



Proposed 2022 Program Changes

April 15, 2021

- **Proposed 2022 Plan Coverage Changes**
- **Changes Since July 1, 2020, Valuation**
- **Proposed Change to Funding of Hospital Coverage for Medicare Part B-only Enrollees**
- **Next Steps**

- **Increase the annual deductible for prescription drugs to \$300 from \$275 for Medicare and pre-Medicare plans for brand-name and specialty drugs**
 - 2015 Board motion sets the annual deductible at 63% of the standard Medicare deductible rounded down to the nearest \$25 increment
 - Standard Part D plan 2022 deductible will be \$480
 - Ensures deductible is inflation-adjusted
 - \$850,000 plan savings

Proposed 2022 Plan Coverage Changes



- **Move to Express Scripts' National Preferred Formulary for non-Medicare enrollees and the Premier Performance Formulary for Medicare enrollees**
 - 3-tier drug copay with a new option for non-preferred brand drugs in addition to generics and preferred brand drugs

Tier	Retail	Mail
Generic	\$10	\$25
Preferred Brand	\$30	\$75
Non-Preferred Brand	\$75	\$187.50

- Greater participation in these formularies among Express Scripts' clients results in greater rebates due to large volume purchases
- \$9.7 million plan savings

Proposed 2022 Plan Coverage Changes

- **Reduce specialty copay to lesser of 8% of cost or \$450 from the lesser of 13% of cost or \$450 per 31-day supply**

Days supply	New Copay	Current Copay
1-31 days	8% of cost up to a \$450 maximum	13% of cost up to a \$450 maximum
32-60 days	8% of cost up to a \$900 maximum	13% of cost up to a \$900 maximum
61-90 days	8% of cost up to a \$1,350 maximum	13% of cost up to a \$1,350 maximum

- **\$1 million additional plan cost**

- **Decrease drug maximum out-of-pocket limit to \$5,100 from \$6,550 for the Medicare plans, below the 2022 standard Part D limit of \$7,050**
 - Enrollees are unlikely to reach the out-of-pocket limit with their own spending – no enrollees reached the \$6,550 limit in 2020
 - Pharma provides a 70% discount while the enrollee is in the coverage gap (donut hole), which is applied to the enrollee’s out-of-pocket limit
- **Maintain the \$5,100 out-of-pocket limit for non-Medicare enrollees, as they are not eligible for the Pharma discounts**
 - Only 160 of the 9,900 enrollees reached the \$5,100 out-of-pocket limit in 2020

Changes Since July 1, 2020, Valuation

- **Investment return exceeding 7.45% assumption**
 - \$750 million investment earnings through March 2021 compared to \$284.4 million annual projected investment earnings
- **Better than expected net health care costs**
 - Projecting net health care spend to be at least 10% below expectation
- **July 1, 2020, valuation projected the funded ratio increasing to 185.6% from 182.1%**
- **Health Care Fund projected to exceed 200% funding based on current FY 2021 experience**
- **Propose full funding of hospital coverage for Medicare enrollees with Part B only**

Proposed Funding of Hospital Coverage for Medicare Part B-Only Enrollees



- About 11,000 enrollees do not qualify for premium-free Medicare Part A hospital coverage due to insufficient Social Security or Medicare tax contributions
- STRS Ohio plans provide comprehensive hospital coverage for these enrollees funded by adding approximately \$40 per month to plans' total cost
- On average STRS Ohio subsidizes half of this cost and half funded through enrollee premiums
- Staff proposes the cost of providing comprehensive hospital coverage for Medicare Part B-only enrollees be fully funded through the Health Care Fund

Proposed Funding of Hospital Coverage for Medicare Part B-Only Enrollees



- **Total cost per enrollee per month would be reduced by \$40**
 - For example, if this were in place in 2021, the Aetna Medicare Advantage total cost would be \$303 instead of \$343
- **Premiums would then be based on the new total cost**
 - 30-year benefit recipient premium would be \$112 instead of \$127
 - Spouse premium would be \$303 instead of \$343
- **Cheiron estimated this change will increase health care liabilities by nearly 12%**
 - Based on FY 2021 experience, plan would be 188% funded at 7.45% assumed rate of return and 170% funded at 6.45% assumed rate of return

- **May 2021**
 - Board approves health care program changes
 - Staff provides 2022 premium projections
- **June 2021**
 - Board approves 2022 health care premiums

Questions?