



Updates from the June PEEHIP Board of Control Meeting

Medicare Advantage (MA) Federal Changes

As explained in the March 2024 *PEEHIP Advisor*, there are significant changes to both funding and drug cost liability for 2025 as a result of both the Centers for Medicare and Medicaid Services (CMS) action and the Inflation Reduction Act. On April 1, 2024, the CMS, commonly referred to as Medicare, released the 2025 Medicare Advantage Final Notice which did not provide any new financial relief to plans like PEEHIP from the overall reduction in expected funding outlined in the previously released Advance Notice. As a reminder, PEEHIP has been advised by UnitedHealthcare® and our consultants that this year's Advance Notice results in a significant reduction of federal funding to all MA plans, including PEEHIP's plan, beginning in 2025. The funding change from this final notice is due to federal government action and is in no way related to the Alabama State Legislature. More detailed information about the mechanics of the funding reduction and increase in Part D drug liability can be found in the March 2024 *PEEHIP Advisor*, which can be accessed at rsa-al.gov.

Due to the unfavorable economics of these federal government actions, PEEHIP could no longer continue to pay UnitedHealthcare® the same rate as before to administer our Medicare Advantage Prescription Drug Plan (MAPD). Therefore, in an effort to preserve the quality of benefit for our Medicare-eligible members at the lowest possible cost, PEEHIP issued a Request for Proposal (RFP) for a new MAPD contract under these new federal funding mechanisms and payment regulations. After extensive analysis of the offers, PEEHIP, through guidance with its consultants, decided to move forward and complete the current contract

with UnitedHealthcare® through its third and final year rather than terminating the contract early and beginning a new three-year term ahead of schedule. The competitive RFP process procured the lowest cost rate for PEEHIP for 2025 to use for this purpose so that PEEHIP can continue to provide an excellent benefit to our members at the lowest possible cost.

Due to the fluidity of these federal financial changes and the uncertainty of the Medicare Advantage market, the PEEHIP Board of Control chose to approve the staff's recommendation to continue the current contract at the competitively arrived rate for the final year, rather than lock into a new three-year term at a highly-escalated cost for each of those three years. Next year, when the current contract term approaches its close, PEEHIP will be on schedule to release another RFP for its Medicare business, at which point there will be much more clarity around adjusted cost and revenue so that PEEHIP will be in a more favorable position to capture a better long-term rate for the plan.

While PEEHIP has acted quickly to secure the best rate available for us to finish the current three-year term with UnitedHealthcare®, the cost has increased significantly more than in the previous two years of the term. As we progress through the summer months, the final piece of federal funding, called the Direct Subsidy, will become finalized so PEEHIP and UnitedHealthcare® will know the final impact of the funding changes. At that time, PEEHIP will evaluate any needed changes in legislative funding requests and member premiums to continue to provide our excellent MAPD plan to PEEHIP members.

continued on page 2

continued from page 1

Plan Changes Effective October 1, 2024

These amounts follow annual indexing of the Affordable Care Act (ACA). PEEHIP implements the full ACA indexed amounts each year under established Board policy.

- ◆ **Maximum Annual Out-of-Pocket Amounts:** The combined medical and prescription drug in-network maximum annual out-of-pocket amounts will **decrease** to \$9,200 per individual and \$18,400 per family for calendar year 2025. This is an enhanced benefit for members enrolled in PEEHIP's Group #14000 Hospital Medical Plan, as they will pay no more than these annual out-of-pocket amounts.
- ◆ **Supplemental Hospital Medical Maximums:** The annual maximum amount of claims paid under Group #61000 will increase to \$9,200 per individual and \$18,400 per family for calendar year 2025.
- ◆ **Supplemental Hospital Medical Maximum Allowing Primary Coverage Deductible:** Members enrolled in High Deductible Health Plans (HDHP) are not eligible for the PEEHIP Supplemental Medical Plan. The IRS defines the minimum deductibles for HDHPs for calendar year 2025 as \$1,650 for individual and \$3,300 for family. You must provide a copy of your primary plan document for verification of the deductibles.
- ◆ **Flexible Spending Accounts (Health FSA and DCRA):** The annual maximum Health FSA contribution amount remains \$3,200 for the fiscal year beginning October 1, 2024. The Dependent Care Reimbursement Account (DCRA) annual maximum contribution remains \$5,000 (\$2,500 each if married filing separately). The carryover limit for the Health FSA will increase to \$640.
- ◆ **VIVA Health Plan Benefit Changes:**
 - Enhanced calendar year maximum benefit on dental plan from \$500 to \$750

- Enhance the \$0 copay from oral contraceptives from only select generics to generics and select brands

Annual Adjustments to Retiree Sliding Scale

For members who retired on or after October 1, 2005, PEEHIP premiums are calculated pursuant to the Sliding Scale law, *Ala. Code* §16-25A-8.1. Starting with the base premium as set by the PEEHIP Board, the base premium is adjusted by applying a formula based upon the cost of healthcare to the plan and using a member's specific age and years of service at retirement. Per the law, this premium is subject to change each year. To calculate or review a premium, a retiree premium calculator is available on our website at rsa-al.gov/peehip/calculators/. For more information about the Sliding Scale law and how retiree premiums are calculated under this law, see the dedicated Sliding Scale pages with examples on our website at rsa-al.gov/peehip. The information can be found on the active members & non-Medicare-eligible page and the Medicare-eligible page. The PEEHIP retiree premium calculators will be updated prior to October 1, 2024. Additionally, new members applying for retirement are now provided a PEEHIP premium estimate letter along with an explanation of how the Sliding Scale applies to them. Lastly, in September of this year, PEEHIP will provide additional information to members impacted by the Sliding Scale prior to any resulting changes to their premium effective October 1, 2024.

Annual Adjustments to COBRA, LOA, and Surviving Spouse

As mandated by federal COBRA law and *Ala. Code* §16-25A-8(e), related to Surviving Spouses paying the cost of their coverage, each plan year there may be either some increases or some decreases to these rates as shown below in the monthly premiums.

COBRA and LOA	FY 2025	FY 2024	Increase
Individual	\$598	\$563	\$35
Family	\$1,514	\$1,441	\$73
Supplemental	\$185	\$178	\$7

continued on page 3

Surviving Spouse	Number of Contracts 3/31/2024	Effective 10/1/2024	FY 2024	Increase
SS < 65	54	\$1,001	\$957	\$44
SS < 65 with Dependent < 65	27	\$1,586	\$1,362	\$224
SS < 65 with Dependent > 65	0	\$1,172	\$992	\$180
SS > 65	2,040	\$65	\$65	\$0
SS > 65 with Dependent < 65	0	\$896	\$716	\$180
SS > 65 with Dependent > 65	14	\$130	\$130	\$0

FY2025 Employer Contribution Amount

PEEHIP participating employers contribute funds to PEEHIP based on their number of active employees. The Alabama Legislature sets the employer contribution amount per active employee, which will remain \$800 for fiscal year

2025 (starting October 1, 2024). This is not a change from the prior year. This funding is used to cover the costs for all active and retired employees and their eligible dependents enrolled in PEEHIP coverage. ●

Summary of Benefits and Coverage Availability of Summary Health Information

The Patient Protection and Affordable Care Act (PPACA) of 2010 created a federal requirement for group health plans to provide the Summary of Benefits and Coverage (SBC) form to health plan members during Open Enrollment. Health benefits represent a significant component of every employee’s compensation package. The benefits also provide important protection for employees and their family in the case of illness or injury. PEEHIP offers health coverage options. Choosing a health coverage option is an important decision. PEEHIP makes a Summary of Benefits and Coverage (SBC) available, which summarizes important information about health coverage

options in a standard format to help you compare across coverage options available to you in both the individual market and group health insurance coverage markets. The SBC is available on the PEEHIP web page at rsa-al.gov/peehip/publications/#sbc. A paper copy is also available, free of charge, by calling Member Services at 877.517.0020. The SBC is meant as a summary only, and the coverage examples in the SBC are for illustration purposes only and may not be representative of the actual charges for copayments or out-of-pocket expenses for the PEEHIP plan. For more detailed benefit information, see the PEEHIP Summary Plan Description (SPD) at rsa-al.gov/peehip/publications/. ●

Open Enrollment Has Begun!

PEEHIP’s annual Open Enrollment period begins soon! This is the once-per-year opportunity for PEEHIP members to enroll in or change coverage, as well as add or drop eligible dependents from coverage. Outside of Open Enrollment, changes are only permissible due to a qualifying life event.

It is important for PEEHIP members to know while PEEHIP is dedicated to providing members with many benefit options that promote health and well-being,

PEEHIP members have the responsibility to make educated choices during Open Enrollment to select the right plan(s) that is best for them and their covered dependents. Visit PEEHIP’s Member Online Services (MOS) website today at <https://mso.rsa-al.gov> to view your current coverages.

continued from page 3

Important Open Enrollment Dates

Open Enrollment begins July 1, 2024, and will end by the following deadlines:

- ◆ **Online:** Online Open Enrollment ends midnight **September 10, 2024**. After this time, online changes will not be accepted and the Open Enrollment link will be closed.
- ◆ **Paper:** Any paper Open Enrollment forms postmarked after **August 31, 2024**, will not be accepted, without exception.
- ◆ **Flexible Spending Accounts:** Both paper and online Open Enrollment for flex plans ends **September 30, 2024**.
- ◆ **Effective Date of Coverage:** All Open Enrollment coverage elections approved by PEEHIP will become effective **October 1, 2024**.

Open Enrollment Page

PEEHIP's Open Enrollment informational page can be found at rsa-al.gov/peehip/open-enrollment. You can also navigate to this page from the main RSA page and

clicking the PEEHIP link. This page allows you to find the information needed to make educated decisions about your health plan options. Included are deadlines, the updated PEEHIP Member Handbook with Open Enrollment changes effective October 1, 2024, and other information relating to Open Enrollment.

Helpful Information

Open Enrollment information is published in the PEEHIP Member Handbook. Active and retired members can view or download a copy of the handbook from the PEEHIP Open Enrollment page.

You do not need to do anything during Open Enrollment if you are satisfied with your current coverage.* If you take no action, you and your covered dependents will remain on your current plan(s).

***Exception:** If you want to renew your **Flexible Spending Accounts** or **Premium Assistance (PAA) Discount**, you must **reenroll each year** as these programs do not automatically renew. For more information about the Premium Assistance Program, visit rsa-al.gov/peehip/premiums/premium-assistance-program/.

Did You Know?

Online enrollment is the preferred option because it is the easiest and most efficient method to enroll in or make changes to your coverage. No other enrollment method provides a confirmation page in real-time, giving you instant assurance PEEHIP has received your enrollment request.

Open Enrollment Through MOS:

1. Go to <https://mso.rsa-al.gov> and enter your self-selected User ID and Password. If you need to register or re-register to create a new User ID and Password, click "Need to register?" You will need your PID number to register. Your PID can be found at the top right of paper correspondence from PEEHIP. If you do not know your PID, please click "Need a PID? (Request PID Letter)" for steps to have your PID mailed to you at your mailing address on file with the RSA.
 - ◆ **Forgot User ID and/or Password:** Click "Forgot user ID or Password?" and follow the steps to reset your account.

2. Click "Enroll in or Change PEEHIP Coverages" on the home page or from the "PEEHIP Services" drop-down menu at the top of the page.
3. Click the "Open Enrollment" option and follow the on-screen prompts until you receive your **confirmation page**.

Don't Have Internet Access?

For members without internet access, you may request a printed Member Handbook or request a NEW ENROLLMENT AND STATUS CHANGE form to make Open Enrollment changes by calling RSA Member Services at 877.517.0020. ●