

UMP Classic Medicare and other PEBB Medicare offerings

Withdrawing the proposal to end UMP Classic Medicare

On June 9, the Public Employees Benefits (PEB) Board began considering a proposal to end all current and future enrollment in UMP Classic Medicare as of January 1, 2024. The proposed resolution is no longer under active consideration.

Based on member feedback, the Health Care Authority (HCA) did not ask the PEB Board to vote on the proposal at their June 30 meeting. Instead, the Board approved a resolution to take no action on closure of the UMP Classic Medicare plan until at least January 2024.

HCA realizes that more time and communication are required to assist members and further assess the affordability, provider access, and benefit design of the PEBB Program's Medicare plans. HCA will continue to engage with retirees, hear their concerns, and discuss the current and future Medicare plan offerings.

Why the proposal was made

The PEBB Program is committed to providing its members the best coverage at the most affordable cost possible. Since 2017, HCA has consistently heard concerns about retiree premium increases. A key finding from HCA's [2020 Retiree Survey](#) showed that cost (both monthly premiums and out-of-pocket) was a great concern for members. As UMP Classic Medicare premiums continue to increase substantially, the overall economic value of the plan declines compared with other PEBB Medicare plans.

Medicare retirees pay much higher monthly premiums for UMP Classic Medicare than for other PEBB Medicare plans with comparable or better benefits. That's because UMP Classic Medicare is a coordination of benefits (COB) plan that pays secondary after Medicare Part A and Part B and


cannot receive certain federal subsidies that all Medicare [Part C](#) and [Part D](#) plans can use to help lower monthly premiums.

Medicare Advantage subsidies and impacts

Since UMP cannot participate in the federal subsidies available for Medicare Advantage (MA) and Part D plans, costs for UMP Classic Medicare are expected to rise out of proportion to other plans in future years. MA and Part D plans receive subsidies that cover a large portion of costs and help to keep monthly premiums low. For 2023, UMP Classic Medicare subscribers will pay about three times as much for their monthly premium as those enrolled in other PEBB Medicare plans with similar or better coverage. That's around \$3,500 extra annually (per enrollee) in premiums, or \$7,000 annually to cover a subscriber and spouse. This disparity could be considered a disservice to some UMP Classic Medicare members and may not be sustainable over time.

The following are a few of the key federal laws enacted by Congress that establish subsidies for Medicare Part C and Part D plans:

- [42 USC 1395w-23: Payments to Medicare+Choice organizations](#). This federal law provides that the Secretary shall make monthly payments in advance to each MA organization (carriers that offer MA plans) for each enrollee based on an average per-capita benchmark.
- [42 USC 1395w-115: Subsidies for part D eligible individuals for qualified prescription drug coverage](#). This federal law establishes the direct subsidy and reinsurance subsidy for



Part D plans (stand-alone prescription drug plans and MA plans with Part D coverage) consistent with an overall subsidy level of 74.5 percent per eligible enrollee.

- The [Medicare Prescription Drug, Improvement, and Modernization Act of 2003](#) created the optional Part D prescription drug program and replaced Medicare+Choice with Medicare Advantage.

Why do some proposals or plan changes affect Medicare and non-Medicare retirees differently?

State law establishes two separate insurance pools in the PEBB Program: one for employees and non-Medicare retirees, and a second for Medicare retirees. These insurance pools serve different populations and have different financial structures. Thus, proposals and changes may apply to plans in one or both insurance pools.

Comparing PEBB Medicare plan options

All PEBB Medicare plans cover the same basic health care services, except that Premera Blue Cross Medicare Supplement Plan G does not cover prescription drugs. The plans vary in other ways, such as provider networks, premiums, out-of-pocket costs, and prescription drugs covered. To compare plans, use the *PEBB Medicare plan comparison* at hca.wa.gov/pebb-retirees.

The most similar plan to UMP Classic Medicare is UnitedHealthcare (UHC) PEBB Complete. This plan was specifically negotiated to be like UMP Classic Medicare and is available nationwide. Many of the standard benefits in the UHC PEBB Complete plan match UMP Classic Medicare's coverage, but with lower copays. UnitedHealthcare also covers out-of-network providers at the in-network cost-share.

All providers who participate in Medicare can accept UHC PEBB Complete. There is approximately 97 percent overlap between the providers who accept UMP Classic Medicare and both UHC PEBB plans. Call

the plans directly to confirm if your provider accepts the plan. Contact information is on the right.

Please be aware that the Kaiser Permanente plans are not available in all Washington counties or ZIP codes within a county. To see which medical plans are available, please visit *Medical plans available by county* at hca.wa.gov/pebb-retirees.

PEBB's Medicare Advantage (MA) plans differ from other MA plans

The PEBB Program's MA plans are customized to provide greater protection than MA plans in the commercial marketplace. A few examples of key differences and advantages of the PEBB Program's MA plans include:

- The PEBB Program's covered benefits are highly customized. For example, commercial MA plans may have a \$0 premium with a \$6,500 medical out-of-pocket maximum, while the 2022 UnitedHealthcare PEBB Complete plan has a \$148.68 premium with a \$500 medical out-of-pocket maximum.
- PEBB's UnitedHealthcare plans have more comprehensive drug coverage than commercial MA plans. For example, commercial MA plans often have no annual maximum out-of-pocket prescription drugs costs, whereas the UnitedHealthcare PEBB plans have a \$2,000 annual maximum for prescription drug costs. Plus, there is no donut hole for prescription drug coverage in either of UnitedHealthcare's MA plans, which means members never pay more than the applicable cost share for their prescriptions.
- HCA directly administers eligibility for and enrollment into plans, meaning PEBB medical plans cannot deny enrollment or drop your coverage.
- HCA closely monitors carrier decisions, including claim denials and appeals, timeliness of service, and provider access through regular reports, and will intervene when appropriate.



Providers vary by plans

Whether an enrollee can see the same providers after changing medical plans depends on whether their current providers accept the new plan.

Approximately 97 percent of UMP providers are currently treating UHC patients, with less than 0.25 percent stating that they will not treat UHC members or are providers outside the UHC hearing network.

The pharmacy network has 100 percent overlap between UMP and UHC for chain outlets, with more locations under UHC.

Although a plan's online provider search is a good place to start researching, it helps to contact the plan's customer service for the most current and complete information.

Plan	Phone number
Kaiser Foundation Health Plan of the Northwest	1-877-221-8221
Kaiser Foundation Health Plan of Washington	1-888-901-4600
Premera Blue Cross	1-800-817-3049
Uniform Medical Plan	1-888-849-3681
UnitedHealthcare	1-855-873-3268

How to change plans

Retiree subscribers must submit form(s) to change medical plans; this cannot be completed online using PEBB My Account. Forms to make plan changes for 2023 will be available starting November 1, 2022 when annual open enrollment begins.

HCA is working to simplify the enrollment process in the future by adding an online enrollment option to PEBB My Account for retirees who want to enroll electronically.