



**MMA Impact on Medicaid
The Southeastern Actuaries Conference
Spring 2006 Meeting**



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Overview of WellCare Health Plans



- ❑ Leading provider dedicated to government-sponsored health plans including Medicare (including prescription drug plans), Medicaid, State Children's Health Insurance Programs and Family Health Plans
- ❑ Headquartered in Tampa, Florida, WellCare currently serves over 1.5 million members nationwide, with projected annual revenues of \$3.4 billion for 2006. Compare to same period in 2005,
 - First quarter revenues grew 74% from same period last year
 - First quarter net income grew 58%

Background on MMA



- ❑ On December 8, 2003, President Bush signed into law the Medicare Prescription Drug Improvement and Modernization Act of 2003
- ❑ This landmark legislation provides Medicare eligible individuals, such as seniors and individuals with disabilities, with a prescription drug benefit, more choices, and better benefits under Medicare

Impact on Medicaid – Eligibility and Coverage



- ❑ Eligibility
 - Dual eligible members (i.e. Medicare and Medicaid eligible) are no longer eligible for states prescription drug plans under MMA, they must enroll in the Medicare Part D
- ❑ Coverage
 - Members will see change in drug coverage

Impact on Medicaid – Premium and Cost Sharing



- ❑ Premium
 - Under Medicaid most dual eligible members pay no premium
 - Under Medicare Part D plans, dual eligible members may need to pay a premium depending on plan chosen
- ❑ Cost sharing
 - Under Medicaid, states were permitted to charge nominal cost-sharing and most did
 - Under Medicare Part D plans, cost sharing varies depending on member's income and asset, as well as if a member is institutionalized

Financial Impact



- ❑ The “clawback” provision
- ❑ Negotiation of drug prices

Ongoing and Implementation Issues



- ❑ Data issues impacting eligibility, enrollment changes, etc.
- ❑ Formulary Transition Period that ended March 31, 2006
- ❑ Members enrolled in Part D plans not operating in their state
- ❑ Potential disruption in January 2007 due to change in plans with bids below the Low Income Subsidy benchmark
- ❑ The ability of dual eligible members to meet co-payment requirements
- ❑ State Medicaid program “step-in” payment