



# Open Forum

For Retirees in the Commonwealth of Virginia's Health Benefits Program

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## Welcome to Our First Issue

Welcome to *Open Forum*, a newsletter for retirees enrolled in the state's health benefit plans. In meetings around the Commonwealth this fall, many retirees expressed a need for better communication of health benefit information. This newsletter is a direct result of comments and questions from meeting participants. We hope this format will be useful not only in providing information, but also in being a true forum for your input and ideas. *Let us know what you think. Send your comments and suggestions by e-mail to [hbp@dhrm.state.va.us](mailto:hbp@dhrm.state.va.us).*

## What's New for 2002

Your Medicare rate notification package (sent with this issue) includes new premiums for 2002, a Medicare Plan Options brochure for comparing the benefits among state Medicare plans, a special insert on prescription drugs and a Retiree Enrollment/Waiver form. Option I, Option II, Drug Only and Dental/Vision plan members are also receiving an amendment to their Member Handbooks.



*More than 30 retirees from the Blacksburg area gathered at Virginia Polytechnic and State University in September for retiree meetings on state health benefits.*

## Retiree Meeting Results

During September and October, more than 200 retirees took the opportunity to gain additional insight into their health benefits by attending one of 13 meetings held around Virginia. Presentation topics included retiree communications, general program and premium overviews, plan options, available resources and, most importantly, an opportunity for retirees to express their concerns and ask questions. While communication of the meeting schedule was not sent individually to every participant, the schedule was widely advertised on several Web sites, through state agencies and the VGEA, and in a member handbook mailing in

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September. Based on meeting evaluations collected at each location, 91% of respondents considered the overall program to be very good or excellent (on a six-point scale from poor to excellent). Participants were enthusiastic and provided useful, constructive input regarding the program. We consider this to be the beginning of better communications with retiree plan members, and we look forward to more opportunities to share information.

### **Facts About Your Premiums**

- Your Medicare state plan premium is based directly on expenses incurred by the plan in which you are enrolled and projected future expenses. Approximately 95% of your premium goes toward paying the medical claims incurred by your plan, with only 5% being dedicated to administrative costs.

### **Prescription Drugs and Mail Service: Myth and Reality**

If you are a participant in Advantage 65, Option I or the Drug Only Plan (or have a dependent in one of the statewide non-Medicare plans), take a few minutes to review the enclosed flyer which dispels a number of myths regarding your Prescription Drug Program. In a time of soaring prescription drug costs, it pays to understand your plan and to utilize its highest benefit level.

- Both Medicare and non-Medicare retirees pay the full cost of their health coverage. Only those eligible for the Health Insurance Credit receive any contribution from the state toward premiums.

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### **A Question From Retirees: How Are Retiree Health Benefit Plans Procured?**

The Request for Proposal (RFP) process is complicated, but is set up to provide an opportunity for any qualified offeror to submit a proposal and to ensure that the best offeror is awarded the contract. The process works like this: Generally every five years (depending on one-year renewal options), an RFP for retiree health benefits is published per the Virginia Public Procurement Act (VPPA) as defined in the Code of Virginia. The RFP is advertised in newspapers and posted on the Department of Human Resource Management's Web site. An RFP for retiree health benefits was published most recently on June 1, 2000.

Anyone (company or individual) who wishes to submit a proposal may do so within the defined time limits. The specifications within the RFP are very specific and define requirements such as claims processing, system capabilities, plan inquiries, benefits administration, accounting, standards of performance, reports and deliverables.

The selection of qualified offeror(s) is based on the evaluation factors included in the RFP, including the offeror's organization and financial stability, qualifications of staff, member services, administrative capability, administrative costs, and utilization of small, women-owned and minority business. The proposals are scored (based on the factors contained in the RFP) and negotiations are conducted with the selected offerors. Price is a consideration when selecting finalists for negotiation, but it is not the sole determining factor.

The Department of Human Resource Management, Office of Health Benefits, selects the offeror who has made the best proposal and awards the contract. Proposals must be submitted in writing and must provide complete and accurate information which is subject to verification. The format of the proposal is very specific and must be in compliance with the VPPA. In addition, all contractors must agree to assist the Department of Human Resource Management and its auditors in conducting audits and providing an annual report.

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