Employer Group Waiver Plans

Bending the Retiree Drug Cost Trend

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1. What is an EGWP?

2. How does St. Clair County benefit from EGWP?

3. How does this plan impact Retirees?
What is an EGWP (Employer Group Waiver Plan)?

- Medicare Modernization Act of 2003
- Medicare Part D or Retiree Drug Subsidy (RDS)
- EGWP essentially a private Medicare Part D Plan
  - first one available in 2006
- Organization must follow Part D plan guidelines but can:
  - Determine its own plan design
  - Allow coverage through the Donut Hole
  - Allow medications not available under Part D
What is an EGWP? (continued)

• Essential Features
  – Insured Plan
  – Pharmacy industry covers 50% of the cost of medication in the donut hole
  – Provides organizations with Catastrophic coverage, once a retiree reaches catastrophic coverage level, Medicare covers 95% of the cost
  – Provides organization with Low Income Subsidy, provides premium and cost sharing assistance to people with low income and limited resources
  – Organization is no longer subject to the liability of a CMS audit
# Retiree Drug Subsidy Model

## Low Cost Rx
- **Rx Cost**: $7,330
- **RDS Subsidy**: 20% ($1,466)
- **Retiree Copays**: ($700)
- **Net Cost to County**: $5,164

## Mid Cost Rx
- **Rx Cost**: $14,660
- **RDS Subsidy**: 20% ($2,932)
- **Retiree Copays**: ($700)
- **Net Cost to County**: $11,028

## High Cost Rx
- **Rx Cost**: $70,000
- **RDS Subsidy**: 20% ($14,000)
- **Retiree Copays**: ($700)
- **Net Cost to County**: $55,300

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### Medicare Part D Program EGWP with a Wrap

<table>
<thead>
<tr>
<th>Retiree Rx Cost</th>
<th>$ 7,330.00</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Start of Donut Hole</strong></td>
<td></td>
</tr>
<tr>
<td>Insurance Company Portion of Script</td>
<td>$2,630</td>
</tr>
<tr>
<td><strong>Script Cost</strong></td>
<td>$195.33</td>
</tr>
<tr>
<td><strong>Retiree Copays</strong></td>
<td>$300</td>
</tr>
<tr>
<td><strong>15 script copays @ $20</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$2,930</td>
</tr>
<tr>
<td><strong>Donut Hole Portion</strong></td>
<td>$4,400</td>
</tr>
<tr>
<td><strong>Pharmacy subsidy of brand drugs</strong></td>
<td>50%</td>
</tr>
<tr>
<td>Pharmacy Portion</td>
<td>$2,200</td>
</tr>
<tr>
<td><strong>Ins Portion</strong></td>
<td>$1,100</td>
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<tr>
<td><strong>Rx cost Insurance Company Portion</strong></td>
<td>$1,800</td>
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<tr>
<td><strong>Retiree Copays</strong></td>
<td>$400</td>
</tr>
<tr>
<td><strong>20 script copays @ $20</strong></td>
<td></td>
</tr>
<tr>
<td><strong>12 Month CMS Subsidy PMPM $54</strong></td>
<td>$648</td>
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<tr>
<td><strong>Net Cost to County</strong></td>
<td>$3,782</td>
</tr>
</tbody>
</table>

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### Double the Rx Cost
- **Rx**: $14,660
- **Pharmacy Industry Subsidy**: 50% ($3,665)
- **Retiree Copays (35 @ $20)**: ($700)
- **Medicare Part D Picks Up**: ($3,548)
- **Net Cost to County**: $6,747

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### High/Catastrophic Rx Cost
- **Rx Cost**: $70,000
- **Cost before Cat Coverage**: $6,747
- **Catastrophic Coverage**: 95% $63,253
- **Plan Responsibility**: 5% $3,163
- **Net Cost to Plan (less copays)**: $9,910
How does St. Clair County benefit from EGWP?

• Savings of $859,012 over 17 months

• Fully Insured vs Self Funded
  • County is off the risk, free stop loss

• Allows County to take full advantage of Medicare Modernization Act / Part D

• No need to apply and wait for RDS money

• County no longer exposed to CMS audit liability

• Reduction in GASB/OPEB liability

• County has an experienced partner ready, willing and able to take retiree calls and work with retirees
What will effect be to retirees of St Clair County?

- Seamless Transition
- Mirror Existing Rx Plan
  - Mail order
  - Retail Pharmacies Listing
  - Retail 90 Day Supply
  - “First Fill” feature
  - Prior authorization / Medical override
- Clinical Pharmacy Support and Education Programs including
  - Generic interchange program
  - Therapeutic Utilization Awareness
  - High Rx User Reporting and special mailings to these users
  - Targeted Therapeutic Classes including statins, PPIs, NSAs
What will effect be to retirees of St Clair County?

Focus on the Retiree’s needs

- Specialized senior sensitivity training
- Highly-trained call center specialists
- Dedicated toll-free phone number
- Customized benefits website
- Live Access (No Phone Menu)
- No time limits
Questions?

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