



THIS WEBINAR
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Big Changes in Prescription Drug Coverage for Federal Annuitants

A NARFE Federal Benefits Institute Webinar

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Sponsored by UnitedHealthCare

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Consumers' Checkbook Background

What is Medicare Part D?

Medicare Part D Reform

Part D Enrollment Options

- FEHB Prescription Drug Plans (PDP)
- FEHB Medicare Advantage Plans (MA)

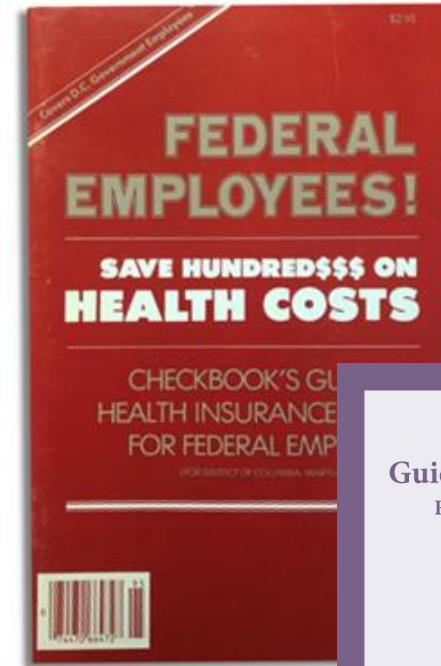
2024 FEHB Open Season Advice



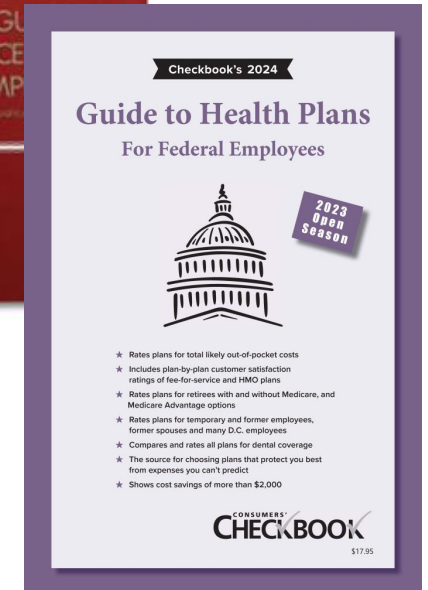
Consumers' Checkbook Background



- **Independent nonprofit** dedicated to helping consumers make more informed decisions
- **No ads or referral fees** in any publications or websites
- **The 45th edition** of Checkbook's Guide to Health Plans for Federal Employees will be published this fall for Open Season 2024



1979



2024



What is Medicare Part D?

Medicare Part D



- **Voluntary prescription drug benefit** for people with Medicare provided through private plans
- Medicare beneficiaries choose to enroll in a standalone PDP or a MA plan that packages Original Medicare with Part D coverage
- **50 million** of the 65 million people covered by Medicare are enrolled in Part D plans
- Federal annuitants haven't had to consider Part D in the past because prescription drug coverage from Federal Employees Health Benefits (FEHB) plans was equal to or better than Part D, with no additional premium

Medicare Part D Reform – Inflation Reduction Act of 2022



Inflation Reduction Act contained major Part D reform that will result in lower prescription drug costs for Medicare beneficiaries

- **2023 and 2024 Part D Benefit Changes**

- Insulin Prices Capped – No more than \$35/month
- Catastrophic Coverage Coinsurance Dropped – Once total spending between Part D enrollee, plan, and drug manufacturer reaches \$8,000 a year, the 5% enrollee share is eliminated in 2024
- Part D Premium Increase Limit – Starting in 2024 and lasting through 2033, Part D premiums can't increase more than 6% per year

- **2025 Benefit Change**

- Out-of-Pocket Spending Cap – A \$2,000 enrollee out-of-pocket spending cap, enrollees can spread out the \$2,000 over the course of the year

Part D Enrollment Options for Federal Annuitants

Part D Enrollment Options for Federal Annuitants



Part D PDP

- 17 FEHB plans will offer prescription drug benefits to annuitants with Medicare through a PDP
 - **2024 is the first time** these plans have been offered

FEHB MA Plans

- 40 FEHB plans offer a MA plan
 - Many of these MA plans have been available to annuitants in previous years
 - **There are four new MA plans in 2024**

Part D PDP



17 FEHB plans will offer a Part D PDP in 2024, sometimes referred to as a PDP EGWP (Employer Group Waiver Plan)

BCBS – Standard*, Basic, FEP Blue Focus

NALC High

MHBP – Standard*, Value*, Consumer Option*

APWU High

Rural Carrier*

Foreign Service*

SAMBA – High, Standard

HealthPartners – High, Standard

Aetna Direct Consumer Option*

Aetna Open Access – High*, Basic* – MD, VA, DC

*Plan has a \$2,000 annual prescription drug out-of-pocket max, per person

Part D Prescription Drug Plans (PDP) – Benefits



- To receive OPM approval, the **PDP must provide as good or better** prescription drug benefits than the FEHB plan, with no extra premium
- After review of FEHB PDP benefits, this is true, the benefits are as good or better, **especially true for the plans that have the annual prescription drug catastrophic max of \$2,000, one year early – BCBS Standard, MHBP plans, Aetna plans, Rural Carrier, and Foreign Service**

Aetna Direct CDHP example:

Benefit Description	You pay	
	Aetna FEHB Prescription Benefits - Aetna Direct	Medicare Part D Prescription Drug Plan (Aetna Medicare Rx offered by SilverScript)
Covered medications and supplies for up to a 30 day supply		
Preferred Generic	\$6	\$0
Generic (includes non-preferred generic)	50% up to \$600	\$1 preferred pharmacy/ \$2 standard pharmacy
Preferred Brand	30% up to \$600	\$45
Non-preferred Brand	50% up to \$600	\$75
Specialty Drugs	<ul style="list-style-type: none"> • 50% up to \$600 (preferred specialty) • 50% up to \$1,200 (non-preferred specialty) 	25% up to \$250

Part D PDP – Enrollment



- If you are enrolled in a plan offering a PDP EGWP and are enrolled in Medicare Part A or Medicare Parts A & B, **you will be auto-enrolled in the PDP plan.** BCBS is the exception to this rule, as they will only auto-enroll if you have Parts A & B (those with Part A still eligible but must opt-in under BCBS plans)
- **Your plan will send you notification of the auto-enrollment.** You'll have 30 days to opt-out of the PDP. After the 30 days you'll receive a new prescription drug insurance card and coverage will begin 1/1/2024.
- If you aren't in one of the 17 FEHB plans that offer a PDP, **you can visit the plan website to find enrollment instructions.** Most plans will have both an online or telephone enrollment option.



- **High income annuitants will be subject to Income Related Monthly Adjustment Amounts (IRMAA)** for enrollment in Part D plans. In 2024, individual filers who have income above \$103,000 and at or below \$129,000 and joint filers with income above \$206,000 and at or below \$258,000 are subject to the first tier of IRMAA, which is \$12.90/month per person.
- **Part D IRMAA is far less than the Part B IRMAA** which is \$69.90/month for the first tier in 2024. The value of improved prescription drug benefits will be worth more than Part D IRMAA for most annuitants.



IRMAA
Income Related
Monthly Adjustment
Amounts

Part D PDP – Advice



- If you do decide to opt-out, **you can opt-in to Part D coverage at any point in the future**, without enrollment penalty, as your FEHB prescription drug coverage is considered creditable coverage.
- If you have an FEHB MA plan with NALC High, MHBP Standard, APWU High, Rural Carrier, Foreign Service, or SAMBA High/Standard, **you will not be auto-enrolled in the PDP plan and will keep your MA plan.**
- If you have a private MA or Part D plan, not offered by a FEHB plan, and your FEHB plan has a PDP EGWP, **you will be auto-enrolled in the PDP EGWP and disenrolled from the private MA or PDP plan.**



- **Make sure to check to see that your prescription drug will remain covered.** The PDP drug formulary is managed by the Center for Medicare and Medicaid Services (CMS), not the Office of Personnel Management (OPM), and there could be differences in how the drugs are classified in the PDP compared to the FEHB plan.
- The official plan brochure of the 17 plans offering a PDP will discuss the PDP either in Section 9 or Section 5(f), and most of the plan websites have additional information including a formulary lookup and pharmacy pricing tool.
- **If you receive prescription drug assistance from a pharmaceutical company, you'll lose that assistance if you're enrolled in a Part D plan.** Check to see if the prescription drug is covered from a FEHB PDP, and then decide if the pharmaceutical assistance is worth more than PDP coverage.

FEHB MA Plans

FEHB MA Plans – Background



- MA plans, **also called Medicare Part C coverage**, are managed by private insurers approved by Medicare.
- **They bundle Original Medicare and Parts A & B**, and they offer extra coverage for items like vision, hearing, dental, and wellness programs, and generally include Medicare Part D prescription drug coverage.
- **MA plans have been available in the FEHB program for the last few years**, and there are even more options to consider this Open Season.



FEHB MA Plans – Available Plans



- **There are 40 FEHB MA plans** to choose from for plan year 2024.
- **National plans offering an MA plan:** GEHA High & Standard (new for 2024), NALC High, MHBP Standard, APWU High, Rural Carrier, Foreign Service, SAMBA High & Standard, Compass Rose High, Aetna Advantage
- **Local plans offering an MA plan:** United Healthcare, Kaiser, MDIPA, CDPHP, Health Alliance HMO (new for 2024), Healthnet of California, UPMC Standard

FEHB MA Plans – Plan Benefits



- **Most of the FEHB MA plans offer Part B premium reimbursement.**
 - Aetna Advantage - \$100/month
 - UnitedHealthcare - \$150/month
 - GEHA High - \$100/month, GEHA Standard - \$75/month
 - Kaiser Northern CA High with Senior Advantage 2 – Up to \$250/month
- **Many of the FEHB MA plans have \$0 out-of-pocket for approved health care services** from providers that accept Medicare, besides prescription drugs
- **Many of the FEHB MA plans have special benefits** such as Silver Sneakers, hearing aid coverage, dental coverage, and a quarterly over-the-counter allowance



FEHB MA Plans – Cost Savings



- **The combination of Part B reimbursement and no out-of-pocket health care costs besides prescription drugs leads to much lower costs in many FEHB MA plans compared to other popular FEHB plans. This chart shows estimated yearly costs for a D.C. area couple, age 70, primary insured, self plus one coverage, with average healthcare expenses.**

Popular FEHB Plans Compared to Medicare Advantage Plans

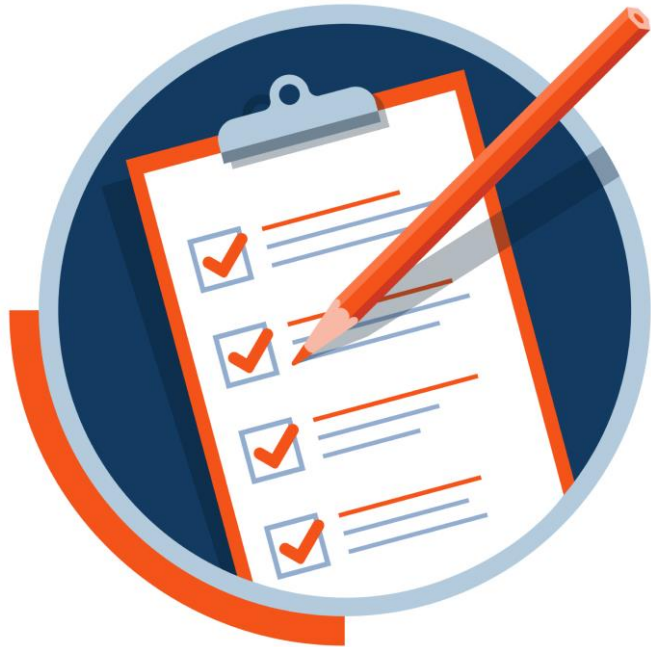
United Choice Primary Retiree Advantage	\$6,280
Aetna Advantage Medicare Advantage	\$6,650
Kaiser Standard Medicare Advantage 2	\$6,690
GEHA Standard Medicare Advantage	\$7,380
Aetna Direct CDHP	\$8,230
BCBS Basic	\$10,710
BCBS Standard	\$14,550

D.C. area couple with income below \$206,000, self-plus-one enrollment, aged 70 primary insured with average health expenses.



Guide to Health Plans For Federal Employees





- **You must have Medicare Parts A & B** to enroll in an FEHB MA plan
- **To sign-up**, you first enroll with OPM in the corresponding FEHB plan that is sponsoring the MA plan. You then must wait a business day or two for OPM to update the plans with a new member roster
- **The final step** is enrolling in the MA plan which must be done directly with the plan, either through the plan website or through a special MA enrollment phone number
- **To find out more** information about the MA plan benefits, go to section 9 of the official FEHB plan brochure or to the plan website



- **While the FEHB MA plan will be the lowest cost health plan choice** for many federal annuitants, it might not be the best choice for everyone, e.g.:
 - **You have Part B but pay more than the standard Part B premium** – This could be from a late enrollment penalty or IRMAA. Having to pay a higher Part B premium will erode the financial value that the MA plans provide. However, if you are only in the first tier of IRMAA, the Part B reimbursement and zero cost share besides prescription drugs will likely still result in MA plans as the least costly plan choice.

FEHB MA Plans – Advice



- **You spend considerable time overseas** – Most of the FEHB MA plans will not cover routine care overseas. Only UnitedHealthcare has some routine overseas coverage.
- **Provider network** – The FEHB MA plans state that you can see any provider that accepts Medicare, but the provider must also accept the plan. Make sure to check the FEHB MA online provider directory to see that both your existing providers and any providers you might want to see in the future will be covered.



Final Advice

FEHB MA Plans – Advice



- **Federal annuitants will face higher healthcare costs in 2024**, with both higher FEHB and Medicare Part B premiums.
- **Part D PDP's are a new opportunity** for annuitants with moderate to high prescription drug costs **to save money**.
- **If your current FEHB plan doesn't have new Part D coverage**, you'll want to review the FEHB plans with a PDP to see if one of those plans would be a better fit.
- **FEHB MA plans offer federal annuitants** an opportunity to save some serious money on all your healthcare costs, not just prescription drugs. How much depends on your current plan.

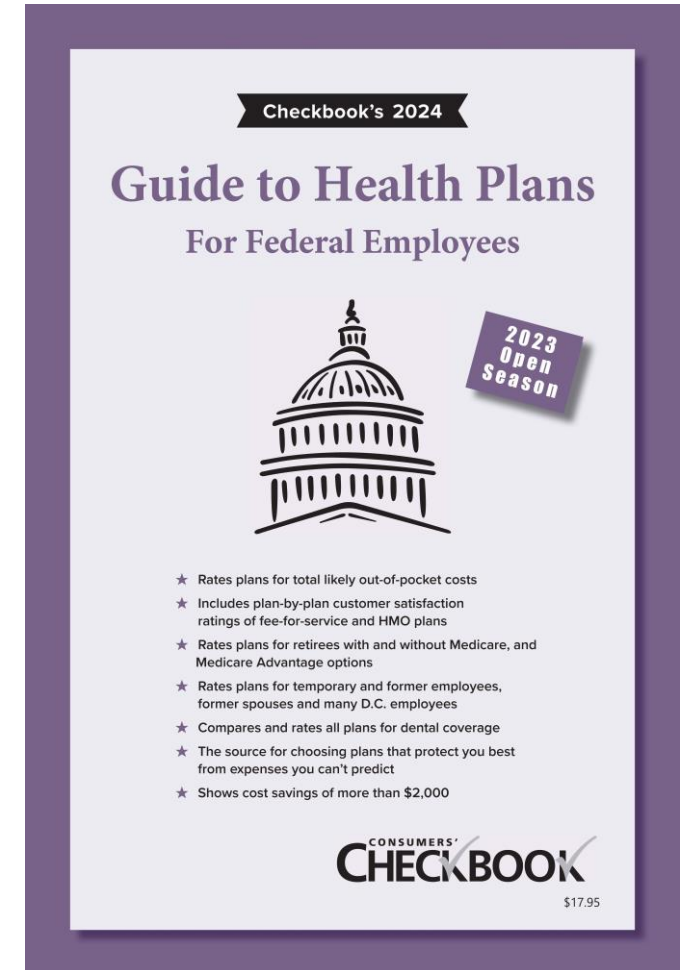


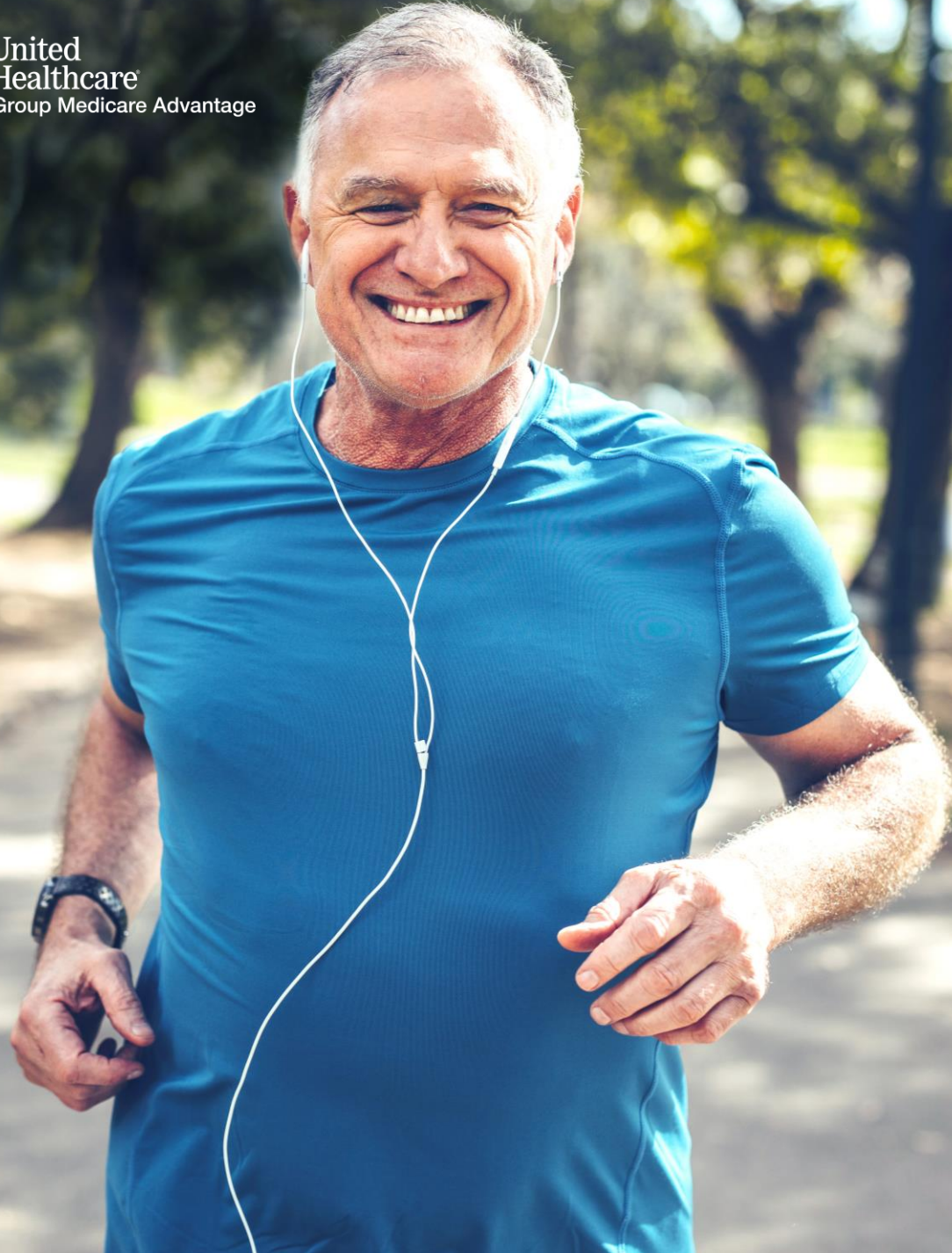
Checkbook's Guide to Health Plans for Federal Employees

FEHB MA Plans – Advice



- **45th Edition** will be released before Open Season starts on 11/13/23
- Available in print, online, and print/online combo at guidetohealthplans.org
- **Ranks all plans available to you on estimated yearly cost** – the combination of the for sure expense of premium plus expected out-of-pocket costs based on the information of the user
- **Extensive advice** on FEHB, Medicare, and all new PDP plans and MA options
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Thank You!

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Plans for Federal Employees*

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