

MEDICARE PART D

Attention Medicare Eligible Retirees

Over the next several months you are likely to receive a lot of information about Medicare Part D, the new outpatient prescription drug benefit that is a major piece of the Medicare Modernization Act of 2003. Part D goes into effect on January 1, 2006. Here's what you need to know about Part D and its impact to you.

If you are enrolled in one of the health plans offered by The City of San Diego, including those offered by the labor organizations:

- You will continue to have the same comprehensive prescription coverage through your City health plan as before.
- Do not purchase Part D coverage. This not only voids the City's (or its health plans) right to receive the reimbursement from CMS but you are also paying for a prescription benefit that you already have through your City health insurance.

If you aren't enrolled in one of the City's health plans and Medicare is your only source of medical insurance:

- You may want to consider enrolling for Part D. Although the drug benefit is optional, Medicare beneficiaries who do not enroll in Part D during the initial enrollment period (November 1, 2005 through May 15, 2006) and who decide to enroll in Part D later, will pay a penalty for each month that enrollment is delayed, unless you have comparable coverage from another source (usually private and group health plans).
- Part D premiums in 2006 are expected to average \$37 per month.
- The standard benefit requires you to pay the \$250 annual deductible before Medicare pays anything. After paying the deductible you pay 25% of the costs of the next \$2,000 of drug expenses for a possible total out of pocket expense of \$750. After \$2,250 of drug costs, there is no coverage until you have paid another \$2,850 worth of drug expenses.
- Catastrophic coverage begins after you have paid \$3,600 out-of-pocket expenses (\$5,100 total drug costs). At this point, additional prescriptions will cost you \$2 for generic, \$5 for brand name drugs or 5% of the costs, whichever is greater.
- Low-income individuals (especially those whose income is below 135% of the poverty level) may have other options.

If you aren't enrolled in one of the City's health plans but are enrolled in another group or individual plan:

- You should contact your plan to ask if/how Part D will affect your coverage and what (if anything) you need to do.

Medicare Part D is a complex change and it's anticipated that many businesses will be independently soliciting retirees to join their Part D plan. The most important thing to remember is that if you are enrolled in a City or union health plan don't enroll for Part D outside of the plan in which you are enrolled. If you have any questions about Part D and how it may impact you or your Medicare eligible dependent, contact Care Counsel tollfree at 888-277-3334 They will be happy to assist in answering your questions about Part D or your health plan coverage in general.

The following is from Joe Flynn:

One of the retirees asked if the same benefits extend to Medicare eligible dependents whom the retired employee has chosen to enroll in the same plan the retired employee has selected for him/her self?

The answer is:

"Yes the same applies to Medicare eligible dependents enrolled in the City's plans - they should not enroll in an individual Part D plan."