



Current Health Benefits Contract: April 1, 2000 – June 30, 2001

Current Prescription Contract: July 1, 2000 – June 30, 2001 with option to renew

Covered Lives represents retired employees and beneficiaries.

Risk Sharing Arrangement/Funding: Currently benefits are administered and provided through a third party administrator (TPA). The TPA is responsible for all claims processing activities. This is a self-insured arrangement under which the State assumes full financial risk for the covered population.

Contractors: The current plan administrator is Stirling and Stirling. Pharmacy benefits are managed and administered by SystemMed, a subsidiary of Merck Medco.

Plans offered:

- Traditional Medicare Supplement with Prescription Coverage;
- Traditional Medicare Supplement with Prescription and Dental Coverage;
- Traditional Medicare Supplement with Prescription, Dental, Vision, and Hearing Coverage; and
- Stand-alone Free Dental, Vision and Hearing Rider.

Cost Sharing: The traditional Medicare supplement plan with prescription coverage has an estimated monthly premium equivalent of \$160 with the retiree paying \$40, the State \$40, and the Fund \$80.

The Board's objective is to achieve a long-term strategy that equitably shares costs between active and re-

tired teachers and the State; to look for viable options to restrain rising costs; and create funding stability in its state partnership. Mechanisms to implement this objective include coordinating with the ACHIEVE project team and implementing any recommendations formulated by the Task Force to Study the Teachers' Retirement Health Insurance System.

Current Challenges:

- Long-term ramifications of rising health care costs
- An aging teacher population and the impact on the system's ability to provide these benefits in the future
- Long-term solvency of the Health Insurance Premium Account is being studied due to a 50% increase of retired teachers over the next ten years while active teachers contributions to the account remains flat.
- Rising prescription drug costs (>50% of total cost for Medicare eligible).

Next Steps:

Develop and implement a strategy to hold health plans accountable for cost, quality and access. ACHIEVE project team members are working together to help each purchaser agency identify solutions to their respective health purchasing challenges. The purpose of the initiative is to leverage the purchasing power of the state to:

- Achieve the most cost-competitive fees, rates and financial arrangements for each population for whom the state purchases health care coverage;
- Create purchasing efficiencies that minimize administrative burdens for both the State and its vendors;
- Establish a performance-based foundation for how the State will interact with and hold accountable its health care benefit vendors for high quality care, service and performance;
- Determine how standardizing electronic transmissions for certain administrative and financial health care transactions under the Health Insurance Portability and Accountability Act (HIPPA) of 1996 will impact the purchasing process.

This Purchaser Profile was created by OHCA in cooperation with the staff of the State Teachers' Retirement Board and the Office of Policy and Management.