

State of Vermont
Agency of Administration
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Kristin L. Clouser, Secretary

February 6, 2023

Philip Baruth, President Pro Tempore
115 State Street
Montpelier, VT 05633-5201

Jill Krowinski, Speaker of the House
115 State Street
Montpelier, VT 05633-5201

Re: Medicare Advantage

Dear Senate Pro Tempore Baruth and Speaker Krowinski:

Thank you for your recent letter regarding the Administration's proposal to move Medicare-eligible members in the Vermont State Employee Retirement System (VSERS) into a Medicare Advantage health plan specifically created and negotiated for VSERS members.

The Administration shares the same goals raised in your letter: ensuring retirees have access to the same level of health benefits enjoyed by current state employees; ensuring retirees can access those benefits without delay or denial; and respecting the retirees' years of dedicated service by honoring our commitment to deliver the healthcare benefits they were promised.

The proposed Medicare Advantage health plan achieves these goals and is a much different plan than those highlighted in the federal audit you referenced in your letter. Our customized plan would provide the same, and even enhanced, benefits to retirees. It would allow retirees to access the same healthcare providers they currently see as well as accessing providers out of state. It would match or exceed the current health benefits at a significant savings to retirees - approximately \$211 to \$422 a year in premiums if they are currently on a one or two person Selectcare plan and approximately \$496 to \$992 a year in premiums if they are currently on a one or two person TotalChoice plan. This savings is achieved by leveraging federal subsidies, not through the repeated denial of claims, and the premium rates would be locked in for a three-year period.

The Administration believes retirees and the legislature will recognize the value and benefits of the proposed Medicare Advantage health plan when provided accurate information. While we have tried to engage our labor partners to identify and address their concerns, most have been unwilling to engage in those discussions. That being said, I understand your concerns about shifting to a Medicare Advantage

plan without the support of state retirees through the bargaining process. Because this is such an important issue, and a full understanding of the facts and potential benefits illustrated through the bargaining process will benefit all, we will initiate collective bargaining with the respective unions. Given collective bargaining can be a lengthy process, it may not conclude during this year's legislative session. Still, we are happy to provide continued information about the benefits of Medicare Advantage to the legislature upon request.

Please let me know if you have any additional questions or concerns.

Thank you,

Kristin Clouser
Secretary

Cc: Beth Fastiggi, Commissioner, Department of Human Resources

