

Medicare Part D Prescription Drug Coverage Frequently Asked Questions

MEDICARE PART D – GENERAL INFORMATION

What is Medicare Prescription Drug Coverage or Medicare Part D?

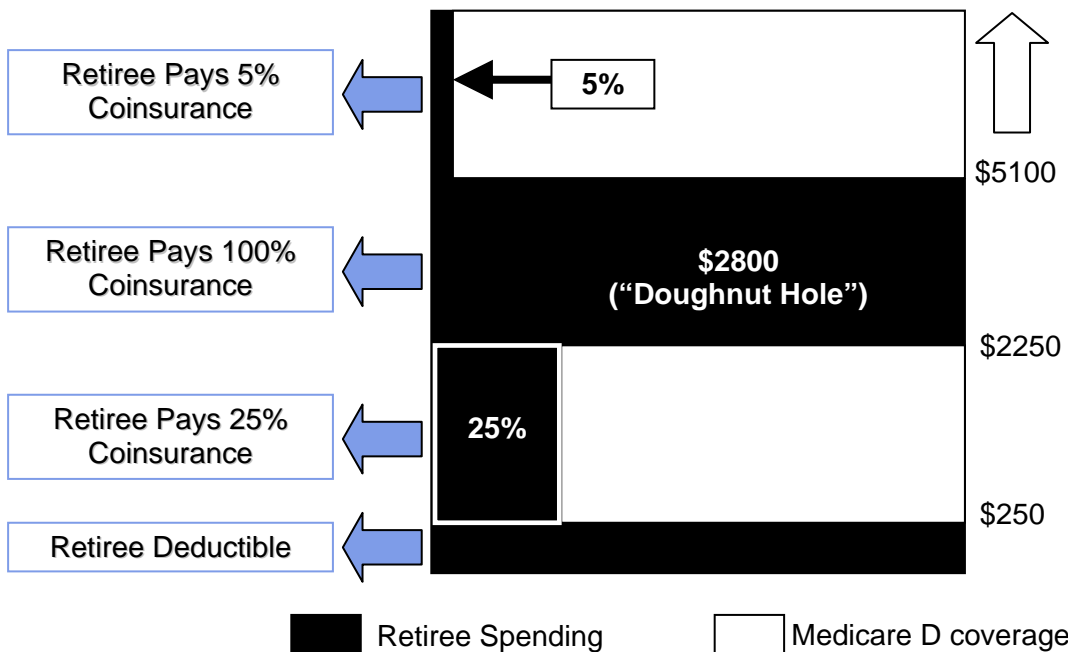
On January 1, 2006, anyone with Medicare will be eligible for the new Medicare Part D prescription drug coverage. Medicare Part D coverage will be offered through private insurance companies under contract with the Centers for Medicare and Medicaid Services (CMS), not CMS or the Social Security Administration.

Who is eligible for the Medicare Drug Benefit (Part D)?

All individuals with Medicare Part A and/or Medicare Part B are eligible, as well as “dual eligibles” (those who qualify for both Medicare and Medicaid).

What is the Medicare Part D Standard Plan Design offered by non-UC plans?

The following chart explains how Medicare Part D works if a person purchases a Part D plan directly from a Part D vendor.



What happens to the Prescription Drug Discount Cards introduced by Medicare in 2005?

The Medicare Drug Discount Card program will phase out when the Part D drug benefit begins. The card program was only intended to be temporary assistance to Medicare

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enrollees while the drug benefit was being implemented. Participation in the Medicare discount card program will end either:

- when the beneficiary begins receiving drug coverage under a Medicare prescription drug plan, which will occur beginning January 1, 2006; **or**
- at the end of the initial enrollment period for Part D, which is May 15, 2006; whichever is first.

Are there penalties for delaying enrollment into a Medicare Prescription Drug plan after age 65?

Per CMS rules, individuals who turn age 65 must enroll in Part B of Medicare or face a premium penalty if they enroll later. This penalty will not become effective if the individual is still working and enrolled in the employer's group health plan. Likewise, beginning January 1, 2006, plans will impose a late enrollment penalty for every month that an individual over age 65 delays enrolling in a Part D plan, unless the individual had "creditable coverage" under another prescription drug plan.

UC has determined that the prescription drug portion of all UC medical plans (including Core) is considered "creditable coverage." In other words, the expected amount of drug claims covered by UC plans is at least as much as Medicare Part D will cover. UC employees and retirees over age 65 will not have any late enrollment penalties if they enroll in a Medicare Part D prescription drug plan after age 65.

MEDICARE PART D AND UC PLANS

How does Medicare Part D coverage affect UC?

UC will be incorporating Medicare Part D into all Blue Cross Plans, as well as all HMOs. Retirees enrolled in these plans will automatically be enrolled in Medicare Part D by their medical plans. Each of these plans has contracted with Medicare to be a Medicare Advantage Prescription Drug Plan (MA-PD), or a Prescription Drug Plan (PDP). Retirees with Medicare in these plans may see changes to the prescription drug formularies as a result of Part D.

The University will apply for the 28% Part D Employer Subsidy for the UnitedHealthcare (UHC) Plans. Retirees with Medicare who are enrolled in the UnitedHealthcare Plans will not be enrolled in Part D. Retirees in Medicare in these plans will see no changes to the UHC drug formulary as a result of Part D.

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How does Medicare Prescription Drug coverage affect UC (cont'd)?

For each UC-sponsored medical plan, the following chart explains the type of Part D coverage, the anticipated impact on the plan's formulary for 2006, and whether the retiree needs to enroll in Part D.

RETIREE HEALTH PLAN	PART D APPROACH	FORMULARY DISRUPTION	DOES RETIREE NEED TO ENROLL IN PART D
Blue Cross PLUS	PDP Waiver	No	Plan will auto enroll retiree
Blue Cross PPO	PDP Waiver	No	Plan will auto enroll retiree
Blue Cross High Option	PDP Waiver	No	Plan will auto enroll retiree
Blue Cross CORE CA	PDP Waiver	Yes (Because of switch to 3-tier Rx benefit)	Plan will auto enroll retiree
Blue Cross CORE NM	PDP Waiver	Yes (Because of switch to 3-tier Rx benefit)	Plan will auto enroll retiree
Health Net/Seniority Plus	MA-PD	Yes; approximately 104 retirees may be impacted by formulary changes	Plan will auto enroll retiree
Kaiser Permanente/Senior Advantage-California	MA-PD	No	Plan will auto enroll retiree
Kaiser Permanente Mid-Atlantic (KPMA)	PDP Waiver	No	Plan will auto enroll retiree
Kaiser Umbrella	MA-PD (PDP Waiver in Ohio)	No	Plan will auto enroll retiree
PacifiCare/Secure Horizons, CA & Nevada	MA-PD	No	Plan will auto enroll retiree
WHA Care+ (Western Health Advantage)	MA-PD	Yes; approximately 50 retirees may be impacted by formulary changes	Plan will auto enroll retiree
UHC Options PPO Out-of-Area Plan	Employer Subsidy	No	No enrollment in Part D
UHC Options PPO New Mexico Plan/Options PPO National Plan	Employer Subsidy	No	No enrollment in Part D
UHC Select EPO Plan	Employer Subsidy	No	No enrollment in Part D

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Does the Retiree pay an additional premium contribution for Medicare Part D as part of their health plan?

No, the retirees will not have an additional contribution. In fact, the impact of Part D is reflected in overall reduced premiums for Medicare retirees.

Can retirees enroll in Medicare Part D outside of UC?

Retirees enrolled in UC Medicare plans should not enroll in another Medicare Part D Plan. There is no need to do this, as UC's plans provide as much (or more) coverage as Part D. If a retiree enrolls in a non-UC Medicare Part D, that retiree will be de-enrolled from UC's Medical plan. UC chose to incorporate Medicare Part D with the intent of receiving prescription drug reimbursement from Medicare to help reduce the cost and improve the long-term sustainability of the retiree insurance plans.

Are there any administrative changes that I should know about?

There are very few administrative changes for 2006 resulting from Medicare Part D. Unless specifically identified below, you should counsel retirees as you did in 2005.

Blue Cross Plans – Effective on January 1, 2006, Retirees with Medicare will receive two separate i.d. cards; one for medical coverage and one for prescription drugs. Because of limited space available on the Blue Cross i.d. cards, in order to meet the CMS mandates, Blue Cross will issue two separate cards. The prescription drug card will be clearly marked with the CMS (Medicare) logo.

Medicare Advantage Enrollment/Dis-enrollment forms – the Medicare Advantage Enrollment form will be updated to reflect Medicare Part D. The new form will be available in early 2006.

Formularies – a member find out if their prescription drug will be covered on the 2006 formulary by calling their medical plan.

Dual Enrollment – retirees with Medicare who are eligible for other retiree medical plans (through a spouse or due to employment at another employer) need to ensure that they are not enrolled in a non-UC Part D plan. If the retiree wants to keep their UC-sponsored medical coverage, they should call the other Part D plan and request to be de-enrolled. See separate document on dual enrollment for more information.

Additional Information

Medicare	1-800-633-4227
Social Security Administration	1-800-772-1213
Medicare Web Site	www.medicare.gov
Social Security Administration Web Site	www.socialsecurity.gov
Centers for Medicare and Medicaid Services	www.cms.hhs.gov