

WSHIP

Medicare Plans Evaluation Project Update



**WSHIP BOARD MEETING
MARCH 13, 2019**

PRESENTED BY

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Medicare Plans Evaluation Project

2

- **BASIC PLUS PLAN EVALUATION**
 - Should the Basic Plus Plan be discontinued?
 - What impact would discontinuance have?
- **MACRA AND WSHIP MEDICARE POLICIES**
 - What does MACRA require for Medicare Supplement policies?
 - Does WSHIP have to comply?
 - What does compliance require?

Project Activity to Date

Actuarial Review

- Current enrollment and cost of WSHIP Medicare Plans
- Impact of proposed revisions on enrollees and WSHIP

Legal Review

- MACRA requirements
- Applicability of MACRA to WSHIP

Planning Committee

- Met on January 29 and February 25
- Developed preliminary recommendations

WSHIP Basic Plus Plan

4

% **The Facts**

- In addition to covering the gaps in Medicare Parts A and B, the Basic Plus Plan also covers the gaps in Medicare Part D prescription drug plans.
- The plan was closed to new enrollment in 2006, when it had about 680 enrollees.
- Membership had dropped to 168 enrollees by the end of 2018.
- The plan loses 10% to 15% of its enrollees each year.

% **The Question**

- Should WSHIP discontinue the Basic Plus Plan?

Should WSHIP Discontinue the Basic Plus Plan?

5

Reasons to Do This

- One of the initial reasons for this plan was to avoid high out-of-pocket costs in the “donut hole”. The coverage gap has gradually been reduced and has reached its ultimate 25% coinsurance level.
- Membership continues to decrease. At some point it will become administratively inefficient to maintain the plan.
- Financial savings to the Pool is significant.

Reasons Not to Do This

- It will cause disruption and increased cost to the enrollees who are on the plan.
- This decision can be made later when there are fewer enrollees who will be affected.
- The potential savings has only a minimal impact on the Pool’s overall financial position.

What is MACRA and Does It Affect WSHIP?

6

⌘ MACRA – Medicare Access and CHIP reauthorization Act of 2015

- It will be illegal to sell a “medigap” policy providing coverage for the Medicare Part B deductible to newly eligible Medicare beneficiaries beginning 1/1/2020.
- State insurance regulators are required to amend their medigap laws and rules to comply (WA SB 5032).
- The deductible limitation applies only to newly eligible beneficiaries. Previously enrolled beneficiaries can continue their Part B deductible coverage.

⌘ Impact on WSHIP

- WSHIP’s Medicare policies are not medigap policies subject to MACRA.
- **BUT**, the WSHIP statute does require changes consistent with MACRA:
 - ı RCW 48.41.150 – WSHIP is required to offer a medical supplement policy that covers 100% of Medicare deductible and copayments, but if a federal law is adopted that “addresses this subject”, the board shall offer a policy that is consistent with the federal law.
- WSHIP could choose to continue deductible coverage for 2019 enrollees consistent with MACRA or it could eliminate coverage for the Part B deductible for all enrollees in its Medicare policies.

Should WSHIP Remove Coverage of the Medicare Part B Deductible for Existing Enrollees?

Reasons to Do This

- It is in the member's best interest, because the premium savings exceed the new annual deductible.
- Having a deductible should reduce unnecessary utilization and result in easier administration.
- Market Plan F rates may escalate once it becomes a closed block.

Reasons Not to Do This

- It deprives the current enrollees of the opportunity to keep their "Plan F" benefits, which medigap policyholders in the market will be able to do.
- It does not mimic the market approach of allowing current Plan F members to stay in that plan if they wish.

Planning Committee Preliminary Recommendations

8

⌘ Should WSHIP discontinue the Basic Plus Plan?

- No. Do not discontinue Basic Plus Plan at this time.

⌘ Should WSHIP create a new medical supplement plan that does not include coverage of the Part B deductible?

- Yes. A new WSHIP Medicare plan should be created for 2020 that does not cover the Part B deductible.

⌘ Should current WSHIP Medicare members be allowed to keep their more generous “Plan F” plan benefits?

- Yes. The new plan should be sold for any new enrollees beginning 1/1/2020. Current enrollees should be allowed to keep their current plan or move to the new plan.

⌘ Should a version of the new plan be created that includes coverage of Part D cost sharing like the Basic Plus Plan?

- No. Supplemental coverage of Part D should only be available for members who remain in the existing Basic Plus plan.