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MEMORANDUM

DATE: FEBRUARY 11, 2021

FROM: LOCEY & CAHILL, LLC

**TO: JENNIFER CLEMENT, COMMISSIONER
COUNTY OF ALBANY DEPARTMENT OF HUMAN RESOURCES**

**RE: 2021 MEDICARE ADVANTAGE PROGRAM
REQUEST FOR PROPOSAL (RFP) ANALYSIS AND RECOMMENDATION**

Locey & Cahill, LLC has been asked to provide a review of the Medicare Advantage Request for Proposal ("RFP") responses received from six different Medicare Advantage Plans.

The RFP was prepared and sent out due to severe increase in the premiums of the Medicare Advantage Plan under the current administrator, Empire BCBS. The monthly premiums increased from 2020 to 2021 from \$314.27 to \$446.50, a 42% increase and a \$2 million impact on the County's Budget this year. The goal of the RFP was to identify if there are Medicare Advantage Plans available to the County that would maintain the same level of benefits and program performance at a more cost-effective price. As will be shown in this report, we believe that by transitioning over to Aetna from Empire BCBS, the County can implement a new Medicare Advantage Administrator while offering the retirees a better benefit package with access to a more effective and wiser network structure.

Quoted Premiums

Mindful that the primary purpose of this RFP Process was in reaction to the large premium increase, the first item of consideration in reviewing the proposals was the proposed premium rates for 2021:

2021 Albany County Medicare Advantage Responses						
2020 Premium	\$ 314.27	\$ 4,823,416				
Members	1,279					
	<u>MVP</u>	<u>CDPHP</u>	<u>Aetna</u>	<u>Empire</u>	<u>Humana</u>	<u>BlueShield (NE)</u>
2021 Proposed Monthly Premium:	\$344.25	\$347.16	\$308.00	\$446.50	\$348.00	\$750.00
% Increase	9.54%	10.47%	-2.00%	42.08%	10.73%	138.65%
Total Annualized Budget	\$ 5,283,549	\$ 5,328,212	\$ 4,727,184	\$ 6,852,882	\$ 5,341,104	\$ 11,511,000

Mindful of the proposed rates alone, it was easy to remove Empire and Blue Shield of Northeast NY as viable proposals even though Empire is the incumbent carrier. The other four carriers proposed reasonable premiums and were rightfully considered further in this process.

The next level of consideration lies in each of the four carriers ability to match the benefits that are available to members and present a provider network that would cause as little disruption as possible.

Benefit Structure

As for the benefits that are available to the members, all four of the carriers presented a plan of benefits that matched the current carriers' plan. In fact, all four of these proposals included new aspects of Medicare Advantage Plans that were not included in the previous plan. This includes a meal plan that is available to members after discharge from the hospital along with other customer support programs that are designed to keep people healthy and reduce stress.

One carrier did present a unique solution to a current problem that exists with the current plan. Aetna identified that the acupuncture benefit as it was currently structured presented a percentage-based payment system that was very difficult for the retirees to understand and budget for. They proposed structuring the benefit as a co-pay based plan to remove this uncertainty without any change to the proposed premium. This unique proposal added to our consideration of the Aetna Bid.

Provider Networks

The current Empire BCBS Plan is a provider network based program that offers a co-pay based program for those members that utilize the Empire BCBS Medicare Advantage Network. For those members that use a provider that does not participate with Empire, they have a deductible with co-insurance benefit. This is the same structure that was quoted by MVP and CDPHP.

This type of network structured plan presents great problems to the County with the transition from one Medicare Advantage Plan to another. It can be extremely confusing for Medicare aged members to understand the differences in networks and they are very averse to changing doctors. This was the single greatest challenge when the County switched from CDPHP to Empire BCBS four years ago.

Adding to this network problem is the regional focus of the networks associated with CDPHP and MVP. The County does have a sizeable membership that resides outside of the Capital District particularly in areas like Florida and Arizona. Historically, this diverse population distribution caused the retirees great problems regarding finding in-network providers.

Two of the carriers presented proposals that had a network structure that completely eliminated this problem. For the Aetna and Humana Proposals, there is not a network in place that retirees have to try to accommodate. Instead, so long as retirees used a provider that accepted Medicare as reimbursement, they would be covered under these plans subject to only a co-payment (that matches the current co-payment for in-network services) or the benefit would be paid in full. The retirees simply know that if their provider accepts Medicare as payment, they will be covered at little to no cost.

An item of note regarding those rare providers that do not accept Medicare as payment. These providers are not covered under the current plan and would also be excluded from all of the proposed plans. In these rare cases, providers are required to have their patients sign off, in advance, that they are aware that there would be no financial coverage for these services from Medicare and they would be responsible for the payment for the services that they receive.

This represents a significant enhancement of the benefits for the County of Albany's retired Medicare Population. This also greatly diminishes an administratively burdensome program for the County Administration to run and makes the conversion from the previous carrier to the new carrier a far simpler process.

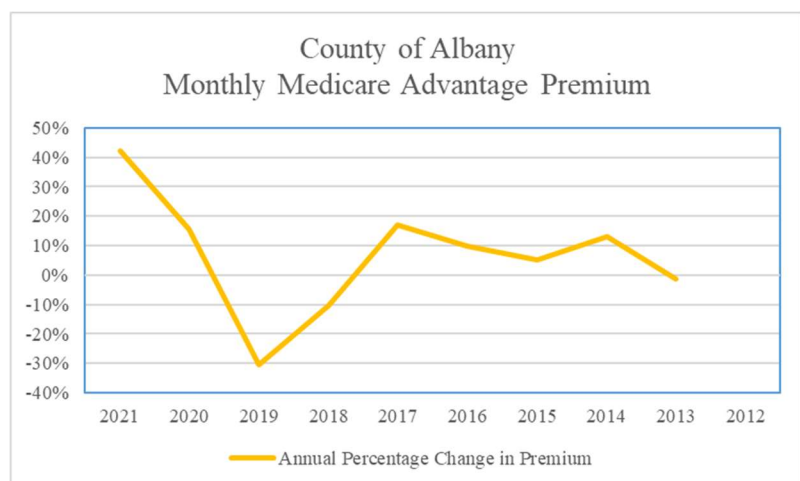
Summary and Recommendation

Based on Locey & Cahill's review of the six proposals:

- We were first able to remove from consideration the Empire & Blue Shield Proposals due to the quoted premiums.
- We then reviewed, in detail, the benefits offered by each of the remaining proposals and determined that they did match the benefit structure currently in place.
- We then noted problems that existed with the MVP and CDPHP Networks when compared to the current Empire BCBS Provider Network.
 - There are network differences that exist between the current network and the proposed networks that would cause significant stress for the retirees through the transitional process due to the disruption of a number of retirees.
 - There are also national issues that exist with retirees that reside outside of the Capital District trying to find access to in-network providers.
- The proposal by Aetna and Humana included access to all the providers throughout the Country that accepted Medicare as payment. Retirees would no longer have to consider whether a provider is in-network or out-of-network. Quite simply, so long as a provider participates with Medicare, which the overwhelming majority of providers and facilities throughout the Country do, they would be covered by this Plan and the member would simply have to pay a co-payment or receive benefits paid in full.

Due to the considerations listed above, we are strongly recommending the County of Albany move to transition their Medicare Advantage Plan over to Aetna as soon as possible. Converting over to Aetna means that the County would see their premiums decrease from the 2021 rates by 44%. The quoted rates from Aetna represent a 2% decrease from the rates that were in place in 2020.

In addition to the immediate savings associated with this proposal, Aetna was also able to provide rates for 2022 and 2023 this eliminating what has been a consistent problem for the County's Medicare Advantage Plan. As can be seen on the adjoined chart, the volatility of the rates for the Plan have been very problematic over the past 9 years. This culminated in the 44% rate increase for 2021. The three years of guaranteed rates provide the County a level of stability in this program that has not been in place for a number of years. This was the final piece of the puzzle that led to our recommendation of transitioning the County's Medicare Advantage Plan over to Aetna.



We hope you find our review and summary of the proposals received for the County's specialty pharmaceutical program helpful. As always, should you have any questions or concerns, regarding this information or any other issues facing the County of Albany from an employee benefits perspective, please feel free to contact our office at 315-425-1424.