



## **Committee on the Economic and Social Well-Being of the Faculty (CESWF)**

Date: 02/26/2024

### **Agenda**

Today's meeting will be co-chaired by John Thomas and Luke McCarthy, who have gathered up-to-date information and developments regarding retirement benefits. Attached, you will find a set of recommendations crafted on February 5th, 2024. Our aim for the discussion is to review these recommendations in light of the newly acquired information.

#### **Luke McCarthy:**

- I was involved in considerable back-and-forth with the Benefits Office regarding the flexibility of retirees to leave the UM plan and return. I wrote a lengthy email to retirees about leaving the UM plan that I already shared with the CESWF. To summarize, the "Fact Sheet" language about retirees being able to leave at any time this year, not just by the end of February, appears accurate, and UM will now permit retirees to re-enroll during open enrollment in the fall. Upon request, the Benefits Office will also provide a letter in support of a retiree's "guaranteed right" to leave the UM plan and obtain outside coverage at the best rates and without consideration of pre-existing conditions. In the draft recommendations, under "Immediate Recommendations, there is a reference to this letter that I think can therefore be removed because Benefits has already agreed to the request.

**Yasmina Laouar:** Review the recommendations drafted on February 5<sup>th</sup>, 2024, in light of the newly acquired information.



## Attachment

### Fact Sheet U-M Medicare Advantage Plans

U-M's Medicare Advantage plans differ substantially from all commercially available Medicare Advantage plans that may be seen advertised.

- The university customized its plans to include **the same co-pays and benefit levels as the plans available to active employees.**
  - Offers **choice** amongst two HMO plans for Michigan residents or a PPO Medicare Advantage plan with a nationwide network.
- **Comparable provider networks** nationally, including all Michigan Medicine providers.
- U-M's Medicare Advantage plans are for **U-M retirees and survivors only.**
- U-M's Medicare Advantage plans offer **the same coverages and plan design as the plans for active employees.**
- U-M's plans are, however, **less costly** to the university and to the retiree.

#### How are the cost savings accomplished?

Medicare Advantage plans avoid the need for a primary and secondary payer on every claim, significantly reducing administrative costs. Additionally, the federal Centers for Medicare and Medicaid Services (CMS) offer incentives for Medicare Advantage plans that serve to further reduce costs. These incentives are based on health care outcomes and the level of customer satisfaction with the plan. U-M plans are with Physicians Health Plan and Blue Cross Blue Shield, both earning high satisfaction ratings of 4.5 on a 5-point scale. U-M Medicare Advantage plans also offer additional features to qualified members such as lower emergency room copays, unlimited physical therapy visits, and in-home meal service following surgery.

#### Parallel coverage and access

U-M's Medicare Advantage Plans were designed to mirror the coverage levels and design of our plans for active employees, and most providers, including all Michigan Medicine providers, accept Medicare Advantage plans. None of our plans are available on the commercial market. Rather, they were custom designed by the university with the direct involvement of faculty experts and Michigan Medicine leadership such that coverage levels are not reduced.

#### Out-of-pocket maximum costs

Out-of-pocket maximum for all plans is \$3,000. Fixed copays on select services are stated in the benefit summaries. Copays are tracked; when \$3,000 in copays is reached, you will not pay further copays for the rest of the year.

This out-of-pocket maximum has been in place since 2014.

#### Individual providers and hospitals

U-M's Medicare Advantage plan has retained 95% of the Michigan-based providers found in our non-Medicare plan and 92% nationally. While this rate is extremely high, a small number of providers do not accept the plan and alternative in-network providers



need to be selected by members in those cases. For example, the Mayo Clinic main campus in Rochester, MN accepts our PPO plan, but Mayo Clinic network facilities in the Phoenix AZ and Jacksonville FL areas do not. Individual providers, physician groups, and hospitals choose to move in and out of networks periodically. While we cannot guarantee the participation of all providers nationally, we do continue to provide an extensive national network of extraordinary provider quality.

### **Increased affordability**

In the context of rising health care costs nationally, affordability is a significant issue for employers and for many U-M retirees. Newly retired U-M employees pay more per month than those who have been retired longer. Some retirees pay up to \$600/month to cover themselves and a dependent. Our Medicare Advantage plans reduce monthly premiums for retirees by 30% over the amounts that would have been required for our supplemental plan in 2024 while maintaining comprehensive coverage, plan design, and nationwide access to providers.

### **Opting out of the University's Medicare Advantage plans to purchase an individual Medigap policy**

When enrolling in Original Medicare with a Medigap policy (also known as Medicare supplement insurance), individuals may have a special temporary right, referred to as a Guarantee Issue Right, to buy a plan even if you have pre-existing health problems. Federal law requires the protections described above. The state of residence may have other laws that provide more Medigap protections.

It is the University's understanding that Michigan residents have **63 days from the date of disenrolling from U-M's group Medicare Advantage** plan to enroll in a Medigap policy. For example, a member disenrolling from U-M's group Medicare Advantage plan on June 30, 2024 will have until September 1, 2024 to be covered by a Medigap policy.

This information regarding the State of Michigan regulations is based on the University's current understanding of highly complex federal and State of Michigan requirements **and is specific to group Medicare Advantage plan disenrollment**. It is provided for general informational purposes only. It is the responsibility of the plan participant to contact Medicare, the State Health Insurance Program, and/or the insurance carrier you wish to purchase a Medigap policy with to confirm their requirements.

### **Opportunity to re-enroll in U-M's Medicare Advantage plan**

Once disenrolled from a U-M health plan, a retiree may return, **if they have maintained Medigap and prescription drug coverage** from the time of disenrollment to the time of return.

The opportunity to re-enroll in a U-M Medicare Advantage plan will be during the next U-M Open Enrollment period with a January 1 effective date.