



25 Convención
Aseguradores
de México

CAM

Mayo 6 y 7
2015

TOWERS WATSON



Products and Models of Prevention and Health Care for Seniors

by Brian Tenner
May 6, 2015

What I will cover today?

- Size of the Market
- History of Medicare
 - Medigap
 - Medicare Advantage
 - Part D
- Exchanges
 - How they work
 - Why they work
 - Participant Experience

Size of the Market

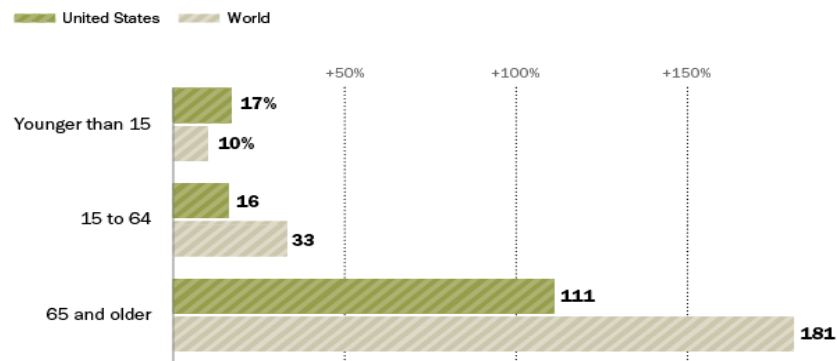
- **United States**

- 78 million baby boomers born between 1946 and 1964 (25% of population)
- Approximately 10,000 people a day turn 65 between January 1, 2011 and December 31, 2029

- **Globally**

- The number of people 65 and older is projected to triple by mid-century, from 531 million in 2010 to 1.5 billion in 2050.

Estimated percent change in population, 2010 to 2050, by age, in the world and the U.S.

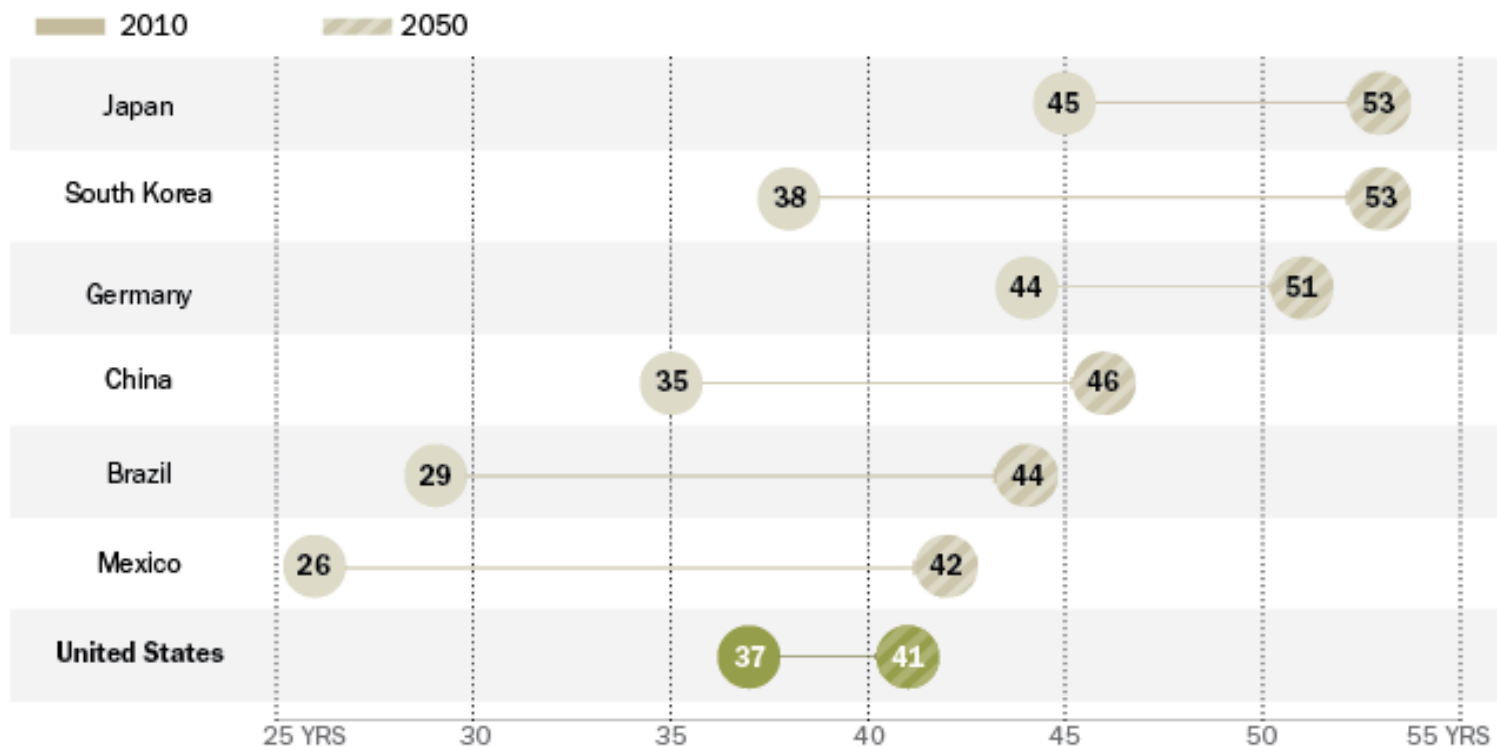


Source: United Nations, Department of Economic and Social Affairs, *World Population Prospects: 2012 Revision*, June 2013, <http://esa.un.org/unpd/wpp/index.htm>

PEW RESEARCH CENTER

World is graying faster than the U.S.

Estimated median age in selected countries, 2010 and 2050



Source: United Nations, Department of Economic and Social Affairs, *World Population Prospects: 2012 Revision*, June 2013, <http://esa.un.org/unpd/wpp/index.htm>

PEW RESEARCH CENTER

What I will cover today

- History of Medicare
 - Medigap
 - Medicare Advantage
 - Part D

Medicare

- Law passed in 1965; now covers 55 million+ seniors; 20% of national health spending
- Helps pay for a range of medical services, including hospital stays (Part A), physician visits and preventive benefits (Part B), and prescription drugs
- Employees pay 1.45% Medicare tax
- 40 quarters of work required to qualify

“...this logical extension of our proven social security system will supply the prudent, feasible and dignified way to free the aged from the fear of financial hardship in the event of illness.”

-President Lyndon B. Johnson
Advancing the Nation's Health

Alphabet Soup

3 Parts:

- Part A – hospital insurance
- Part B – covers wide range of services including physicians, outpatient, home health
- Part D – Prescription Drug Benefit

2 types of medical plans

- Medigap
- Medicare Advantage (Part C)

Medigap Plans

- Created in 1980
- Now 11 standardized plans
- Insurer must offer A, C or F, then any other
- 3 rating options
 - Community
 - Issue Age
 - Attained Age
- Benefits, not rates, controlled by government
- 23 million individual policies in force

MediGap – Lettered Plans

	Medicare Supplement Insurance (Medigap) Plans									
Benefits	A	B	C	D	F*	G	K	L	M	N
Medicare Part A coinsurance and hospital costs (up to an additional 365 days after Medicare benefits are used)	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Medicare Part B coinsurance or copayment	100%	100%	100%	100%	100%	100%	50%	75%	100%	100% ***
Blood (first 3 pints)	100%	100%	100%	100%	100%	100%	50%	75%	100%	100%
Part A hospice care coinsurance or copayment	100%	100%	100%	100%	100%	100%	50%	75%	100%	100%
Skilled nursing facility care coinsurance			100%	100%	100%	100%	50%	75%	100%	100%
Part A deductible		100%	100%	100%	100%	100%	50%	75%	50%	100%
Part B deductible			100%		100%					
Part B excess charges					100%	100%				
Foreign travel emergency (up to plan limits)			80%	80%	80%	80%			80%	80%

Out-of-Pocket
limit in 2015**

\$4,940

\$2,470

Medicare Advantage Plans (Part C)

- MMA signed 2003, effective 2006
- Increase Choice and Value
- Network based plans
- Affordable and Stable
- 17 million enrollees in individual plans

Medicare Prescription Drug Coverage (Part D)

- : You Pay Full Retail
- : Until Deductible is Met
- : 2015 - \$0 to \$320

- : You pay 45% of Brand Name
- : and 65% of Generics until
- : your out of pocket costs
- : reach \$4700; Pharmaceutical
- : contributions will count
- : towards the \$4700 TrOOP



Deductible

**Initial
Coverage**

**Donut
Hole**

**Catastrophic
Coverage**

- : You pay copays for
- : your plan coverage
- : for the first \$2960 in
- : actual costs of
- : Medications

*Only 25% reach
Donut Hole*

*Only 4% reach
Catastrophic*

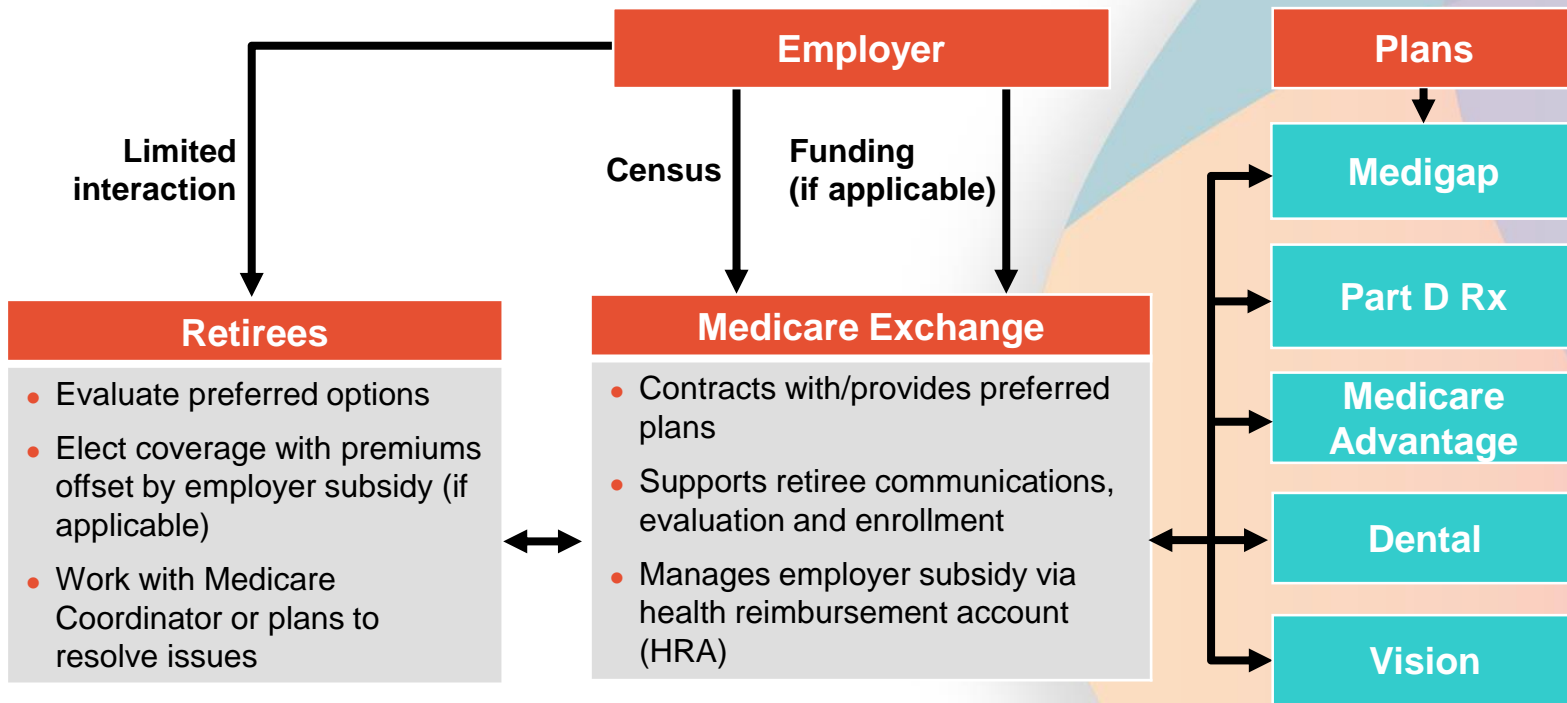
- : You Pay \$2.65 for
- : Generics and \$6.60 for
- : Brand Name or 5% -
- : whichever is greater

How Connect Retirees to Plans

Exchanges

- How they work
- Why they work
- Participant Experience

Exchange Facilitates the Transition from Group to Individual Coverage



- Individual coverage purchased through the exchange costs exactly the same as identical coverage purchased directly from the insurer
- Individual plans rates may vary by geography, age, gender and benefits

Why Medicare is Ideal for an Exchange?



Huge risk pools...and growing

- Large individual market ~40mm retirees are enrolled in Medicare
- 10,000 baby boomers turn 65 every day



Guaranteed issue...no adverse selection issue

- Virtually everyone can join at 65: Healthy, episodic, chronic and catastrophic



Best-in-Market plans

- Retiree picks the best performing plan from best performing carrier



Carriers compete on price

- File rates every year
- Standardized plans

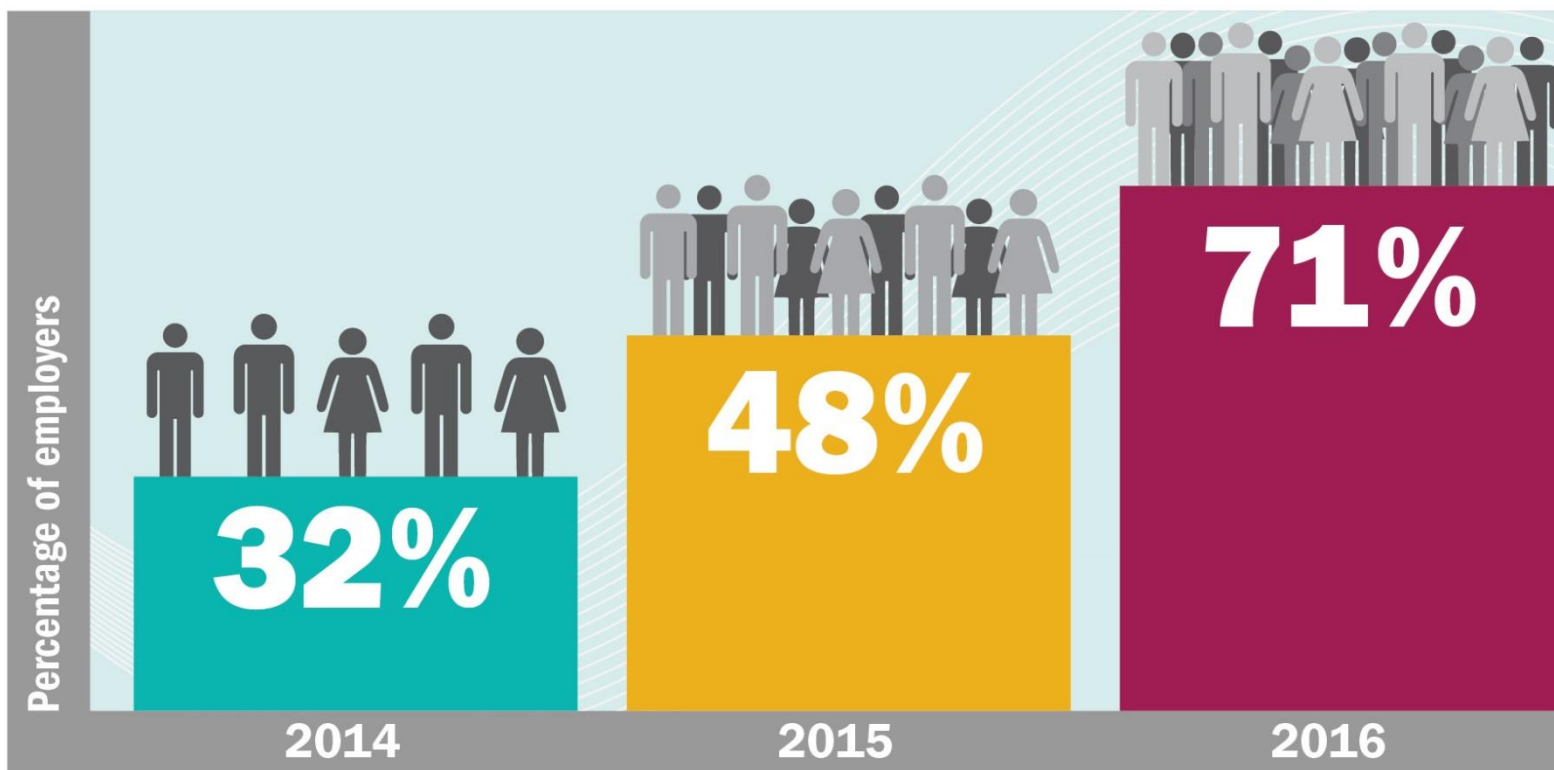


CMS subsidies

- Medicare Advantage
- Part D RX Plans

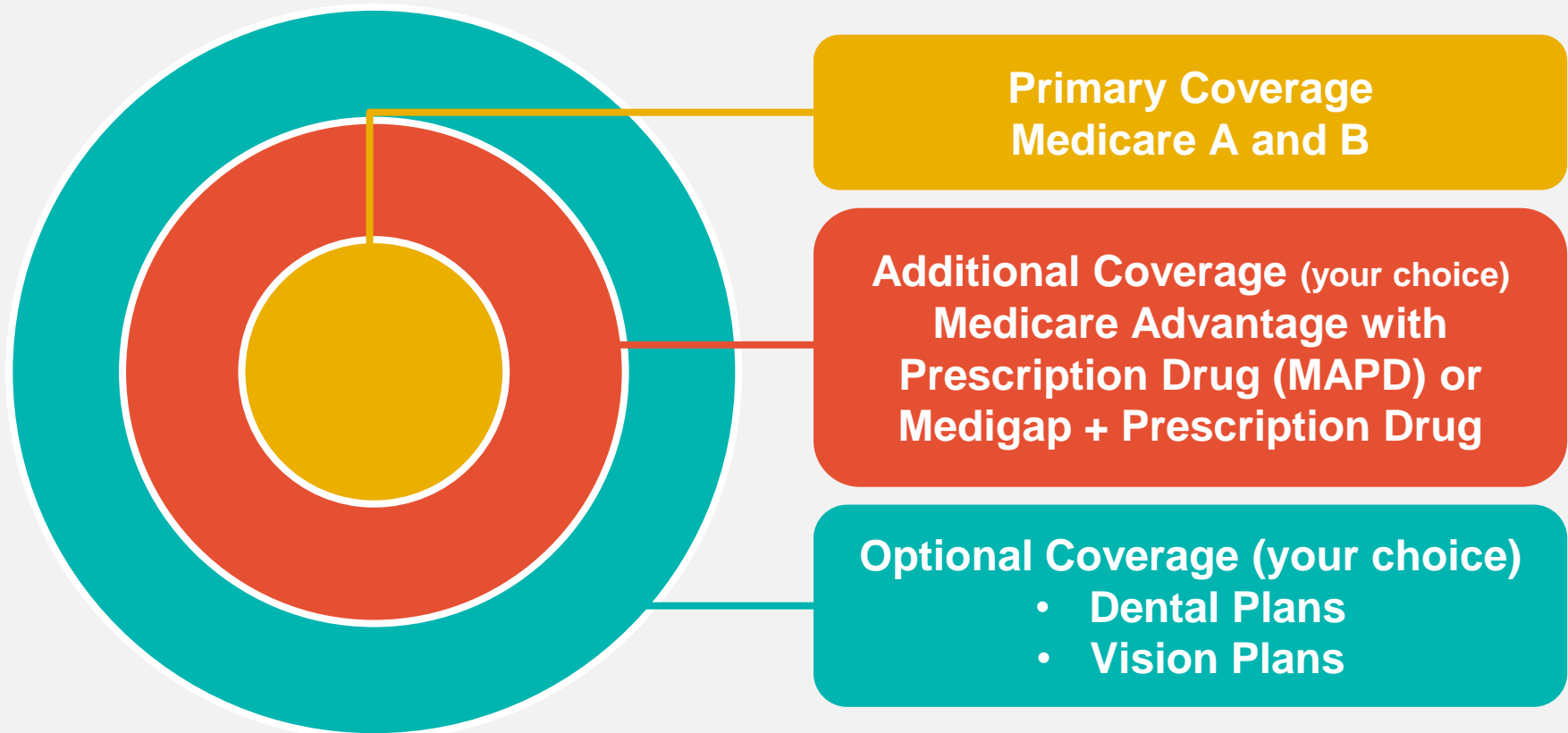
Employers Offering Retiree Health Coverage That Now Use or Plan to Use a Private Medicare Exchange

Employers offering retiree health coverage that now use or plan to use a private Medicare exchange



*Source: 2014 Towers Watson/NBGH Employer Survey on Purchasing Value in Health Care

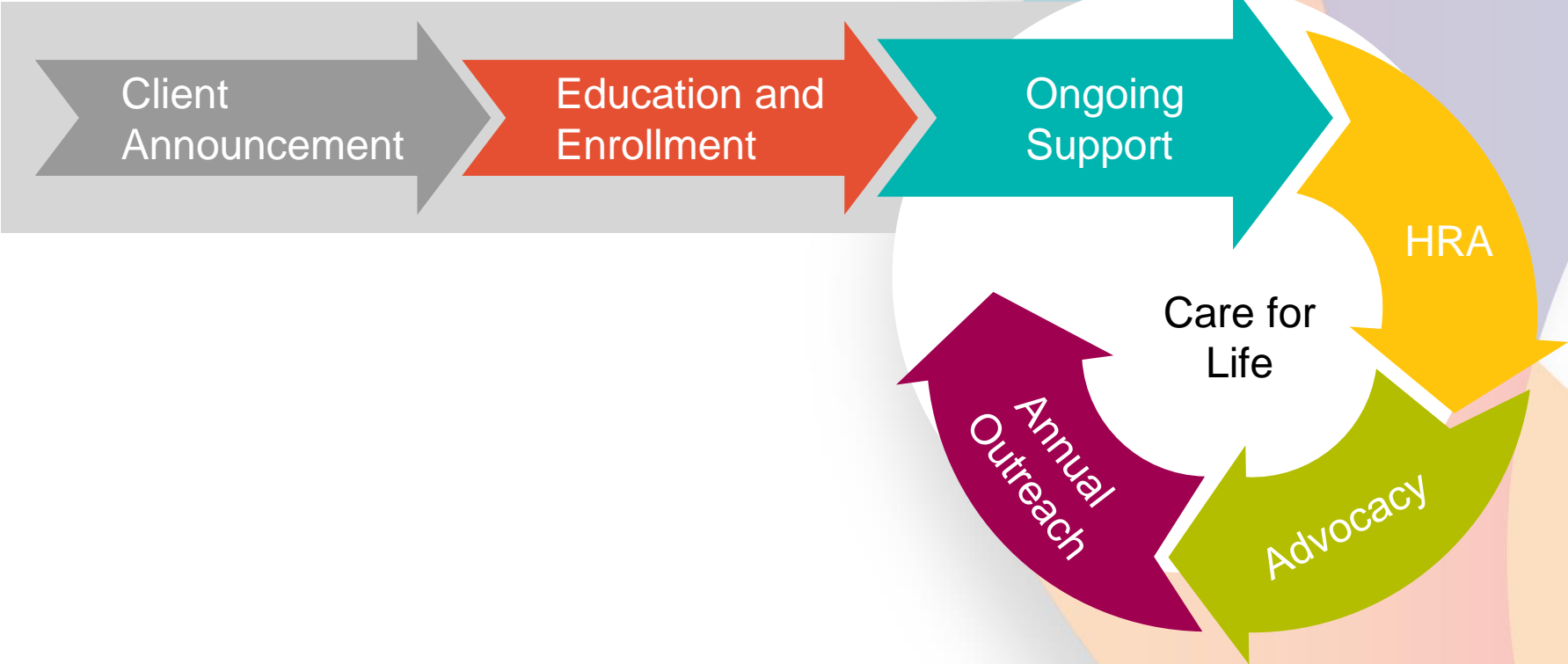
New Coverage



A Deeper Dive Into Our Process



Retiree Experience Process



The Transition Process

**Consultative
Process**



**Simplified
Selection**



**Effortless
Enrollment**



**Ongoing
Advocacy**



Education

Getting Started Guide:
Pre-existing conditions will not
limit your plan selection*

** Except end-stage renal disease.*

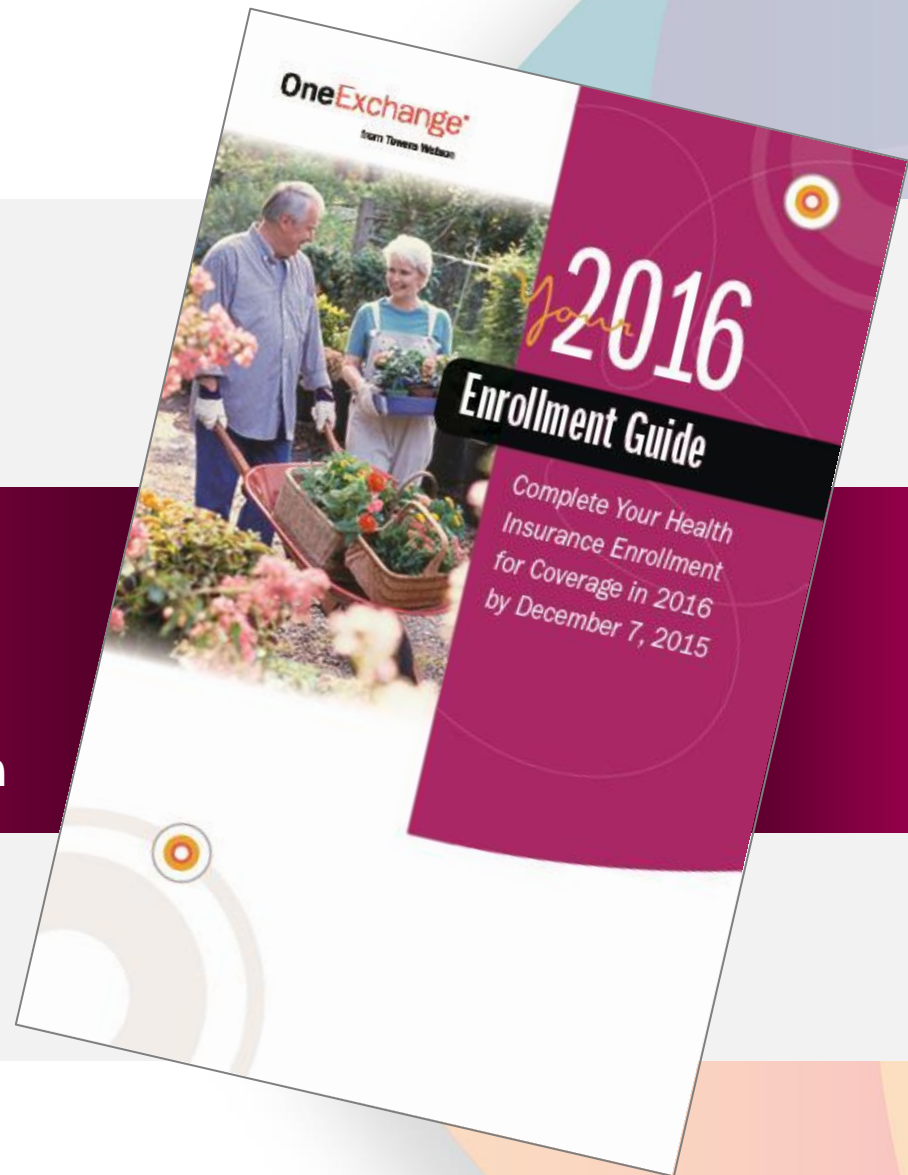
**Make your First Contact
Call Toll Free
Medicare.OneExchange.com**



Education

Enrollment Guide: Prepare for Your Enrollment Consultation

- Review Medicare basics
- What to expect on your enrollment call
- FAQ's
- Appointment confirmation



Benefit Advisors



- Licensed / Certified / Appointed
- OneExchange University™
- Average age 43
- Objective and unbiased
- 100% domestic workforce

**Benefit advisors are available:
Monday – Friday, 7:00 a.m. until 8:00 p.m. Central Time**

Decision Support Tools

Prescription Profiler

MEDICARE | HEALTH INSURANCE

Shop Plans | Help Me Choose | **Prescription Profiler™** | Understanding Medicare

Prescription Profiler™

Search Medicare plans using your list of prescriptions to find your lowest-cost coverage options.

Applicant Details

Zip Code: 94303
County: San Mateo
Gender: Male
Born: 6/20/1948
Tobacco use: No
Disabled: No
Coverage Starts: 7/1/2013

[Change details](#) ▶

1 Enter your prescriptions

Enter the name of the medication

Enter the name of the drug or the first three letters of the drug name. (For example, enter "Lip" to locate the drug "Lipitor.")

 Hide OTC drugs

2 Select your pharmacy (optional step)

Pharmacies may charge different prices for the same drug, due to regional differences. For an accurate estimate of your prescription drug costs, select your pharmacy.

Medicare.OneExchange.com
24/7 access to your information

Load in your prescriptions - Shorten your time on the phone with us!



Decision Support Tools

Help Me Choose Comparison Tool

OneExchange™
from Towers Watson

SHOP & COMPARE HELP MY ACCOUNT

MEDICARE | HEALTH INSURANCE

Shop plans | Help Me Choose | Prescription Profiler™ | Understanding Medicare

Start Shopping | Summary of Plan Options | **Shop for Medicare Advantage Plans**

Showing: **Medicare Advantage Plans**
Learn about plan type options ▶

Medigap View (3) plans found ▶ Prescription Drug View (3) plans found ▶ Medicare Advantage View (3) plans found ▶

◀ Previous | Plans 1-3 of 3 | Next ▶ Plans Per Page: 10 Compare 0 plans

Regence PLAN NAME: **Regence BlueAdvantage HMO (HMO) H9110-002** ▶ COVERAGE INCLUDES: [Icons] PREMIUM: **\$49.00** per month PLAN RATING: ★★★★★

ESTIMATED ANNUAL COSTS | View details ▶ Sort by: Out-of-Pocket Costs Premium

PREMIUM	+	DRUG COSTS	+	MEDICAL COSTS	=	ANNUAL TOTAL
\$588 per year		Drug coverage not included		\$1,360		\$1,948

BENEFITS SUMMARY | View details ▶

MEDICAL EXPENSES	SKILLED NURSING	PART A DEDUCTIBLE	PART B DEDUCTIBLE	PART B EXCESS	HIGH DEDUCTIBLE	Actions
Covers 100%	Covers 100%	Covers 100%	Covers 100%	Covers 100%	\$2,140 for 2014	<input type="checkbox"/> Add to compare <input type="checkbox"/> Print this plan <input checked="" type="checkbox"/> Save to account

Add to cart ▶

Humana PLAN NAME: **HumanaChoice H4606-006 (PPO)** ▶ COVERAGE INCLUDES: [Icons] PREMIUM: **\$45.00** per month PLAN RATING: ★★★★★

ESTIMATED ANNUAL COSTS | View details ▶ Sort by: Out-of-Pocket Costs Premium

PREMIUM	+	DRUG COSTS	+	MEDICAL COSTS	=	ANNUAL TOTAL
\$540 per year		\$504 1 of 1 drugs covered		\$2,653		\$3,697

BENEFITS SUMMARY | View details ▶

MEDICAL EXPENSES	SKILLED NURSING	PART A DEDUCTIBLE	PART B DEDUCTIBLE	PART B EXCESS	HIGH DEDUCTIBLE	Actions
Covers 100%	Covers 100%	Covers 100%	Covers 100%	Covers 100%	\$2,140 for 2014	<input type="checkbox"/> Add to compare <input type="checkbox"/> Print this plan <input checked="" type="checkbox"/> Save to account

Enrollment Process




- Benefit Advisors can discuss coverage options with anyone
- Telephonic enrollment – 2 part process
- 100% of calls are recorded



Selection Confirmation Notice

You may review the plan(s) that you selected – will be sent shortly after you enroll.



Selection Confirmation

Your applications have been submitted for the plans listed below

Client logo

1 1 SP 0.900
 *****SNGLP T1 P1
 <First Name> <Last Name>
 <Address Line 1>
 <Address Line 2>
 <City>, <State> <ZIP CODE>

Dear <FirstName LastName>,

This letter confirms that you have made your health care plan selection(s) for <year>, and that your application(s) have been submitted to the insurance carrier(s) listed below. Please review this statement carefully to ensure that it reflects the choices you have made. If the plan(s) or premium(s) are not what you expected, please contact OneExchange immediately at <ClientPhoneNumber>.

This letter does **not** confirm acceptance of your applications or that your plan(s) have been issued, and cannot be used as proof of coverage. This letter only confirms that your applications have been submitted.

Once your application(s) are accepted, you will begin to receive information directly from your insurance carrier(s).

Please note: Due to final rate approvals and insurance carrier-applied discounts, final premiums may vary from those shown below.

Plan name	Premium	Desired coverage start date	<Y/N> Auto reimbursement
<Medical carrier name, plan name that might be more than two lines> Confirmation #: < App Confirmation ID>	<\$000.00> <per month>	<Month DD, YYYY>	<Medical auto reimbursement status>
<Part D carrier name, plan name that might be more than two lines> Confirmation #: < App Confirmation ID>	<\$000.00> <per month>	<Month DD, YYYY>	<RX auto reimbursement status>
<Dental carrier name, plan name that might be more than two lines> Confirmation #: < App Confirmation ID>	<\$000.00> <per month>	<Month DD, YYYY>	<Dental auto reimbursement status>
<Vision carrier name, plan name that might be more than two lines> Confirmation #: < App Confirmation ID>	<\$000.00> <per month>	<Month DD, YYYY>	<Vision auto reimbursement status>

Personal Guidance



An Ongoing Advocate

- Navigation
- Enrollment
- Prescription changes
- Affordability concerns
- Reimbursement issues
- Late enrollment
- HRA
- Annual plan review

The plans you select continue on year to year. No need to re-enroll in the fall unless you want to make a plan change.

Health Reimbursement Arrangement (HRA)



What is an HRA?

Tax-free account used to reimburse you for eligible health care expenses — you pay first and then get reimbursed

If you are eligible, your employer will make an **annual contribution** to a Health Reimbursement Account (HRA)

You may use HRA funding to **reimburse yourself** for eligible medical, prescription drug, dental, and vision premiums, as well as eligible out-of-pocket healthcare expenses



Your HRA funding will be **available**

January 1, 2015

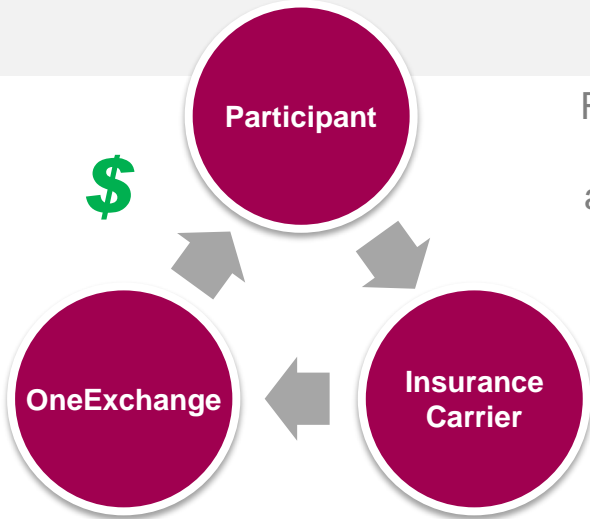
Unused funds **DO roll over**

Health Reimbursement Arrangement

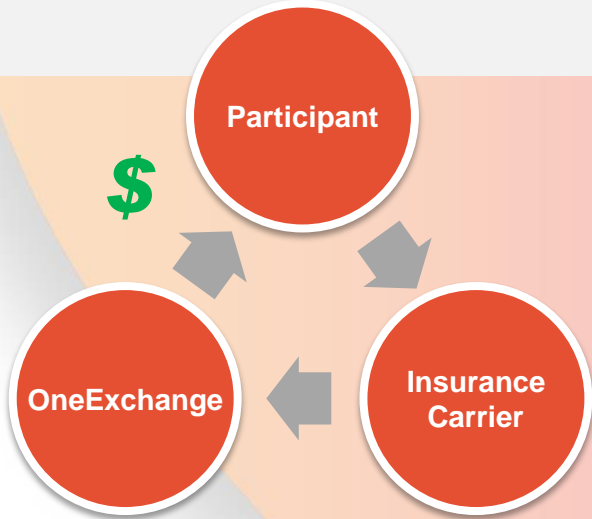
Reimbursement Options

1
Automatic Reimbursement
(including recurring premiums)

2
Manual Reimbursement



Reimbursements are up to the amount available in the HRA



OneExchange Retiree Our Experience

10th Annual
Enrollment
Season in
Fall 2015

1.1+ million
Medicare Retirees
Served

Unique Implementations
Completed
540+

Up to **25%** Average
Cost Savings
for Employers

Unique Implementations
for January 2014
97

46 Clients with
10,000+ Participants

Fortune
500
Clients
120+

Repeat Clients
60+

97% Of Retirees
Feel They
Selected the
Best Plan for Their Needs

Retiree
Satisfaction
92%

Retiree Conversations, Fall 2014
1,116,000

456,500 Applications
Managed, Fall 2014



25 Convención
Aseguradores
de México

CAM
Mayo 6 y 7
2015

Thank You

TOWERS WATSON

