

REACTA HOT TOPICS SPECIAL EDITION

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CTA Health Trust Considers Anthem Medicare Advantage Plan

REACTA Bylaws Section 1.2.1 lists the first purpose of REACTA is ***"To work with CTA employee organizations to advance, protect and enhance the benefits levels provided by the CTA Employees' Retirement Benefits Plan and the CTA Employees' Health and Welfare Benefits Plan."***

At our annual meeting last October your officers learned that the Health and Welfare Trust was considering replacing the current Anthem Blue Cross plan for retirees enrolled in Medicare with the Anthem Blue Cross Medicare Advantage (MA) Plan. Medicare eligible retirees with Kaiser were already being enrolled in Kaiser's Medicare Advantage Plan. After some initial feedback at our business meeting about potential negative impacts of Anthem MA, I notified CTA Management, CSO and CAS leaders with our concerns. My message included the following statements:

During our business meeting we had further discussion on both trusts. While retirees feel more confident about the sustainability of the Pension Trust, there were several concerns raised about the possibility of moving toward a Medicare Advantage plan for retirees. A few of our members are not covered by the health trust and talked about problems with MA. We have retirees who have had 30 plus years of relationships with hospitals and doctors. Any disruptions to these relationships would create hardships for our most senior retirees. The capitation rates by MA plans have driven many doctors from accepting this coverage. To force retirees to pay upfront might create financial hardships for our retirees and surviving spouses, many of whom retired over 30 years ago.

I urge the health trust to involve REACTA now as it explores the MA plan option. We all know the importance of health care for our families and do not want any surprises that could disrupt or restrict our access to the quality health care we have now and you will have when you retire.



Important Numbers to Remember:

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Reminder – REACTA Zoom Book Club meeting is February 10. Email Margaret Wallace for details.

REACTA learned in November that the Health Trust was planning to consider the Anthem MA Plan at their February 2, 2021 meeting. At our December officers meeting REACTA VP Kerry Moriarty was asked to gather data on Medicare Advantage Plans and their potential impact on retirees. I did further research and prepared a report for CTA Management, CSO and CAS Trustees. The report provided a multitude of reasons why the substance of MA plans works to the detriment of all current retirees and FUTURE retirees with Anthem. Our data shows that Medicare Advantage only works to the advantage of the insurance companies. We advised the Trustees that MA is not the way to provide quality health care for employees who have worked tirelessly to bring about quality health care for the CTA members we serve. A copy of our report is included in this newsletter.

What is the Rush???

In addition to our concerns about the substance of a Medicare Advantage plan, we also advised the Trustees about the timing of their discussion. It is cruel to even consider such a change in the middle of a pandemic. Our retirees have long standing relationships with their medical providers. Given our age and co-morbidity issues, such a drastic change would be stressful and disruptive. The timing of such a discussion is also flawed by the inauguration of a new President on January 20. The Biden Administration has placed Health Care Reform near the top of its domestic agenda. Key changes might include a lowering of the eligibility age, institution of a Public Option for purchasing health insurance, and the elimination of restrictions involving the purchase of prescription drugs. These three changes could lower health care costs resulting in lower rate increases or even premium reductions for individuals and groups. Our Health Trust has been operating in the "black" for the past five years. While we are always concerned about long term sustainability, there is no immediate need to make such a drastic change in benefits.

Decision on February 2

The Health Trust met on February 2 and decided to postpone action. Anthem was asked to respond to several questions raised by the Trust. Their next meeting is in May. We will keep you informed of further developments.

REACTA ANALYSIS OF MEDICARE ADVANTAGE PLANS

Medicare Advantage Plans were established as a replacement for regular Medicare. It is typically offered by HMOs or PPOs. It offers the same basic parts A, B and D. Both plans cover preexisting conditions. However, there are significant differences between Medicare and Medicare Advantage (MA) which result in reduced benefits and disruptions in the delivery of quality health care for plan beneficiaries. The most significant differences are listed below by category:

PROVIDER NETWORKS

- Under Medicare you can choose among any doctor that accepts Medicare, both primary care doctors and specialists. You don't need referrals to see any medical provider and you don't have to worry about your doctor leaving a plan's network. Approximately 93% of primary physicians participate in Medicare. You can access Medicare anywhere in the United States as long as the provider accepts Medicare.
- Under Medicare Advantage (MA), you will essentially be joining a private insurance plan. MA is a "passive network" meaning providers can be in network but NOT accept the MA plan. For example, if you live in Marin or San Mateo counties, most doctors are sole practitioners and do not belong to groups. The list of providers also changes so you may lose access to your current physicians. MA employs managed care plans, and, in most cases, you would have a primary care physician who would direct your medical care, meaning you would need a referral to a specialist. MA plans are basically HMOs which tend to have a more restrictive choice of medical providers than PPOs. Savings are generated through the use of "capitated" reimbursement rates. MA plans are based around networks in a specific geographic area. If you travel or have a second home, this could be problematic. The choice of MA plans is more limited in rural areas.

COVERED SERVICES

- Under original Medicare, you can get a wide variety of medical services including hospitalizations; doctor visits; diagnostic tests, such as X-rays and other scans; blood work; and outpatient surgery.
- Under MA, you will get all the services you are eligible for under original Medicare. However, access can be restricted through stricter authorization procedures and refusal of diagnostic services by the primary care physician. Some hospitals are very particular about the MA plans they accept. MA plan rules can often change. The Kaiser Medicare Advantage Plan does not appear to offer the same level of medical assistance to older patients.

COSTS AND REIMBURSEMENT

- Under original Medicare, the federal government sets the premiums, deductibles, and coinsurance amounts for Part A (hospitalizations) and Part B (physician and outpatient services). Claims are submitted to Medicare as primary insurance carrier. Additional costs are often covered by Anthem PPO. There is usually no up-front payment.
- It is our understanding that individual co-pays and deductibles might be reduced under an MA plan. However, if a provider does not accept an MA plan, the member would have to

front the money for an appointment or procedure and submit for reimbursement under Anthem. This creates a financial hardship for our more senior retirees, especially with Anthem's notoriously slow reimbursement history. MA plans also have an annual cap on out-of-pocket expenses. Medicare does not.

MOTIVATION FOR MA PLAN

What is the motivation for the Trust to explore a Medicare Advantage program? We understand there could be an annual savings of about \$500,000. While the Trust might save money, our research shows that the major beneficiary of MA plans are the insurance companies. According to a national study on MA profitability, the gross profit margin per covered person in an MA plan (\$1608) is about double the profitability of a covered person in a group plan (\$855). According to a recent study of MA plans by Fierce Healthcare, "big-name health insurers raked in profit of \$35.7 billion in 2019 with even bigger expansion in 2020."

OUR CONCLUSIONS...

After examining Medicare Advantage Plan specifics, it should be obvious to the Trustees that we should not pursue this option. Once you shift from a Medicare to a Medicare Advantage Plan you are FOREVER prohibited from returning to Medicare. All current CTA employees, upon retirement, would be forced to enroll in the MA plan in lieu of Medicare, therefore reducing their health benefits. This would create a two-tier system of health benefits which we all fought against when we represented CTA members in bargaining. While there may be some savings to the plan, there are too many other factors that should be weighed in your decision-making process. With a strong potential for Health Care Reform at the National level, additional savings will flow to the Trust.

REACTA is always willing to work with the Trust on issues impacting retiree health benefits. We are willing to discuss our concerns, via Zoom, at your upcoming Trust meeting. We know you have a fiduciary responsibility to keep the Trust financially sound. We don't think switching to a Medicare Advantage Plan is in our collective best interest.

Respectfully Submitted,
Dom Summa, REACTA President
January 26, 2021