

# Employer Group Waiver Plans

Bending the Retiree Drug Cost Trend



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# Agenda Topics

- 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

## Medicare Part D Program EGWP with a Wrap

### Retiree Drug Subsidy Model

<b>Low Cost Rx</b>		
Rx Cost		\$7,330
RDS Subsidy	20%	(\$1,466)
Retiree Copays		(\$700)
Net Cost to County		\$5,164

<b>Mid Cost Rx</b>		
Rx Cost		\$14,660
RDS Subsidy	20%	(\$2,932)
Retiree Copays		(\$700)
Net Cost to County		\$11,028

<b>High Cost Rx</b>		
Rx Cost		\$70,000
RDS Subsidy	20%	(\$14,000)
Retiree Copays		(\$700)
Net Cost to County		\$55,300

<b>Retiree Rx Cost</b>				<b>\$ 7,330.00</b>
Start of Donut Hole				
Insurance Company Portion of Script		\$2,630	Script Cost	\$195.33
Retiree Copays		\$300	15 script copays @ \$20	
Total		\$2,930		
Donut Hole Portion				
		\$ 4,400	Price Per Script	\$ 220.00
Pharmacy subsidy of brand drugs	50%	\$ 2,200	Pharma Portion	\$ 110.00
Rx cost Insurance Company Portion		\$ 1,800	Ins Portion	\$ 90.00
Retiree Copays		\$ 400	20 script copays @ \$20	
12 Month CMS Subsidy PMPM \$54				
		\$ 648		
Net Cost to County		\$ 3,782		

<b>Double the Rx Cost</b>			
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	

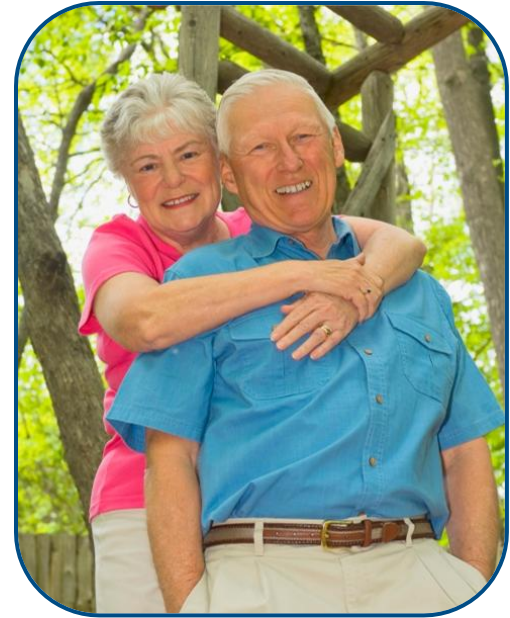
<b>High/Catastrophic Rx Cost</b>			
Rx Cost		<b>\$ 70,000</b>	
Cost before Cat Coverage		\$ 6,747	
		\$ 63,253	
Catastrophic Coverage	95%	\$ 60,090	
Plan Responsibility	5%	\$ 3,163	
Net Cost to Plan (less copays)		<b>\$ 9,910</b>	

# 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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