

SUMMARY STATEMENT

ITEM NO: DRPA-17-076

SUBJECT: Age 65 & Over Retiree Medicare Part D Prescription Benefit – 2018 (DRPA/PATCO)

COMMITTEE:

Finance Committee

COMMITTEE DATE:

October 4, 2017

BOARD DATE:

October 18, 2017

PROPOSAL: The current Medicare Part D prescription drug carrier for DRPA/PATCO retirees who are 65 and over and their eligible dependents (Medicare-eligible retirees and Medicare-eligible dependents) is Horizon Blue Group Rx.

Staff seeks authorization to accept the renewal from Horizon for plan year 2018.

PURPOSE: To continue to provide a quality and enhanced Medicare Part D Prescription Drug benefit plan for DRPA/PATCO Medicare-eligible retirees and Medicare-eligible dependents

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

In plan year 2017, the Medicare Part D monthly premium for Medicare-eligible retirees and Medicare-eligible dependents was \$100.75, a decrease of 11.5% from the prior year. The 2018 renewal rates have increased 14.87%, or \$115.73.

Horizon's Medicare Part D Prescription Drug Plan, provides retail and mail order copays as shown below until the total drug cost of \$4,500 has been reached (this includes both the retiree's payments plus the Part D plan's payments). Retirees are then responsible for 35% of brand name drug costs and copays shown below for generic drugs.

The retail co-pays up to the Coverage Gap level for the Horizon Enhanced Plan remain:

\$10 – Generic (Preferred and non-Preferred)
\$20 – Preferred brand
\$35 – Non-Preferred Brand

The mail order co-pays up to the Coverage Gap level for the Horizon Enhance Plan remain:

\$20 – Generic (Preferred and non-Preferred)
\$40 – Preferred brand
\$70 – Non-Preferred brand

The plan also provides catastrophic coverage protection. Once the retiree pays \$5,000, including copayments or cost share and 50% pharmaceutical discounts, then the retiree pays the greater of 5% co-insurance or co-pays of \$3.35 for generics and \$8.35 for all other drugs, but not to exceed the plan's copays throughout the year (i.e., \$70 is the most they could pay on any Rx.)

Mandatory benefit changes taking place as of 1/1/2018 are as follows:

Part D (Rx) catastrophic level copay changes from \$3.30 to \$3.35 for Generic drugs and from \$8.25 to \$8.35 for Brand drugs. The catastrophic level begins once/if a member reaches \$5,000 out of pocket maximum (this out-of-pocket maximum changed from the 2017 amount of \$4,950).

The estimated annual premium for 2018 for the Horizon Medicare Part D Prescription Plan will be approximately \$882,055, which is an estimated increase of 14.87%.

Summary:

Amount:

Estimated annual premium: \$882,055; In plan year 2018, the projected monthly premium for this group of retirees will be \$115.73 (reduced further for those who qualify for the Low Income Subsidy). (Note – This covers both DRPA and PATCO). This annual rate is based upon our current DRPA/PATCO census of retirees who are 65 & 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.)

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 - 1/1/2018-12/31/2018

Other Parties Involved:

Horizon-BCBS

RESOLUTION

- RESOLVED:** That the Board of Commissioners of the Delaware River Port Authority authorizes staff to contract with Horizon Medicare Blue Group Rx for the provision of a Medicare Part D Prescription Drug plan for age 65 and over retirees, and their eligible dependents (age 65 and over); and be it further
- RESOLVED:** That the Board of Commissioners of the Delaware River Port Authority recognizes that in plan year 2018, the projected monthly premium for this group of retirees will be either \$115.73 (reduced for retirees who qualify for the Low Income Subsidy); and be it further
- RESOLVED:** That the Board of Commissioners of the Delaware River Port Authority authorizes staff to contract with Horizon Medicare Blue Group Rx for the provision of a Medicare Part D Prescription drug plan for age 65 and over retirees, their eligible dependents (age 65 and over) for a renewal that is 14.87% higher than the current annual premium, which result in an estimated annual premium of \$882,055 (an approximate increase of \$114,520); 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/PATCO's Third Party Administrator (Benefit Harbor and HRSimplified) to begin the Open Enrollment Process for the 2018 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 the DRPA/PATCO. 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 the DRPA/PATCO, 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 the DRPA /PATCO.

Summary:

Amount:

Estimated annual premium: \$882,055; In plan year 2018, the projected monthly premium for this group of retirees will be \$115.73 (reduced for retirees who qualify for the Low Income Subsidy.)

(Note – This covers both DRPA and PATCO). This annual rate is based upon our current DRPA/PATCO census of retirees who are 65 & 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.)

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Operating Budget:

DRPA/PATCO Employee Services Expense

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Duration of Contract:

One Year - 1/1/2018-12/31/2018

Other Parties Involved:

Horizon-BCBS