



Medicare Advantage Employer Group Waiver Plans: What You Need to Know

What Is an “EGWP”?

What’s an EGWP? Medicare Advantage employer group waiver plans (EGWPs, pronounced EGG-whips) are customized Medicare Advantage plans developed exclusively for employer and union groups. These plans are also sometimes known as “800-series” plans because of the numbering system CMS uses to distinguish them from individual plans that are not limited to employer/union groups.

What Are the Differences between EGWPs and Other Medicare Advantage Plans? EGWPs are limited to employer and union groups. The Centers for Medicare & Medicaid Services (CMS) has waived or modified certain Medicare Advantage requirements for EGWPs based on the Agency’s determination that the requirements hinder the design of, the offering of, or the enrollment in employer/union-sponsored plans. Employers generally subsidize supplemental coverage for retirees beyond the standard benefits typically offered by Medicare Advantage plans.

EGWPs: By the Numbers

3.2
million

Nearly 3.2 million beneficiaries are enrolled in EGWPs. Enrollment tends to be concentrated in specific states such as California, Michigan, Ohio, New York, and Pennsylvania.

18%

EGWPs represent over 18% of all Medicare Advantage enrollees.

65%

EGWPs are more likely to be PPOs (65% compared to 25% for non-EGWPs), reflecting beneficiary needs for access to out-of-network providers.

How Is CMS Proposing to Change EGWPs?

Currently, EGWPs submit bids on an annual basis like non-EGWPs, including projected costs for providing coverage and receiving payments based on these bids. Under the proposal from CMS, these plans would be paid based on the bids of non-EGWPs participating in similar geographic areas.

What Should Be Done?

EGWPs are highly valued by the 3 million Medicare beneficiaries who rely on these plans to provide a seamless transition from employee to retiree coverage. The proposed approach puts these options in jeopardy.

CMS should not finalize the EGWP proposal.

What Value Do EGWPs Provide?

Some employers/unions provide retiree coverage on a self-funded basis and use EGWPs to reduce their employer cost. Other employers/unions buy EGWP products that are fully insured (i.e., the Medicare Advantage plan takes the risk). They prefer EGWPs to other Medicare Advantage products because they are similar to commercial employer-sponsored health plan coverage and provide a seamless transition for active employees to retiree coverage. This consistency reduces beneficiary confusion, increases satisfaction, and facilitates efficient navigation of the health care system.

Why Is CMS Proposing to Change EGWPs?

The Medicare Payment Advisory Commission (MedPAC) has found that EGWPs bid, on average, about 9% higher than non-EGWPs.

Is This True? Yes, but MedPAC's analysis does not account for differences between EGWPs and non-EGWPs that affect the bidding process. For example, EGWPs are more likely to be PPOs (65% compared to 25% for non-EGWPs), reflecting beneficiary needs for access to out-of-network providers. MedPAC data find PPOs generally incur higher costs than HMOs, which likely explains some of the bidding differences the Commission has observed.

Are There Other Problems with CMS' EGWP Proposal?

Under the proposal, employers and unions would not know the cost of offering coverage until after CMS calculates the weighted average bids of non-EGWPs, which the Agency recently indicated may not be until August prior to the benefit year. This uncertainty could create significant disruptions for employer and union sponsors that need to know these costs for establishing premiums and cost sharing as well as developing beneficiary communications.

AHIP STATEMENT ON MEDICARE ADVANTAGE



“As the country transitions to a patient-centered health system, Medicare Advantage is the foundation for care delivery that offers beneficiaries both quality of care and quality of life.”

- Marilyn Tavenner
AHIP President and CEO

