

THE OFFICE OF
RETIREMENT SERVICES
CITY OF SAN JOSE

Retiree Medical Plan Changes Coming in 2020

Objectives for this presentation

- To provide advanced notice of the upcoming changes in retiree medical options
- To review the “DRAFT” version of the Retiree Medical rates for 2020
- To provide high-level plan info on the new Anthem plans
- To explain how a Medicare Advantage plan works
- To help retirees prepare for change

What is changing and why?

The medical insurance providers are changing in 2020.

- Will we still have Kaiser Permanente? **YES**
- Will we still have Sutter Health Plus? **NO**
- Will we still have Blue Shield? **NO**
- Will we have a new provider? **YES, Anthem Blue Cross.**

Why are the plans changing?

- Current options are cost prohibitive for the City
- Current options have restricted service areas
- Currently very little choice for out-of-state retirees
- Striving for more balanced enrollment, currently 85% are in Kaiser

Who made this decision?

- The City along with the employee unions agreed there was a need to seek new options for medical insurance
- The RFP was posted in February of 2019
- 5 companies responded and all 5 were invited to interview and present their proposals
- The RFP committee consisted of employee union members, retiree association members, employees from multiple departments including ORS and the HR, and the HR Director

Is the retiree's cost for medical changing in 2020?

- The medical plan rates change every year
- In 2020 some rates went up, some went down
- Let's review the rate sheet handout

What are the Anthem plan options?

- Anthem \$20 Copay Select HMO
- Anthem \$1,500 Deductible Select HMO
- Anthem \$100 Deductible Classic PPO
- Anthem \$100 Deductible Select PPO
- Anthem \$2,500 High Deductible Classic PPO
- Anthem **Medicare Advantage** HMO
- Anthem **Medicare Advantage** PPO

Select? Classic? What do these terms mean?

- These words describe the Network of doctors available in that plan

Select = Smaller network of doctors

Classic = Larger network of doctors

- Classic plans have higher monthly premiums because there's a larger selection of doctors to choose from

How does a HMO plan differ from a PPO plan?

- HMOs require you to select a Physicians Group and to go through your with a Primary Care Physician for all referrals
- Kaiser is an example of an HMO. Kaiser members must stay within Kaiser for all of their services, prescriptions, physical therapy, etc.
- PPOs allow you to see any doctor, cheaper if the doctor is in network. You **do not** need referrals to see a specialist. You find the specialists! (example:Dermatology, Orthopedics, Cardiology etc.)
- PPO=More flexibility → higher monthly premiums

Anthem Select Network Options in San José

- Local Anthem Select Physician Groups include:

- Santa Clara IPA (SCCIPA)
- Affinity Medical Group
- Physicians Medical Group
- Dignity Health
- Alta Bates Medical Groups
- Hill Physicians
- Asian American Medical Group

- Local Anthem Select Hospitals include:

- Dominican Santa Cruz
- Good Samaritan Hospital
- O’Connor Hospital
- St Mary’s Medical Center
- El Camino Hospital
- UCSF Hospital
- Regional Medical Center of San Jose
- Chinese Hospital

I like my Sutter Health Plus doctor are they covered in the Select plan?

- No. Anthem Select Network does not include Sutter Health Plus physician groups.
- The Anthem Classic plans do include Sutter doctors. Palo Alto Medical Physicians (PAMF) is only available through the Anthem Classic Network.

What about Medicare plans?

Anthem has two Medicare Advantage plans:

- Medicare Advantage HMO for California residents
- Medicare Advantage PPO available nationwide

What is a Medicare Advantage plan?

- MA plans require you to have a Medicare Card
- MA plans do not bill a primary insurance (Medicare) and a secondary insurance (such as BlueShield).
- In a MA model the insurer (Anthem) pays the full cost of the services directly to the provider. The doctor submits the claim to Anthem and the claim is paid by Anthem only.
- MA plans require that you “Assign” your Medicare rights to the insurance provider. In other words, your Medicare insurance benefits are “locked” inside your Anthem plan and you cannot use your Medicare card for non-Anthem benefits. Anthem assumes all of the risk for your care.
- You will no longer receive notices that Medicare did not pay the claim!

Medicare Advantage PPO...Nationwide Coverage?

- Yes! You can go to ANY doctor who takes Medicare. That doctor does not have to be an Anthem doctor.
- Is there a service area requirement for the Medicare Advantage PPO?
 - No. If you want to travel to a doctor in another state, you can. The ONLY requirement is that the doctor must accept Medicare patients. (Some Doctors are not willing to take Medicare patients.)

I have to change plans...where do I start? Let's do a quiz!

Question 1: What is your highest priority regarding your medical insurance?

- Convenience
- Cost
- Flexibility to select any doctor or hospital
- Keeping all of your current doctors (minimizing change)

Quiz

- Question 2: Is Kaiser an option you would consider?
 - Kaiser is cost effective and very high on the convenience scale but low on the flexibility scale. You can only get services from Kaiser.

Quiz

Question 3: Is it critical for you to keep your current doctors or are you willing to be assigned to a new doctor?

- If your answer is YES, then you are a good fit for the Anthem Select HMO if you live in California.
- Now you will have to determine which HMO option fits your budget. Do you want to pay more per month and only \$20 copay when you see the doctor? Or, do you go to the doctor often due to medical conditions, and it would be less expensive to meet a deductible over time and have a lower per month premium.
- If you answer is NO...continue on

Quiz

- Question 4: If it is critical for you to keep your current doctors, then you have some homework to do. You will need to ask your current doctors a few questions:
 - Are they part of a Medical Group or a Physicians Group?
 - If yes, is their medial group in Anthem HMO Select or Anthem HMO Classic network?
 - If they are not in a physicians group, are they in the Anthem Select PPO network?
 - If no, then your only option is the Anthem Classic PPO.

Quiz

- Question 5: I now know which network my doctor is in, how do I choose between a Deductible plan vs. a copay plan?
 - Easy answer is: if you tend to use the services often and you know that you will probably meet the deductible during the year, then the deductible plan will save you money over the course of a year due to the lower monthly premiums.
 - If you rarely go to the doctor then the copay plan would be more cost effective.

This is the end of the presentation

Did we meet our objectives?

- Changes in retiree medical reviewed**
- 2020 Draft rates reviewed**
- High-level review of the Anthem plans**
- Medicare Advantage model reviewed**

Did I help prepare you for the changes coming in 2020?