



TRANSITIONING TO AN EMPLOYER GROUP WAIVER PLAN

OVERVIEW

An EGWP with standard gap coverage, coupled with separate wrap-around coverage, allows a plan sponsor to replicate their current benefit plan and maximize the savings from the manufacturer coverage gap discount program and other Medicare Part D subsidies. Those benefits are discussed in a separate paper, available upon request. Like any change process involving retirees and healthcare an important goal is to minimize disruption and inconvenience on the part of the retirees. This can be accomplished by understanding the differences between the two programs, careful planning and outreach.

WHAT IS AN RDS PLAN?

A Trust Fund sponsored retiree pharmacy plan can apply to CMS to receive the Retiree Drug Subsidy. To receive the RDS, the plan must be actuarially equivalent or better than the standard part-D drug benefit. The plan must cover two drugs in each required therapeutic class and most drugs in the six protected classes of the Part-D required drugs. However, many retiree pharmacy plans cover additional drugs not on the Part-D formulary. In this case the plan sponsor would only receive the subsidy on the Part-D drugs.

EMPLOYER GROUP WAIVER PLAN

The Employer Group Waiver Plan (EGWP) is a Part-D plan. Part-D has a standard benefit design. An EGWP can be modified from the standard plan design, but it must be actuarially equivalent or better than the Part-D plan design. EGWPs allow the plan sponsors to offload most of the administrative responsibilities to a vendor.

HOW TO MINIMIZE DISRUPTION TO RETIREES

Non Part-D drugs—Non Part-D plans do not face restrictions on covered drugs. In contrast, the Part-D formulary excludes certain classes of drugs such as lifestyle drugs. It is important to understand what non-part D drugs are covered by the Trust Fund's formulary. Upon switching to an Employer Group Waiver plan the Fund has two choices; stop coverage of the Non Part-D drugs or use an enhanced formulary. Stopping coverage would likely cause disruption among those retirees that are utilizing any Non Part-D drug. Alternatively, an enhanced formulary that covers Non Part-D drugs can complement the Part-D formulary. Under the EGWP + wrap approach, the wrap coverage allows Plan Sponsors to replicate the current benefit plans (even multiple benefit plans) and maximize savings from the pharmaceutical manufacturer discount program. In addition, claims for the wrap-around coverage are processed seamlessly using a single member identification card to minimize disruption to members and ensure the Fund receives rebates for these Non Part D drugs.

HOW TO MINIMIZE DISRUPTION TO RETIREES (CONTINUED)

Therapeutic Equivalence—A Part-D drug plan must cover at least two drugs in each required therapeutic category. However, there is often more than two drugs in a category. The Trust Fund sponsored plan may have covered a different drug than the drug on the Part-D formulary for a therapeutic category. For this reason, it is important to do a disruption analysis. This analysis looks at all the drugs that were prescribed to retirees over the preceding year and compares these to the Part-D formulary. For any drugs that are not covered, further analysis is required. For example, a particular drug may have been prescribed to someone ten months ago, for two fills but is not currently prescribed. In this case, if a switch is made to new drug for the therapeutic category the risk of disruption is low.

If a Part D non-covered drug is a maintenance medication alternative steps need to be taken. Maintenance medications are medications that are prescribed on a continuous basis to manage a chronic condition. If a maintenance medication is not covered on the Part-D formulary, it will be covered on the Wrap portion of the benefit.

CMS Mandated Communication—Every year, CMS requires that the Medicare Part D Plan Sponsor send to each member an Annual Notice of Coverage (ANOC). The ANOC includes any changes in coverage, costs or service area that will be effective with the new plan year. Even if nothing has changed, CMS requires that ANOC be sent. If a Fund sponsored plan has not changed in many years, the retiree will not be accustomed to receiving this type of communication. Without prior outreach this can cause confusion on the part of the retiree.

AmWINS helps the Benefits Office develop a proactive communication strategy to mitigate any confusion on the part of the retiree. Well in advance of the ANOC mailing, AmWINS will prepare communications to the retiree letting them know that that this package will be arriving shortly and why they are receiving this information. This communication is branded to the Union's so the retiree is less likely to discard the communication. Additionally, the Union's logo can be included on the ANOC mailing.

AmWINS Call Center—AmWINS provides call center services to its retiree clients without an Interactive Voice Response system. We have two call centers, one in Rhode Island and one in Texas. The call centers are staffed by licensed benefit councilors who are very knowledgeable regarding Medicare and Part-D. The benefits councilors are trained to serve the senior population. There is no limit to call time when resolving a retiree's problem. These services can be used to complement and back up the Benefits Office. AmWINS benefits councilors can answer all the retiree's questions regarding the ANOC and the benefit design. Additionally, we can provide technical back up the Benefit's Office personnel. Finally, the councilors can act as advocates for the retirees, resolving issues that arise at the pharmacy.

Account Management—A dedicated account executive and implementation team will be assigned to ensure a smooth implementation. This team will also manage the account. New Client information is communicated internally through meetings, emails, and daily monitoring. Key members from a variety of departments (customer service, systems technology, clinical management, account management, and plan building) are involved in the implementation process.

CONCLUSION

With proper planning, analysis and communication the transition from a Fund sponsored RDS plan to an EGWP can be achieved with minimal disruption. Additionally, leveraging AmWINS resources can allow the Benefits Office to better manage the transition to and ongoing support of a Part-D program.

