

## FREQUENTLY ASKED QUESTIONS ABOUT:

# RETIREE PRESCRIPTION DRUG COVERAGE & THE NEW MEDICARE PRESCRIPTION DRUG COVERAGE



## Introduction

Starting January 1, 2006, Medicare prescription drug coverage will be available to all people with Medicare, regardless of income, health status, or current health care coverage. Beginning November 15, 2005, anyone with Medicare will be able to join a Medicare drug plan to get this new coverage. There will be a lot of information in the mail, on the radio, and on television urging people with Medicare to sign up for a Medicare drug plan. **However, because you already have retiree prescription drug coverage from a former employer or union, you may not need or want to join a Medicare drug plan, especially if it would affect your retiree prescription drug coverage.**

This document will help you decide if you should do anything other than keep your current retiree prescription drug coverage. It answers common questions about retiree prescription drug coverage and the new Medicare prescription drug coverage, and tells you what information you should consider—and where to get this information—so you know your specific options.

*Important Note: If you have prescription drug coverage because you are still working, or your spouse or other family member is still working, then your choices might be different from the choices available to retirees. Before you enroll in any Medicare drug plan, make sure you get information about how your active employee prescription drug coverage will work with Medicare.*

## Tips To Make Your Decision Easier

*Watch for information about your retiree prescription drug coverage and read this information carefully.*

You should receive information from your employer or union (or the plan that administers your retiree drug coverage) about how your retiree drug coverage compares to the new Medicare prescription drug coverage, and how this coverage will work with Medicare. Read the communications carefully. This information will help you understand your options.

*Ask for help if you need it.*

If you have questions, visit the employer or union webpage or contact the office listed in the communications you receive. If no contact information is given, the office that answers questions about changes in your current health care plan (including doctor, hospital, and drug coverage) is a good place to ask for help. And ask your friends and family for help if you need it. You may also be able to get free personalized help from your local Administration on Aging or State Health Insurance Assistance (SHIP) program. You can find out how to contact your local SHIP by reading the *Medicare and You 2006* handbook that will be mailed to you in October.

*Don't rush to make a decision.*

You can join a Medicare drug plan at any time between November 15, 2005 and May 15, 2006. You don't need to make a decision right away. Take the time to learn the facts you need to make an informed choice about what meets your needs.

## For Many Retirees, The Decision Should Be Fairly Simple

For most people, the decision whether to keep their current retiree coverage and/or join a Medicare drug plan will be simple because one choice will clearly be better.

For example:

- *Let's say you have generous retiree prescription drug coverage paid for primarily by your former employer or union plan.* Let's also say that your former employer/union plan tells you the coverage you have now is, on average, at least as good as standard Medicare prescription drug coverage. If you are not eligible for extra help from Medicare, and the drugs you take now are typically covered by your retiree prescription drug coverage, you will generally pay the least for prescription drugs *if you keep your current coverage and do not join* a Medicare drug plan. And you can probably keep the coverage without doing anything new. **You should still check the employer or union plan materials to make sure that you don't need to do anything special this fall.**

- ***What if you have a limited income and resources and are eligible for extra help paying for Medicare prescription drug coverage?*** You will generally pay the least for your prescription drugs if you join a Medicare drug plan instead of your current retiree prescription drug coverage. (For more information about the extra help, see the question “Can I Get Extra Help If I Join a Medicare Drug Plan?” below.) However, if you do join a Medicare drug plan, your current retiree prescription drug or retiree health (doctor and hospital) coverage from your employer or union could change. It is important to review materials from your employer/union plan to learn how joining a Medicare drug plan could affect your current retiree coverage.
- ***What if you pay most or all of the premium for your current drug coverage?*** You will generally pay the least for prescription drugs if you join a Medicare drug plan instead of keeping your current retiree prescription drug coverage. You might want to consider joining a Medicare drug plan in addition to or instead of your current retiree coverage. Again, it is important to review materials from your employer/union plan to learn how joining a Medicare drug plan could affect your current retiree prescription drug or retiree health (hospital and doctor) coverage.
- ***What if you have employer or union prescription drug coverage that is not, on average, at least as good as standard Medicare prescription drug coverage?*** You will generally pay the least for your prescription drugs if you join a Medicare drug plan instead of keeping your current prescription drug coverage. And if you don't join a Medicare drug plan by May 15, 2006, you may pay a penalty in the form of a higher premium if you choose to enroll later. So you might want to consider joining a Medicare drug plan in addition to or instead of your current retiree coverage. Your employer or union plan will let you know this fall if your current retiree prescription drug coverage is not, on average, at least as good as standard Medicare prescription drug coverage. They should also let you know if joining a Medicare drug plan could affect your current retiree prescription drug or retiree health (doctor and hospital) coverage.
- ***Let's say that starting in 2006 your employer or union will offer you a plan that supplements Medicare drug coverage.*** This means that Medicare will pay part of your prescription drug costs, and your supplemental retiree prescription drug coverage plan will pay part of your prescription drug costs. You **MUST** join a Medicare drug plan to get full prescription drug coverage.



## Frequently Asked Questions About Retiree Prescription Drug Coverage and the New Medicare Prescription Drug Coverage

### ***What Is the Best Source of Information About My Retiree Prescription Drug Coverage?***

The best source of information about your retiree prescription drug coverage is the communications you get from your former employer or union (or the plan that administers your retiree prescription drug coverage). Medicare does not have information about your specific retiree prescription drug coverage or details about how it will work with the new Medicare prescription drug coverage.

### ***What Kind of Information Will I Get About My Retiree Prescription Drug Coverage From My Employer or Union?***

You can expect to get information about how your retiree prescription drug coverage will work with Medicare prescription drug coverage, how your retiree prescription drug coverage compares to standard Medicare prescription drug coverage, and whether you will pay a penalty if you wait to join a Medicare drug plan until after you are first eligible. Keep an eye out for any changes to your current retiree coverage for 2006.

### ***How Will I Get This Information?***

You may get this information in different ways, including direct mailings, newsletter articles, in-person meetings, email and your employer or union website. Save this information when you get it, because you will need it to make an informed decision about your prescription drug coverage. Make sure you know where you can get more information about your retiree prescription drug coverage if you need it.

### ***What Are Some of the Ways My Retiree Coverage Can Work With Medicare?***

Medicare now offers financial support to help employers and unions continue to provide their retirees with high quality prescription drug coverage. Many retirees have current prescription drug coverage that is, on average, at least as good as standard Medicare prescription drug coverage, with a significant portion of their premium paid by their former employer or union. These retirees may want to stay with their current drug coverage and not join a Medicare drug plan.

Other retirees might find that their former employer or union coverage will work with Medicare in different ways. For example, the employer or union might want their retirees to join a Medicare drug plan, and then the employer or union will provide additional coverage to supplement the Medicare drug plan. (This is similar to the way that employers and unions often provide health coverage to supplement Medicare



doctor and hospital benefits.) Some employers and unions will make special arrangements with a particular Medicare drug plan, while others will provide coverage that supplements any Medicare drug plan their retirees choose. The total amount of drug coverage from Medicare plus this employer or union supplement may be as good as or better than the drug coverage previously provided by the employer or union alone.

***If I Keep My Retiree Drug Coverage and Do Not Join A Medicare Drug Plan Now, Can I Still Join A Medicare Drug Plan Later?***

Yes. But you will have to wait until the next annual enrollment period (November 15 to December 31 of each year) to join a Medicare drug plan, unless you qualify for a special enrollment period. In addition, if you do not join a Medicare drug plan when you are first eligible, you may have to pay a penalty in the form of a higher premium, and you will have to pay this higher amount for as long as you have Medicare prescription drug coverage.

***How Will I Know Whether I Will Have to Pay a Penalty If I Wait to Join a Medicare Prescription Drug Plan?***

By November 15, you should receive information that will let you know whether your retiree prescription drug coverage is, on average, at least as good as standard Medicare prescription drug coverage. You need to know this information before you decide whether to join a Medicare drug plan. If your employer/union retiree prescription drug coverage is not, on average, at least as good as standard Medicare prescription drug coverage, you may have to pay a penalty if you wait to join a Medicare drug plan until after you are first eligible. Your employer or union should also tell Medicare whether your current coverage is, on average, at least as good as standard Medicare prescription drug coverage.

You have a legal right to this information. **If you have not received the information by November 15, you should ask your former employer or union (or the plan that administers your retiree prescription drug coverage) for it.** Some employers and unions will include this information with other communications they may give you about your retiree prescription drug coverage. For example, this information may be included in the material you receive about your health plan's annual open enrollment period or as part of your summary plan description. Other employers will provide this information in a separate notice.



## ***Is This the Only Information I Need That Compares My Retiree Prescription Drug Coverage to Medicare?***

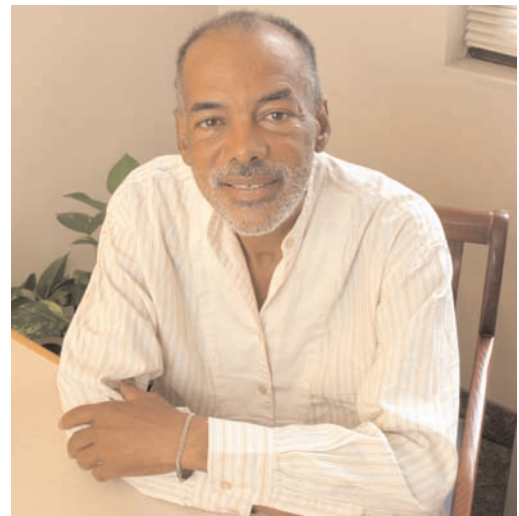
No. While you do need to know whether your employer or union coverage is at least as good as Medicare prescription drug coverage **on average**, you also may want to consider whether it is as good or better for your individual situation. You may want to compare the cost and coverage of your current retiree plan with the cost and coverage of available Medicare drug plans, including the premium you pay, the prescription drugs that are covered (especially the specific drugs you currently take), the pharmacies you use, and any other factors that are important to you.

Also, in making a comparison, remember that there are different ways that you can get Medicare prescription drug coverage. Medicare Advantage Plans and other Medicare health plans offer drug coverage along with health care coverage. Prescription Drug Plans add coverage to the Original Medicare Plan and some other Medicare health plans.

You should also consider whether you can or should get coverage from both your employer or union plan and a Medicare drug plan, and how both types of coverage work together.

## ***Can Joining a Medicare Prescription Drug Plan Affect My Current Employer or Union Coverage?***

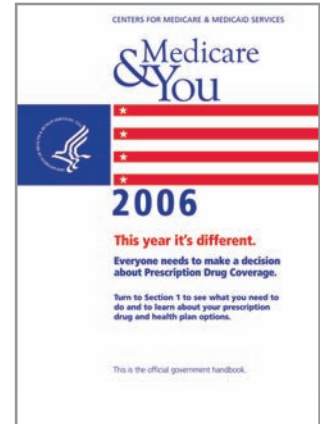
Yes. In some cases, if you join a Medicare drug plan, it could change your retiree prescription drug coverage. If your spouse or other family members are included in the plan, their coverage might also be affected. For example, employer or union coverage may only pay drug costs for you and covered family members if you **do not** join a Medicare drug plan. Your retiree health (doctor and hospital) coverage could change as well. **For example, you may not be able to drop your retiree prescription drug coverage to join a Medicare drug plan without also dropping your retiree health coverage. And if you drop your retiree prescription drug coverage and/or health (doctor and hospital) coverage, you and any family members covered by your plan may not be able to get the coverage back.** Make sure you know if your retiree prescription drug and health coverage will change, and how they will change, before you decide to join a Medicare drug plan.



## **What Are the Best Sources of Information About My Medicare Prescription Drug Plan Options?**

The best sources of information about your specific Medicare prescription drug plan options are:

- Look at your *Medicare & You 2006* handbook which will be mailed to you in October.
- Visit the Medicare website at [www.medicare.gov](http://www.medicare.gov). You can find fact sheets there now, and an online Medicare Prescription Drug Plan Finder tool will be available starting in October.
- Call 1-800-MEDICARE (1-800-633-4227), available 24 hours a day, 7 days a week. TTY users should call 1-877-486-2048.



## **Can I Get Extra Help If I Join a Medicare Drug Plan?**

People with resources less than \$11,500 (single) or \$23,000 (married and living together) in 2005 may qualify for extra help in paying for Medicare prescription drug plans. The amount of extra help you get depends on your income and resources. You can only get this extra help if you join a plan that provides Medicare prescription drug coverage.

If you think you might qualify for extra help, you should contact the Social Security Administration or your State Medicaid office to apply, or apply online at the Social Security website ([www.socialsecurity.gov](http://www.socialsecurity.gov)). Remember, you can only receive this extra help if you join a Medicare drug plan. Because Medicare with extra help pays more drug costs than many employer or union drug plans, it may make sense to join a Medicare drug plan if you are eligible to get this extra help, even if your employer or union drug plan provides coverage that is intended to take the place of Medicare. However, it is important to review information you get from your employer or union plan to learn how joining a Medicare prescription drug plan could affect your current retiree coverage.

People with Medicare and full Medicaid benefits (both health benefits and prescription drug benefits), people who get help from Medicaid paying their Medicare premiums, and people with Medicare who get Supplemental Security Income (SSI) benefits automatically qualify for extra help for their prescription drug costs. This means that if they join a Medicare drug plan, they will pay a small amount out of their own pocket for the cost of their drugs.

## ***What If I Have Full Medicaid Benefits, and Medicare Sends Me a Letter Saying I Will Be Automatically Enrolled in a Medicare Drug Plan?***

If you are eligible for Medicare and full Medicaid benefits, you will get a letter telling you that you will be enrolled in a Medicare drug plan as of January 1, 2006 if you don't choose one on your own. However, you do not have to get Medicare drug coverage. You still need to decide if you want to be in a Medicare drug plan and/or keep your retiree prescription drug coverage. Read all the information you get from your employer or union (or the plan that administers your retiree coverage). If you don't want to join a Medicare drug plan, and you don't want Medicare to enroll you in a Medicare drug plan, call 1-800-MEDICARE by December 31, 2005, and tell them you don't want to join.

## **In Summary....**

Again, you can expect to get information (if you have not gotten it already) from your employer or union about how your retiree prescription drug coverage will work when the new Medicare prescription drug coverage begins in 2006.

### **Remember:**

- *If your current coverage is generous and paid for primarily by a former employer or through a union fund*, you may want to keep the coverage you have and not join a Medicare drug plan. But remember to check for any changes in your retiree coverage for 2006.
- *Don't rush to make a decision* before you know the facts about your choices.
- *Read the information you get from your employer or union* about how your retiree prescription drug coverage compares to the new Medicare prescription drug coverage, and how they will work together. Make sure you understand:
  - ✓ whether your employer or union expects you to join a Medicare drug plan in addition to your current coverage;
  - ✓ if joining a Medicare drug plan will affect any retiree prescription drug coverage and/or health coverage you currently have; and
  - ✓ whether you will have to pay a penalty if you wait to join a Medicare drug plan until after you are first eligible.

You may also want to compare your retiree plan's cost and coverage information with available Medicare drug plans.

- *If you have questions*, visit the employer or union webpage or contact the office listed in their communications. Ask your friends and family for help if you need it.

