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Robert Moser, MD, Secretary

Sam Brownback, Governor

MEMORANDUM

TO: Health Care Commission
Jim Clark
J. Scott Day
Steve Dechant
Sandy Praeger
Heather Young

FROM: Mike Michael

DATE: August 1, 2014

SUBJECT: Medicare Part D Prescription Drug Coverage Renewal Rates

Members have the option of purchasing a fully insured Employer Group Waiver Program (EGWP) Medicare Part D plan through First Health in addition to their State Employee Health Plan Medicare Supplement or Advantage plan coverage. The EGWP plan offers coverage not traditionally available in the open market, including an expanded formulary, no front end deductible and coverage for most prescription drugs through the coverage gap also referred to as the donut hole. Based upon the Centers for Medicare and Medicaid Services (CMS) rules, those direct bill members who elect the Medicare Advantage option have the option of purchasing either the Medicare Advantage plan standard Part D drug coverage or the First Health EGWP Part D plan. Those members who elect the Senior Plan C Medicare Supplement policy may elect the First Health EGWP Part D plan or elect to purchase a Medicare Part D plan available in the open market. As of July 1, of the 8,790 direct bill members enrolled in Medicare plan options, 3,739 of them have elected to enroll in the First Health Part D EGWP plan.

Renewal rates for the First Health program have been received for plan year 2015. The rate for 2014 for the First Health plan is \$168 and the proposed rate for plan year 2015 is \$176 per member per month. Direct bill members pay the entire premium for their coverage.

Staff Recommends:

Approval of the 2015 fully insured First Health Part D EGWP rate of \$176 per member per month.