



Medicare Part D Update

Life After Plans C & F



Jameson Keller

Vice President of Strategic Development– AgencyRM



- 11 years on the carrier side
 - Sales and everything non-clinical
- Switched to the broker side 2016
- Board member and consultant for multiple Medicare focused entities
- Lives in the San Antonio area with his wife and 2 children

Who is AgencyRM?

AgencyRM is a Field Marketing Organization (FMO) that strives to do one thing; earn your business on a daily basis.

We partner with our carrier and agent partners to create mutual success by freeing up time, creating synergies, and building relationships.



Agents



Agencies



Carriers



Providers



Agenda

- Medicare Part D update
 - Is the Donut Hole / Gap closing?
 - Where is Part D headed?
 - Political effects of Part D
- Life after Plan C & F
 - What is happening?
 - Who is affected?
 - Future outlook for current members

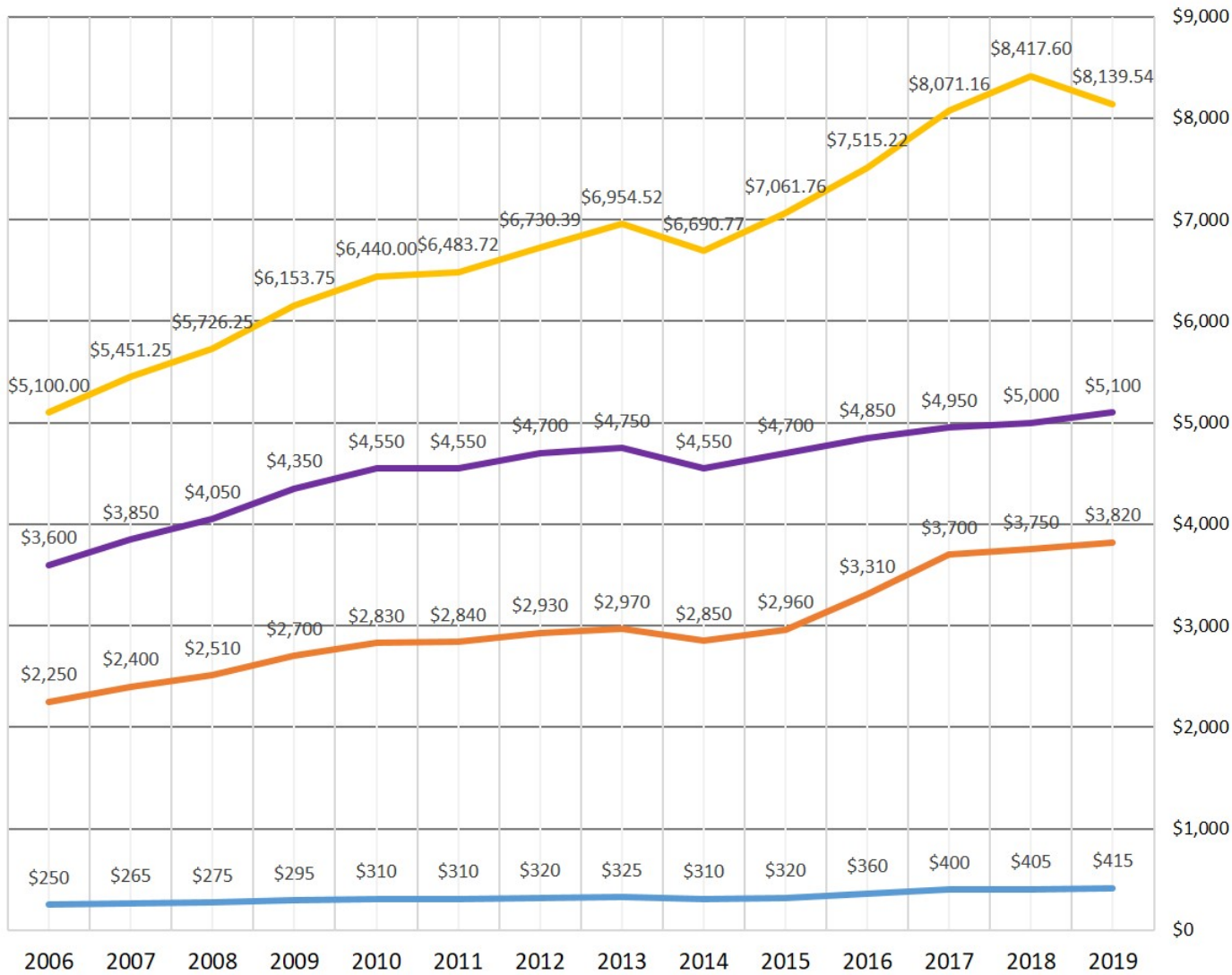


MDAHU Medicare Summit

Medicare Part D Update



2019 Medicare Part D Defined Standard Benefit Parameters
Annual changes since the 2006 start of the Medicare Part D program



- Initial Deductible
- Initial Coverage Limit (Donut Hole Entry Point) - based on retail drug cost, not coverage cost
- Out-of-Pocket Threshold (TrOOP) (Donut Hole Exit Point) - based on what you actually spend
- Estimated Retail Drug Costs to meet TrOOP (and Exit Donut Hole)

Part D Over Time

Since 2006:

- Deductible = 66%
- Initial Coverage Limit = 70%
- TrOOP Costs = 42%
- Costs to Exit = 60%

In 2016, 9% of Medicare beneficiaries reached the gap

Where is Part D Headed?

In 2020, costs will rise

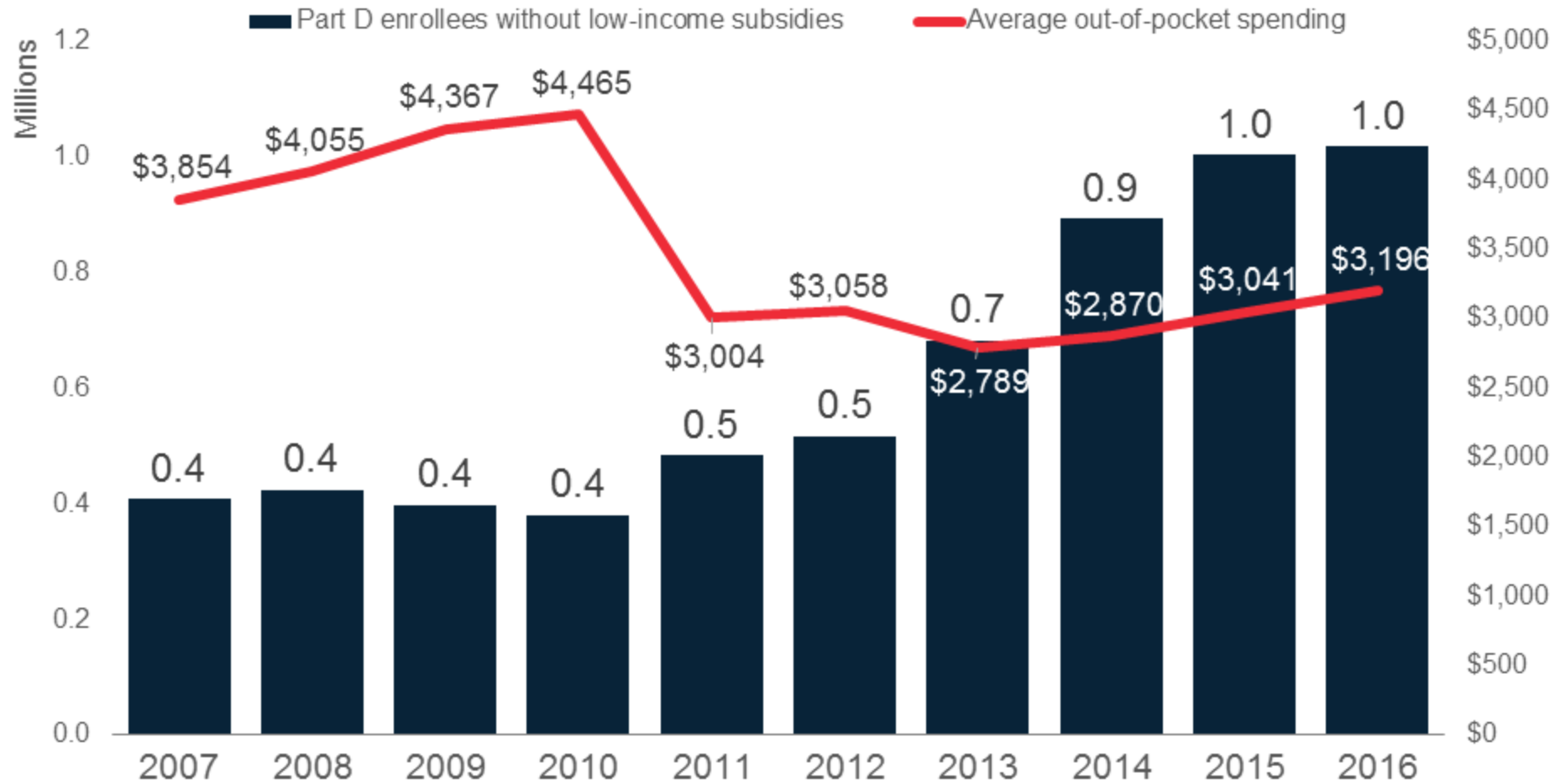
- The TrOOP Cost is projected to increase by \$1,250.
 - Due to the expiration of the ACA provision that slowed the growth rate of TrOOP between 2014 and 2019.
 - This WILL lead to increased costs for members
- Other thresholds are expected to rise normally



Figure 5

Counting the manufacturer discount towards beneficiary out-of-pocket costs has contributed to a rise in the number of non-LIS Part D enrollees who qualify for catastrophic coverage

In 2011, manufacturer discount counts towards TrOOP



- Lowered beneficiary annual cost
- Increases cost to plans and system
 - More people reach catastrophic coverage
 - 80% of beneficiary drug cost covered by plans in this phase

NOTE: Estimates exclude enrollees who receive low-income subsidies.

SOURCE: KFF analysis of a five percent sample of 2007-2016 Medicare prescription drug event claims from the CMS Chronic Conditions Data Warehouse.

Is the Donut Hole closing?

**ACA calls for closing the
Donut Hole (Gap) by 2020**

Is the Donut Hole closing?

Sort of...

- Donut hole is “closed” = member pays 25%
- Bipartisan Budget Act of 2018 closing the gap a year early... sort of.
 - 2019:
 - Brands 25%
 - Generics 37%
 - Increases required manufacturer discount to 70%
 - Reduces Part D plan burden from 25% to 5% on brand name drugs in the gap



Political Effects of Part D

Part D is Considered to be a Huge Success

- Originally quite controversial
 - Ads against Part D
 - Looked like ACA politically
- Now it's celebrated... why?
 - Huge increase of seniors with access to drug coverage
 - Increased health outcomes
 - Billions \$\$\$ under budget
 - Savings to other parts of system (hospital stays, generics, etc)



Political Effects of Part D

Government Regulated, Privately Run

- Medicare Advantage growth opportunities
- ACA, great in concept, destroyed in Congress
 - Could MA / Part D like structure be the future?
- Potential for a true bipartisan compromise
 - Democrats – Universal Care
 - Republicans – Private industry
 - Public – More choices

MDAHU Medicare Summit

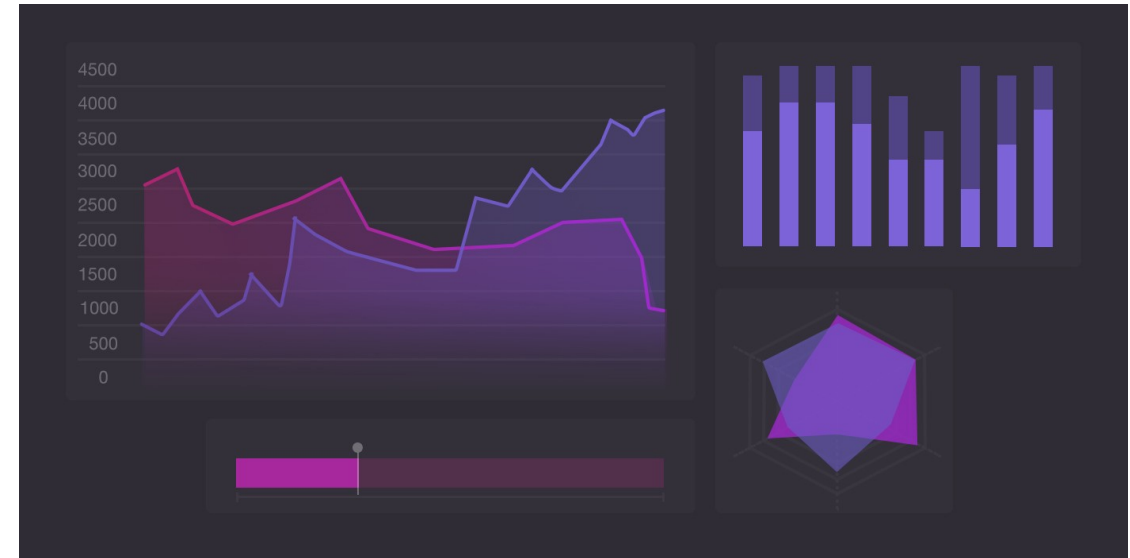
Life After Plans C & F



Life After Plans C & F

Medicare Supplement Stats

- As of 2016, over 13M MediGap lives
 - 55% in Plan F
 - 7% in Plan G
 - Fastest Growth: Plans G & N
 - 10% Plan G
 - 9% Plan N
 - Michigan: 420,900 lives
 - 32.8% penetration
 - (mid level)



Life After Plans C & F

MACRA: Medicare Access and CHIP Re-authorization Act of 2015

- New Medicare Beneficiary Identifier (MBI)
- Medicare Outpatient Observation Notice
- IRMAA threshold changes
- Amends SSAct title XVIII to deny Medigap policies that cover Part B deductibles to Medicare beneficiaries newly eligible on or after January 1, 2020.
 - Plans C, F, HDF



Medicare Supplement benefits	A	B	C	D	F ¹	G	K ²	L ³	M	N ⁴
Medicare Part A co-insurance and hospital costs	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Medicare Part B co-insurance or co-payment	✓	✓	✓	✓	✓	✓	50%	75%	✓	✓
First 3 pints of blood	✓	✓	✓	✓	✓	✓	50%	75%	✓	✓
Part A hospice care co-insurance or co-payment	✓	✓	✓	✓	✓	✓	50%	75%	✓	✓
Co-insurance for skilled nursing facility			✓	✓	✓	✓	50%	75%	✓	✓
Medicare Part A deductible		✓	✓	✓	✓	✓	50%	75%	50%	✓
Medicare Part B deductible			✓		✓					
Medicare Part B excess charges					✓	✓				
Foreign travel emergency			80%	80%	80%	80%			80%	80%

1. Plan F offers a high-deductible plan. This plan requires you to pay a \$2,240 deductible (in 2018) before it covers anything. 2. Plan K has an "Out-of-Pocket" yearly limit of \$5,240 (in 2018). After you pay the out-of-pocket yearly limit and yearly Part B deductible, it pays 100% of covered services for the rest of the calendar year. 3. Plan L has an "Out-of-Pocket" yearly limit of \$2,620 (in 2018). After you pay the out-of-pocket yearly limit and yearly Part B deductible, it pays 100% of covered services for the rest of the calendar year. 4. Plan N pays 100% of the Part B coinsurance, except for a copayment of up to \$20 for some office visits and up to a \$50 copayment for emergency room visits that don't result in an inpatient admission.

Life After Plans C & F

New Rules

- Eligible: 1/1/20+
 - Cannot purchase Plans C, F, HDF
 - Can purchase Plans, A, B, D, G, K, L, M, N, HDG
- Eligible: 12/1/19 and earlier
 - Can purchase Plans, A, B, D, F, G, K, L, M, N, HDF, HDG



Life After Plans C & F

High Deductible Plans

- HDF: Member pays Original Medicare amounts until plan Deductible is met [\$2180]. Then HDF pays like Plan F
- HDG: Member pays Original Medicare amounts, including Part B deductible until plan Deductible is met [\$2180]. Then HDF pays like Plan G
 - Part B deductible will count towards plan deductible.



Life After Plans C & F

Future Outlook for Current Members

- Plan premiums will increase
- Rate of increase should be higher than prior years



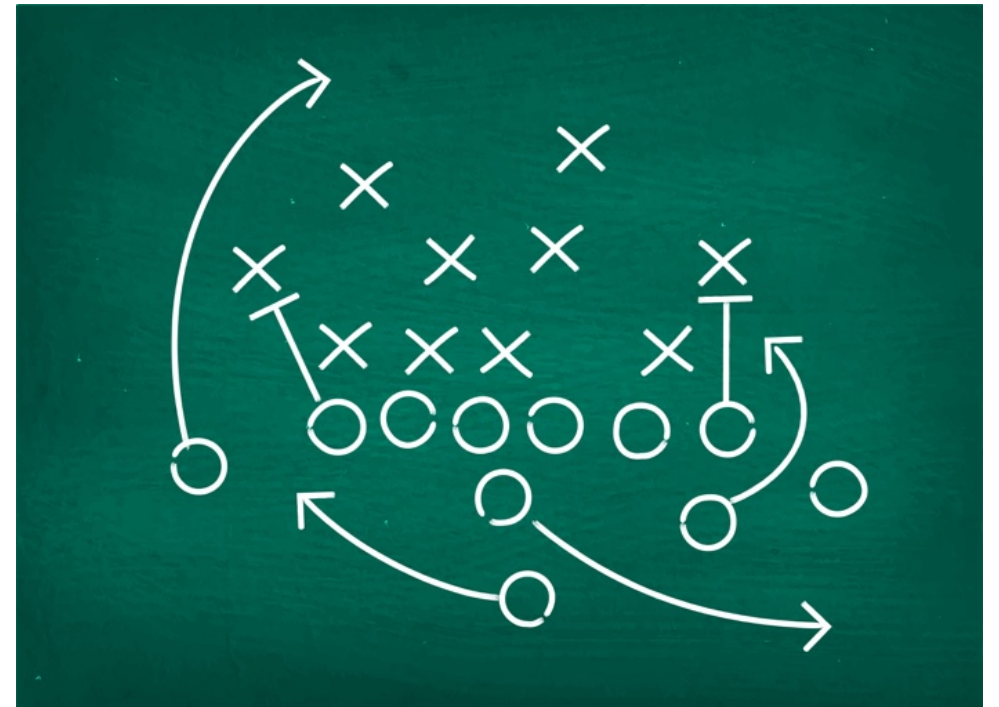
Life After Plans C & F

New Game Plan

- Sell Plan G to those members who you would sell an F plan

65yo Male, Non Smoker

- Plan F: \$147.56 / \$1770.72
- Plan G: \$132.72 / \$1592.64
 - Plan G Premium + Deductible: \$1775.64



AgencyRM

855-721-8088

info@AgencyRM.com