

Teachers' Retirement System

of the State of Kentucky

Center for State and Local Government Excellence Summit
in Washington, D.C.



Gary L. Harbin, CPA
Executive Secretary

The Benefits of Group Medicare Advantage



October 2, 2017

Jane Cheshire Gilbert, CPA

Living Longer With the TRS MEHP—Average Age of 74

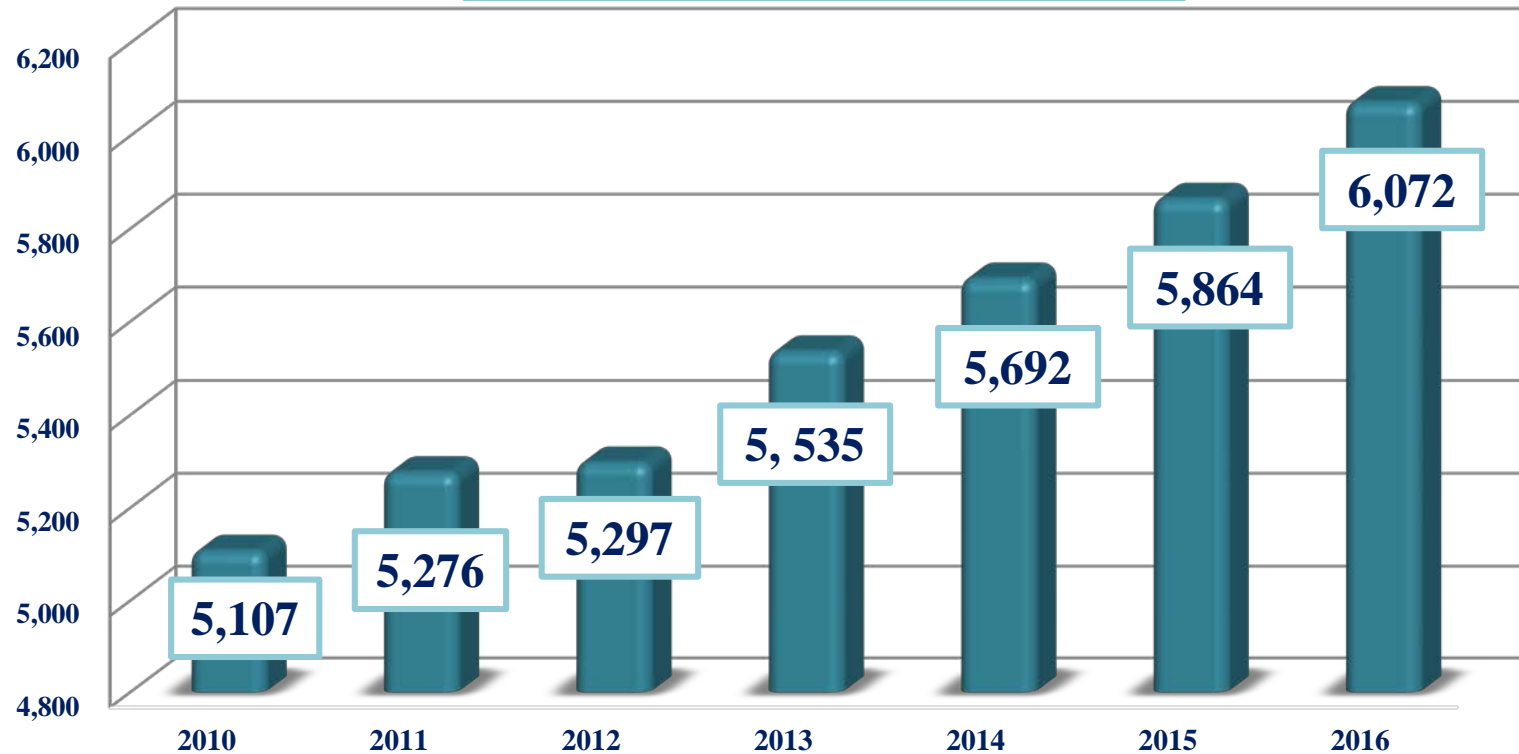
MEHP Membership	As of September 2017	As of January 2007
Retired Medicare Members	29,028	16,152
Medicare Spouses/Adult Dependents	4,847	3,529
Total	33,875	19,681



Longevity for TRS Retirees

Retirees Over 80

As of Dec. 31



Age 100 years old or more

48

Taking Control of Health Care Costs – Five Focus Areas

1. Group Medicare Advantage

2. *Employer Group Waiver Prescription Drug Plan*
3. *Drug Purchasing Alliance/Know Your Rx Coalition*
4. *Biosimilar Legislation*
5. *Shared Responsibility Funding*





Teachers' Retirement System *of the State of Kentucky*

115th U.S. Congress Legislative Concerns
March/April 2017

Ensuring the Sustainability of Medicare Advantage Retiree Coverage

- ◆ 19.4 Million Enrollees (34% of all Medicare beneficiaries)
- ◆ One of every two age-ins to Medicare are enrolling in Medicare Advantage
- ◆ A bipartisan supermajority of Congress opposes any cuts to Medicare Advantage
- ◆ Care coordination has resulted in up to 25% fewer emergency room visits and 25% fewer inpatient hospital days compared to traditional Medicare
- ◆ Continued bending of cost trend for TRS

Moving to a Medicare Advantage National Passive PPO

1964 - 2006	A self-funded Medicare supplement/complement plan
January 2007 - June 2010	A full replacement and fully insured Medicare Advantage private-fee-for-service plan
July 2010 - January 2015	TRS converted to an insured Medicare Advantage passive local PPO and then regional passive PPO
January 2015 - present	TRS converted to an insured Medicare Advantage national passive PPO

Checking the market led to a full-blown request for proposals, resulting in rate guarantees and rate caps with continued savings and competitive prices through December 31, 2020.

Furthermore ...

TRS Medicare-eligible retiree receives an average annual pension of \$36,000

- Replaces Social Security
- Worked for lower salaries expecting valuable benefits such as health insurance at retirement

TRS Medicare-eligible retirees and spouses find group MA to:

- Be stable and dependable
- Be affordable
- Not be limited in provider access — national passive PPO
- Offer value-added benefits

TRS believes it is important to offer care coordination programs and disease management programs on a voluntarily basis compared to unmanaged original Medicare and Medicare supports the tenets of MA:

- Move away from volume to value
- Value-based care via the Stars Rating Program
- Coordinated and less fractured care

Added Benefits of Group Medicare Advantage

- Coverage for a routine hearing exam every 12 months at a \$0 copay
- A \$500 hearing aid allowance every 36 months
- Six routine podiatry visits per calendar year
- Gift card incentives for Medicare Annual Wellness Visit and HouseCalls Visit
- SilverSneakers



Shared Responsibility Results

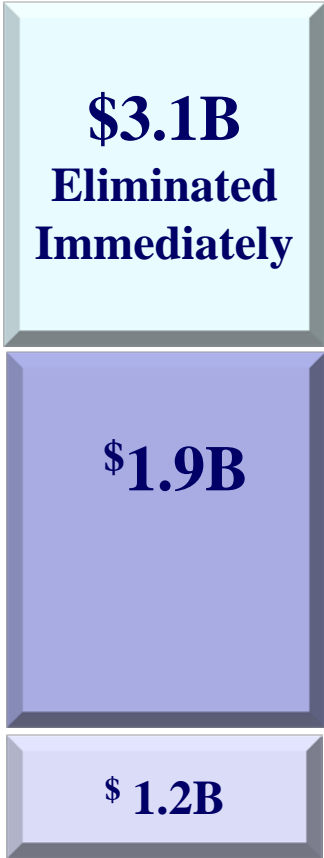
**Liability
Before**



**State's Liability
Reduced
\$5 Billion**

**With Medicare
Advantage and
Other Changes**

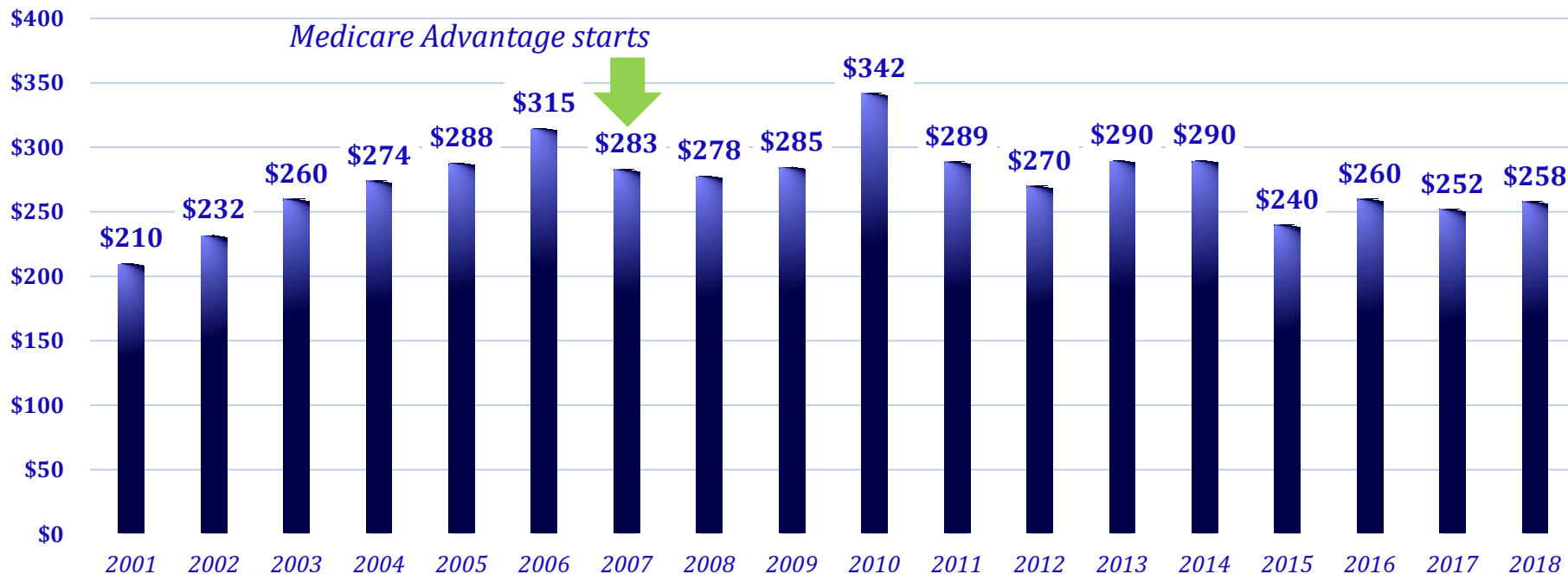
**Liability
After**



**Share of
Members
& Districts**

**Remaining
to State**

TRS MEHP Premium Chart



Still Bending the Trend

- Now, in our 11th year, still saving \$27 PPPM compared to our Medicare supplement/complement projected medical costs for 2007, which equates to \$10.7 million annually on Medicare Advantage alone (not including Medicare Part D).

TEACHERS'
Retirement System



KENTUCKY

Teachers' Retirement System of the State of Kentucky

*Our Members
Come First!*

800-618-1687

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<https://trs.ky.gov>

Protecting & Preserving Teachers' Retirement Benefits