

Employer Group Waiver Plans

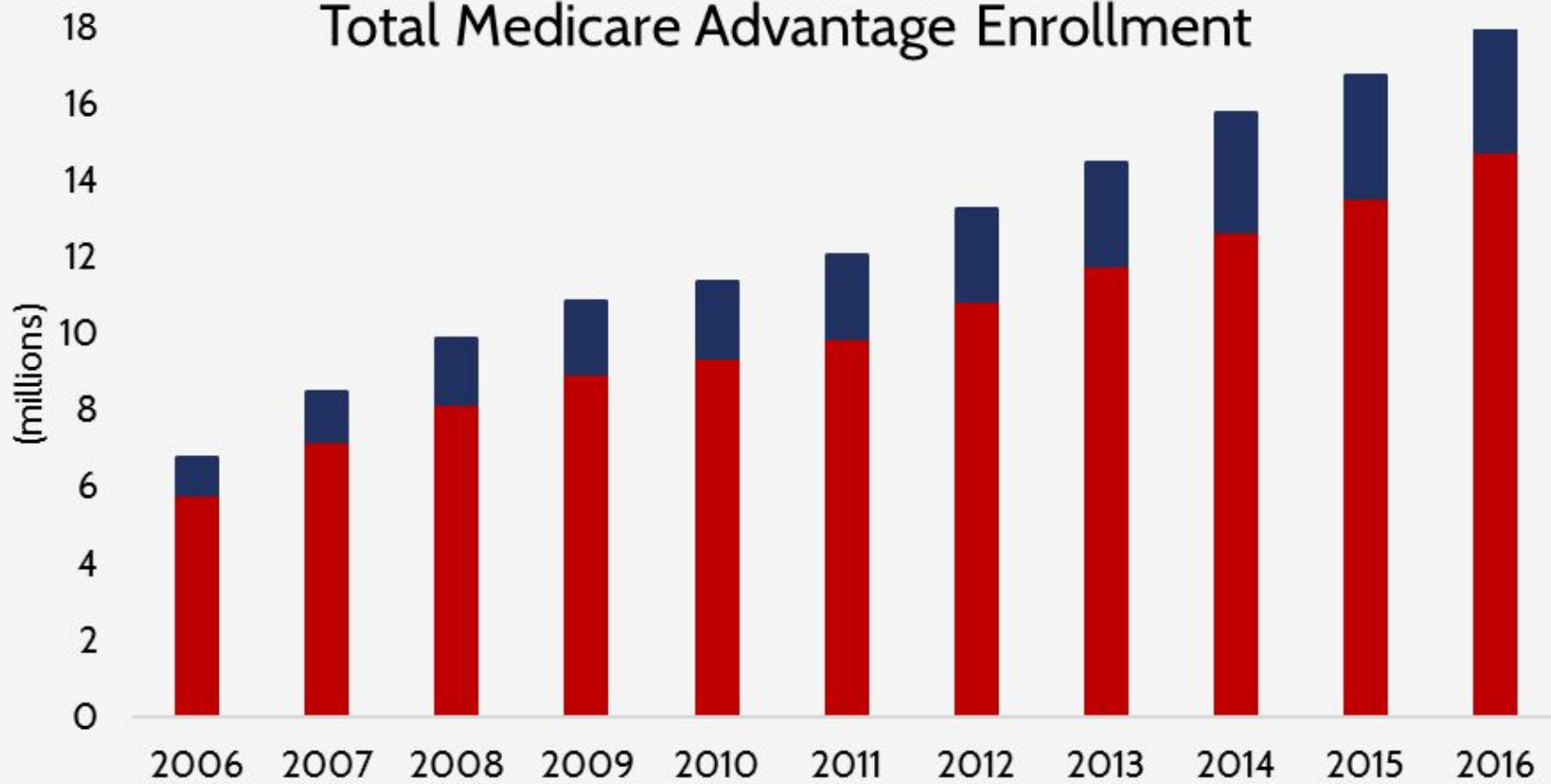
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Background and Overview

- The Medicare Modernization Act of 2003
 - Retiree Drug Subsidy (RDS) and EGWPs
 - New opportunity for employers to offer health care benefits to their retirees
 - Employers may contribute to the cost of the plan providing the beneficiaries with reduced cost-sharing or even pay their retiree's Part B premiums

Total Medicare Advantage Enrollment



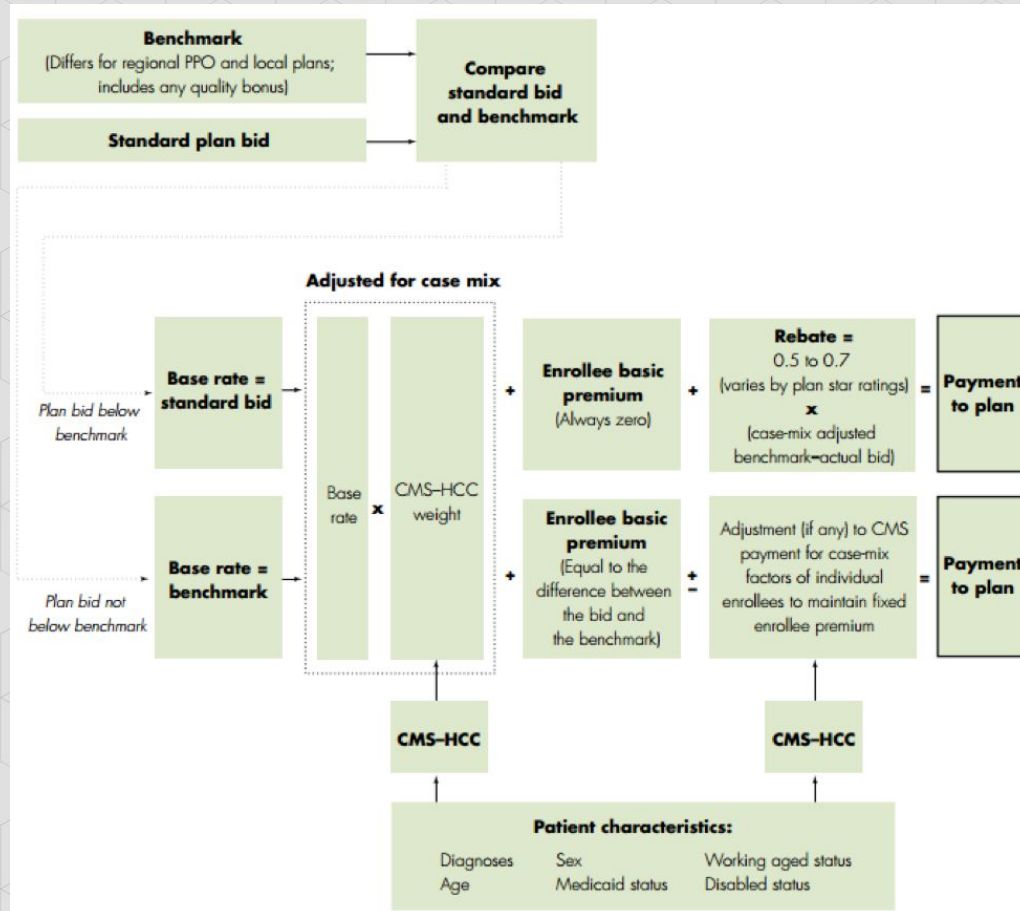
■ Non-EGWP Enrollment ■ EGWP Enrollment

Traditional MA Payment Policy

Local Plans

- Benchmarks set on a county level based on average FFS spending in the area
 - Plans are paid the lesser of either the bid or the benchmark
 - If bid is above the benchmark, beneficiary pays the remainder
- *Local plans covering more than one county (most)
- Same rules for payment apply, but...
 - A weighted average of the benchmarks in each county covered is used as the “benchmark”

Benchmark for Local Plans

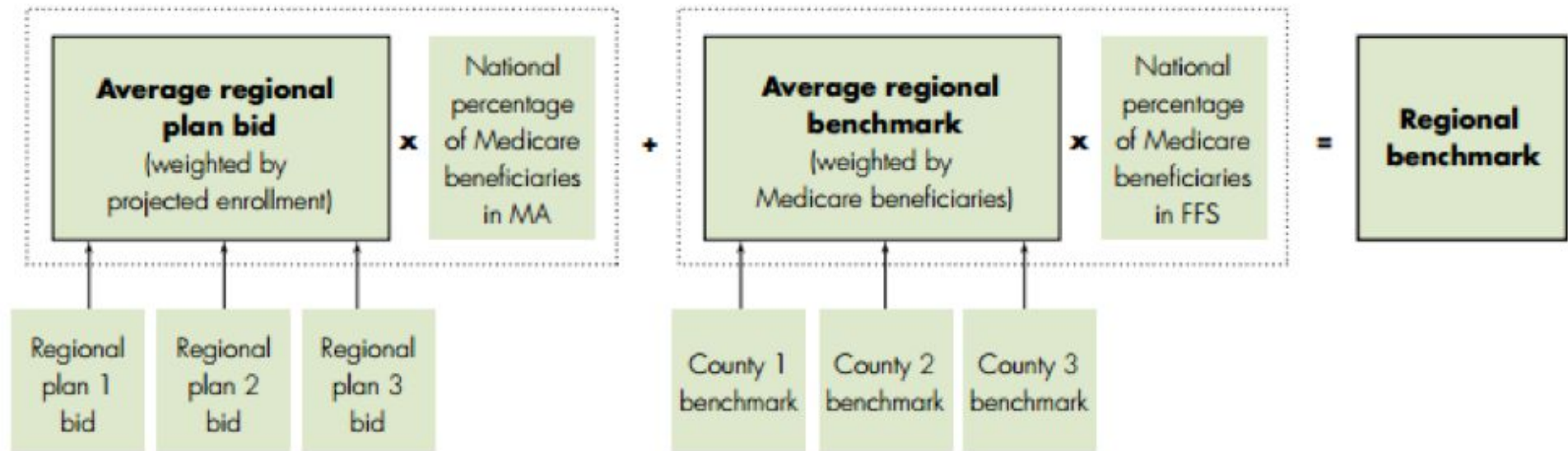


Traditional MA Payment Policy

Regional Plans

- Benchmark comprised of 2 components:
 - “Statutory Component” – benchmark calculated in manner similar to local plans covering more than one county, adjusted by number of MA and FFS beneficiaries in the coverage area
 - “Plan-bid Component” – incorporates plans’ bids into benchmark

Benchmark for Regional Plans



Traditional MA Payment Policy- EGWPs

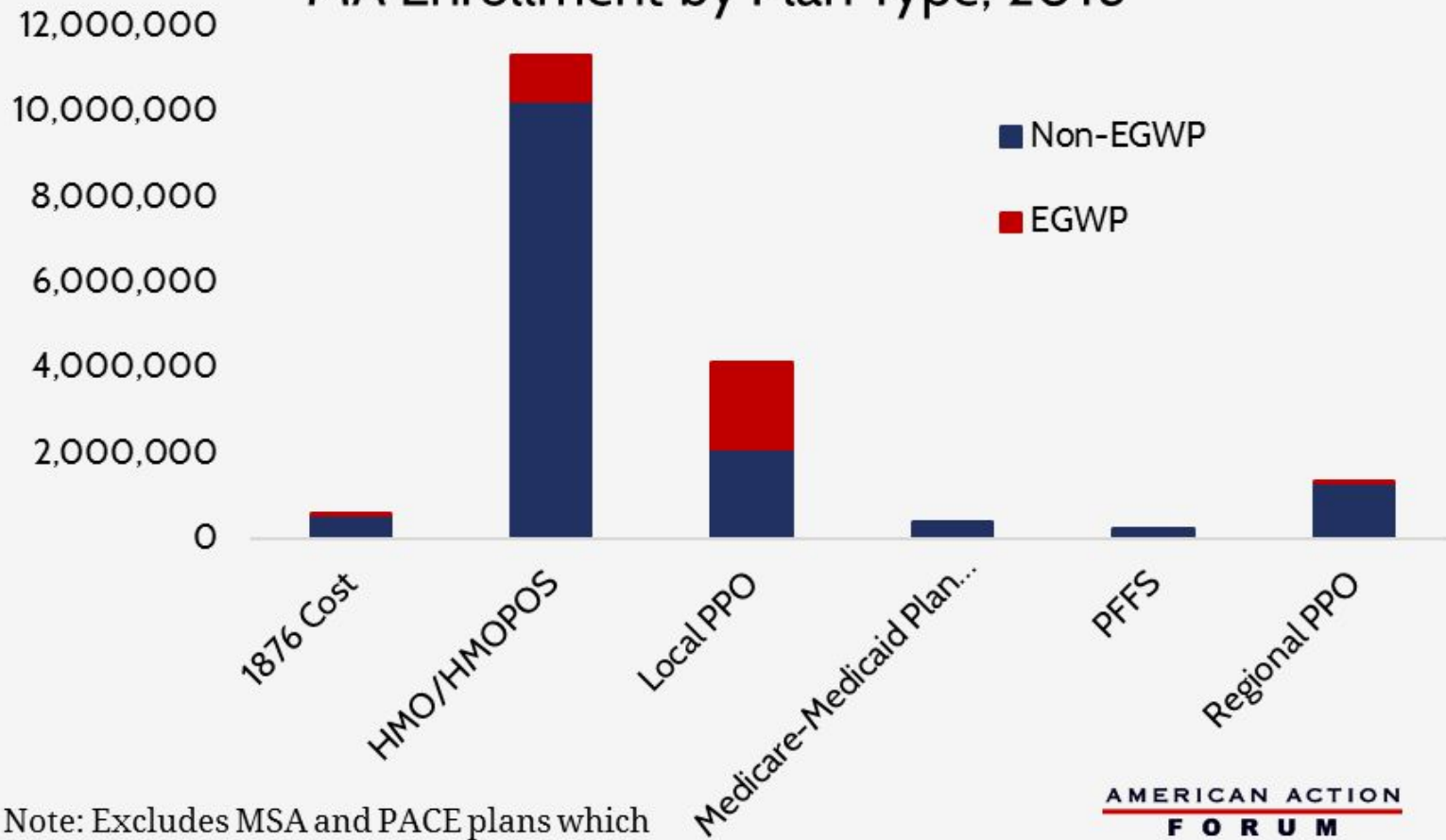
- In past, EGWPs submitted bids to CMS, similar to bidding process for non-EGWP MA plans and were paid in the same manner
- Though, historically, EGWP bids have simply been “placeholders”– benefits are often renegotiated after bid is accepted

Payment Policy Change

- 2016: CMS finalized a policy change that waived EGWPs' bidding requirement and changed how these plans are paid
 - (Eventually) payments will be calculated based on weighted average of only non-EGWP plan bids
- Transitional policy took effect in 2017 and will continue in 2018
 - Paid using a bid-to-benchmark ratio based on a 50/50 weighted average of EGWP and non-EGWP bids from 2016, as shown

Applicable Percentage (Benchmark)	2016 Blended Bid-Benchmark Ratio
0.95	88.7%
1	92.2%
1.075	93.3%
1.15	93.6%

MA Enrollment by Plan Type, 2016



Note: Excludes MSA and PACE plans which enroll less than 40,000 beneficiaries total.