



CALIFORNIA HEALTH ADVOCATES

Three blue circles of varying shades (dark blue, medium blue, and 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 2015 Changes

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Executive Director

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# Our Focus

## ***California Health Advocates***

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

**[www.cahealthadvocates.org](http://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 (subscription fee \$199/year)*
  - *Comparison Charts*
- **California Medicare Coalition**
  - *Provides a forum for all who serve Medicare beneficiaries to get updates on Medicare and to improve education and outreach*



# Overview

- Original Medicare: 2015 costs
- Stand-alone Medicare Part D plans in 2015
- Landscape of Medicare Advantage (Part C) plans in 2015
- Changes in Medicare Advantage and Medicare Part D
- What's new for people with Extra Help
- Medicare and Marketplace



# Objectives

- Look up info about 2015 beneficiary out-of-pocket costs, Medicare Part D and Medicare Advantage plans
- Identify some situations that allow a SEP
- Explain Medicare relative to Marketplace

# Thumbnail sketch of Medicare

## Original Medicare

### Part A

Hospital Insurance

**Inpatient hospital deductible = \$1,260**

### Part B

Outpatient Medical Services

**Standard premium = \$104.90**

**Annual deductible = \$147**

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 ≤ \$320**

Cost-sharing

Initial coverage

Coverage gap

Catastrophic coverage



# Medicare Part A Costs (2015)

- Monthly **PREMIUM**:
  - Person 65 years or older
    - \$0 if person or spouse has  $\geq 40$  work credits
    - \$224 if person has 30-39 work credits (*Voluntary enrollment*)
    - \$407 if person has  $< 30$  work credits (*Voluntary enrollment*)
  - Person younger than 65 years old with a disability
  - Person with ESRD

# Medicare Part A Costs (2015)

<b>Inpatient Hospital (psychiatric and non-psychiatric)</b>	
<b>DEDUCTIBLE</b>	\$1,260 for first day per benefit period
<b>COPAYMENT</b>	\$315/day for days 61-90
	\$630/day for days 91-150
<b>Skilled Nursing Facility</b>	
<b>COPAYMENT</b>	\$157.50/day for days 21-100
<b>Home Health Care</b>	
<b>COINSURANCE</b>	20% for DME
<b>Hospice</b>	
<b>COINSURANCE</b>	5% or ≤\$5 for drugs to pain relief or symptom control
	5% for respite care capped at \$1,260



# Medicare Part B Premium (2015)

Income bracket (single)	Income bracket (file jointly)	Premium
≤\$85,000	≤\$170,000	\$104.90
>\$85,000 but ≤\$107,000	>\$170,000 but ≤\$214,000	\$146.90
>\$107,000 but ≤\$160,000	>\$214,000 but ≤\$320,000	\$209.80
>\$160,000 but ≤\$214,000	>\$320,000 but ≤\$428,000	\$272.70
>\$214,000	>\$428,000	\$335.70



# 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)
  - Different open enrollment for people with other insurance, e.g. retiree health benefits, EGHP



# Other “Open Enrollment”

- Health exchanges or Marketplaces, like Covered California
  - Nov 15 to Feb 15
- Medigap
  - 6 months starting with effective date of Part B



# **STAND-ALONE MEDICARE PART D PLANS (PDP) 2015**



# CA PDP Landscape

No. of plans available	31
Lowest premium: Humana Walmart Rx Plan (S5884-178)	\$15.70
Lowest premium <b>basic</b> plan: SilverScript Choice (S5601-064)	\$22.20
Highest premium: Aetna Medicare Rx Premier (S5810-202)	\$145.70
No. of plans renewing	28
<i>No. of plans with higher premiums</i>	19
<i>No. of plans with decreased premiums</i>	9
No. of new plans	3

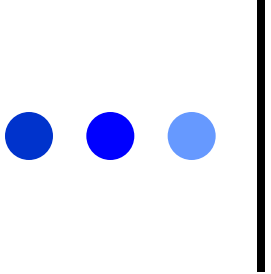
# 2014 Plans not renewing

Plan name	Contract-Plan ID	Premium
1. AARP MedicareRx Enhanced	S5921-003	\$112.80
2. Cigna-HealthSpring Rx Reg 32	S5932-031	\$44.10
3. First Health Part D Premier Plus*	S5674-059	\$105.80
4. First Health Part D Essentials	S5768-082	\$60.70
5. HealthMarkets Value Rx	S0128-033	\$24.50
6. SilverScript Choice*	S5601-141	\$33.80

# Medicare Part D Costs 2015

(standard plan)

Out-of-pocket threshold (before reaching catastrophic coverage)		<b>\$4,700</b> = (\$320 + \$660 + \$3,720)	
	<b>Drug costs</b>	<b>Beneficiary pays (TrOOP)</b>	<b>Plan pays</b>
Before meeting deductible	0-\$320	100% = \$320	0%
Initial coverage	>\$320-\$2,960	25% = \$660	75%
Coverage gap (doughnut hole)	>\$2,960-\$6,680	100% = \$3,720 <i>(less with discounts)</i>	0%
Catastrophic coverage	>\$6,680	Greater of 5% or \$2.65/\$6.60	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”
  - BUT NOT
    - LIS-eligible beneficiaries
    - Those in a retiree drug subsidy program

See Closing the Coverage Gap, CMS Prod. No. 11493, <http://medicare.gov/Pubs/pdf/11493.pdf>

# CGDP – 2015 coinsurance

	Brand name	Generic
Beneficiary coinsurance	45%	65%
Plan's liability (subsidy)	5%	35%
<b>Plan's liability does not count toward TrOOP</b>		
Discount from drug manufacturers who signed agreement	50%	n/a
<b>Discount is counted toward TrOOP</b>		



## Part D Coverage Gap – Shrinking Brand name drug example (2015)

- Beneficiary in “donut hole”
- Price of brand name drug = \$60
- Manufacturer’s 50% discount = \$30
- Dispensing fee = \$2
- **Beneficiary’s liability = 45% (\$60 + \$2) = \$27.90**
- Plan’s liability = \$62 - \$30 - \$27.90 = \$4.10
- Counted toward TrOOP = \$57.90



## Part D Coverage Gap – Shrinking Generic drug example (2015)

- Beneficiary exceeds Initial Coverage Limit in her plan.
- Price of generic drug = \$20
- Dispensing fee = \$2
- **Beneficiary's liability = 65% (\$20 + \$2) = \$14.30**
- Plan's liability = \$7.70
- Counted toward TrOOP = \$14.30



# **MEDICARE ADVANTAGE (PART C) PLANS IN 2015**

*4 types of plans in CA:*

*HMO, PPO, PFFS and SNP*



# Distribution of HMOs

	No. of counties	Counties
≥20	5	Los Angeles, Orange, Riverside, San Bernardino, San Diego
10-19	10	Alameda, Fresno, Kern, Placer, Sacramento, San Francisco, San Joaquin, Santa Clara, Stanislaus, Yolo
2-9	26	Alpine, Amador, Calaveras, Colusa, Contra Costa, El Dorado, Kings, Madera, Marin, Mariposa, Mendocino, Merced, Modoc, Monterey, Napa, Plumas, SLO, San Mateo, Santa Barbara, Santa Cruz, Siskiyou, Sonoma, Sutter, Trinity, Tulare, Ventura, Yuba
1	4	Mendocino, Nevada, Shasta, Solano



# CA Landscape – PPOs

	2014	2015
MAOs	2	3
No. of PPOs	17	12
No. of counties	15	6
	1. Fresno 2. LA 3. Madera 4. Orange 5. Placer 6. Riverside 7. Sacramento 8. San Diego	9. San Francisco 10. San Joaquin 11. Sonoma 12. Stanislaus 13. Tulare 14. Ventura 15. Yolo
		1. Madera 2. Orange (3) 3. Riverside 4. San Diego (4) 5. San Francisco (2) 6. Yolo

# CA Landscape – PPOs (cont)

2015 MA PPO-PD	County	Premium
Aetna Medicare Choice <b>new</b>	Orange	\$108
Aetna Medicare Choice <b>new</b>	San Diego	\$74
Aetna Medicare Select Plus <b>new</b>	Orange	\$139
Aetna Medicare Select Plus <b>new</b>	San Diego	\$139
Anthem Medicare Preferred Standard <b>(different plan ID numbers)</b>	Madera	\$76
	Orange	\$130
	Riverside	\$146
	San Diego	\$120
	San Francisco	\$116
Health Net Violet <b>(renewing)</b>	San Diego	\$89
	San Francisco	\$0
	Yolo	\$0



# CA Landscape – PFFS plans

PFFS plans offered in 11 counties

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

All offered by UnitedHealthcare

PFFS-PD = UnitedHealthcare  
MedicareDirect Rx (11 plans)

PFFS-only =  
UnitedHealthcare  
MedicareDirect Essential (11  
plans)

Premium = \$43

Premium = \$23

**\*Merced has two HMOs and Mendocino has one HMO in addition to PFFS plans.**



# CA Landscape – SNPs

Special Needs Plans – reauthorized through Dec 31, 2016

	How many statewide?	In how many counties?	Notes
<b>D-SNP</b>	94	31	Counties with one D-SNP: 13 LA has highest number: 11
<b>C-SNP</b>	89	13	<ul style="list-style-type: none"><li>• Chronic heart failure</li><li>• Dementia</li><li>• Diabetes</li><li>• HIV</li><li>• Mental health conditions</li><li>• Cardiovascular disorder</li><li>• multiple chronic conditions</li></ul>
<b>I-SNP</b>	6	4	LA, Orange, Riverside, San Bernardino



# Counties with no MA plan offerings in 2015

1. Butte	6. Lassen
2. Glenn	7. Mono
3. Imperial (had one HMO in 2014)	8. San Benito
4. Inyo	9. Sierra
5. Lake	10. Tehama
	11. Tuolumne



# Medicare Advantage – MOOP

- MOOP – Maximum ot-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 – cannot be higher (ceiling)
  - Voluntary MOOP – If plan chooses to adopt lower MOOP, can have more flexibility in establishing cost-sharing amounts

# MOOP Range Amounts

MA type	Voluntary	Mandatory
HMO	\$0-\$3,400	\$3,401-\$6,700
Local PPO	\$0-\$3,400 in-network	\$3,401-\$6,700 in-network
	\$0-\$5,100 in- and out-of-network	\$3,401-\$10,000 in- and out-of-network
PFFS	\$0-\$3,400	\$3,401-\$6,700

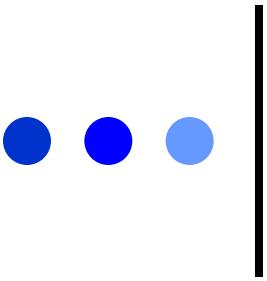


# Is MOOP transferable?

Yes, if:

- Offered by the same MAO
- Same plan year
- Can be different plan type (e.g. HMO to PPO)

**Note: Beneficiary must have SEP to change plans**



# **CHANGES IN MEDICARE ADVANTAGE AND MEDICARE PART D**



# Highlights

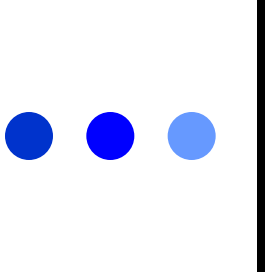
- Special Election Periods (SEP)
  - Termination of MA-Provider Contracts
  - Non-renewing Plans
  - 5-star plans
- Quality Bonus Payment
- Network Pharmacies
- Hospice drugs and Part D
- Part D IRMAA
- MA Plans' Summary of Benefits
- Marketing





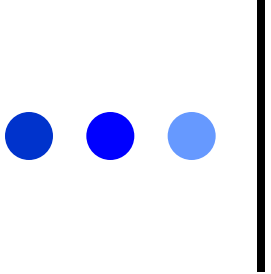
# MA-Provider Contract Termination

- If MA plan terminates contract with provider, does enrollee get SEP?
- CMS to determine on case-by-case basis
- Yes if variety of criteria met (next slide)
- No if
  - Changes to network effective Jan 1
  - Enrollees notified prior to start of AEP



# MA-Provider Contract Termination (cont.)

- “Significant” network change
  - Number of enrollees affected
  - Size of service area affected
- No-cause termination
- When termination effective?
- Notice to enrollee – timely and adequate?
  - $\geq 30$ -day prior notice
- Enrollee affected or may be affected



# MA-Provider Contract Termination (cont.)

- If SEP granted

- Starts month of beneficiary notification plus two additional months

*E.g.* Enrollees received notice July 1 of significant network change effective August 1. SEP starts July 1 and ends Sep 30.

- Change effective 1st day of following month.
- Only one change allowed.



# What about Medigap?

- Does enrollee have guaranteed issue right to buy a Medigap?
  - Yes b/c the MA plan terminated contract with medical provider who is treating her.
- If SEP granted, enrollee may leave MA plan and buy guaranteed issued Medigap.



# Those who stay in plan

- Find new network provider – get plan's help
- Request continuity of care
- Right to appeal
  - New provider not qualified
  - Plan not managing enrollee's care



# 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 1<sup>st</sup> day of following month



# Scenarios

- 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.
- Dec 8-31 – What can she do?
- Jan 1-Feb 28 – What can she do?
- Mar 1 and later – What can she do?



# What about Medigap?

- Does Melanie have guaranteed issue right to buy a Medigap?
  - Yes b/c her MA plan is leaving her area (Your Rights to Purchase a Medigap Policy (CHA fact sheet B-005, p.5)
  - See also 2014 Choosing a Medigap Policy (CMS Product No. 02110)

**Note:** In different scenario, if PDP leaving, no guaranteed issue to buy Medigap.





# Other scenarios

- Is there SEP or guaranteed issue in the following situations?
  - Premium increases
  - Cost-sharing increases
  - Benefits reduced

# 5-Star Overall Plan Rating

- 5★ SEP - Dec 8 to Nov 30
- Applies only when a plan has 5-star overall rating

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

- One change only during period
- Part D coordinating SEP
- 5★ to 5★ allowed



## 5-Star SEP – *Exercise*

- Max has Original Medicare only, never signed up for Part D. Can he use the 5★ SEP and join a 5★ Medicare Advantage prescription drug (MA-PD) plan in his service area?



# Quality Bonus Payment

- Demonstration ends
  - CY 2015 – no bonus for 3★ or 3.5 ★ plans
- Low Performing Plans
  - Plans rated <3★ for 2012, 2013 and 2014
  - CMS encouraged plans to non-renew
  - CMS may terminate contract



# Network Pharmacies

- Preferred network vs. non-preferred vs. out-of-network
  - Is price/copay lower?
  - Are preferred network pharmacies adequate and accessible?
  - “standard” or “preferred” cost-sharing
- LIS beneficiaries – cannot be limited to preferred network pharmacies



# Hospice drugs and Part D

- Part A hospice benefit covers drugs used for pain control and symptom relief related to terminal illness. Excluded from Part D.
- Part D plan may impose prior authorization on following drug categories
  - Analgesics
  - Anti-nauseants
  - Laxatives
  - Anti-anxiety (anxiolytics)

# Part D IRMAA for Higher Income Part D Enrollees – 2015

Income bracket (single)	Income bracket (file jointly)	IRMAA
≤\$85,000	≤\$170,000	n/a
>\$85,000 but ≤\$107,000	>\$170,000 but ≤\$214,000	\$12.30
>\$107,000 but ≤\$160,000	>\$214,000 but ≤\$320,000	\$31.80
>\$160,000 but ≤\$214,000	>\$320,000 but ≤\$428,000	\$51.30
>\$214,000	>\$428,000	\$70.80



# Part D IRMAA

- Notice – plan to send member notice of involuntary disenrollment
  - Within 10 days of getting notification from CMS
- Reinstatement for “good cause”
  - Shows “good cause” and pays owed amounts within 3 months of disenrollment
- No late enrollment penalty if reinstated





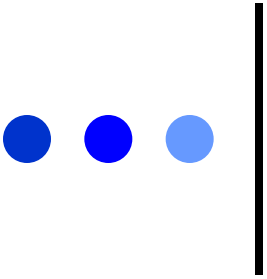
# Summary of Benefits

- No longer compare benefits in Original Medicare to MA plan benefits
- Use beneficiary-friendly language
- Limit descriptions to benefits covered by the plan



# Marketing

- Non-health related benefits
  - MAO and “downstream” entities not allowed to market
- D-SNPs and duals
  - What are agents saying?
  - Will the D-SNP meet dual’s needs?
  - Pros and cons of joining D-SNP vs. Cal MediConnect



# WHAT'S NEW FOR PEOPLE WITH EXTRA HELP

# Benchmark plans

CA benchmark amount \$28.84 (2015)

2014	2015	Premium
AARP MedicareRx Saver Plus	AARP MedicareRx Saver Plus	\$28.00
EnvisionRxPlus Silver	EnvisionRxPlus Silver	\$26.90
Humana Preferred Rx	Humana Preferred Rx	\$26.10
SilverScript Basic	SilverScript Choice	\$22.20
Symphonix Rite Aid Value Rx	Symphonix Rite Aid Value Rx	\$27.30
<i>HealthMarkets Valus Rx</i>	Aetna MedicareRx Saver	\$23.20
<i>United American - Select</i>		
<i>WellCare Classic</i>		



# 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”)
  - Duals in CCI counties – passive enrollment into Cal MediConnect

# 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

**Duals in CCI counties – passive enrollment into Cal MediConnect**



# Low Income Subsidy

- Income limits for eligibility based on FPL not yet released for 2015 (numbers expected Jan 2015)
- CA benchmark amount/LIS = \$28.84
- National average premium = \$33.13 (for LEP calculation)

# Costs for LIS Beneficiaries

Income	≤100%	≤135% QMB, SLMB, QI	<150%
Premium	\$0*	\$0*	Discounted
Deductible	\$0	\$0	≤\$66
Copayment	\$1.20 (G) \$3.60 (BN)	\$2.65 (G) \$6.60 (BN)	15% or lower copayment
Copayment during catastrophic coverage	\$0	\$0	\$2.65 (G) \$6.60 (BN)
*If enrolled in a benchmark plan			





# MEDICARE AND THE MARKETPLACE



# Covered CA: Individual QHP

How does it affect Medicare beneficiaries?

## Scenario A

- Bob was 63 when he bought a QHP through Covered CA in Nov 2013 and coverage was effective Jan 2014.
- He will turn 65 in Jul 2015 and become eligible for Medicare.
- Should he enroll in Medicare?
- Can he keep his QHP?

Ref: *Medicare and the Health Insurance Marketplace* (updated Sep 2014)

# Medicare and Marketplace (Covered CA)

Medicare Part A satisfies essential health coverage requirement; Medicare Part B alone does not.	
<b>Entitled to premium-free Part A</b>	<b>Premium Part A</b>
<ul style="list-style-type: none"> <li>• Transition to Medicare             <ul style="list-style-type: none"> <li>▪ Enrollee requests termination of QHP</li> <li>▪ Can keep QHP</li> </ul> </li> </ul>	Can buy or continue QHP instead of or in addition to Medicare
Not eligible for MAGI Medi-Cal, premium assistance or cost-sharing subsidies	Not eligible for MAGI Medi-Cal, premium assistance and cost-sharing subsidies



# Covered CA: Individual QHP

How does it affect Medicare beneficiaries?

## Scenario B

- Liz qualified for premium assistance and bought a QHP through Covered CA in Nov 2013. She turned 65 in Jul 2014 and became entitled to Medicare. She did not enroll in Medicare.
- Can she continue in QHP without enrolling in Medicare?
- Can she enroll during the AEP?
- Consider IEP; if over, GEP
- Consider effective date of Medicare



# Resources

- Understanding Medicare Part C & D Enrollment Periods (CMS Prod. No. 11219, revised Aug 2014)
- Guide to Consumer Mailings from CMS, Social Security, & Plans in 2014/2015
- Reassignment (CMS Prod. No. 11221-P, Aug 2014)
- Changes in qualifying for Extra Help (CMS Prod. No. 11232-P, Oct 2014)
- Closing the Coverage Gap (CMS Prod. No. 11493, Feb 2014)
- Medicare and the Health Insurance Marketplace (CMS Prod. No. 11694, Sep 2014)



# When to call HICAP?

Health Insurance Counseling & Advocacy Program

- Whenever you have a Medicare Q, call HICAP at **1-800-434-0222**
  - Apply for Extra Help or Medicare Savings Programs
  - Compare Part D and Medicare Advantage plans
  - Request an exception for drug not covered by beneficiary's Part D plan
  - Appeal discharge from hospital when beneficiary needs more inpatient care



# California Health Advocates

[www.cahealthadvocates.org](http://www.cahealthadvocates.org)

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