

MEMORANDUM

TO: Health Care Commission
Jim Clark
J. Scott Day
Steve Dechant
Kenneth Selzer
Heather Young

FROM: Mike Michael

DATE: May 22, 2015

SUBJECT: **Contract for Plan C Medicare Supplement Policy**

A request for proposal (RFP) EVT0003603 for a fully insured Plan C Medicare Supplement policy closed on April 2, 2015. Blue Cross and Blue Shield of Kansas, the current provider of service, submitted the only bid, and negotiations were held with them.

Direct Bill members are predominately retirees that pay the entire cost of their health insurance. Once they are eligible for Medicare they may switch to a fully insured Medicare Supplement or Medicare Part C Advantage plan offered by the State Employee Health Plan (SEHP). Direct bill members are free to leave the SEHP and elect to purchase coverage in the private market. If the member leaves they are not eligible to enroll in the SEHP group at a later time.

The Plan C Medicare supplement policy is a standardized product that is not age-rated. The program has been in place for many years and enrollment numbers indicate it has been preferred by our Medicare members for their supplemental coverage needs. Staff reviewed the vendor's responses; the proposed premiums and rate caps; the vendor's flexibility; and its capabilities to provide accurate, timely, and quality customer service and claims processing.

Recommendation:

Staff recommends that a three (3) year Plan C Medicare Supplement contract be awarded to Blue Cross and Blue Shield of Kansas.