THE THIRD ANNUAL MEETING OF YOUR GEORGIA
STATE RETIREES ASSOCIATION!**

WHEN: WEDNESDAY, OCTOBER 21, 2009 12:15-5:00PM

**WHERE: GEORGIA PUBLIC SAFETY TRAINING CENTER
FORSYTH, GA**

FOR MORE INFO: Visit the Website at www.MyGSRA.com

*Please RSVP by email to communications@mygsra.com & tell us how many to expect. Or
drop a note to GSRA, Inc., PO Box 108, Bethlehem, GA 30620.*