

Impact of the Political Landscape on the Future of Medicare Products

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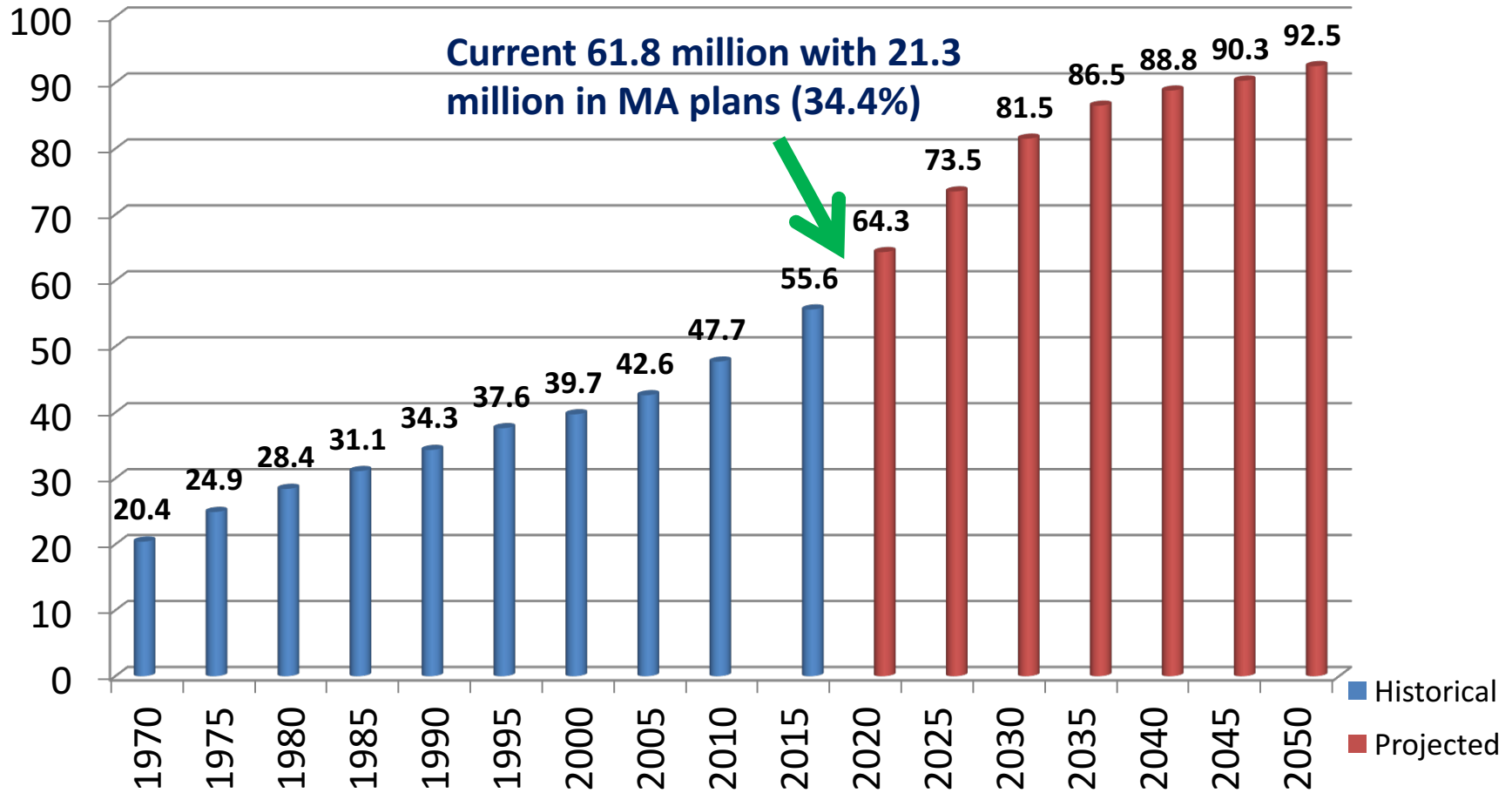
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Outline

- Medicare demographics
- Exploring the political landscape
 - Administration
 - Congress
- Opportunities and Challenges



The Opportunity in Medicare Advantage

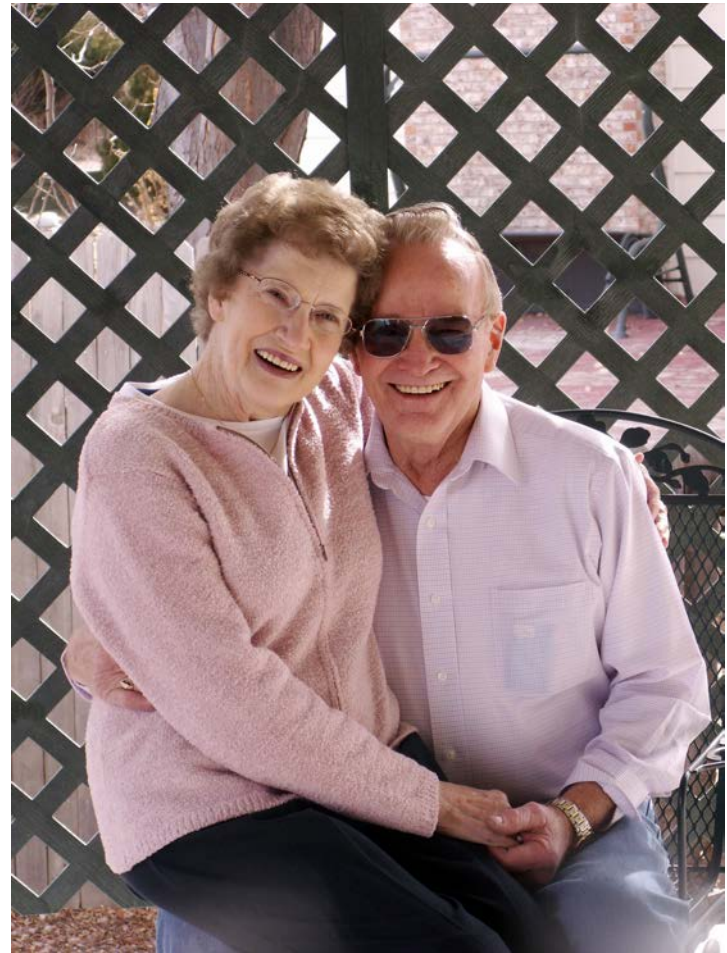


Source: 2016 Annual Report of the Boards of Trustees of the Federal Hospital Insurance and Federal Supplementary Medical Insurance Trust Funds and CMS SCC data enrollment file June 2018



Medicare by the Numbers

- 10,000 Boomers turn 65 each day
- 2026 – hospital trust fund insolvent
- 35 (adults age 65 or greater) per 100 (working age adults)



Political Landscape: Administration



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Administration

- Limited focus on Medicare
- FTC view of vertical integration undetermined
- Sweeping plan announced for reorganization of federal government
 - Increased responsibilities for a to-be-renamed Health and Human Services
 - Uncertain Congressional approval
- Medicare solvency
 - ‘Nothing to see here, move along’
 - U.S. Treasury Secretary Steven Mnuchin “Robust economic growth will help to ensure their (Medicare and Social Security) lasting stability”



Centers for Medicare and Medicaid Services

- Medicare Advantage remains an integral component of Medicare program and will likely grow in importance
- Increased benefit and communication flexibility and easing of regulatory burdens
- Increasing oversight and scrutiny
 - Especially on member experiences



Congress

- Medicare remains a sensitive issue, but may no longer be the “third rail” of politics
- Other issues/conflicts distract from any Medicare dialog



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The Senate

- Slim GOP majority likely to hold, but will limit what can be accomplished
- Positioning for 2020 Presidential election will influence the conversation



House of Representatives



- GOP majority is fragile and challenged by inter-party squabbles
- Dems can flip the House if they can pick up 23 seats
- Hundreds of millions being spent by both parties
- Outcome uncertain
- No significant legislation likely



Opportunities

- Medicare Advantage remains the least volatile line of business and a solid business opportunity
- Many underserved markets
- Special Needs Plans will continue to expand their footprint under this Administration
 - More than 11 million Duals; Only about 15% in MA plans
 - Bipartisan Congressional support for flexible benefits for the chronically ill
- Medicare funding will likely continue to be compressed

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Thank You

Questions & Discussion

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