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Date: August 3, 2011

Subject: Medicare Advantage and Pre-65 Managed Care Plans
Premium Rates and Benefits for 2012

To: Health Care Committee and Board

From: Mark Schafer

Earlier this year, PSERS posted the Invitation for Application documents for managed care organizations to apply to provide Medicare Advantage and pre-65 managed care plans for the 2012 Health Options Program. A nonbinding letter of intent to apply was due April 8, 2011. The fully completed application was due May 2, 2011. Proposed rates for 2012 were due June 8, 2011. The final deadline for submission and confirmation of all plan details and rates were due July 15, 2011.

PSERS received Applications from the following Medicare Advantage and companion pre-65 managed care plans:

- ✦ Aetna
- ✦ Capital Blue Cross/Keystone Health Plan - Central
- ✦ Geisinger Health Plan
- ✦ Highmark, Inc. / Keystone Health Plan West, Inc.
- ✦ Independence Blue Cross/Keystone Health Plan - East
- ✦ University of Pittsburgh Medical Center (UPMC) Health Plan

The average increase in premiums for the Medicare Advantage Plans for 2012 is 5%, though some plans have modified their benefit plans to increase member co-payments. We will present the 2012 rates at the upcoming Health Care Committee meeting. The Health Care Committee and Board will be asked to approve the Applications subject to terms and conditions acceptable to the Director, Health Insurance Office, Executive Director, and Office of Chief Counsel.

If you have any questions, please let me know.