

Michigan Public School Employees' Retirement System

2020 Strategic Initiative

COVID-19 Updates

December 21, 2020



Healthcare Goals

Healthcare Mission

- To maintain a quality health care plan that is affordable to both the members and the schools

Quality Goal

- Measurably improve the quality of care enjoyed by members

Cost Goal

- Limit the rate of cost growth to the compound rate of inflation (CPI) and real economic growth

Approved at the September Board Meeting

Recommendations to Respond to COVID-19 Pandemic (Non-Medicare and Medicare)

- Extend cost share waivers for COVID-19 treatments
 - Covered by BCBSM
- Extend cost share waiver for telehealth for medical and behavioral health services
- Begin waiving cost share for Primary Care and Behavioral Health office visits and in office Diagnostic X-ray and Labs
- Government Mandates
 - Physician / Hospital Evaluation and Test Administration - effective March 18th
 - Lab Tests - effective February 4th
 - Expires when the national public health emergency expires

Effective: July 1st through December 31st

- On going evaluation

Estimated Costs: \$26.3M - \$35.6M

Coronavirus Pandemic Effect

Still in a Pandemic

- The U.S. is experiencing record levels of COVID cases and deaths
- Still under a national public health emergency
- Retirees may still be delaying care for chronic conditions
- The pandemic related increased stress and anxiety on retirees remains a concern

Review of 2020 claims through August compared to 2019 show reduction in payments related to services provided

- Projected that 2021 will see a similar experience

Recommendation To Extend Cost Share Waivers

Recommendation to extend cost share waivers until a vaccine is widely available, cases are sufficiently contained, and outbreaks can be contained quickly (Non-Medicare and Medicare)

- Extend cost share waivers for COVID-19 treatments
 - Covered by BCBSM
- Extend cost share waiver for telehealth for medical and behavioral health services
- Extend cost share waiver for Primary Care and Behavioral Health office visits and in office Diagnostic X-ray and Labs

*Note: The government mandates will still apply.

However, the waivers will not extend beyond June 30, 2021.

Next Steps

BCBSM will be informed of the board approval to extend the cost share waivers through March 31, 2021

- An estimated cost increase of \$8.5M - \$11.5M

If needed, given the current pandemic situation, the cost share waivers may be extended to June 30, 2021

- An estimated cost increase \$9.0M - \$12.1M

Staff and consultants will monitor BCBSM plans for extending coverage for COVID-19 treatments beyond March 31, 2021

- If BCBSM does not extend this coverage, staff and consultants will evaluate the situation and bring a recommendation to the Board at the March meeting

Estimate Costs

Estimated costs for 1Q21 and 2Q21

- January 1, 2021 – March 31, 2021 - a cost increase of \$8.5M - \$11.5M
- January 1, 2021 – June 30, 2021 - a cost increase of \$17.5M - \$23.6M