

### PROPOSED 2017 CHANGE IN MEDICARE ADVANTAGE EMPLOYER PLANS WILL CAUSE DISRUPTION

#### PROPOSED CHANGES TO RETIREE COVERAGE

Medicare Advantage (MA) employer plans, officially known as **Employer-Group Waiver Plans (EGWPs)**, allow employers, governments, and labor unions to provide comprehensive MA coverage to their retirees. MA employer plans provide Medicare Part A and B benefits, as well as supplemental benefits.

These plans offer benefits tailored to specific groups of retirees, which are then available wherever the beneficiary may live. Employer-sponsored MA plans have successfully enabled millions of retirees nationwide to maintain consistent benefits and contain costs for industries, governments, and beneficiaries.

CMS is proposing to move from a bidding system to a fixed payment system for this retiree coverage. The new system would be based on a methodology that fails to capture the differences between plans sponsored by employers for groups of retirees and those offered to individuals.

#### KEY FACTS

- ✓ 3.3 million retirees nationwide, 20% of MA beneficiaries, are in MA employer plans.
- ✓ MA employer plans provide the following benefits to retirees:
  - Comprehensive Medicare coverage as well as supplemental benefits such as vision, hearing, and dental.
  - Access to providers nationwide.
  - Lower premiums and limits in out-of-pocket costs.
  - Improved outcomes.
- ✓ The estimated 3%-4% reduction in payment to retiree MA plans will likely cause:
  - Higher premiums and out-of-pocket costs for medical services and prescriptions.
  - Reduced access to doctors and benefits.
  - Less care coordination for beneficiaries.

#### THE IMPACT FOR RETIREEES

- **Disruption for 3.3 million retirees who depend on MA coverage through employer-sponsored plans:** These plans offer a smooth transition for employees who enter retirement, offering similar benefits they had as employees and meeting contractual retirement agreements.
- **A reduction in benefits for current retirees in MA:** Reductions to EGWPs will likely mean changes in vision, dental, and hearing benefits, and increases in cost sharing by the beneficiary. It could also lead to reduced access to new innovations, like telehealth, and in-home care, which data show improve health outcomes.
- **Inability of employers and governments to meet obligations to retirees:** Experts estimate that the proposed changes would result in a 3% to 4% reduction in payments to MA plans. This could affect the employer's ability to meet expectations they have set for retirees' coverage and cause changes in multi-year contracts that are already in place.
- **Fewer choices for retirees:** The proposed changes could cause employers to decide not to offer MA plans to their retirees. Losing access to MA plans means fewer benefits, possible changes in clinicians, and less access to the high quality care MA provides – including early intervention, care coordination, and disease management for individuals with chronic conditions.