



CALIFORNIA HEALTH ADVOCATES

Three blue circles of varying shades (dark blue, medium blue, light blue) are arranged horizontally to the left of a vertical black line. The line extends from the top of the circles down to the level of the main title.

Medicare Parts C & D: 2014 Changes

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This special regional educational effort is supported by funding provided by the California HealthCare Foundation and The California Wellness Foundation



Our Focus

California Health Advocates

provides quality Medicare and related healthcare coverage information, education and policy advocacy.

www.cahealthadvocates.org

- **Policy** – Conduct public policy research to support recommendations for improving rights and protections for Medicare beneficiaries and their families
- **Training** – Provide timely and high-quality information on Medicare through our website, fact sheets, policy briefs and educational workshops
- **Advocacy** – Bring the experiences of Medicare beneficiaries to the public, and especially legislators and their staff at federal and state levels, through media and educational campaigns



Our Projects

- **Senior Medicare Patrol 1-855-613-7080**
 - *Empowering Seniors to Prevent Fraud*
- **Counseling Tools**
 - *Fact Sheets and Comparison Charts (updated with 2014 info coming soon)*
- **California Medicare Coalition**
 - *Provides a forum for all who serve Medicare beneficiaries to get updates on Medicare and to improve education and outreach*



Overview

- Stand-alone Medicare Part D plans in 2014
- Landscape of Medicare Advantage (Part C) plans in 2014
- Changes in Medicare Advantage and Medicare Part D
- What's new for people with Extra Help

Thumbnail sketch of Medicare

Original Medicare

Part A
Hospital Insurance

Part B
Outpatient Medical
Services
Coinsurance=20%

Part C
Medicare
Advantage
Plans
Must have
Parts A+B

MA-PD
MA-only

HMO
PPO
PFFS
SNP

Part D
Rx drug
Plans
Must have
Part A or B

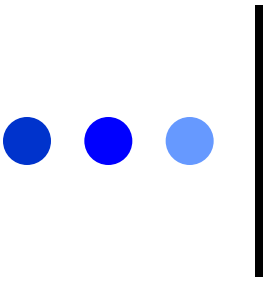
Premium
Deductible ≤ \$310
Cost-sharing

Initial coverage
Coverage gap
Catastrophic coverage



Annual Election Period (AEP)

- Technical term “Annual Coordinated Election Period,” commonly called “Open Enrollment”
- Period: **Oct 15 – Dec 7**
- Medicare Advantage (MA or Part C) and Part D plans only
 - Parts A and B – General Enrollment Period (Jan-Mar)
 - People with other insurance, e.g. retiree health benefits, EGHP



STAND-ALONE MEDICARE PART D PLANS IN 2014



CA PDP Landscape

No. of plans available	31
Lowest premium: Humana Walmart Rx Plan (S5884-178)	\$12.60
Lowest premium basic plan: WellCare Classic (S5967-169)	\$22.40
Highest premium: Aetna Medicare Rx Premier (S5810-202)	\$147
No. of plans renewing	25
<i>No. of plans with higher premiums</i>	14
<i>No. of plans with decreased premiums</i>	11
No. of new plans	6



Plans under sanction

Sanction imposed on SilverScript Insurance Company effective January 15, 2013	
SilverScript Basic	2013 benchmark
SilverScript Choice	
SilverScript Plus	
Sanction imposed on Smart Insurance Company effective April 23, 2013	
SmartD Rx Plus	
SmartD Rx Saver	2013 benchmark
These plans are counted in CMS total for 2014. If sanctions are lifted, will these plans be available?	

2013 Plans not renewing

Plan name	Contract-Plan ID	Premium
1. EnvisionRxPlus Gold	S7694-102	\$54.00
2. Humana Complete	S5884-060	\$118.60

Medicare Part D Costs 2014

(standard plan)

Out-of-pocket threshold (before reaching catastrophic coverage)		\$4,550 = (\$310 + \$635 + \$3,605)	
	Drug costs	Beneficiary pays (TrOOP)	Plan pays
Before meeting deductible	0-\$310	100% = \$310	0%
Initial coverage	>\$310-\$2,850	25% = \$635	75%
Coverage gap (doughnut hole)	>\$2,850-\$6,455	100% = \$3,605 Discount & subsidy apply	0%
Catastrophic coverage	>\$6,455	Greater of 5% or \$2.55/\$6.35	95%



Coverage Gap Discount Program (CGDP)

- When: Effective Jan 1, 2011, coverage gap (donut hole) decreases each year until 2020 when enrollee pays 25% coinsurance
- What: Discount and subsidy apply to Part D-covered drugs in plan's formulary or granted an exception by the plan



Coverage Gap Discount Program (CGDP)

- Who: Beneficiaries in PDP or MA-PDP who fall in the “donut hole”
 - total drug costs exceed initial coverage limit and who have not reached the out-of-pocket threshold for catastrophic coverage
 - BUT NOT
 - LIS-eligible beneficiaries
 - Those in a retiree drug subsidy program
- Where: Point-of-Sale (e.g. at the pharmacy)

CGDP – 2014 coinsurance

	Brand name	Generic
Beneficiary coinsurance	47.5%	72%
Plan's liability (subsidy)	2.5%	28%
Plan's liability does not count toward TrOOP		
Discount from drug manufacturers who signed agreement	50%	n/a
Discount is counted toward TrOOP		
<i>Reference Closing the Coverage Gap (CMS Prod. No. 11493, revised May 2013)</i>		



MEDICARE ADVANTAGE (PART C) PLANS IN 2014

4 types of plans in CA:

HMO, PPO, PFFS and SNP

Landscape of MA plans in CA

Plan type	No. of plans		No. of counties in 2014
	2014	2013	
HMO-PD	300	272	39
HMO-only	21	31	15
PPO-PD	17	13	15
PPFS-PD	11	70	11
PPFS-only	11	70	11
D-SNP	85	95	30
C-SNP	67	53	10
I-SNP	6	7	4

CA Landscape – PPOs

Local PPO-PD (17 plans in 15 counties) offered by two MAOs

Anthem Medicare Preferred Standard

Health Net Violet

Premium range = \$80 (Madera) to \$127 (Riverside)

Premium range = \$0 (all counties except San Diego) and \$92 (San Diego)

Fresno, LA, Madera, Orange, Riverside, San Diego*, San Francisco*, Sonoma, Tulare, Ventura

Placer, Sacramento, San Diego*, San Francisco*, San Joaquin, Stanislaus, Yolo

CA Landscape – PFFS plans

PFFS plans offered in 11 counties

Alpine, Calaveras, Colusa, Del Norte, Humboldt, Mendocino, Merced, Modoc, Plumas, Siskiyou, Trinity

In each county, one PFFS-PD and one PFFS-only plan.
Total = 22 plans

All offered by UnitedHealthcare

PFFS-PD = UnitedHealthcare
MedicareDirect Rx

PFFS-only =
UnitedHealthcare
MedicareDirect Essential

5 with \$0 premium
6 with \$28 premium

All with \$0 premium



CA Landscape – SNPs

Special Needs Plans

	How many statewide?	In how many counties?	Which counties?
D-SNP	85	30	Alameda, Amador, CCC, El Dorado, Fresno, Kern, Kings, LA, Madera, Marin, Mariposa, Napa, Orange, Placer, Riverside, Sacramento, San Bernardino, San Diego, San Francisco, San Joaquin, San Mateo, Santa Clara, Solano, Sonoma, Stanislaus, Sutter, Tulare, Ventura, Yolo, Yuba
C-SNP	67	10	Contra Costa, Kern, Kings, LA, Marin, Orange, Riverside, San Bernardino, Santa Clara, Stanislaus
I-SNP	6	4	LA, Orange, Riverside, San Bernardino



Medicare Advantage – MOOP

- MOOP – Maximum out-of-pocket
 - If MA plan member spends this amount in cost-sharing, MA plan will cover Parts A+B services 100% for remainder of the year.
 - Mandatory MOOP – range \$3,401-\$6,700
 - Voluntary MOOP – If plan chooses to adopt lower MOOP (\leq \$3,400), can have more flexibility in establishing cost-sharing amounts



Is MOOP transferable?

Yes, if:

- Same plan type (e.g. HMO→HMO or PPO→PPO)
- Same contract number
- Same plan year

Note: Beneficiary must have SEP to change plans



Example

Beneficiary joined Health Net Healthy Heart 1 in Placer during AEP in 2013. In May 2014, he moved to San Joaquin and joined Health Net Seniority Plus Ruby.

Health Net Healthy Heart 1
(HMO)

Health Net Seniority Plus Ruby
(HMO)

Contract #H0562

Contract #H0562

MOOP = \$3,400

MOOP = \$5,000

Premium = \$119

Premium = \$232

What beneficiary already spent in cost-sharing in Healthy Heart 1 (what is counted toward MOOP) will be transferred to the MOOP in Seniority Plus Ruby so beneficiary does not have to start over (but must spend more to meet MOOP because higher in Seniority Plus Ruby.)



Part C Explanation of Benefits

- Effective Jan 2014
- Plans' options
 - Monthly – end of month following month claims were processed. E.g. claims processed in Oct 2013, EoB mailed by Nov 30, 2013
 - Each claim + quarterly + annual summary – e.g. for Oct-Dec 2013, EoB mailed by Jan 31, 2014.
- Exception: MA plans not required to mail EoB to duals



CHANGES IN MEDICARE ADVANTAGE AND MEDICARE PART D



Medical Loss Ratio (MLR)

- ACA requirement to report MLR applies to Part C and D plans
- $MLR = \frac{\text{Revenue used for patient care}}{\text{Total revenue}} \times 100\%$
- If MLR < 85%, sanctions
 - Remit funds
 - Cannot enroll new members
 - Terminate contract



Maintenance drugs during observation stay

- Maintenance drugs not related to observation services can be covered by Part D
 - Part B would cover drugs related to observation services
- If obtained at hospital pharmacy
 - beneficiary can request reimbursement from Part D plan
 - Part D plan reimburses as if obtained from network pharmacy



“Automatic refill” services

- Part D plans must require network retail and mail-order pharmacies to obtain patient consent prior to delivering each prescription
- Prevent or minimize waste
 - New prescriptions – to be filled only if condition worsens
 - Refill prescriptions – does beneficiary still need?



Hospice drugs

- Part A hospice benefit covers drugs used for pain control and symptom relief, not Part D.
 - Payment to hospice program; should NOT be covered by Part D plan.
- Part D plan may impose prior authorization on drugs typically used by hospice patients.
- *Is beneficiary a hospice patient?*



ESRD drugs

- Drugs and biologics included in Part B bundled payment to dialysis facilities; should not be covered by Part D
 - Exceptions: “oral-only” ESRD drugs and biologics
- Part D plan may impose prior authorization on ESRD-related drugs.
- *Does beneficiary have ESRD?*



Pharmacy Networks

- Pharmacy in preferred network
 - Lower cost-sharing for formulary drugs in some tiers
 - Compared to pharmacy in non-preferred network
- LIS beneficiaries – cannot be limited to preferred network pharmacies



Non-renewing plans

- Notice to members about non-renewal – plan must send by Oct 2
- Beneficiaries can make change during AEP or SEP
 - AEP dates: Oct 15 – Dec 7
 - Change made during AEP effective Jan 1
 - SEP dates: Dec 8 – last day of Feb
 - Change made during SEP effective 1st day of following month



Scenario

- On Oct 1, Melanie received notice that her MA-PD plan will not renew next year. She did not take any action during the AEP.
- The AEP ends. What can Melanie do?



After AEP

Special Election Period	Dec 8-31	Change effective Jan 1
	Jan 1-Feb 28	Original Medicare and no prescription drug coverage starting Jan 1
		Change effective 1 st day of month following change
	Mar 1 and later	Does beneficiary have SEP?
		If no SEP, wait until next AEP

Medicare Part D and Part C plans Special Enrollment Periods (SEP)

○ 5★ SEP - Dec 8 to Nov 30

- One change only during period

From	To
Original Medicare, Original Medicare + PDP, MA-PD, MA-only	5★ MA-PD, MA-only, PDP

○ SEP to leave plans rated <3★

- Notices sent Oct 2012 and Feb 2013
 - Plan is rated <3★ for ≥3 consecutive years
 - SEP to change to plan with higher rating – one-time chance



Barbiturates

- ACA removed restriction for Part D coverage of barbiturates
 - Coverage restricted to treatment of epilepsy, cancer or mental disorder removed
 - Jan 1, 2013 – MIPPA expanded coverage to include benzodiazepines and barbiturates
- Other requirements for Part D coverage still apply



Benzodiazepine and Barbiturates

- Dual eligible beneficiaries
 - May have copayments for these drugs
 - Before Jan 1, 2013, if drug covered by Medi-Cal, no copayments
 - May face prior authorization, step therapy and/or quantity limits in their Part D plan

Part D IRMAA for Higher Income Part D Enrollees – 2014

Income bracket (single)	Income bracket (file jointly)	IRMAA
≤\$85,000	≤\$170,000	n/a
>\$85,000 but ≤\$107,000	>\$170,000 but ≤\$214,000	\$12.10
>\$107,000 but ≤\$160,000	>\$214,000 but ≤\$320,000	\$31.10
>\$160,000 but ≤\$214,000	>\$320,000 but ≤\$428,000	\$50.20
>\$214,000	>\$428,000	\$69.30



Part D IRMAA

- Involuntary disenrollment from PDP or MA-PD plan for failure to pay Part D IRMAA
- Grace period to pay = 3 months
 - E.g. Grace period is Jan-Mar. If beneficiary does not pay by Mar 31, disenrollment from Part D plan effective April 1.



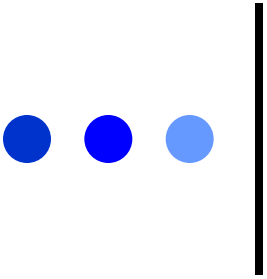
Dates to remember

Sep 16-30	CMS mails <i>M&Y</i> 2014 handbook
Sep 30	Plans send ANOC/EoC
Oct 1	Marketing of MA and PD plans may begin Tentative date for 2014 benefit date to be displayed on Medicare Plan Finder
Oct 2	Beneficiaries of non-renewing plans must receive notice
Oct 8	Star ratings posted on Medicare.gov
Oct 15	Plans must post PA and ST criteria on their websites
Oct 15-Dec 7	Annual Election Period (Open Enrollment)
Dec 8-Feb 28	SEP for beneficiaries in non-renewing plans
Dec 8-Nov 30	SEP to enroll in 5-star plans
Jan 1	CY 2014 begins, plans become effective
Jan 1-Feb 14	MA Annual Disenrollment Period
Jan 1-Mar 31	General Enrollment Period (Medicare Parts A&B)



Electronic Enrollment

- Medicare Plan Finder
- Plan's secure website
 - Alternative to paper, phone or Medicare Enrollment Center
 - Time/date stamp of beneficiary's request to enroll e.g. clicking "Enroll Now" or "I Agree" button
 - Confirmation
 - Payment info, e.g. bank account number
- Other websites not permitted
 - E.g. broker website



WHAT'S NEW FOR PEOPLE WITH EXTRA HELP

Benchmark plans

CA benchmark amount \$28.10 (2014)

2013	2014	Premium
AARP MedicareRx Saver Plus	AARP MedicareRx Saver Plus	\$26.00
EnvisionRxPlus Silver	EnvisionRxPlus Silver	\$27.20
Humana Walmart-Preferred Rx	Humana Preferred Rx	\$22.80
SilverScript Basic	HealthMarkets Valus Rx	\$24.50
SmartD Rx Saver	Symphonix Rite Aid Value Rx	\$23.80
Aetna CVS/pharmacy Prescription Drug Plan	United American - Select	\$25.70
	WellCare Classic	\$22.40



Low Income Subsidy

- Income limits for eligibility based on FPL not yet released for 2014 (numbers expected Jan 2014)
- Resource limits (numbers expected Jan 2014, CHA fact sheet E-003 will be updated)
- CA benchmark amount/LIS = \$28.10
- National average premium = \$32.42 (for LEP calculation)

Costs for LIS Beneficiaries

Income	≤100%	≤135% QMB, SLMB, QI	<150%
Premium	\$0*	\$0*	Discounted
Deductible	\$0	\$0	≤\$63
Copayment	\$1.20 (G) \$3.60 (BN)	\$2.55 (G) \$6.35 (BN)	15% or lower copayment
Copayment during catastrophic coverage	\$0	\$0	\$2.55 (G) \$6.35 (BN)
*If enrolled in a benchmark plan			



Reassignment

(Reference CMS Prod. No. 11221-P)

Beneficiary's current plan (PDP or MA-PDP)
is not renewing next year

- CMS reassigns all LIS beneficiaries into a different benchmark plan including
 - Beneficiaries receiving partial LIS
 - Beneficiaries who chose their plan (“choosers”)

Reassignment (cont.)

(Reference CMS Prod. No. 11221-P)

Beneficiary's current plan will not be a benchmark plan next year

CMS reassigns LIS beneficiary into a different benchmark plan if

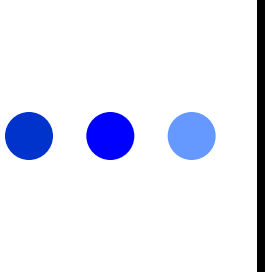
CMS will not reassign if

Beneficiary was auto-enrolled or reassigned into current plan and

Beneficiary chose his/her plan ("chooser")

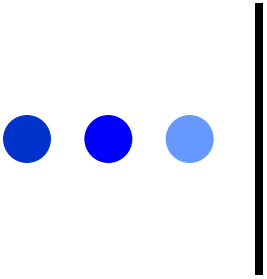
Beneficiary has full (100%) LIS

Beneficiary has partial LIS



Low Income Newly Eligible Transaction (LI NET) Program

- **New TYY number “711”**
- LI NET provides Part D coverage before LIS-eligible beneficiary is prospectively enrolled in a PDP
- Open formulary
- No prior authorization
- Not limited to network pharmacies



MISCELLANEOUS

Mental health parity

	Beneficiary cost-sharing	Medicare pays
2010-2011	45%	55%
2012	40%	60%
2013	35%	65%
2014	20%	80%

Open Enrollment

Oct	Nov	Dec	Jan	Feb	Mar
	15	7			
	Medicare AEP				
1					31
Covered CA (exchange) Open Enrollment					
Medicare beneficiaries CANNOT			<ul style="list-style-type: none"> • Medicare Plan Finder • 1-800-MEDICARE • Plan's secure website • Paper form 		
Enroll in a Medicare Part D plan through Covered CA					
Enroll in a Medicare Advantage plan through Covered CA					
Buy a Medigap through Covered CA			Work with an agent or call company		



Resources

- Understanding Medicare Part C & D Enrollment Periods (CMS Prod. No. 11219, revised Oct 2012)
- Guide to Consumer Mailings from CMS, Social Security, & Plans in 2013/2014
- Closing the Coverage Gap (CMS Prod. No. 11493, revised May 2013)
- Reassignment (CMS Prod. No. 11221-P, Aug 2012)
- Changes in qualifying for Extra Help (CMS Prod. No. 11232-P, Aug 2012)



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