

## **SUMMARY STATEMENT**

**ITEM NO.: DRPA-16-114**

**SUBJECT: Age 65 & Over Retiree Medicare  
Supplemental Benefits -2017  
(DRPA/PATCO)**

**COMMITTEE:**

**Finance**

**FINANCE COMMITTEE DATE:**

**October 11, 2016**

**BOARD DATE:**

**October 19, 2016**

**PROPOSAL:** Staff seeks authorization to accept the rate action quoted by AARP/United Health Group, our current supplemental medical healthcare carrier for DRPA and PATCO retirees who are age 65 and over, and their eligible spouses.

**PURPOSE:** To continue to provide a quality healthcare benefits package for DRPA and PATCO retirees who are age 65 and over, and their eligible spouses.

**BACKGROUND:** Historically, DRPA/PATCO has provided a comprehensive benefits package to its retirees. Traditionally, the benefit package has included medical and prescription drug coverage.

Until 2006, the retirees age 65 and over were on a group Medicare Advantage Plan with AmeriHealth. The group plan was experienced-rated. In 2006, the Authority moved this group of retirees from a group Medicare Advantage Plan to individual Medicare Supplement Plans through AARP/United Health Group.

Under the Medicare Supplement Plan, Medicare became the primary insurer for this group of retirees, and AARP/United Health Group became the secondary insurer for Medicare-eligible expenses.

The AARP/United Health Group's "Plan F" was offered to this group of retirees. Plan F provides supplemental medical coverage for all retirees who are Medicare-eligible, regardless of where they reside. This plan has no co-pays, referrals, or claim forms.

To be eligible for Plan F, the retirees and their eligible spouses must be enrolled in Medicare Parts A and B. Retirees/spouses submit individual applications to AARP/United Health Group for enrollment. Medicare is the primary payer of eligible claims, and AARP/United Health Group is the secondary payer.

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The premium rates are filed with each state. The rates vary from state-to-state, and are based on AARP/United Health Group's national book of business.

Below is a list of states in which our retirees reside, and the approved or filed 2017 rates for those states to date. The number of retiree/eligible spouses enrolled currently in each state is provided below:

State	%		Status	# enrolled
Arizona	3.40%	Increase	Approved	2
Delaware			Pending	18
Florida (all areas)			Pending	35
Georgia	4.02%	Increase	Approved	4
Illinois			Pending	2
Maryland	4.36%	Increase	Approved	3
North Carolina	4.62%	Increase	Approved	6
New Jersey - after 6/1/2010	1.99%	Increase	Approved	153
New Jersey - prior to 6/1/2010	1.94%	Increase	Approved	248
New Mexico	3.90%	Increase	Approved	1
New York			Pending	1
Oklahoma	4..5%	Increase	Approved	1
Pennsylvania (all areas)	2.48%	Increase	Approved	167
Puerto Rico			Pending	0
South Carolina	1.33%	Increase	Approved	12
Tennessee	5.52%	Increase	Approved	2
Texas (all areas)			Pending	5
Virginia			Pending	10
Vermont			Pending	0
Wisconsin	3.53%	Increase	Approved	1
West Virginia			Pending	0

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The national average increase for this coverage is estimated not to exceed 5% over all 50 states.

UHC AARP has a unique setup for the DRPA retiree population, in that members are enrolled and renewed as individual policies, yet AARP bills on a group basis and does not use any member claim experience in renewals each year. Our broker advises that the current arrangement the Authority has with UnitedHealthcare/AARP cannot be matched. Given the success DRPA has had with UnitedHealthcare/AARP over the years and the satisfaction level the retirees have expressed, our broker recommends DRPA renew the Medicare Supplement Plan F with AARP effective 1/1/2017.

The 2016 premium for this coverage is approximately \$1,985,276. Based on the filed and approved rates for the various states in which our retirees reside, our broker estimates that once all filed rates have been approved at the State level, the annual premium for plan year 2017 will be approximately \$2,084,539, which is an estimated premium increase of \$99,264 over the current premium.

<b>SUMMARY:</b>	<b>Amount:</b>	Approximately \$2,084,539 (Note – This covers both DRPA and PATCO) (The estimated annual rate is based upon our current DRPA/PATCO census of age 65 & over retirees and their eligible spouses, but is subject to change as our census of eligible retirees and eligible spouses changes. See rate chart referred to earlier.)
	<b>Source of Funds:</b>	Revenue Fund, General Fund
	<b>Capital Project #:</b>	N/A
	<b>Operating Budget:</b>	DRPA/PATCO Employee Services Expense
	<b>Master Plan Status:</b>	N/A
	<b>Other Fund Sources:</b>	N/A
	<b>Duration of Contract:</b>	One Year – 1/1/2017 – 12/31/2017
	<b>Other Parties Involved:</b>	AARP and United Health Group

**RESOLUTION**

- RESOLVED:** That the Board of Commissioners of the Delaware River Port Authority authorizes staff to accept the rate actions from AARP/United Health Group for the provision of supplemental medical coverage to age 65 and over retirees, and their eligible spouses, and be it further
- RESOLVED:** That the Board of Commissioners of the Delaware River Port Authority authorize staff to accept the rate actions from AARP/United Health Group for the provision of supplemental medical coverage to age 65 and over retirees, and their eligible spouses for an estimated premium of \$2,084,539, which is an estimated premium increase of \$99,264 (over current premium, which is an approximate 5% increase); and be it further
- RESOLVED:** That the Board of Commissioners of the Delaware River Port Authority recognizes that the annual rate is based upon the Authority's current census of retirees who are 65 and over and their eligible dependents who are 65 and over, but is subject to change as our census of eligible retirees and eligible dependents changes; and be it further
- RESOLVED:** That staff is authorized to work with the DRPA's Third Party Administrator, Benefit Harbor and HR Simplified, to begin the Open Enrollment Process for the 2017 Plan Year, and be it further
- RESOLVED:** The Chair, Vice Chair and the Chief Executive Officer must approve and are hereby authorized to approve and execute all necessary agreements, contracts, or other documents on behalf of DRPA. If such agreements, contracts, or other documents have been approved by the Chair, Vice Chair and Chief Executive Officer, and if thereafter, either the Chair or Vice Chair is absent or unavailable, the remaining Officer may execute the said document(s) on behalf of DRPA, along with the Chief Executive Officer. If both the Chair and Vice Chair are absent or unavailable, and if it is necessary to execute the said document(s), while they are absent or unavailable, the Chief Executive Officer shall execute such document(s) on behalf of DRPA.

**SUMMARY:**                    **Amount:**                    **Approximately \$2,084,539**  
**This covers both DRPA and PATCO. This estimated annual premium is based upon our current DRPA/PATCO census of age 65 and over retirees and their eligible dependents. The estimated premium is subject to change as our census changes. See rate chart referred to earlier.**

**Source of Funds:**                    **Revenue Fund, General Fund**  
**Capital Project #:**                    **N/A**  
**Operating Budget:**                    **DRPA/PATCO Employee Services Expense**  
**Master Plan Status:**                    **N/A**  
**Other Fund Sources:**                    **N/A**  
**Duration of Contract:**                    **One Year – 1/1/2017 – 12/31/2017**  
**Other Parties Involved:**                    **AARP and United Health Group**