AmWINS Group Benefits

EMPLOYER GROUP WAIVER PLAN VS. RETIREE DRUG SUBSIDY

THE ADVANTAGES FOR A PLAN SPONSOR OF A SELF-FUNDED EMPLOYER GROUP WAIVER PLAN (EGWP) INCLUDE:

- **Complete Transparency**—Rebates, Discounts and all Part-D subsidy payments are paid on a 100% pass through basis to the plan sponsor (employer).
- **No Size Restrictions**—Self-Funding for an Employer Group Waiver Plan through a PBM has typically only been available to largest size plan sponsors. Today, AmWINS has self-funded EGWP clients with 100 retirees. Another option is for the plan sponsor is to become a PDP and contract directly with CMS. This a very cumbersome process with significant reporting and regulatory requirements.
- **Maximizing flexibility regarding contribution options**—AmWINS self-funded EGWP can match the current plans design and maximize all the additional savings that are offered by Medicare.
- **Reduce plan sponsor administrative burden**—Client only needs to provide the plan design and census information. AmWINS handles everything else; member materials, member communications, CMS reporting, rebates and subsidy filings.
- **Receiving all subsidies available under part-D including Federal reinsurance and the coverage gap discount program**—
  - **Capitation Payments/CMS Direct Subsidy**—Paid on the first of the month to the plan sponsor, before claim expense is incurred. Release of funds by plan sponsor to occur after payment reconciliation (audit of eligibility) is completed which is by the end of the month
  - **Coverage Gap Discount Program**—up to 50% discount on brand drugs in the Coverage Gap. Paid quarterly after first payment which has a 90-day lag after the quarter ends.
  - **Federal Reinsurance**—Medicare picks up 80% of claim cost (estimated at 72% after rebated allowance) of drug coverage during the catastrophic phase on brand name CMS covered drugs only.
  - **CMS provides prospective CAT payments monthly**—Reconciliation of the payments will occur no later than October/November of the following year. Please note: this new process may have led to a reimbursement back to CMS if the monthly payments exceed the actual catastrophic claim cost of the client.
  - **Rebates**—Paid quarterly after first payment which has a 90-day initial lag. Final payment reconciliation for a plan year to be completed between 180 - 270 days after the calendar plan year ends.
  - **LIS (Low Income Subsidy)**—Monthly premium assistance for the member.
  - **LICS**—These copay subsidies are an annual payment after all PDE records are reconciled. Paid annually the following October/November

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- **Achieve a higher level of subsidy than is available from the Retiree Drug Subsidy program**—
  - For 2017 the expected Part D direct subsidy is $25.45 PMPM and the other CMS subsidies including rebates averages $62.74 PMPM. This equates to $1,058 per member on an annualized basis. The most recent data for RDS is an average annual subsidy of $453. Actual amounts will vary based on plan design and drug consumption patterns.
  - Since 2007 the average PMPM payment for reinsurance has increased from the impact of higher prices specialty pharmacy on overall drug spend. CMS covers all high cost specialty medications under their six-protected class program.

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	RDS	EGWP
Description	Employer-sponsored programs that are actuarial equivalent or better than the standard Part-D drug benefit are eligible for the RDS subsidy.	PDP contracts directly with CMS. Plan design is actuarial equal to or better than the Standard Part-D plan design.
Cost Threshold Limits	2018 Cost Threshold $405 2018 Cost Limit $8,350	Out-of-Pocket Threshold for 2018: $7,508.75
Federal Reinsurance Subsidy/RDS Subsidy[1]	Maximum RDS Subsidy is capped at 28%* (Cost Threshold - Cost Limit) = $2,225	80% of Cost over the catastrophic threshold of $7,508.75 less applicable rebates.
Coverage Gap Discount Program Subsidy	Not Applicable to the RDS program	Plan sponsor receives a 50% discount on brand drugs in the coverage gap hole. This counts toward the retirees' TROOP and pushes through the coverage gap faster. Once past the donut hold, the CMS pays 80% of the cost of the Rx.
Part-D Direct Subsidy	Not Applicable to the RDS program	Risk Adjusted Payment made by CMS directly to PDP for each Part-D participant.
Low Income Subsidy (LIS)	Not Applicable to the RDS program	LIS participants experience no coverage gap and no cost sharing above Part-D OOP threshold. The LIS mitigates the cost of the plan sponsor of covering these beneficiaries.

[1]*Based on CMS covered drugs. Non-CMS covered drugs are not included in the RDS calculation. In addition, rebates received by the group is deducted from the subsidy to produce a net amount given to the client.*

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