

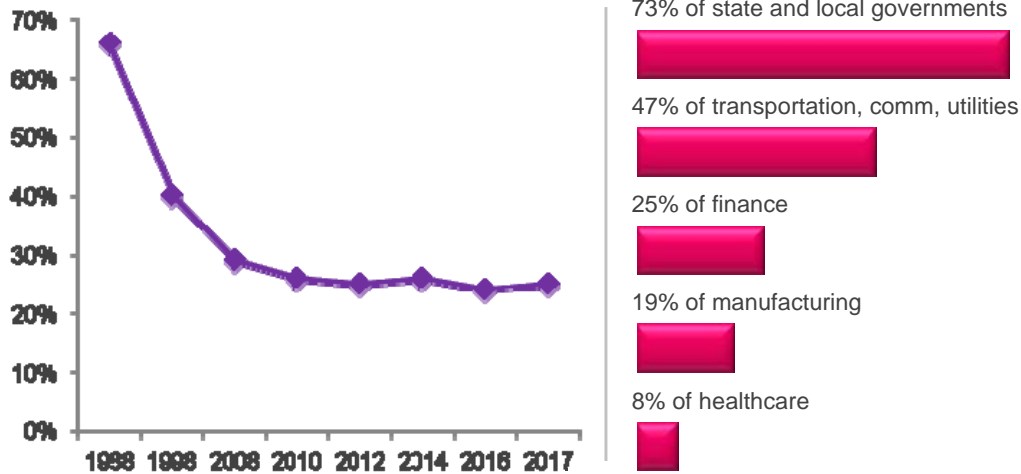


Trends and Value of Employer Group Waiver Plans

Retiree Health Benefits Trends

Despite an overall decline in employers offering retiree healthcare, those who do intend to “keep the promise” they made to their retirees

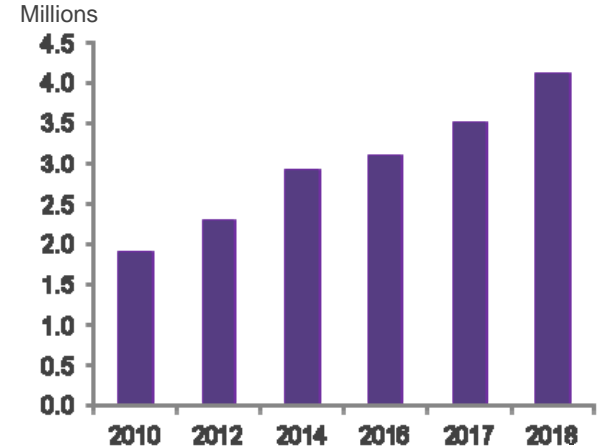
Percent of employers with 200+ workers offering retiree health benefits



67%
are public
companies

45%
have union
workers

Total enrollment in Employer Group Waiver Plans (EGWP)



Sources: <https://www.kff.org/report-section/ehbs-2017-section-11-retiree-health-benefits>; Avalere Health analysis using enrollment data released by the CMS, July 2017

Mounting Pressures for Employers

Employers are hesitant to disrupt their retirees' coverage by changing benefit designs; but rising costs are putting pressure on them to do so

- There are more than 17 million current retirees relying on employer-sponsored coverage
- 11,000 people age-in to retirement benefits on a daily basis and are living longer lives
- Retiree health care expenses are expected to rise at an average annual rate of 5.47%
- Accounting requirement changes force employers to account for both current and future retiree health benefit costs on their balance sheets (FAS 106 and GASB 45)
- Competitive demands to increase salaries and benefits of current employees strain budgets for retiree benefits





Medicare Modernization Act of 2003

CMS can waive select Medicare Advantage (MA) program requirements to create MA-EGWPs:

- Employers can offer Part D prescription drug coverage
- Service areas can be tailored to serve retirees living in widespread areas
- Network benefits can be adjusted to allow for in- and out-of-network similar coverage
- Premiums can be modified to meet the needs of employers and retirees
- CMS waives prior review of materials and communications
- Bids do not have to be submitted

EGWPs Offer Viable Solutions

Employers

- Flexibility to maintain consistent retiree coverage, while lowering their immediate costs and long-term liability
- Varied plan and risk formats to include a single or multi-carrier exchange and self-funded to full-insured plans
- Participate in Medicare risk adjustment payments
- EGWPs generally achieve strong stars performance due to employers partnering with health plan to increase member engagement
- Additional benefits such as dental and vision and alternative solution for future changes in Medigap plans due to MACRA

Retirees

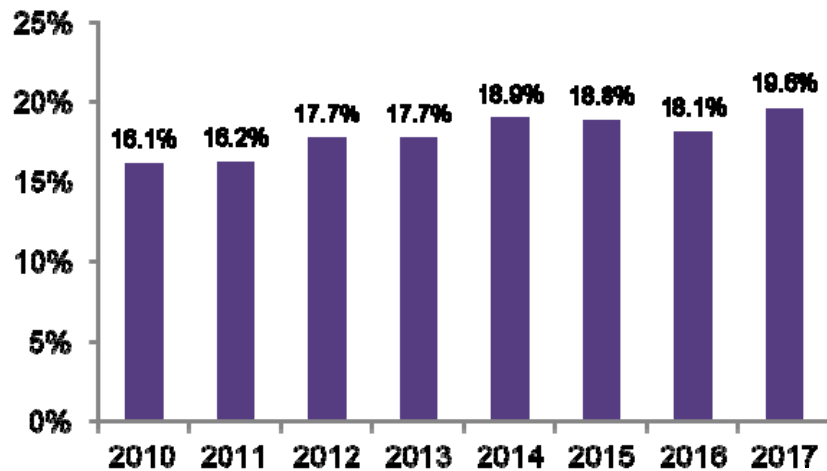
- Care management provided through MA-EGWPs can lead to better health outcomes and higher quality of care
- Retirees experience less out-of-pocket expense and access to health and wellness programs above traditional Medicare coverage
- Most retirees report higher satisfaction and better navigation of the health care system



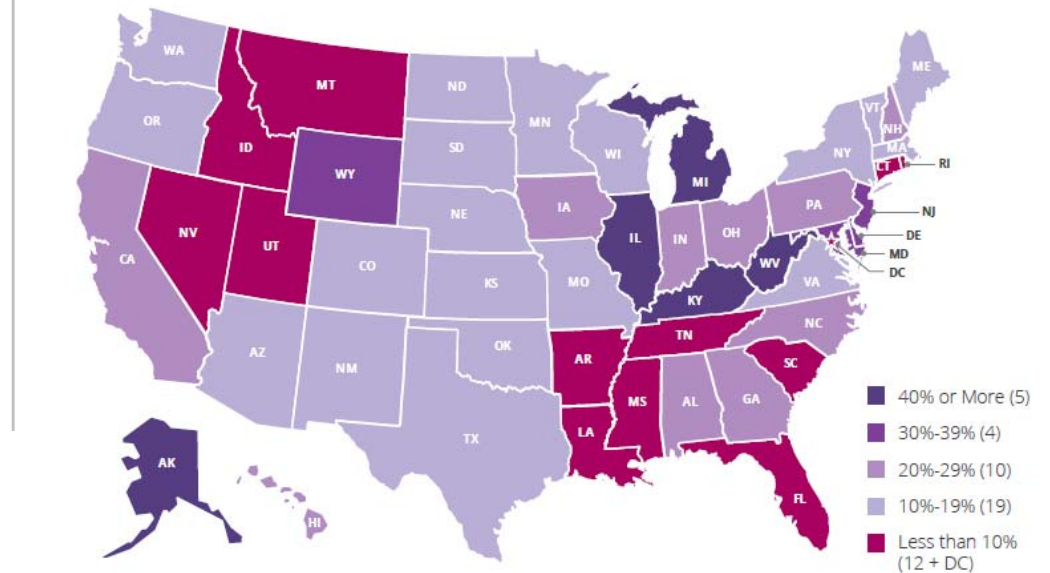
EGWP Enrollment Trends

In 2018, more than 4.1 million Medicare beneficiaries (20.5%) are enrolled in MA-EGWPs

MA-EGWP as percent of total MA enrollment



2017 MA-EGWP enrollment as percent of total MA enrollment by state



Source: Avalere Health analysis using enrollment data released by the CMS, July 2017

Policy Changes that Could Impact EGWP

- Future payment structure tied to individual market payment rate
- Health Insurer Tax and its effect on premiums
- Volatility in future accounting costs due to premium and tax changes
- Network access for rural or low-income areas
- Enabling more flexibility to coordinate care
- Expanding definition of plan sponsors

Policies that encourage
funding stability and
benefit flexibility
will enable
long-term growth

Employer Group Waiver Plans Panel Discussion

