

2025 UMP Medicare Plan Option

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March 21, 2024

Follow Up to February Retreat

- ▶ Overview for today
 - ▶ Communications
 - ▶ Financial insights
 - ▶ Benefit design
 - ▶ Resolution

Communications So Far

- ▶ Quick facts document
 - ▶ What remains the same
 - ▶ What changes
 - ▶ Some of the most common drugs and copays
- ▶ Town halls
 - ▶ Added additional session for February 27
 - ▶ Overall attendance - 216
 - ▶ Feedback on the option generally very positive
- ▶ Updated FAQs on retiree engagement page

Feedback Themes

- ▶ Support for transition of Uniform Medical Plan (UMP) Classic Medicare prescription drug benefit to a Part D plan
- ▶ Biggest economic impact for members
- ▶ Presentation materials were easy to follow
- ▶ Do we need to pay Part D separately?
- ▶ Can you better explain the “donut hole”?
- ▶ How will members know if there would be an impact on the drugs they take?
- ▶ If can't use manufacturers' coupons, will increase in cost wipe out premium savings?

Financial Insights

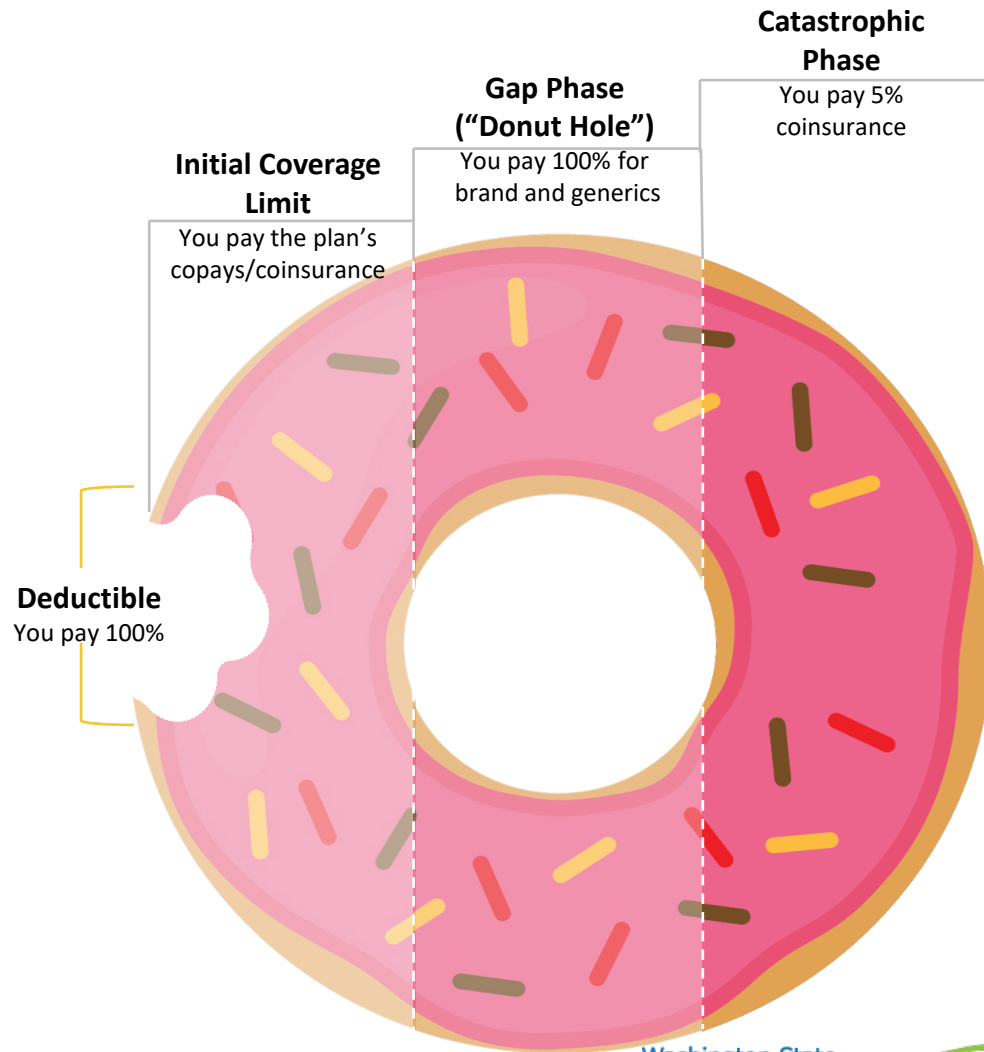


Refined Financial Insights

- ▶ Interim estimated UMP + Part D retiree premium savings remain in line with previous analysis in legislative report
 - ▶ Based on 2022 UMP claims experience but include several updated assumptions for rebates, enrollment, formulary and benefit design changes, and Moda administrative fees
 - ▶ Significant premium reductions still expected compared to projected 2025 premium for UMP “status quo”
- ▶ Final rates will be available on usual timeline (May/June)
- ▶ Annual rate renewal timeline dependent on:
 - ▶ Claims runout, medical and pharmacy trend updates, plan design changes, federal guidance for Medicare Advantage (MA) and Part D plans, etc.

History of the “Donut Hole”

- ▶ The “donut hole” was a gap in coverage under the Standard Defined Part D Benefit where enrollees paid 100% of drug costs

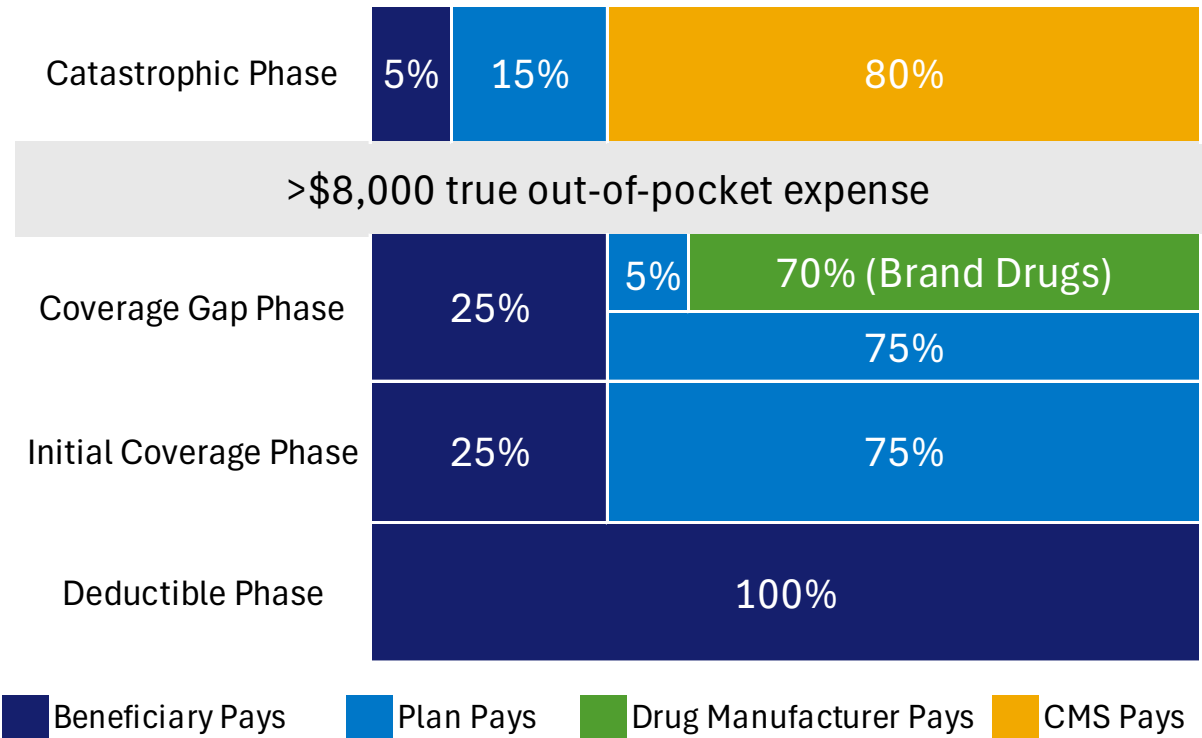


Current Part D Coverage Phases

2024 Part D Standard Benefit Design

- ▶ The Affordable Care Act gradually reduced enrollee cost-sharing in the coverage gap phase from 2011 to 2019

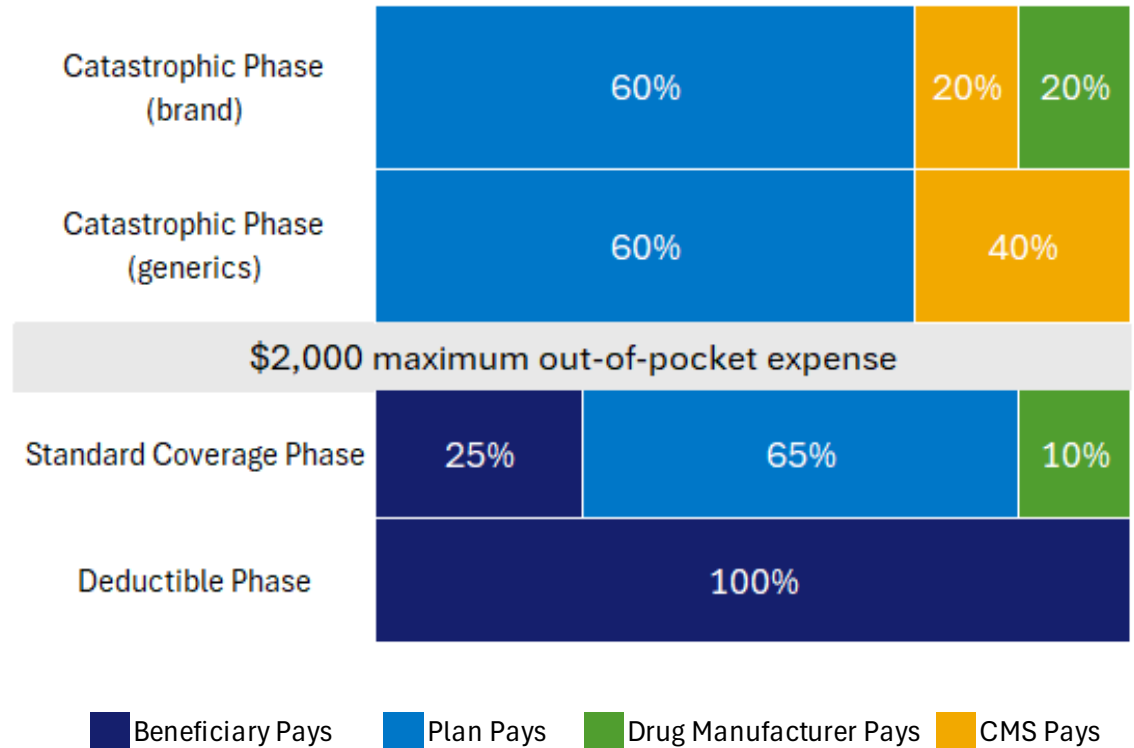
- ▶ The donut hole closed for all drugs in 2020



IRA Eliminates Part D Coverage Gap for 2025

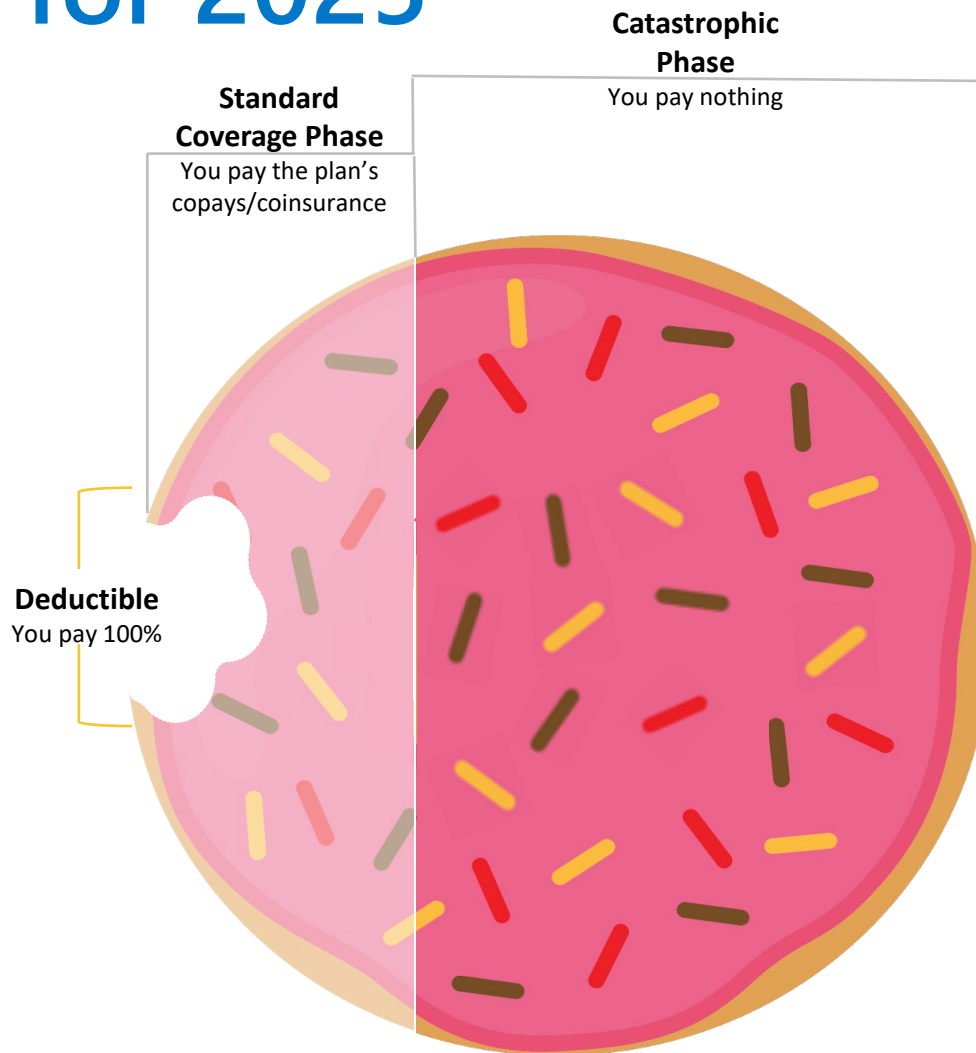
- ▶ In 2025, after meeting the deductible, enrollees pay 25% cost-share for Part D drugs under the standard benefit until they reach \$2,000 in out-of-pocket spending
- ▶ The standard defined benefit is the highest cost-sharing Part D plans can charge enrollees; under the UMP Part D benefit design, members would have significantly lower cost-share for covered drugs

2025 Part D Standard Benefit Design



IRA Eliminates Part D Coverage Gap for 2025

- ▶ The coverage gap phase is **eliminated** in 2025



Plan Design Details

Cost Share Structure Comparison

Type of Drug	UMP Current Cost Share (30 day supply)	Part D Cost Share (30 day supply)
Preventive/High value generics	\$0 for preventive 5% up to \$10	\$0
Preferred generics	10% up to \$25	\$0
High-cost generics	30% up to \$75	\$10
Preferred brands	30% up to \$75	\$40
Non-preferred brands	Not covered*	\$75
Preferred specialty	30% up to \$75	\$90
Non-preferred specialty	Not covered*	\$100

**Unless exception is met*

90-Day Supply Comparison

Type of Drug	UMP Current Cost Share (90 Day Supply)	Part D Cost Share (90 Day Supply)
Preventive/High value generics	\$0 for preventive 5% up to \$30	\$0
Preferred generics	10% up to \$75	\$0
High-cost generics	30% up to \$225	\$20
Preferred brands	30% up to \$225	\$80
Non-preferred brands	Not covered*	\$150
Preferred specialty	30-day supply only	30-day supply only
Non-preferred specialty	Not covered*	30-day supply only

**Unless exception is met*

Personalized Outreach

- ▶ Before January 1, 2025, impacted members will receive a letter to facilitate continuity of care
- ▶ This will include:
 - ▶ Medication that may not be covered under the part D option
 - ▶ Therapeutic alternatives that are covered
 - ▶ Steps to obtain a new prescription from their prescriber
 - ▶ Steps to request an exception, if necessary
- ▶ January 1, 2025 and after, all impacted members will automatically receive a 30-day supply of non-covered medications within the first 90 days of enrollment
 - ▶ At this time, the member will be notified again that they may need to switch to a therapeutic alternative

Step Therapy

- ▶ Step therapy is when a plan requires trial of different medication(s) prior to covering the requested medication
- ▶ All plans employ step therapy as a method to ensure the most cost-effective medications are tried first, including UMP
 - ▶ *The part D plan employs step therapy significantly less frequently than UMP*
- ▶ If a member demonstrates they have previously tried the step medication(s), or are unable to try them, they would be approved for the requested medication
- ▶ This same general process is used by UMP

Prior Authorization (PA)

- ▶ PA is used by all plans, including UMP
 - ▶ Ensures medications are being used effectively
 - ▶ Directs members to the most cost-effective medication
- ▶ PAs typically expire after 6 months to 1 year and require renewal for continued medication coverage
- ▶ *Nearly all drugs that require prior authorization under the Part D plan are either not covered by UMP or also require prior authorization by UMP*

Continuity of Care

- ▶ Moda Health will continue to be the pharmacy benefit administrator
- ▶ Drugs requiring PA or step therapy under the Part D option will require review even if previously approved through UMP
- ▶ Moda has access to historical UMP pharmacy claims data which may streamline coverage decisions
- ▶ Members will be automatically granted up to a 30-day supply within the first 90 days of enrollment

Compounded Drugs

- ▶ Medicare Part D covers certain compounded drugs
 - ▶ Components must meet the definition of a Part D drug
 - ▶ Bulk powders are not covered by Medicare Part D
- ▶ An estimated 116 members may be impacted
 - ▶ Generally, compounded medications have covered alternatives
 - ▶ Impacted members will receive personalized member outreach

Drug Copay Coupons

- ▶ Provided by drug manufacturer to reduce or eliminate a member's out-of-pocket costs
 - ▶ Health plan still pays for the remaining drug cost
 - ▶ Most coupons don't work unless the medication is already covered by the plan
- ▶ Federal anti-kickback statute makes it a crime for manufacturers to offer drug coupons to Medicare beneficiaries
 - ▶ Drug coupons cannot be used in Medicare Part D plans
- ▶ UMP retiree members currently benefiting from drug coupons would need to pay full cost share under the Part D option

Drug Copay Coupons (*cont.*)

- ▶ Undermines the plan's ability to direct members to the most cost-effective drug
- ▶ Can incentivize members to use expensive brand-name medications when less costly, equally effective options are available
- ▶ May contribute to higher premiums for all members
- ▶ Drug coupons may be withdrawn by the manufacturer at any time

Drug Coupon Example

- ▶ Tony is a UMP Medicare member who uses a specialty medication to control his immunological condition
- ▶ He currently uses a drug manufacturer coupon which eliminates his monthly cost share (\$0 per month)
 - ▶ The plan (UMP) pays the remainder of the drug cost
- ▶ Under the Part D option, Tony would be responsible for the full cost share amount (\$90 per month)
- ▶ Monthly premium savings are expected to outweigh impact of drug coupons

Timeline

- ▶ PEB Board vote – April 11, 2024
- ▶ 2025 formulary finalization – August 2024
 - ▶ CMS defined timeline
- ▶ Moda customer service available to answer questions – Fall 2024
- ▶ Drug look up tool – Fall 2024
- ▶ Open enrollment – Fall 2024
- ▶ Go-live – January 1, 2025

Why Wasn't This Talked About Before?

- ▶ Historical context – value formulary conversation
- ▶ Extent of recent premium increases
- ▶ Retirees in 2022 reinforced the importance of UMP
- ▶ Experience with an Employer Group Waiver Plan (EGWP) Part D plan as part of the UnitedHealthcare MA-PD plans
- ▶ Inflation Reduction Act improved Part D plan benefits for Medicare enrollees

Benefit and Policy Proposed Resolutions

Introduction of Proposed Resolutions

- PEBB 2024-17 UMP Classic Medicare Part D coverage
- PEBB 2024-18 Automatic Enrollment – UMP Classic Medicare – Annual Open Enrollment 2024
- PEBB 2024-19 UMP Classic Medicare Enrollment
- PEBB 2024-20 UMP Classic Medicare Plan Enrollment During Gap Month(s)

Introduction of Proposed Resolutions (*cont.*)

- PEBB 2024-21 Amending PEBB 2022-03 Medicare Advantage Prescription Drug plan enrollment during gap month(s)
- PEBB 2024-22 When a subscriber is involuntarily terminated by a Medicare Part D plan

Proposed Resolution PEBB 2024-17

UMP Classic Medicare Part D Coverage

The UMP Classic Medicare prescription drug benefit will change from creditable drug coverage to Part D Medicare drug coverage effective January 1, 2025.

Initial Auto-Enrollment

- ▶ Medicare Part D has special rules
 - ▶ Requires the applicant's signature
- ▶ An EGWP allows an employer group to forego individual signatures and use "auto-enrollment" to initially transfer enrollees from an existing plan to a Part D plan
- ▶ Members will have appeal rights

UMP Classic Medicare Enrollment and Disenrollment Processes

- ▶ Members who want to return to (or join) UMP Classic Medicare from another plan will need to re-enroll during Open Enrollment
- ▶ To enroll in UMP Classic Medicare plan, our Medicare enrollees must enroll in both Medicare Part A and Part B
- ▶ Medicare Part D plan enrollment and disenrollment requests are prospective and based on signature date

Proposed Resolution PEBB 2024-18

Automatic Enrollment – UMP Classic Medicare – Annual Open Enrollment 2024

All Medicare enrollees who are enrolled in UMP Classic Medicare with creditable drug coverage as of December 31, 2024, where the subscriber did not make an election during the PEBB annual open enrollment period held in 2024, will be auto-enrolled in the UMP Classic Medicare with Medicare Part D drug coverage with an effective date of January 1, 2025.

Proposed Resolution PEBB 2024-19

UMP Classic Medicare Enrollment

If a subscriber elects to enroll in the Uniform Medical Plan (UMP) Classic Medicare plan, any non-Medicare enrollees on the account will be enrolled in the UMP Classic.

Proposed Resolution PEBB 2024-20

UMP Classic Medicare Enrollment During Gap Month(s)

If a subscriber elects to enroll in the Uniform Medical Plan (UMP) Classic Medicare plan, and the required forms are received by the PEBB Program after the date the PEBB retiree insurance coverage is to begin, the subscriber and their enrolled dependents will be enrolled in transitional UMP coverage during the gap month(s) prior to when the UMP Classic Medicare plan begins.

Example

UMP Classic Medicare Plan Enrollment During Gap Month(s)

Example: Joan's retirement date is July 1, 2025. The PEBB Program receives her retiree election forms on August 17, 2025. For medical, Joan selected UMP Classic Medicare (Part D) plan. Because Joan's enrollment in PEBB retiree insurance coverage must be July 1, 2025 (consistent with her retirement date) and enrollment in the Medicare Part D plan must be prospective, there is a two-month gap in coverage.

Which plan is Joan enrolled in during the gap months?

Joan will be enrolled in the transitional UMP coverage for the months of July and August before UMP Classic Medicare (Part D) plan begins.

Proposed PEBB 2024-21

Amending PEBB 2022-03 Medicare Advantage

Prescription Drug plan enrollment during gap month(s)

If a subscriber elects to enroll in a Medicare Advantage Prescription Drug (MA-PD) plan, and the required forms are received by the PEBB Program after the date the PEBB retiree insurance coverage is to begin, the subscriber and their enrolled dependents will be enrolled in ~~Uniform Medical Plan (UMP) Classic~~ transitional UMP coverage during the gap month(s) prior to when the MA-PD coverage begins.

Proposed Resolution PEBB 2024-22

When a subscriber is involuntarily terminated by a Medicare Part D plan

When a subscriber or their dependent must be disenrolled by a Medicare Part D plan as required by federal law, the subscriber and their enrolled dependents will be enrolled in a PEBB medical plan as designated by the director or designee. The new medical plan coverage will begin the first day of the month following the date the UMP Classic Medicare plan is terminated.

Next Steps

- ▶ Incorporate Board feedback in the proposed policies
- ▶ Submit feedback to HCAPEBSEBBoardPolicyFeedback@hca.wa.gov by April 1, 2024
- ▶ Bring recommended proposed policy resolutions to the Board for action at the April 11, 2024 Board Meeting

Questions?

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