

Memorandum

To: Connecticut Judiciary Committee

From: Terry DeMattie

Date: March 24, 2021

Re: *Raised Bill No. 1082: An Act Concerning Teacher Advisory Council, the Membership of and Term Limits for the Teachers' Retirement Board, a Cap on Certain Professional Fees Paid by the Board, and Medicare Supplemental plans for Retired Teachers*

Thank you for the opportunity to provide written testimony regarding the above Bill. My name is Terry DeMattie and I am employed at Segal. We partner with Teachers' Retirement Board (TRB) as their health benefits consultants. I would first like to comment about the proposed addition of a Medicare supplemental plan "which shall provide coverage substantially equal to or better than such basic and optional plans and include coverage consistent with all state insurance mandates".

The TRB's base plan is a Medicare Advantage (MA) plan. By definition, Medicare Advantage plans are very different from Medicare Supplement plans in how coverage is delivered and accessed and cannot provide the same level of benefits at the same cost.

Medicare Supplement: Plan simply pays any balance after the Original Medicare payment and member deductibles, copays and coinsurance. Plans have minimal coverage for preventive care or medical management and do not provide any "extra" benefits not covered by Medicare.

For Medicare Advantage Plans:

- Reduction in cost is based on care coordination in a MA program that is non-existent in the Fee-for-Service (FFS) Medicare system, which leads to many FFS dollars spent on waste, inefficiencies and care that doesn't improve health.
- MA plans provide member-centric clinical care coordination and management at all points of service including physicians, facilities and in patient's homes. These programs include wellness/prevention and management programs for acute illnesses, chronic conditions and advanced illnesses. The result of this holistic approach is improvement in quality of care, retiree well-being, improved health outcomes and retiree satisfaction while reducing costs of care to help preserve benefits for retirees.
- MA plans identify retirees for the most appropriate clinical programs through predictive modeling and health risk assessments and often incents them to participate in these programs..
- Funding: There is no CMS funding available for Medicare Supplement plans. There is a capitated payment from CMS for MA plans, which is used to leverage lower premiums.

- Prescription Drug Coverage: Cannot be integrated into Medicare Supplement; MA plans can have a Medicare prescription drug coverage component known as Part D.
- Medical Management: Not offered under Med Supp plans; Built into MA plans to support and manage the health of the population
- Cost/Savings: Monthly premiums are usually higher with Medicare Supplement plans than for MA plans; In MA plans, CMS funding covers large portion of plan costs typically resulting in savings for plan sponsor and plan participants.

In addition, Medicare Supplement and Medicare Advantage plans are required to comply with Federal guidelines and State mandates do not apply. The same is true for Medicare Prescription Drug plans.

There is also a practical aspect to this that should be considered. TRB currently administers two medical plans. Even though more than 80% of members are enrolled in the MA plan, members wanted the choice to buy-up to the optional, Medicare Supplement plan. Adding a third plan that would not be cost effective would place additional administrative burden on the agency.

My second comment concerns the proposed language “payments of not more than one hundred fifty thousand dollars in any fiscal year for (professional) health care consultation fees associated with the administration of the health benefit plans offered pursuant to this section”.

The TRB’s annual health plan costs are more than \$100,000,000, covering over 30,000 retirees and growing. The agency uses the services of its health consultants to provide: actuarial services related to the financing of the benefits, budget projections, plan audits, RFP development, and proposal analysis, compliance support, communications, legislative support and routine day- to day- consulting. Segal is fully aware of the sensitivity of budget allocations for Public Sector employers. Our pricing approach is focused on achieving the client's objectives in the most cost-effective manner consistent with quality, accuracy, and timeliness. Our retainer agreement with the TRB reflects this approach and is consistent with the services requested in the TRB’s solicitation for Health Care Consulting.

Thank you for your consideration.
Terry