



MEMORANDUM

TO: Health Care Commission
Duane Goossen, Chair
Sandy Praeger
Nancy Ruoff
John Staton
Steve Dechant

FROM: Doug Farmer

DATE: August 31, 2010

SUBJECT: Medicare Advantage Plan Renewals

Medicare Advantage plans provide Medicare Part A, Part B and sometimes Part D benefits and the members' supplemental coverage all in one. The plans commonly provide benefits that are not available under traditional Medicare. Direct bill members currently have the option of selecting a Medicare Advantage (Part C) option with either Coventry Health Care (CHC) or Humana, Inc. Both companies currently offer Preferred Provider Organization (PPO) options. PPO plans have a defined territory (regional or local) in which they have network providers available. Services can be received from a non network provider; however, the member will incur higher out-of-pocket costs for these services.

2011 PPO Structure

Coventry is offering members who live in the CHC Kansas Advantra service area their PPO Advantage plan option. In their renewal proposal, Coventry offered the current plan as well as an alternative plan design option. A summary of the proposed CHC Advantra PPO Plan designs and coverage area is attached. For Plan Year 2010, the cost for medical only was \$33 and for this same coverage it will be \$75 in 2011. Members electing to purchase their Medicare Part D program through Coventry may do so for an additional \$64 for a total premium of \$139 per member per month in 2011. Coventry indicates a significant part of this premium increase is a result of reductions in the reimbursements being received from the Centers for Medicare and Medicaid Services (CMS).

As an option, Coventry has offered the state an alternative plan design which adds an office visit copay of \$10 for a primary care provider or \$20 for a specialist. The inpatient hospital cost would increase \$50 to \$150 and the out-of-pocket maximum would increase \$1,500 to \$2,500. This benefit package would cost \$61 per member per month for medical coverage and an additional \$64 for prescription drug coverage.

Humana is offering members a regional PPO option. The plan design for the Humana plan was new for Plan Year 2010. A summary of the proposed benefits and a map of the regional service area are attached. Members electing to enroll in medical only coverage in 2010 paid \$85 per month and will pay

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\$79 per month in 2011, and those electing medical and drug coverage paid \$145 per member per month this year and the proposed 2011 rate is \$160 per member per month.

Recommendation:

Staff recommends the acceptance of the current Coventry plan design and rate of \$139 per member per month and the Humana plan for \$160 per member per month.