County Employees Retirement System Board of Trustees
Kentucky Retirement Systems Board of Trustees
Special Called Board Meeting – Health Care Education
April 6, 2023, 10:00 a.m. ET
Live Video Conference/Facebook Live

AGENDA

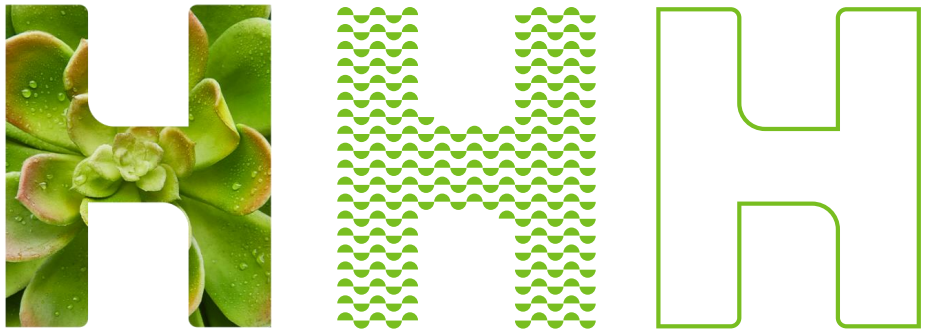
1.	**Call to Order – CERS Board of Trustees**	**Betty Pendergrass**
2.	**Call to Order – KRS Board of Trustees**	**Lynn Hampton**
3.	**Legal Public Statement**	**Office of Legal Services**
4.	**Roll Call/Public Comment**	**Sherry Rankin**
5.	**Group Medicare 101 - Trustee Education Session**	**Tracey Garrison**
6.	**KPPA Staff Health Care Education Session**	**Erin Surratt** **Connie Pettyjohn**
7.	**Adjourn – CERS Board of Trustees***	**Betty Pendergrass**
8.	**Adjourn – KRS Board of Trustees***	**Lynn Hampton**

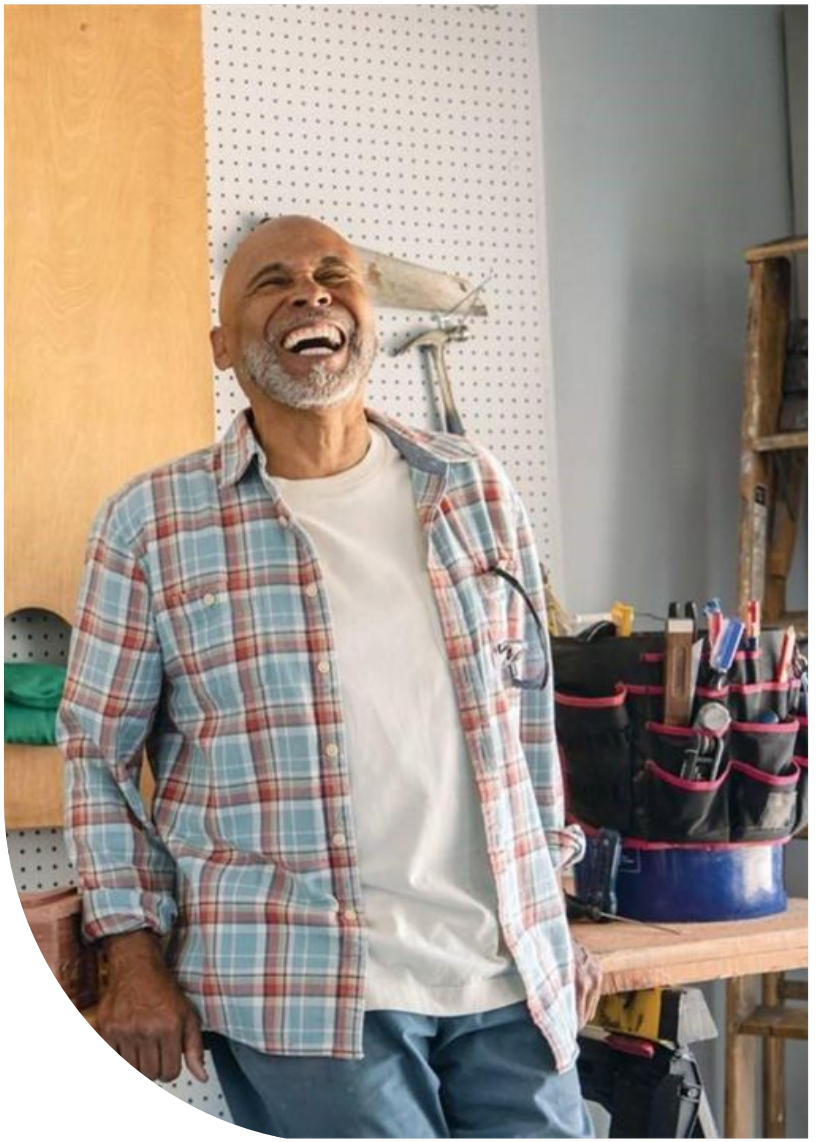
**Board Action Required*

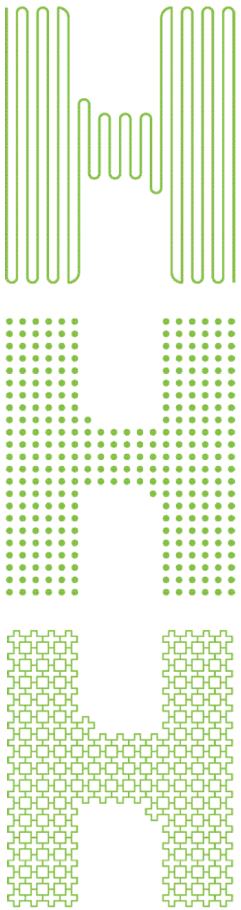
Humana.

Group Medicare 101

April 6, 2023







Agenda

01 | Medicare Basics

02 | The Better Options: Medicare Advantage & Group Medicare Advantage

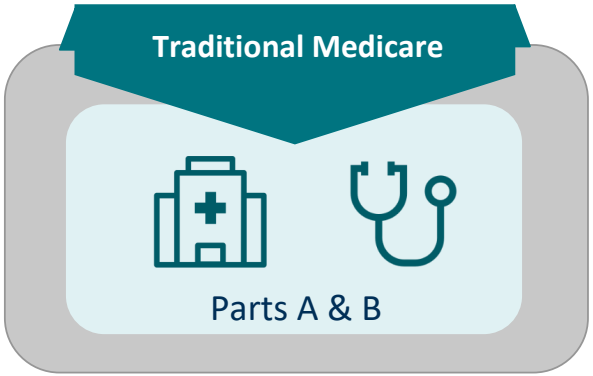
03 | Humana Overview

Humana.

Medicare Basics

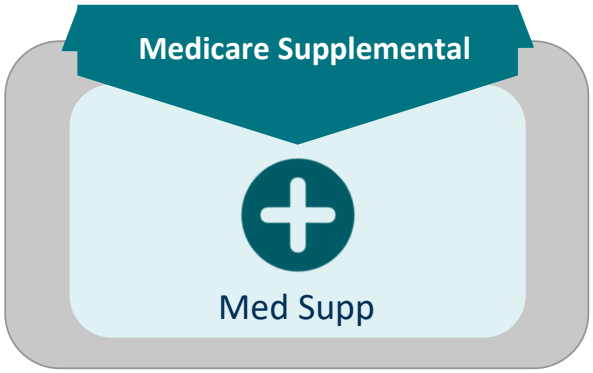
Traditional Medicare basics

Historically, Original Medicare covers 80-85% of claims for Medicare-eligible retirees…



80-85% coverage

… and then the organization could offer retirees a Medicare secondary or Medicare supplemental plan to cover the rest



15-20% coverage

Plan incompatibility

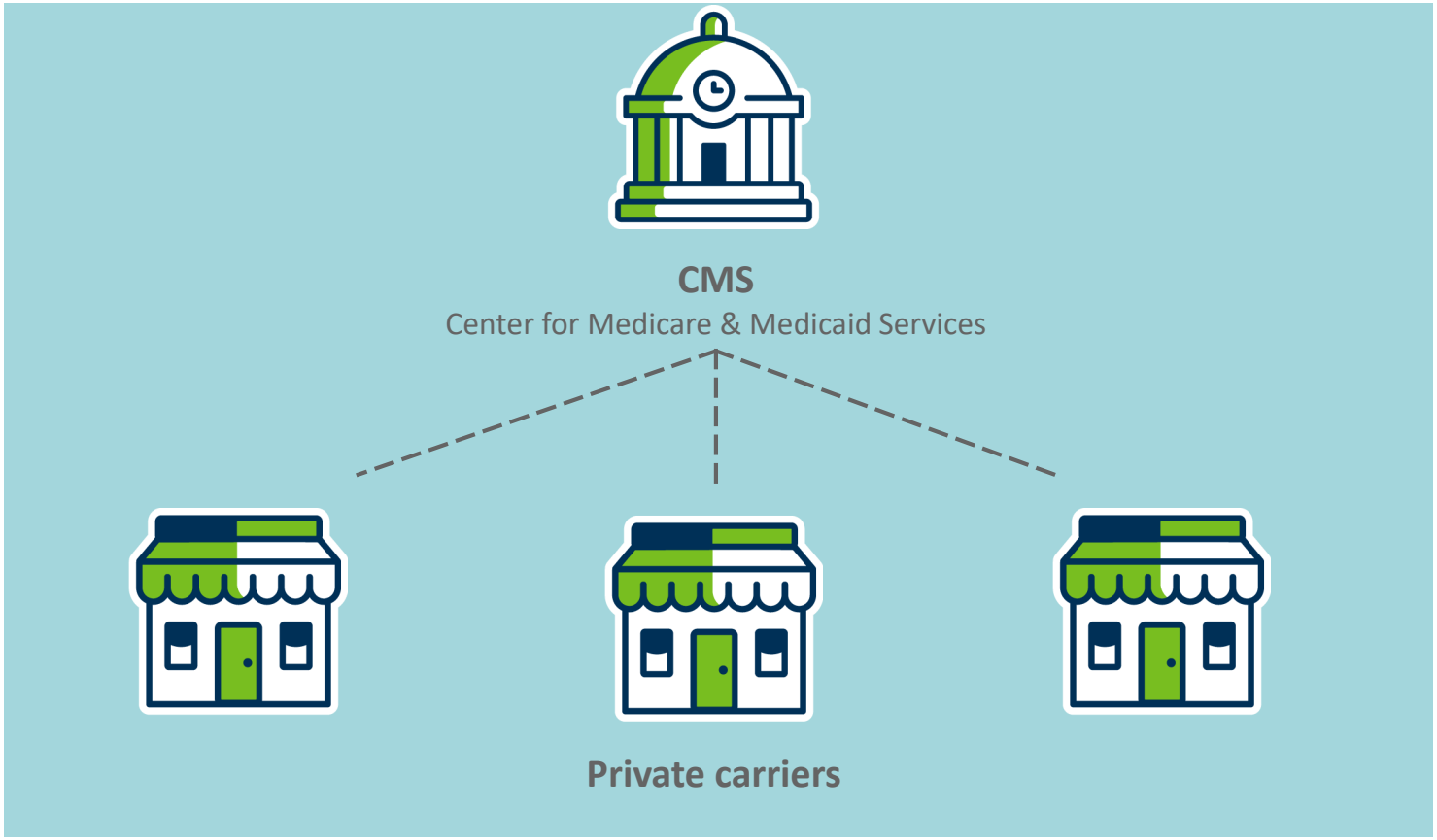
Sometimes, the plans don't work well together and can cause complications.

Leading gaps in care for retirees

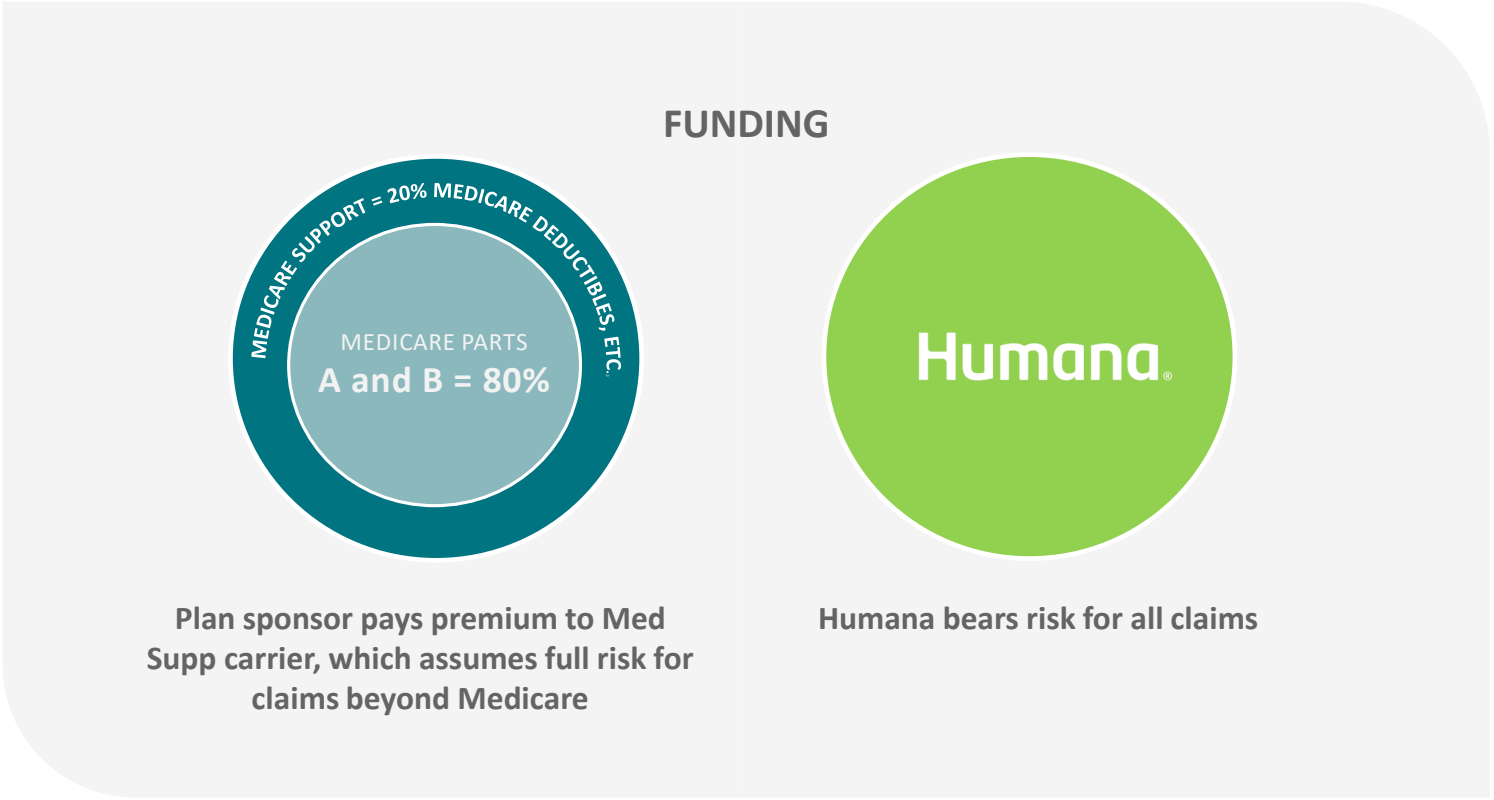
And increasing costs for plan sponsors

The better options: Medicare Advantage & Group Medicare Advantage

Medicare Advantage plans available through private carriers



Funding of Medicare Supplement (Med Supp) vs Medicare Advantage with Part D (MAPD)



Traditional Plan and Claims Funding vs. Medicare Advantage Plan and Claims Funding

Group Non-Medicare Advantage Plans

Medicare Pays

↓

Providers for Medicare Covered Services

Employer Pays

↓

Plan Administrators/ Supplement Carriers

↓

Pays providers for Non-Medicare Services

Group Medicare Advantage Plans

Medicare Pays

↓

Employer Pays

↓

Humana pays all providers for Medicare and Non-Medicare Services

What is Medicare Advantage, and specifically Group Medicare Advantage?

Traditional Medicare + Medicare Supplemental

Parts A & B

Med Supp

Part D

vs.

Group Medicare Advantage

Group Medicare Advantage

Part A | Part B | Part D

+ Access to additional benefits

- Wellness & fitness programs
- Behavioral health, medical & prescription drug benefits
- High-touch care management

+ Ability to customize plans to mirror existing commercial benefits

=

Coverage and support in one place

- One ID card
- One place for support
- One account team
- Simplified member experience

Group Medicare Advantage Plans can help deliver financial stability to plan sponsors

Group Medicare Plans are fully-insured.

Group Medicare members receive multi-faceted care support

- Proactive outreach
- Care management
- Preventative care campaigns
- In-home wellness visits & safety checks

+ Support to address food insecurity, social isolation and other social determinants of health

Result:
Better health outcomes for retirees and lower costs to plan sponsor

- ✓ Healthier outcomes on a large scale help to control and reduce costs
- ✓ Carriers can pass savings on to retirees and plan sponsors

Humana's Group Medicare Advantage plans

What is included in Group Medicare plan that is not included in Original (Individual) plans?

Benefits designed to meet employer group and members' **specific needs and requirements**

Choose any provider that accepts Medicare with the offered Passive PPO Plan

Part D **plans** provide more options to members than individual plans

Retiree benefits

- Controlled and consistent costs
- Access to more benefits than Original Medicare or Medicare Supplement
- Cross-country coverage through the largest Medicare Advantage network in the country

Plan sponsor benefits

- Customizable offerings that can mirror commercial plans
- Built-in care management features that stabilize and lower costs for sponsors
- Dedicated group support from the carrier
- No bid process

Plan details

2023 KPPA Plan offerings and membership landscape

Medicare Advantage Premium - Medical and Pharmacy (55, 136 members)
Medicare Advantage Essential - Medical and Pharmacy (5,279 members)

- Traditional PPO plans(In-Network and Out-of-Network benefits are the same)
- Members can see any provider or hospital if they accept Medicare assignment and will bill Humana
- Claims are submitted to Humana, and we pay Medicare's part and the enhanced benefits provided by KRS

Medical Only - Pharmacy not included (3,166 members)

- Medicare Secondary - Original Medicare pays primary
- Member may select plan if a spouse has a Medicare Advantage plan, receive benefits from Tricare or VA, do not have Part B or do not want pharmacy benefits

Mirror Plan - Medical and Pharmacy (96 members)

- Medicare Secondary - Original Medicare pays primary
- Plan for members who lose Part B at any time during the plan year
- Members move in and out of plan based on Part B status

Your account and implementation team

Senior Account Executive

Supports the plan sponsor through a **seamless implementation** and provides **ongoing client management activities** including reporting and renewal support.

Consumer Engagement Professional

Main point of contact for member engagement. Responsible for **developing member engagement plan** and **supports the Account Executive** as needed.

Installation Administration Professional

Responsible for **setting up the account and implementation process**, as well as managing the day-to-day **operational details and internal operational teams**.

Communications Professional

Responsible for creating a **customized communication plan** for pre and post enrollment print materials. Also manages the process of **printing and distribution** to eligible members.

Account Concierge

"One-stop-shop" responsible for **resolving escalated member issues** on behalf of the client and **supports annual enrollment meetings** as needed.

Group Medicare Employer NPS for 2022
Expert Account Management team trained on plan specifics, your culture and how to support your members

Medicare Advantage with Part D (MAPD) plan benefits

Humana Plan Design Differences

Dozens of plan design options for groups of all sizes

Custom benefits may be available

Same benefit design regardless of location

Provides consistency for retirees

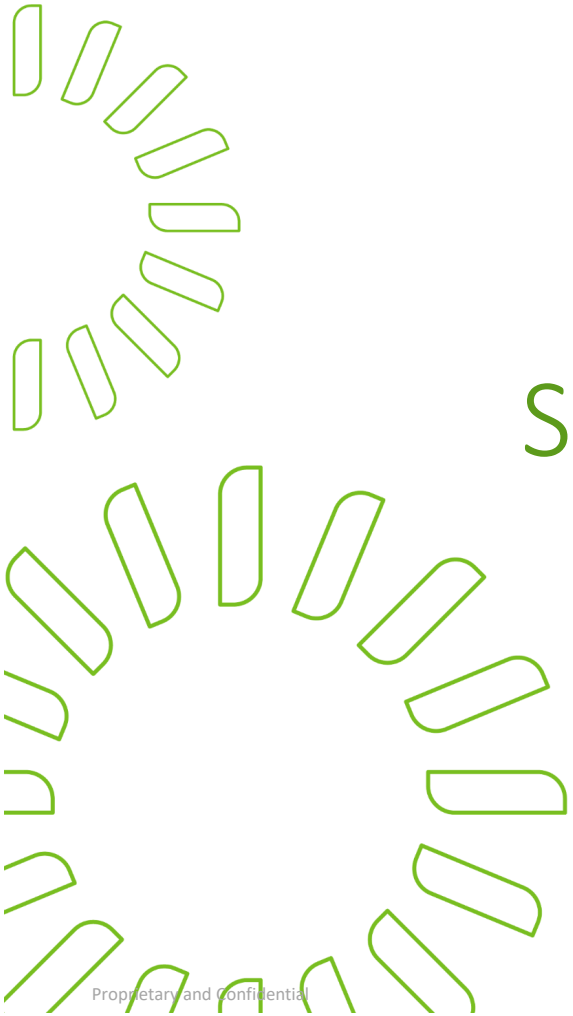
Humana Clinical Differences

Robust case management

Humana At Home®

Integrated pharmacy and medical

Integrated behavioral health/medical/prescription drug program



Stars

Medicare Star ratings program overview

Star ratings are calculated at an overall contract (or plan) level.

Ratings are based on more than 40 weighted measures, and each one has a different applied weight that's used when calculating the plan score.

Ratings are published annually for consumer review.

Accrediting bodies such as the National Committee for Quality Assurance (NCQA) and the Pharmacy Quality Alliance (PQA) work with CMS to develop the measures each year.

Our consistent 4+ Star ratings help keep costs down for members and plan sponsors

1. Competitively higher Star ratings

Bonus payments and rebates are given to Humana by CMS for achieving 4+ Star ratings

2. Money is invested back into our plan benefits and offerings

Can translate into richer members benefits and lower premiums

3. Differentiated member experience

Bonuses and rebates are invested into innovative technology to improve member outcomes

4. Higher quality outcomes

Better health outcomes and member satisfaction scores contribute to future higher Star ratings

2023 Group Medicare Stars updates

Humana's rise to 4.5 Stars

- Humana received a 4.5-star rating for seven Medicare Advantage contracts in 46 states and Puerto Rico, covering more than 3 million members – **nearly double last year's members in plans with this rating**
- **94%** of Humana's Group Medicare Advantage members in rated contracts are in **4.5-star plans or higher for 2023**
- **99%** of Humana's Group Medicare Advantage members in rated contracts are in **4-star plans or higher for 2023**
- Humana **leads our national competitors for a fifth consecutive year** for percentage of Medicare Advantage members in 4-star plans or higher for 2023

A voluntary in-home wellness assessment can create a foundation for a personalized health journey

In-home wellness assessments

Members receive an in-home visit by a licensed physician who conducts an assessment to:

- Identify gaps in care
- Support wellness
- Provide clinical diagnoses
- Deliver prescription assistance

Coordination

Care team coordinates across resources to deliver seamless care

Whole-person care support

Supported by a wide range of Humana and external care resources

Humana Overview

Members are at the heart of everything we do, and our employees are our strength.

Humana's **commitment to care started in 1961** as a nursing home and hospital company

Providing our **first private Medicare plan in 1985**, Humana has a long and successful history of caring for seniors

Award-winning operating model, integrated systems and the highest Net Promoter Scores in the industry

Provider and community **health relationship models and value-based care expertise/capabilities**

Heavily investing in-**home health solutions** so seniors get the care they need, while remaining comfortable at home

Snapshot of our company

17.1 million
Medical members across all 50 states, Washington, D.C., and Puerto Rico

- **5.1 million**
  Medicare Advantage members
- **3.6 million**
  Medicare prescription drug plan members
- **6.0 million**
  TRICARE members
- **5.2 million**
  Specialty benefits members

30+
years of Medicare experience

65,000
employee count (*As of February 2023)*

No. 40
on Fortune 500

Humana is one of the nation's most experienced senior care organizations, and one of the most trusted Group Medicare Advantage carriers

Nationally (The Advantage) [1], [2]

- **31.2 million** retirees covered
- **Representing about 50%** of the Medicare eligible population
- **Overwhelming satisfaction (94%)**
- Delivers significantly **better quality of care, better health outcomes and lower costs** compared with Traditional Medicare[1]

Humana Group Medicare Advantage

630	Group clients
566,000+	Group members
96%	Member retention rate
8 Years	Average contract length as of 2022

1. Source: https://www.ajmc.com/view/quality-health-and-spending-in-medicare-advantage-and-traditional-medicare
2. Medicare Advantage membership grows 7% for 2023 - STAT (statnews.com)
3. Internal Humana data source

We are honored to be recognized for our approach to serving members and managing care

Forrester
Ranked #1 among health insurers for Customer Experience[1]

Net Promoter Score
+70 NPS due to High Quality Plans and Customer Service for 2021[2]

U.S. News & World Report
Best Company for Medicare Advantage Plan Overall Rating[3]

The Wall Street Journal
Ranked 'Best Managed' among payers for a third year in a row[4]

Forbes 2023
America's Best Large Employers[5]

American Customer Satisfaction Index
Ranked #1 in Customer Satisfaction in 2022 American Customer Satisfaction survey[6]

DiversityInc.
Ranked Top 10 Company for Diversity[7]

NASP
Ranked #1 Specialty Pharmacy of the Year[8]

JUST Capital
Top 50 of 2023 Overall Rankings[9]

ACHC Specialty Pharmacy Accreditation
Top 50 of 2023 Overall Rankings[10]

1. *"2022 Forrester's Customer Experience Benchmark Survey"*
2. *2021 Humana client survey*
3. Best Medicare Advantage Plan Companies 2023 (usnews.com)
4. The 250 Best-Managed Companies of 2022 – WSJ
5. https://www.forbes.com/lists/best-large-employers/?sh=7d6691007b66
6. ACSI 2022 survey
7. 2021 Top 50 Specialty Lists – DiversityInc
8. https://naspnet.org/annual-meeting/awards
9. 2023 Rankings — JUST Capital
10. https://www.achc.org/

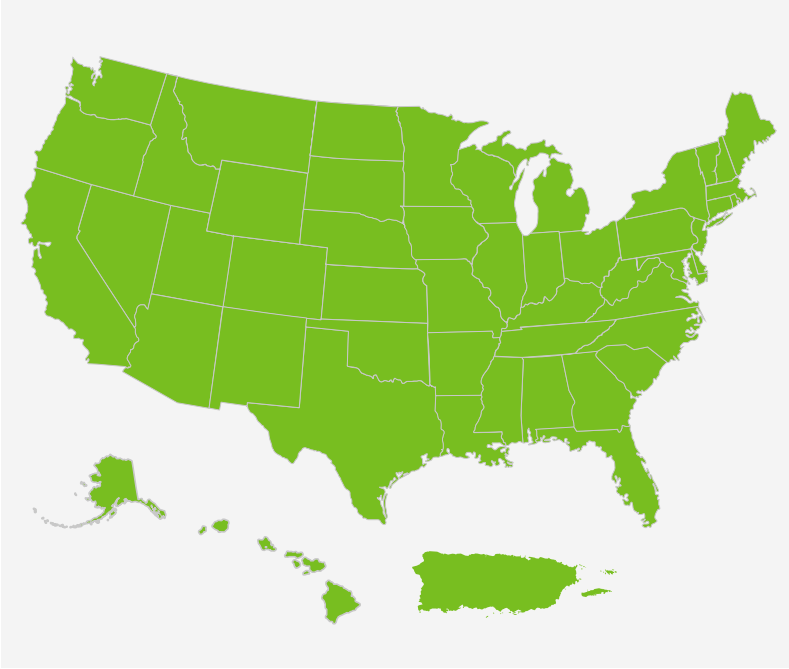
Appendix

Nation's largest PPO network

Our passive PPO network means that your retirees will enjoy the same cost share and coverage no matter which provider they choose to visit

Humana's passive PPO provides retirees with peace of mind and financial security.

- Includes all Medicare-accepting providers
- Retirees pay identical cost share for in-network and out-of-network services
- In-network providers paid according to network contracts and out-of-network providers paid according to the Medicare fee schedule
- Providers submit claims directly to Humana



113,100
PCPs

302,500
Specialists

3,530
Hospitals

373,480
Other providers[1]

1. Internal Humana data source

How the Inflation Reduction Act will impact costs for certain medications

The IRA aims to reduce prescription medication costs for some top-selling drugs and here are some of the following changes:

2023

- Effective 1/1/2023: covered Part D Vaccines $0 cost share cap and covered Part D insulin $35 cost share cap (deductible does not apply).
- Effective 4/1/2023: Inflationary Rebates (aka Part B rebatable drugs) provides reduced coinsurance when Part B drugs increase faster than inflation.
- Effective 7/1/2023: covered Part B insulin utilized in an insulin pump, capped at $35 cost share.

2024

- Part D Catastrophic phase cost share reduced to $0 for beneficiaries.
- More people will be eligible for financial assistance, as Medicare beneficiaries with annual incomes of up to 150% of the federal poverty limit can qualify for full low-income subsidy.

2025

- Annual out-of-pocket Part D spending will be capped at $2,000 and beneficiaries have the option to smooth their cost-sharing payments over the year with a maximum monthly cap on cost-sharing.

2026-2029

- Continued legislation geared towards inflation reduction and limiting beneficiary prescription medication costs. Information will be shared as received.

1. Juliette Cubanski, Meredith Freed, and Tricia Neuman, "What Are the Prescription Drug Provisions in the Inflation Reduction Act?," Kaiser Family Foundation, last accessed Dec. 14, 2022, www.kff.org/slideshow/what-are-the-prescription-drug-provisions-in-the-inflation-reduction-act/.

Thank you!

Humana®

RETIREE HEALTH PLAN

Education Session

April 6, 2023

Connie Pettyjohn, Division Director of Retiree Healthcare
Erin Surratt, Executive Director Office of Benefits

KPPA
Kentucky Public Pensions Authority

Kentucky Employee Health Plan (KEHP)	Medicare Advantage (MA)
Pays primary for medical and pharmacy	Pays on behalf of Medicare and the Plan
2023 Contribution Rates: Single = Approximately $830/mth Family = Approximately $1,800/mth	2023 Contribution Rate: $252/mth
KEHP offers single, parent plus, and family coverage	MA offers single plans only
Offered to non-Medicare eligible retirees	Offered to Medicare eligible retirees
Cost is subsidized by the state employees on the KEHP plans	
No dental benefits	Dental benefits are provided

Kentucky Employees Health Plan (KEHP) vs Medicare Advantage (MA) plans

KEHP (non-Medicare eligible)

The state of Kentucky Personnel Cabinet, Department of Employee Insurance (DEI), sets the coverage policies on an annual basis.

KEHP plans are self-insured with various vendors contracted to administer the benefit and pay claims (i.e. Anthem for Medical benefits, CVS Caremark for Pharmacy benefits).

Information is reported to legislators on an annual basis.

KRS 18A provides guidance for the KEHP plans. KRS 61.702 and 78.5536 mimic the guidelines of 18A.

MA (Medicare eligible)

The CERS and KRS Boards ratify the decisions (coverage policies and cost) of the Joint Retiree Health Plan (RHP) Committee for the Medicare eligible retiree plans each year.

KPPA offers a fully insured MA plan via Humana and a self-insured Medical Only plan with Humana as the Third Party Administrator (TPA).

Coverage Policies for KEHP and MA Plans

Why is a Medicare Advantage plan used?

Request For Proposals (RFP) were completed in 2011-2012 investigating the different types of plans that are available (self insured vs. fully insured) to the Medicare population that work with Medicare paying as primary. The cost savings offered, as well as the additional benefits to the retirees, from utilizing a MA plan was the basis for choosing this plan type.

Since that date, RFPs were issued in 2015 for Plan Year 2016 and again in 2022 for Plan Year 2023 forward for MA plans based on guidance from the RHP Committee.

Types of over-65 plans

In general, Medicare health plans:

- Offered by a private company.
- Contracts with Medicare to provide Medicare Part A (hospitalization), Medicare Part B (Medical Insurance benefits), and Medicare Part D (Pharmacy benefits).
- Provides these benefits to people with Medicare who enroll in the plan.

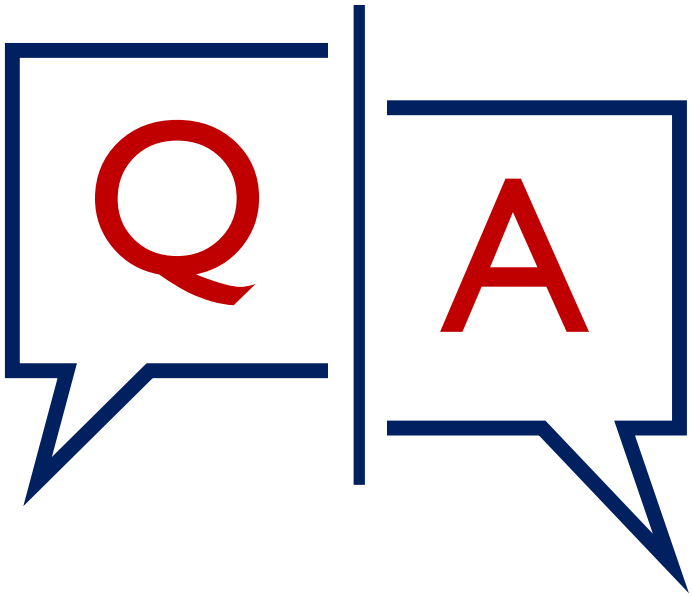
Medicare health plans include:

- Medicare Advantage Plans (combine Part A, Part B, and Part D)
- Medicare supplemental or Medigap plans offer coverage that pays after original Medicare (Part A and Part B). The Medigap Product can offer benefits that Medicare does not cover.

Note: These plans do not have Part D or Prescription Drug Coverage and a Prescription Drug Plan (PDP) would be required to provide complete coverage.

- PDP plans include coverage for Medicare Part D benefit.

RETIREE HEALTH PLAN



Q Who is covered by KPPA Retiree Health Insurance?
See KRS 61.702, 78.5536, and 105 KAR 1:411

A KPPA provides group rates on medical insurance for eligible retired members, spouses, and dependents. Participation in the insurance program is optional.

i. Non-Medicare eligible retirees are covered through the Kentucky Employees Health Plans (KEHP) until they become Medicare eligible due to age or disability.

ii. Medicare eligible retirees are covered through Medicare Advantage plans. In 2022 as a result of a Request for Proposal (RFP), KPPA offers these plans through Humana.

iii. Medicare eligible retirees who have returned to work with a participating agency have access to a KEHP plan while they are eligible under the Medicare Secondary Payer Act.

Q Who can be considered a dependent?

A

1. Children up to age 26 (son, daughter, stepson, stepdaughter, adopted child or eligible foster child of the taxpayer)
2. Disabled child regardless of age

Note: The definition of an eligible dependent child for hazardous duty health insurance premium contributions is found in KRS 16.505(17) and KRS 78.510(49). The requirements to receive premium contributions is different than eligible dependent coverage. See below:

- A child in the womb.
- A natural or legally adopted child of the member who:
  - Has neither attained age eighteen (18) nor married; or
  - An unmarried full-time student who has attained age twenty-two (22)
  - Dependent Child also means a naturally or legally adopted disabled child of the member, regardless of the child's age, if the child has been determined to be eligible for Social Security disability benefits

or is being claimed as a qualifying child for tax purposes due to the child's total and permanent disability.

Q When did the member begin participating? Why is this important?

A A contribution is paid toward the monthly insurance premium Based on years of service and type of service (hazardous or nonhazardous).

Percentage Contribution: Participation date prior to July 1, 2003

A percentage of the monthly contribution rate is paid (see Percentage Contribution table below) for medical insurance coverage based on the retired member's years of service and type of service.

Total Service	% Paid for Retiree	Total Hazardous Service	% Paid for Haz duty Spouse/Dependent Child
Less than 4 years	0%	Less than 4 years	0%
4 – 9+ years	25%	4 – 9+ years	25%
10 – 14+ years	50%	10 – 14+ years	50%
15 – 19+ years	75%	15 – 19+ years	75%
20 or more years	100%	20 or more years	100%

*These insurance benefits are covered under the inviolable contract

Dollar Contribution: Retirees hired July 1, 2003 – August 31, 2008

Members are eligible for health insurance benefits when they have earned a minimum of **10 years** of service in the state-administered retirement systems.

Dollar Contribution: Retirees hired on or after September 1, 2008

Members are eligible for health insurance benefits when they have earned a minimum of **15 years** of service in the state-administered retirement systems.

***The monthly contribution increases each year by 1.5% on July 1st.**

i. **Nonhazardous members** will earn a contribution for insurance of ten dollars ($10) per month for each year of earned service.

ii. **Hazardous members** will earn a contribution for insurance of fifteen dollars ($15) per month for each year of earned service. Upon the retiree's death, the spouse of a hazardous duty member will receive a monthly insurance contribution of ten dollars ($10) per month for each year of hazardous duty providing the spouse is designated as the beneficiary and remains eligible for monthly benefits upon the retired member's death.

Effective January 1, 2023, members who have accrued an additional full year of service above the "career threshold" shall be eligible for an additional five-dollar ($5) health subsidy on January 1 of each year subject to the following:

i. The additional contribution is only for retirees who are non-Medicare eligible

ii. The additional contribution will only be granted if the most recent actuarial valuation determines the funding level of the retiree healthy trust is at least 90% funded. Each system is required to meet the minimum funding level, independently, and be projected by the actuary to remain at that level for the year per KRS 61.702(4)(e)(6)(b)(iii) and 78.5536(4)(e)(6)(b)(iii).

Effective January 1, 2023, the retirees eligible for the Dollar Contribution Benefit are allowed to purchase health insurance coverage that is not offered by the systems and seek reimbursement for premiums paid per KRS 61.702(6) and 78.5536(6).

Enhanced insurance benefits may be awarded for members who die, or are disabled, as a direct result of an act in line of duty or duty-related injury.

*These health insurance benefits are **not** covered under the inviolable contract.

Q What action is required by the CERS and KRS Board of Trustees for the non-Medicare eligible retiree plans?

A 1. KRS 61.702, 78.5536 and 105 KAR 1:411 require the Boards to take action each year before mid-September to select the KEHP plan that the individual trust will pay 100% of the contribution of the premium if the retiree has 240 months of service credit or greater. The plan selected as the contribution plan must be actuarially equivalent to the 1994 KY Kare Standard as described in KPPA chapter 18A, Section 225 (2) (a). The 1994 KY Kare Standard has a relative value of 1.00, the KEHP plans offered are all actuarially equivalent with relative values 0.93, 0.97 and 1.02. Previously the KPPA Board has determined that the plan with the 0.98 value (LivingWell PPO) is the contribution plan.

2. The Board is required to select the contribution plan for the hazardous duty spouse and eligible dependent before mid-September each year. Previously the Board has followed the policy of selecting the same plan as the retiree at the Couple, Parent Plus or Family level.

3. Tobacco Use Fee – This is a fee (currently $40) imposed by the KEHP plan if any covered individual uses tobacco products. The Boards must take action to decide if the fee is to be paid by the retiree/spouse/dependent or by the plan. If the individual stops the tobacco use during the plan year, they are allowed to request that the fee no longer paid.

4. All KEHP plans require a LivingWell Promise to be completed in order for the plan holder/retiree to receive a discount on premiums for the next plan year. The plan holder must complete the LivingWell Promise (biometric screening or completion of a health assessment online), by the

deadline to be eligible for the lower rate. This promise must be renewed each year. The Boards must take action to decide if failure to complete the LivingWell results in the plan holder/retiree paying the additional premium or the plan pays it.

5. Family Cross Reference option allows a married couple with eligible children to combine their contributions in order to pay for one family plan. This option is addressed under KRS 18A, 61.702 and 78.5536.

Q What action is required by the CERS and KRS Board of Trustees for the Medicare eligible retiree plans?

A 1. The Boards must select a contribution rate and plan for the retiree that has 100% contribution before mid-September each year. The 2023 Premium Medicare Advantage Plan exceeds the actuarial equivalency when compared to the LivingWell PPO KEHP Plan.

2. The Board must select a contribution plan for the hazardous duty spouse before mid-September each year.

3. The Medicare plans are individual contracts, so there are no family, couple or parent plus levels.

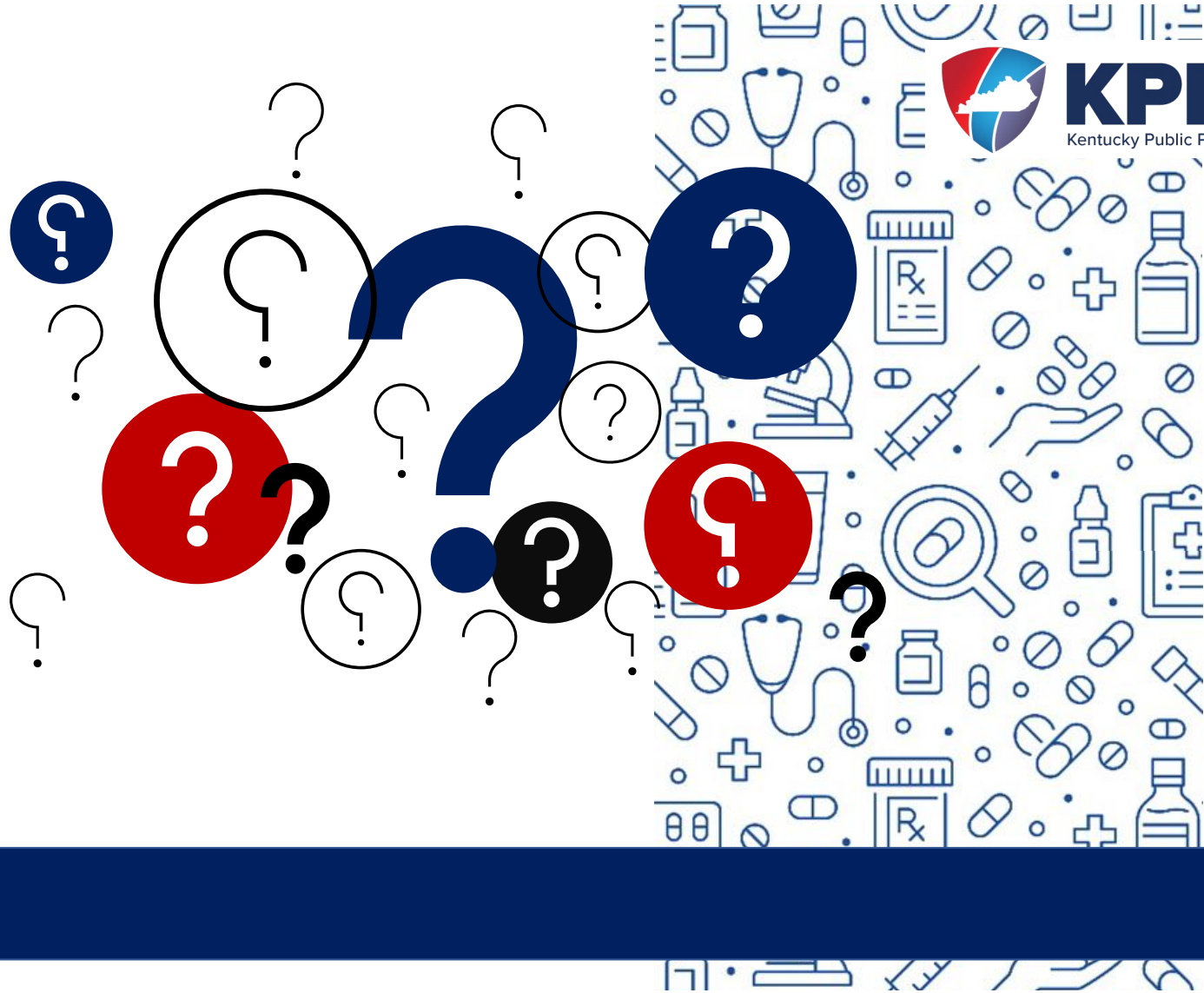
Q What is a default plan?

A The default plan is chosen by the CERS and KRS Boards that allow retirees and eligible dependents to be covered under a health insurance plan if they fail to submit an application as a new retiree during a mandatory open enrollment or when aging into Medicare. A default plan is chosen in both the non-Medicare and Medicare plans.

Q What is the Hazardous Duty Spouse and Eligible Dependent Verification process?

A Annual certification is required for the retiree to receive the premium contribution defined above for hazardous duty spouse or eligible dependents. The retiree must complete the Form 6256 (Designation of Spouse and/or Dependent Child for Health Insurance Contribution) during Open Enrollment each year. Failure to submit the verification form will result in the premium for the eligible spouse and dependents being deducted from the retiree's monthly benefit or payment via Direct Debit if the recipient's benefit isn't large enough to cover the premium amount.

Rev 3/2023



Questions