

2010 Community CCRxSM PDP Town Hall Webcast Transcript

Caity Frail: Welcome to the 2010 Community CCRx Annual Town Hall Meeting. My name is Caity Frail and I am with the National Community Pharmacists Association. Thank you all for joining us this afternoon. This call that we host each year with MemberHealth provides pharmacists with the opportunity to hear what is going on in the Medicare Part D program, as well as with our own Community CCRx plan. It also provides a great preview of the upcoming year and what changes we can expect that will affect our patients and our pharmacies. I am joined today by Mike Bukach, Senior Vice President of Pharmacy Relations with MemberHealth, and Marc Bralts, Vice President of Pharmacy Network Operations with MemberHealth. They will run through today's program and then we'll take questions at the end. I'll turn it over to Mike now to begin.

Mike Bukach: We're excited to be on the line once again to review changes for the 2010 plan year which is just months away. Much has changed since the launch of Medicare Part D in 2006, but as we enter our 5th year of administering our Part D plans, one thing has remained constant: we will continue to see changes in how CMS manages Part D and changes in the Part D market, and – these changes will continue to impact the daily activity of the pharmacies that serve Part D members.

Universal American believes that education and communication remain keys to the success of the pharmacy-centered model that has grown Community CCRx into what it is today - a major player in the Part D arena with huge opportunities yet ahead. Today's call is part of our annual process to share with community pharmacists the highlights from the current year, major impacts to Part D, as well as give you a preview of the upcoming plan year.

First of all, we'd like to thank each of you for participating in this call and more importantly for the support you continue to show to your patients and our members. We have a great deal to cover on today's call and want to provide time for questions at the end, so let's get right to it.

Marc Bralts: If you've read Community CCRx communications or participated on previous town hall calls, you know that the Part D program requires plans to go through an annual bidding process.

This year's bidding process has delivered some interesting changes in the overall Part D landscape for 2010. We expect to see approximately 800k dual-eligibles re-assigned for the 2010 plan year. As a reminder, this occurs when a plan, which had previously received auto-assigned members in their Medicare region, misses the low-income subsidy benchmark for their basic plan. Those members are notified that they will be re-assigned to a plan which is under the LIS benchmark when they receive their ANOC or Annual Notification of Change, typically in late October. They will also receive a separate letter indicating the new plan to which they've been assigned for the upcoming year. Remember that if a member is a 'chooser' meaning they were auto-assigned to a plan, and then chose to enroll in a different plan under the benchmark, they will not be automatically re-assigned but will be notified that their 2010 choice will require them to pay a monthly premium -the amount over the LIS benchmark if they stay with their current plan.

For a complete breakdown of 2010 Plans from CMS, visit their website at www.cms.hhs.gov and search for the press release on 2010 plans. There are several links that break down PDP and MA-PD plans by state.

2010 was a very competitive bid year for Part D Plans. As you have heard from us over time, the Part D program is a commodity program which pressures bidders on their Admin costs, manufacturer rebates, and their cost of drugs dispensed, or pharmacy reimbursement. On the whole, Community CCRx was very successful in keeping our basic plan below the benchmark for 2010. Details on Community CCRx's bid

relative to LIS benchmark in each region will be made available and sent directly from MemberHealth and NCPA. We'll cover just the general highlights of our results here.

There is only one region where Community CCRx was below the benchmark in 2009 but will not be below the benchmark in 2010 - New Mexico. Based on our data, this will affect approximately 6,000 members that are currently in Community CCRx Basic plan in New Mexico. The other Universal American legacy PDP, PrescribaRx Bronze, is however below the benchmark in New Mexico. This means that those Community CCRx members, if auto-assigned, will automatically be moved to PrescribaRx Bronze (PDP) plan.

Now let's discuss the benchmarks. LIS benchmarks are determined by "averaging" the bids received by CMS for each Medicare region. By CMS rule, at least 2 plans will be available under the LIS benchmark per region. The average number of plans under the benchmark in each region is dropping as bidding becomes more competitive each year. Consider that in 2008 there was an average of 14 plans under the benchmark in each region. In 2009 that dropped to 9 plans, and in 2010 it is expected to be an average of 6. In 2010 our Community CCRx Basic PDP Plan will be at or under the LIS benchmark in 25 Medicare Regions. As we just mentioned, the 1 region where CCRx made in 2009 but not for 2010 is New Mexico. The following states are in Medicare regions where CCRx was not under the benchmark this year but will be next year: Massachusetts, Rhode Island, Vermont, Connecticut, Utah, Idaho, Arizona and Nevada. Community CCRx Basic is under the benchmark in AZ and NV for the first time ever in those regions.

On another note- Universal American is combining the legacy PDP PrescribaRx into Community CCRx over the course of 2010, 2011, and 2012. This process will begin in 2010 with the PrescribaRx Platinum PDP members moving into Community CCRx Gold PDP. PrescribaRx is administered under Medco contracts, and those members will transition to MemberHealth contracts beginning January 1, 2010. Those members moving will be notified in their ANOC and subsequent communications through December. The remaining PrescribaRx Gold and Bronze plans will be moved into Community CCRx plans over the next two years respectively.

Mike Bukach: As a quick refresher, member premiums are set from the bids submitted by Part D sponsors by calculating approximately 25% of the monthly cost bid from a sponsor. Remember, Part D plans are capitated. That means each plan bids a flat monthly amount to cover all member needs in a given region, whether a person takes one prescription or 50. Premiums are set as a portion of that flat amount.

So what makes up the components of a Bid? Bids are made up of Part D Drug Cost (Prescriptions dispensed, pharmacy reimbursement, etc.), less manufacturer rebates, plus the Admin costs (overhead, MTM, etc.). Plans are also required to use their actual experience from previous plan years when submitting the bids. That means that CMS tests bids to make sure the bid amount matches up with what the actual plan costs were. That also means plan bids that are artificially low to try to 'buy the business' or are set as 'loss leaders' will be rejected by CMS. Therefore Plans cannot arbitrarily increase margin – all Part D plans are required to justify the margin factored into their bids.

Even though our bids are lower this year and we did well making LIS benchmarks, we will NOT be changing core reimbursement for 2010 and will once again exclude mail order. Maintenance medications will continue to be promoted at the retail level.

Marc Bralts: Now let's review the Community CCRx plan designs for 2010. The Community CCRx Basic plan premiums are actually an average of \$0.10 lower in 2010 excluding PuertoRico and Virgin Islands. Essentially, our premiums remained level in 2010 when looking across all regions. The Basic plan will have a \$310 deductible (the Medicare Part D standard amount for 2010) that will apply to all drugs. Once the deductible has been met, our basic plan has a \$0 copay for generics. Our preferred brand and brand tier cost sharing will again vary by region to account for experience differences and to meet the Part D actuarial tests. Co-insurance amounts for preferred brands and non-preferred brands will be set on a

percentage basis region-to-region. Members will receive the coinsurance amounts that apply to their plan in the ANOC. The co-insurance amounts will also be provided in the plan comparison guide included in the pharmacy educational kit.

The Community CCRx Choice plan premiums will be lower by about \$9 on average in 2010. This plan has a new design which focuses on providing the lowest possible premium to members. This is due to market research suggesting members select plans with a greater sensitivity to monthly premium amounts than coverage design elements, like deductible. This is a good option to explore for 'choosers' that are looking for strong coverage with a low premium price-point.–The Choice plan adds a deductible of \$150 this year to offset a lower premium amount across all regions. This is geared towards 'choosers' looking for enhanced coverage and buying based on the premium amount.–Copayment amounts in the Initial Coverage phase for the Choice plan are \$5 on generics (same as 2009), \$35 on preferred brands, and \$65 on non-preferred brands. The Choice Plan will carry a Specialty Tier on its' formulary. Drugs on that Tier will carry a co-insurance of 29%.

The Community CCRx Gold plan premiums will be higher by just over \$5 on average in 2010. We expect Gold, the richest plan offered under Community CCRx, to be a very competitive option in the market. Gold will once again provide generic coverage in the gap or 'donut hole' at a \$6 copay for members. The Gold plan will still have no deductible in 2010. Copayment amounts for the Gold plan are \$6 on generics, \$35 on preferred brands, and \$65 on non-preferred brands. The Gold Plan will once again carry a Specialty Tier on its' formulary. Drugs on that Tier will carry a co-insurance of 33%. To highlight: the primary differences in Gold and Choice is that Gold offers Generic coverage throughout the Coverage Gap or Donut Hole at the \$6 co-pay, and Choice has a deductible of \$150 in 2010 where Gold has a \$0 deductible.

With the amount of changes seen in the Medicare Part D marketplace, we recommend that pharmacies take advantage of our licensed agents and use them to help educate potential members on our plans-leaving you to focus on what you do best – patent care.

Mike Bukach: Each year we continue to modify our Agent program based on feedback we receive from pharmacies. We are completing additional outreach directly to stores that do business in an area where an agent is available. Other pharmacies may request an agent regardless of where they are- if one is not available, our call center, staffed with fully-licensed agents, is available to meet the needs of your patient and answer questions about Universal American plans for a member or caregiver.

Universal American takes the training of agents very seriously. We expect people that represent our products to comply with all CMS Marketing and Sales guidelines, in addition to being the most knowledgeable resource available about plan options. You can be assured that if you connect with an agent to work with patients in your store, they have completed a rigorous certification process that focuses on how to interact with members seeking education on their Medicare product options.

This year we also made outbound calls to pharmacies that have shown support for Community CCRx plans and agent assistance in the past. These calls took place in early September with the goal of inviting pharmacies to connect with a licensed agent during the selling season.

Marc Bralts: Along with agents and our agent call center, printed materials are an additional resource available to pharmacies before the Annual Election Period. This year we added the step of making outbound phone calls to pharmacies that have shown support in displaying our materials in the past. Phone calls were completed the week of September 7th and those pharmacies affirming that they wanted this year's educational kit should have received them by October 1st. Remember Medicare Marketing begins October 1st.

PDP Pre-enrollment packets are included in this year's educational kit. Each pharmacy education kit includes 10 pre-enrollment packets. This year the kits were combined to help reduce waste. Pharmacies

that did not receive a kit but still want the materials or need additional stock can either call our help desk at 1-866-684-3057 or send an email to experts@mhrx.com. Pharmacies requiring additional education kit materials or pre-enrollment kits can also go on-line to www.mhrx.com. Navigate to the links referring "Request 2010 printed material." Remember, members already in a Community CCRx plan do not need to re-enroll for 2010. Let's review our formulary changes for 2010.

Mike Bukach: We've made every effort to minimize formulary disruption for our members in 2010. We are excited to announce that almost all generic drugs will be in the Generic tier in 2010. Although we are not going to go into great detail, we would like to quickly mention that there are some Branded drugs that have moved formulary status into the non-Preferred brand Tier. Examples are listed on your screen. As an update, this move is to keep overall member and plan drug costs low. Tiering, when changed, may result in an increased or decreased member co-pay/co-insurance amount. Industry pricing structures, new generic options, and newly released lower cost therapeutic alternatives are some of the considerations that lead to tiering changes.

We've also removed some brands that have a clinically equivalent, lower cost alternative. Those of you following along on the web can find a list of selected formulary deletions with formulary alternatives on your screen right now. Examples of brands that are not listed here and that were deleted due to expected availability of generic alternatives in the market include Acular LS, Starlix, Mirapex, and Valtrex. Please remember to go to our website and use the formulary search option which can provide additional formulary alternatives

Together, with an independent Pharmacy and Therapeutics committee, we collaborate with providers producing better health outcomes for our members, your patients. We've also deleted the following Beers List Drugs, shown on your screen now, which are deemed Potentially Inappropriate Medications for the Elderly.

Step therapy requirements have been added to the drugs shown here. With the exception for Vesicare, the new step therapy additions apply to new starts only and will not affect coverage for enrollees who are currently taking these drugs.

In prior plan benefit years, our PDP and MA-PD group plans utilized the Alliance and Alliance Plus formularies. Beginning in 2010, Employer Group plans sponsored by Universal American will use the Optimal Med formulary.

To ensure a smooth transition and minimize member disruption for 2010, we will be taking the following steps. Members will receive Formulary change letters which will notify them of select formulary changes in advance of the plan year. Members will also be reminded how they can prepare for the new plan year through other reminders in newsletters, Evidence of Benefit or EOB, and their Annual Notice of Change. Pharmacists will receive information regarding upcoming formulary changes via fax out to the network.

Also, stay tuned for further communications from Community CCRx regarding formulary disruption and prior authorization extensions for your patients.

Lastly, remember that transition fills are available for new members and current members who have not transitioned to a formulary drug or had an exception request processed by January 1, 2010. Let's move on to additional updates for 2010,

Marc Bralts: There are no significant changes to the Payer sheet for Community CCRx for the 2010 plan year. Starting in 2010 CMS will require a 'Prescription Origin' code to be included on each Part D prescription. Again, this applies to all Part D prescriptions. Watch for a "Reference Guide" to be transmitted to your pharmacy in late November or early December.

One common question we hear every year is about Mail Order. There will NOT be any mail order option for CCRx members in 2010 - this includes those PrescribaRx Platinum members *losing* mail order as they transition into Community CCRx Gold. We continue to focus our energy on maintenance supplies being filled by community pharmacies rather than through a mail order pharmacy.

Every year we compete against Part D plans that promote mail order. When they fill a mail order prescription in their plan, they get a significant cost savings compared to what our plans pay for that same prescription, even at a 90 day supply rate. It is important that our plan - working together with community pharmacies - continues to transition members that have stabilized on a maintenance therapy to a 90 days supply fill. It is hard to understate this- our plan has not provided a mail order benefit for 5 years (counting 2010) on the basis that our plan can compete on cost without mail due to community pharmacy managing drug costs effectively. We ask for your continued support to help us deliver on this.

Mike Bukach: Recognizing the value that pharmacists have provided with MTM, in 2010 CMS will require all Part D sponsors to provide a more robust program. All ambulatory MTM participants will be offered an annual comprehensive medication review, including: a review of medications, interactive, person-to-person consultation, and an individualized, written summary of interactive consultation.

Additionally, the eligibility criteria have changed. For 2010, members will be eligible for MTM services if they have all of the following: at least 3 of these chronic diseases: Diabetes mellitus, Chronic Heart Failure, COPD, Rheumatoid Arthritis, taking at least 8 covered Part D drugs, and expected to incur at least \$3000 in annual drug costs. These cases will be routed as early as January to your MirixaPro queue. Please use these opportunities to interact with your patients and improve health care outcomes as well as increase revenue to your store.

Marc Bralts: Medicare Advantage Prescription Drug Plans, otherwise known as MAPD plans, continue to be critical to the future of Medicare and to the role of Community Pharmacists in patient care. Universal American will offer a full suite of MAPD products in most regions for 2010. Included are Private Fee For Service products, HMO products as well as PPO products in select Markets.

We expect to experience continued growth in our 5 major HMO markets in Texas, Oklahoma, and Wisconsin and PPO expansion markets are present in an additional 17 states. Additionally, there are several key players leaving the Private Fee For Service market in 2010 so we are preparing for a Private Fee For Service expansion.

The most important thing about the MA-PD plans is that they give community pharmacy the opportunity to show how patient care management at the pharmacy level impacts the patients' overall medical outcomes.

A quick refresher: Medicare Advantage Programs are a Medicare option that substitutes for Parts A & B of Original Medicare. MA-PDs include a Part D drug option as well. A member MUST be enrolled in Parts A & B to enroll into a Medicare Advantage program. A member can enroll in a Medicare Advantage program without prescription drug coverage, but it will always cover Part B drugs. Members that enroll in a Medicare Advantage program will continue to pay a Part B premium in addition to the Medicare Advantage premium.

The important thing to know about all of the MAPD products we will discuss today is that they all include a Community CCRx Part D benefit, and in most cases, that benefit has coverage equal to or better than the Community CCRx Choice and Gold PDP plans.

As we touched on earlier, MA-PDs are an important opportunity for pharmacists to demonstrate their impact on overall medical costs. MA-PD Plans can be a good option for members in various ways.

Today's Options powered by CCRx offers benefits that are greater than Original Medicare. One example is an out of pocket maximum on medical costs for a plan year. This has been a very popular feature of Today's Options in the previous two selling seasons.

MA-PDs also allow members that are interested in a managed care approach to pay one premium for their MA and Part D programs. (The Part B premium is still due to Medicare) This convenience has been very attractive to many members.

Due to the complexity of MA plans, it is best that a licensed agent that is trained on MA-PD products engage with members on the details of plan designs. It is best if pharmacies do not overextend in trying to speak to all of the variations and detail involved with MA-PD plans.

The MA-PD enrollment period goes through March 31st, 2010. As a result, you can expect to see MA-PD sales and marketing activity during the 1st quarter of next year. Now let's discuss CMS requirements for Part D plans

Mike Bukach: Fraud Waste and Abuse Training- has been a recurring topic of discussion over the past year. Before the 2009 plan year ends, we will be working on the Fraud Waste and Abuse training of our downstream delegated entities. This includes our pharmacy network. CMS regulations require that all entities that support Part D activities are fully aware of the need to detect, correct, and prevent Fraud, Waste and Abuse. They did not dictate how we should do this, but only offered guidelines. The good news from our compliance officer is that we do not need to receive an attestation from pharmacies that this has been completed. As a plan sponsor, Universal American must show proper communication to our pharmacy network. Pharmacies must train their employees during the 2009 calendar year through an accepted training module.

We have created a training module that will be posted on the MemberHealth and Community CCRx websites. If you choose not to use our training program, alternative training programs can be used as long as they meet the following requirements shown on your screen now. Be on the lookout for a reminder fax with additional information in November 2009.

Marc Bralts: On your screen now are Medicare guidelines that govern how you can inform or educate customers about enrollment and plan information. It is important that you adhere to the Medicare guidelines, stay informed, and act always in the best interest of your patients when responding to request for assistance or advice.

To mention a few of the permitted activities, providers can do the following. Distribute CMS-approved Plan Finder information. You may also share information with patients from the CMS Web site, the Medicare Web site, or have patients call 1-800-Medicare. Providers can display promotional materials that announce your relationship with a plan. However: You must display these materials equally for all plans with which you are affiliated that have provided you with such materials. Providers can make available printed information provided by a plan sponsor to your patients, as long as there is no "ranking," "highlighting," or comparison of specific plans. Providers can provide contact information for any plan which a beneficiary expresses an interest and requests such contact information from you. However, the beneficiary must contact the plan or plan agent directly and you should not make referrals to the plan or plan agent. Providers can also make available PDP marketing materials and enrollment applications. You may also make available plan information about Medicare Advantage plans (MA) and Medicare Advantage plans combined with prescription drug coverage (MAPD). You cannot, however, distribute MA or MA-PD enrollment applications. Use direct mail and/or e-mail to announce a new plan affiliation – but only once. Additional communications must include all plans with which you are affiliated. Lastly providers can provide information and assistance to your patients in applying for the low income subsidy.

Mike Bukach: At the same time, providers cannot do any of the following. Direct, urge, persuade, steer or offer inducements to join a particular plan. Or compare plan benefits against other health plans, unless the materials were written or approved by CMS. Providers cannot make available PDP enrollment forms at the counter or collect or accept Medicare enrollment applications of any kind. Providers cannot Offer sales or appointment forms or mail marketing materials on behalf of a plan. Providers cannot make available third party sales or plan promotional materials that are not CMS-approved. Providers cannot expect or accept compensation for conducting enrollment or marketing activities or suggest that a particular plan is approved, endorsed or authorized by Medicare. Lastly, providers cannot make or distribute plan information, including PDP enrollment forms, during health screenings.

Remember to be certain that 'Medicare and Your Rights' is posted in your pharmacy. This is an audit requirement. For additional information, see the Medicare Marketing Guidelines, available at: <http://www.cms.hhs.gov/ManagedCareMarketing/Downloads>

Marc Bralts: For our last topic on today's call, we'd like to share some of the available resources on the MemberHealth web site. Providers can log on to www.mhrx.com to find the following tools to help assist your patients. You can find new 2010 formularies. Please review the 2010 formulary to determine if your patient will be affected by a formulary change. You can help your patients who are affected by formulary changes by suggesting a formulary alternative or by requesting a formulary exception before January 1.

An interactive drug search tool provides formulary status, formulary alternatives, and links to exceptions and prior authorization forms. For the 2010 plan year, step therapy criteria will be posted in addition to prior authorization criteria.

Prior Authorization tools can be found on the site as well. Access the PA Extension Tool and Log in using your NCPDP# and search by member ID or member name to determine if a current prior authorization approved in 2009 will be extended in 2010. Use the PA Status Tool to access the status of a prior authorization or exception request by using our Prior Authorization Status Search tool.

In addition, the pharmacy can receive a nightly fax regarding the status of any exceptions submitted for their patients if the pharmacy supplies a secure fax number to MemberHealth.

Pharmacy Scorecards are available online to help pharmacies track their progress and monitor their performance. Log in with your username and password and use the scorecard to find opportunities to increase your store's generic usage and maintenance supplies. Scorecards show quarterly tracking to help pharmacies improve their score and earn higher incentives throughout the year. Log on to www.mhrx.com anytime to take advantage of these tools.

Mike Bukach: This concludes our program for today. Once again, thank you all for your time today and the support you have given to Community CCRx. We are looking forward to continuing the partnership with community pharmacies as we move into the upcoming year. Now let's open it up for questions.