
Excellent Point, Thank You re: Medicare - Overview of 2025 Premium Cost Adjustments

From Ed Crumb <ecrumb@bjcjsb.onmicrosoft.com>

Date Thu 11/7/2024 4:58 PM

To Tom Augustini <taugostini@haylor.com>

Cc Michele Cuevas <mcuevas@bjcwwtp.onmicrosoft.com>; Lisa Pennisi-Wandell <lpennisiwandell@haylor.com>; Thomas Surowka, CEBS <Thomas.Surowka@nfp.com>

(entire message is contained in subject line)

From: Tom Augustini <taugostini@haylor.com>

Sent: Thursday, November 7, 2024 4:49 PM

To: Ed Crumb <ecrumb@bjcjsb.onmicrosoft.com>

Cc: Michele Cuevas <mcuevas@bjcwwtp.onmicrosoft.com>; Lisa Pennisi-Wandell <lpennisiwandell@haylor.com>; Thomas Surowka, CEBS <Thomas.Surowka@nfp.com>

Subject: RE: Medicare - Overview of 2025 Premium Cost Adjustments

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Thanks Ed. Another item I am seeing is that in the Individual Medicare Market there are limitations on how much premiums can be adjusted from year to year (caps are in place) and while it sounds good I am experiencing that Medicare carriers are retiring plan or not offering as many if they don't feel their cap space is sufficient thus reducing the selections available. It should definitely be another consideration for those retirees who leave a Group Medicare plan with no ability to return.

Tom

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From: Ed Crumb <ecrumb@bjcjsb.onmicrosoft.com>

Sent: Thursday, November 7, 2024 3:09 PM

To: Tom Augustini <taugostini@haylor.com>

Cc: Michele Cuevas <mcuevas@bjcwwtp.onmicrosoft.com>; Lisa Pennisi-Wandell <lpennisiwandell@haylor.com>;

Thomas Surowka, CEBS <Thomas.Surowka@nfp.com>

Subject: re: Medicare - Overview of 2025 Premium Cost Adjustments

Tom: Thank you for taking the time to prepare your outline. (I added a couple items of verbiage that appear to be missing, as well as acronym names in [blue typeface], below, and I also attach two descriptive articles regarding the IPPS Rule and the federal 340B drug pricing program). I am certainly in favor having the outline and attached information provided to anyone who has questions about the cost increase in our AETNA MAPD offering (keeping in mind that AETNA's explanation/justification spoke only to prescription drug coverage cost drivers). IMO, it would also be important to remind Retirees considering leaving the Joint Sewage Board's program (to enroll in an individual "marketplace" Medicare Advantage [MA] policy) that **if they were to leave the JSB's program, there is no provision for returning in a later year.** It may be the case that AETNA is addressing the economic factors you outlined "head-on"/"up-front", whereas some "marketplace" MA plans might make larger cost increases in future years (to the extent approved by "the regulators", of course ["marketplace" MA plans are not negotiated with the offeror/subscriber]), especially plans any that are presently "buffering" their rates with CMS subsidy dollars presently available. Thank you, /s/ Ed

cc: Michele

Lisa

Tom S.

From: Tom Augustini <taugostini@haylor.com>

Sent: Thursday, November 7, 2024 9:57 AM

To: Ed Crumb <ecrumb@bjcjsb.onmicrosoft.com>; Michele Cuevas <mcuevas@bjcwwtp.onmicrosoft.com>

Cc: Lisa Pennisi-Wandell <lpennisiwandell@haylor.com>

Subject: Medicare - Overview of 2025 Premiums Adjustments

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Hi Ed & Michele,

I have organized some thoughts on the reasons why Group Medicare Plans are experiencing uncommon rate increases as we head toward 2025. I have been [receiving] a consider[able] amount of questions on why this is occurring when over the course of a decade the premiums adjustments have been modest (low single digits). Please feel free to send any retiree my way who would like to discuss.

Medical

- In general, 2023 experience was poor, for many health plans which includes national carriers and regional carriers.
- NY hospitals saw a double digit increase in inpatient unit cost starting 10/1/2023 due to wage index increases. This impacts both inpatient and outpatient services.
- The 2025 Final IPPS Rule [Inpatient Prospective Payment System] came out August 1, 2024 that reflects a higher than expected hospital reimbursement rate. This affects both inpatient and outpatient services.
- CMS benchmark for 2025 increased to reflect wage index increases, but it was not enough to compensate for it due to benchmark caps.
- 340 B drugs [under a U.S. federal government drug pricing program] saw an approximately 37% increase in costs starting 9/28/2022.
- Increase in utilization of outpatient surgeries.

Pharmacy

- Impacts of IRA (Inflation Reduction Act)
 - For 2025, members who reach a MOOP [maximum out-of-pocket] of \$2,000 will now be in the catastrophic phase and have \$0 cost-sharing for the rest of the year. In 2024, that amount was

- \$8,000. More members are expected to hit the MOOP.
- The calculation of the MOOP has also changed, which will allow members to hit the MOOP quicker.
 - The health plan's liability in the catastrophic phase increases from 20% to 60%
 - Given that members do not have any liability post \$2000 MOOP, we also expect higher utilization of pharmacy benefit in the coming years.
 - The Coverage Gap Discount Program (CGDP) is getting replaced by the Manufacturer Discount Program (MDP), which is producing less subsidies for the health plan.
 - Though we will be receiving more in Direct Subsidy, the risk score model is causing a reduction in risk score for MAPD plans [[Medicare Advantage plans that include Medicare Part D prescription drug coverage](#)], dampening the amount we expect to receive.
- Introduction of high-cost drugs like Wegovy, Ozempic, RSV Vaccines.

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