

MMA, Private Plans, and Competition: Commercial Health Plan Response to MMA

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Consultants and Actuaries

- Medicare drug coverage prior to Part D
- Benefits offered under Part D



Pre Part D Benefits Medicare Supplement Policies

- Only Plans H, I and J have Rx coverage
- Plan J - \$250 deductible, 50% coverage to \$3,000
- Plans H, I - \$250 deductible, 50% coverage to \$1,250
- Essentially pharmacy riders:
 - Few carriers offer
 - If offer, price at / close full benefit
 - Limited insurance value



Pre Part D Benefits Medicare Advantage

- Copay benefits
- Usually annual / quarterly benefit limits
- May be more extensive generic than brand
- Varies by area of the county



Example – Southern California

- \$12 / \$20 / \$50 copay
- No annual limit generics
- \$1,350 annual limit brand

Example – Illinois

- \$12 copay
- Generic only
- No annual limit



Part D Benefits

- “Standard” benefits:
 - \$250 deductible
 - 75/25 coinsurance until \$2,250
 - Catastrophic after \$3,600 out-of-pocket
- Few plans offer standard benefit



Survey of Milliman Milwaukee Clients

- 18 entities
 - 3 PDPs
 - 15 MAPDs
- 26 benefit options
 - 18 basic
 - 8 enhanced
- Not a random sample
- Not necessarily representative



Average Copays

	Generic	Brand	
		Formulary	Non-Formulary
Basic	\$8.40	\$26.30	\$44.10
Enhanced	\$7.00	\$25.10	\$39.50



Average Copays

- Plans that offered enhanced benefits

	Generic	Brand	
		Formulary	Non-Formulary
Basic	\$8.40	\$28.90	\$43.10
Enhanced	\$7.00	\$25.10	\$39.50



Other Items of Interest(?)

- Five plans had a deductible
 - One was brand only
- 5 of 8 enhanced benefits have some coverage in the gap
 - 3 generic only
 - 2 generic and brand



Issues for 2006 / 2007

- Enrollment levels
- Accuracy of risk adjusters
- Settlement process
- Formulary compliance
- Overall cost of program

