

INDIAN RIVER COUNTY
MEMORANDUM

TO: Jason Brown
County Administrator

FROM: Suzanne Boyll
Human Resources Director

DATE: July 12, 2017

SUBJECT: Approval of Blue Medicare Advantage Renewal

BACKGROUND:

Under Florida Statute, retirees of the County are eligible to continue health insurance under the County's self-insured Group Medical Insurance Program. Beginning in 2008, retirees who attain age 65 are provided the option to enroll in the Blue Medicare Advantage Plan. The Board of County Commissioners approved the current Blue Medicare Group PPO 2 RX 1 plan at its August 16, 2016 meeting at a monthly premium of \$365.54. This plan provided the lowest monthly premiums and increased out-of-pocket maximums (from \$1,000/\$2,000 to \$2,000/\$4,000) and increased copays (currently ranging from \$10 to \$150 increasing to \$20 to \$250). Three retirees are insured under this plan. The County provides a health insurance subsidy of 54% for one retiree and 60% for two retirees totaling \$7,632.48 per year.

Staff received a renewal evaluation for the plan year beginning October 1, 2017, reflecting a slight decrease of 0.4% in the monthly premium from \$365.54 to \$363.97. Staff was also provided two additional renewal alternatives for consideration. See attached Alternative #1 and Alternative #2.

Alternative #1 is a 10.6% decrease in premiums and includes a prescription deductible of \$75 for brand drugs as well as increases pharmacy copays (from \$10/\$40/\$70 to \$15/\$45/\$85). Alternative #2 is an increase of 8.7%. This the plan that was in place prior to the current plan. This alternative has reduced out-of-pocket maximums (from \$2,000 to \$1,000) and reduced copays (currently ranging from \$20 to \$250 and reducing to \$10 to \$150).

FINANCIAL IMPACT:

A breakdown of the change in the annual subsidy for each renewal proposal is listed below:

Option	Monthly Premium	Annual IRC Subsidy	Increased Subsidy Amount	Percent
Current PPO 2 RX 1	\$365.54	\$7,632.48	n/a	n/a
Renewal PPO 2 RX 1	\$363.97	\$7,599.69	(\$32.78)	-0.4%
Alternative 1 PPO 2 RX 2	\$326.64	\$6,826.51	(\$805.97)	-10.6%
Alternative 2 PPO 1 RX 1	\$397.46	\$8,298.96	\$666.49	8.7%

Although Alternative 1 is a reduction of 10.6% in premiums/subsidy, it would negatively impact retirees by increasing pharmacy costs substantially. Alternative 2 provides for increasing benefits to the level provided in 2014/2015; however, it also results in increased premiums/subsidy for both the retiree and the County. The renewal option for the current Blue Medicare PPO 2 RX 1 plan, maintains benefit levels and reduces premiums/subsidy slightly for both the retirees and the County. Therefore, staff recommends approval of the renewal of the current plan Blue Medicare PPO 2 RX 1 at a monthly premium of \$363.97.

RECOMMENDATION:

Staff recommends that the Board approve the renewal for the current Blue Medicare PPO 2 RX 1 plan effective October 1, 2017 through September 30, 2018 and authorize the Chair to execute the renewal agreement.

ATTACHMENTS:

- Indian River County Retiree Medicare Advantage Renewal Evaluation effective October 1, 2017