



Medicare Overview – Employer Options and Trends

texasprima.org
Texas Chapter Public Risk Management Association



Today's Agenda

Medicare Basics

Medicare Trends

Medicare Advantage Plans

Various Medicare Product Options



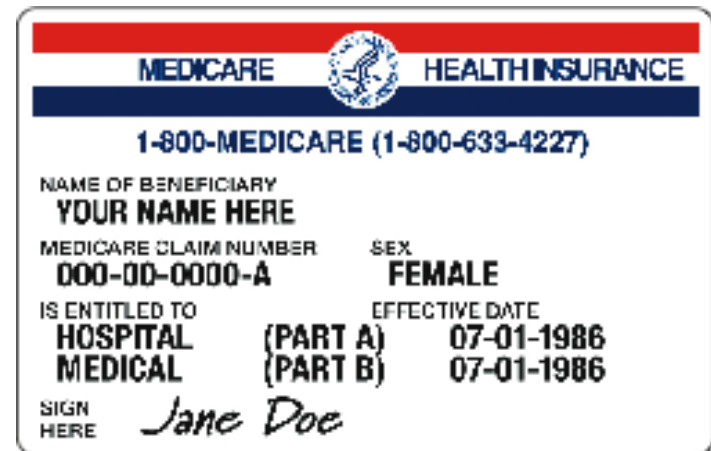


The ABCs of Medicare

When are you eligible for Medicare?

You're eligible for Original Medicare (Parts A and B) if you are:

- 65 years old, or
 - under 65 and qualify on the basis of disability
 - All ages with end-stage renal disease
- and you are -
- a U.S. citizen or a legal resident who has lived in the United States for at least five consecutive years



Medicare Parts A & B (Original Medicare)

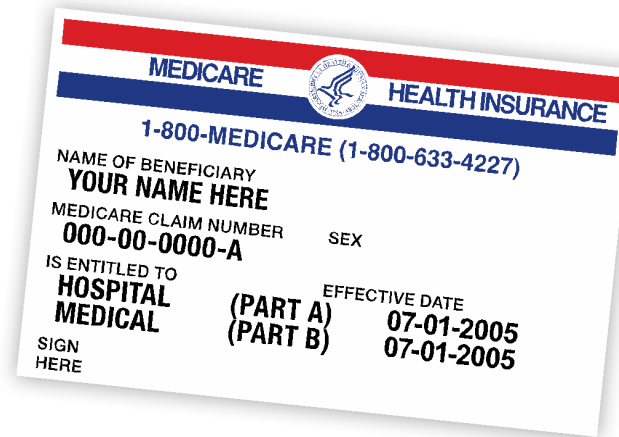
Original Medicare Provided by the government



Part A covers
hospital stays



Part B covers doctor
and outpatient visits



Prescription drug plans

Types of Retiree Drug Plans

- Retiree Drug Subsidy
- EGWP PDP (Group Part D)
- Individual PDP

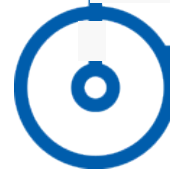


Helps with the cost of prescription drugs

- Offered through private insurance companies
- Prescription drug coverage varies by plan
- Each plan has list of drugs covered (formulary drug list)

Part D Phases – Original Medicare

CMS Standard



Phase 1	Phase 2	Phase 3	Phase 4																
Deductible Phase	Initial Coverage Phase	Coverage Gap (Donut Hole)	Catastrophic Phase																
		<table border="0"> <tr> <td>Brand</td> <td>Generic</td> </tr> <tr> <td>40%</td> <td>51%</td> </tr> <tr> <td colspan="2" style="text-align: center;">\$3,750</td> </tr> <tr> <td colspan="2" style="text-align: center;">Initial Coverage Limit</td> </tr> </table>	Brand	Generic	40%	51%	\$3,750		Initial Coverage Limit		<table border="0"> <tr> <td>Brand & all Other</td> <td>Generic</td> </tr> <tr> <td>\$8.35 Or %5</td> <td>\$3.35 Or 5%</td> </tr> <tr> <td colspan="2" style="text-align: center;">\$5,000</td> </tr> <tr> <td colspan="2" style="text-align: center;">TrOOP Threshold</td> </tr> </table>	Brand & all Other	Generic	\$8.35 Or %5	\$3.35 Or 5%	\$5,000		TrOOP Threshold	
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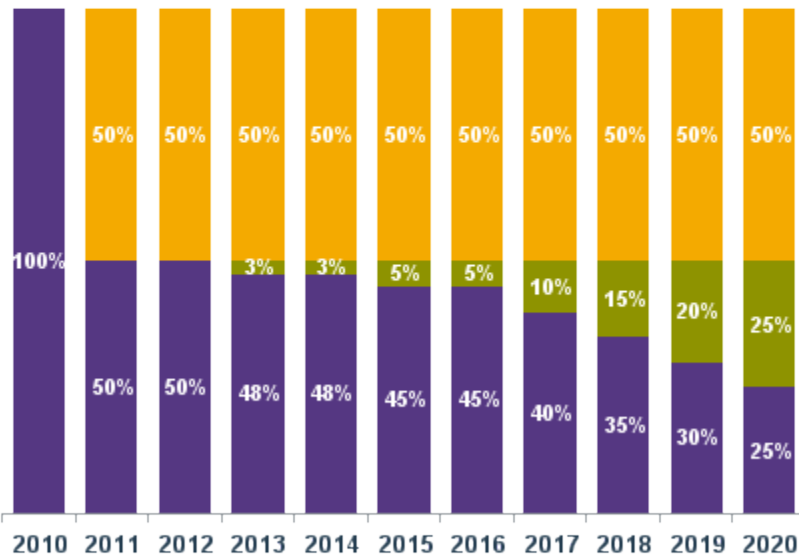
Phased elimination of the Part D coverage gap



Brand-name drugs

Cost sharing for brand-name drugs in the Medicare Part D coverage gap, 2010-2020

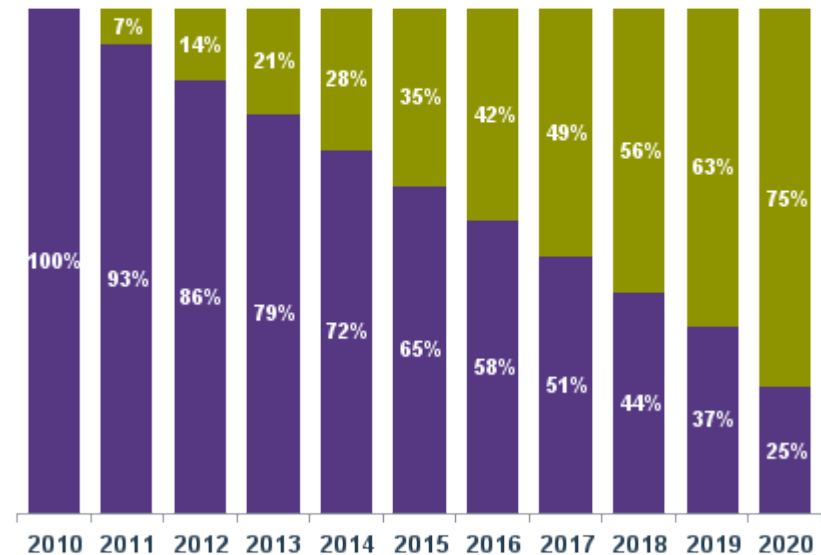
■ Paid by enrollee ■ Paid by plan ■ Manufacturer discount



Generic drugs

Cost sharing for generic drugs in the Medicare Part D coverage gap, 2010-2020

■ Paid by enrollee ■ Paid by plan



Between now and 2020, the Coverage Gap closes, eliminating any need for supplemental benefits

Pharmaceutical manufacturers now discount the price of brand-name drugs by 50% for non-LICS members in the coverage gap. Member coinsurance for brand-name drugs shown above is net of this discount.

Source: Kaiser Family Foundation analysis of the standard Medicare drug benefit under the Patient Protection and Affordable Care and Reconciliation Act of 2010.

Option 1:

Keep Original Medicare and add:

Medicare Part D (Prescription Drug Plans)

Medicare Part D

Offered by private companies



Part D covers
prescription drugs

Medicare Supplement insurance plans

Medicare Supplement Insurance

Offered by private companies



Covers some or all of
the costs not covered by
Parts A and B

Option 2:

Medicare Part C (Medicare Advantage Plans)

The advantages of a single plan.



Medicare Advantage (Part C) plans are provided through private insurers, like UnitedHealthcare. They include Part A and Part B coverage and often Part D — all in one plan. Medicare Advantage plans also generally offer additional benefits beyond doctor and hospital visits.



All the benefits of Part A

- Hospital stays
- Skilled nursing
- Home health



All the benefits of Part B

- Doctor's visits
- Outpatient care
- Screenings and shots
- Lab tests



Prescription drug coverage

- Included in many Medicare Advantage plans



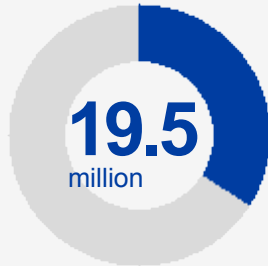
Additional benefits

- May be bundled with the plan

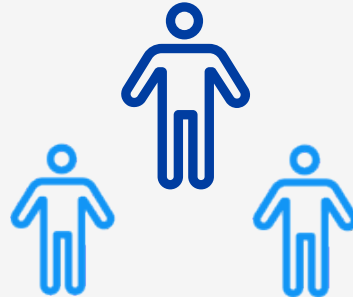


Medicare Trends

The Medicare Advantage outlook is favorable



19.5 Million enrollees, or nearly 34% of all Medicare beneficiaries



One out of three age-ins to Medicare are enrolling in Medicare Advantage¹



A bipartisan supermajority of Congress oppose any cuts to MA funding



PPACA cuts **implemented and finalized** this calendar year



Two year phase in to individual MA bids on hold for **2018**



Continued savings in the group MA marketplace for our clients

¹The Henry J. Kaiser Family Foundation (June 2017)



Medicare Advantage Plans

Why is Group Medicare Advantage thriving?

	Individual Medicare Advantage	Historical Group Medicare Advantage	Group Medicare Advantage PPO
Geographic availability	Limited to areas with viable contracted networks		National service area including all U.S. counties
Plan type	Primarily HMO		Non-differential PPO
Provider access	Contracted providers only		All willing Medicare providers
Financial value proposition	Typically higher retiree out of pocket costs	Actuarial equivalent benefits at lower cost	Actuarial equivalent benefits at lower cost
Sustainability	Significant market disruption followed Balance Budget Act of 1998		Nearly a decade of price stability and significant plan sponsor savings

Value to employers

Typically 20-50% reduction in plan benefit costs

Little to no retiree disruption

Significant reduction in FAS or GASB liability

Value to retirees

Expanded benefits

Reduced premiums

Clinical programs and engagement

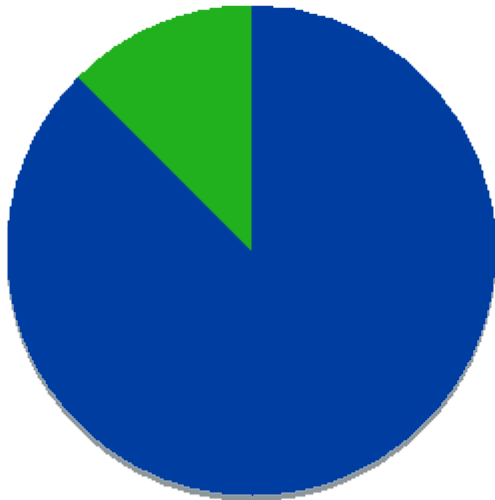
One ID card for medical and prescriptions

Broad provider access

Why is Group Medicare Advantage more cost-effective?

Medicare + Supplemental Plan

■ Medicare ■ Traditional Group Plan

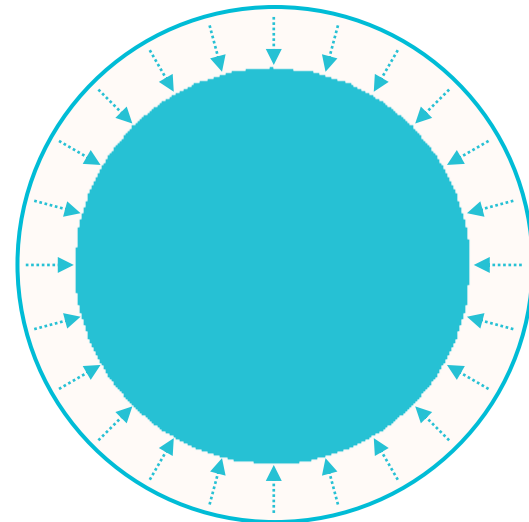


Typically Medicare pays 80% or more of the cost of services. The balance is paid by the Medicare Supplemental plan and possibly the retiree

With only 20% of the claim liability, it is not cost effective to invest in managing claims to reduce the size of the circle

Group Medicare Advantage

■ Medicare Advantage Plan



In a Medicare Advantage plan, the plan is responsible for the entire claim liability. The plan is also rewarded for Stars bonuses and reimbursed for risk adjustment accuracy

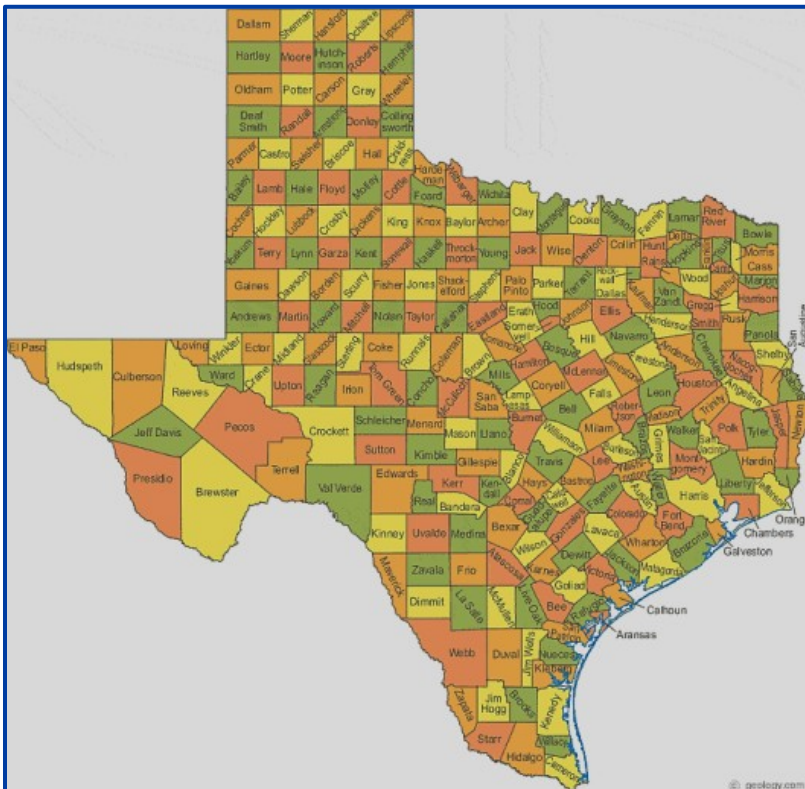
With the full claim liability, programs to better manage member health, while reducing the size of the circle, become cost-effective

CMS Network Requirement

- 50.01% of the population must live in a county with an “adequate” network
- CMS defines adequacy

CMS required provider types:

PCP	Pulmonology
Hospital	Gastroenterology
PCP/Hospital	Urology
Cardiology	Dermatology
Ophthalmology	General Surgery
Oncology	Neurology
Orthopedics	Nephrology



- Accurate and up to date census information is key when quoting your retiree population

Good, Bad and Ugly

- Must be enrolled in Medicare Parts A & B
- Must be retired
- Provider Disruption
- Formulary Disruption
- Income Related Monthly Adjustment Amounts (IRMAA)
- Low Income Premium Subsidy (LIPS) / Low Income Subsidy (LIS)
- Late Enrollment Penalty (LEP)
- CMS enrollment requirements
 - Street Addresses
 - HICNs





Your Medicare Options

Product Options

Medicare Advantage



Medicare Supplement



Prescription Drug Coverage



Exchange Solutions





Thank you!