



# Open Forum

For Retiree Group Members in the Commonwealth of Virginia's Health Benefits Program

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## Making The Best Choice for 2006: Choice Is Good...Or Is It?

Medicare Part D, the new Medicare prescription drug benefit, brings good news for many State Retiree Health Benefits Program participants who are eligible for Medicare. Since state retiree group participants pay the full cost of their health plan coverage, and since prescription drugs have historically consumed the largest part of the health plan premium (approximately 63% or \$185 per month in 2005), applying the value of Medicare Part D to the state program serves to reduce the amount of the premium significantly. This is reflected in your new premium rates for 2006.

However, Medicare Part D also offers other benefit options outside of the state program, and Medicare beneficiaries owe it to themselves to explore all **choices** that are available to them.

**What are my choices?** Now, in addition to the state program, as a Medicare beneficiary you may choose from a variety of Medicare Part D Plans, as well as Medicare Advantage Plans. Read through your *Medicare & You 2006* publication carefully. Some issues that you may want to consider include:

- **Cost** – Compare the premium cost and potential out-of-pocket expenses (co-payments, coinsurance, deductible) of the state plan to other choices that are available to you. The state plan provisions are included in this package (see your notification letter).

Similar information on other, non-state plan choices is available to Medicare beneficiaries on the Medicare Web site at [www.medicare.gov](http://www.medicare.gov) or by calling 1-800-MEDICARE. If you need to know the actual cost of a drug, Medco or your pharmacist can assist you.

If you decide to stay in the state program and you are taking higher tier level drugs, you may wish to discuss other options, if available, with your doctor and/or pharmacist in order to take advantage of a lower out-of-pocket cost.

- **Formulary** – Check to see if your drugs are on the state plan's formulary or the formulary of your other, non-state plan options. Drugs that are not on the plan's formulary generally will not be covered.
- **Convenience** – Review the pharmacy networks under the state program and under your other benefit choices. Medco can assist you in determining if your pharmacy is in the state program's network. Networks for other Part D plans can be reviewed by contacting Medicare.
- **Peace of Mind** – Choose a plan that makes you feel comfortable about your level of protection. No one knows what the future will bring, and everyone has a different tolerance for risk. The best that you can do is to examine your options and your own individual needs, and then choose the plan that makes you feel most secure.

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## What are some things you can do to reach a final decision?

- **Gather Information** – Use the worksheet on page 4 to list the drugs that you are currently taking or have taken over the last year as a starting point. Medco can assist you in identifying the tier of these drugs under the state plan’s formulary, and Medicare can assist you in gathering similar information for your other, non-state plan options.
- **Compare** – Look at the potential cost, formulary, convenience and peace of mind issues that you have reviewed for all options. The two examples below may be helpful.

### **Example #1 – The Smiths**

Mr. Smith is covered by the State Retiree Health Benefits Program in the Advantage 65 Plan. He currently takes six maintenance prescription drugs per month. He also covers his spouse who takes three maintenance prescription drugs per month. When he consults the state plan formulary by calling Medco, he finds that all of his medications are covered generics. He finds that his spouse’s drugs include one generic, one preferred brand and one non-preferred brand. Mrs. Smith contacts her doctor and they decide that changing the non-preferred brand to a preferred brand will not have a detrimental effect on her health.

The Smiths use the mail service program. Mr. Smith’s medications will cost \$4 each for a 90-day supply—that equals \$96 per year for his six generic drugs. Mrs. Smith will pay \$4 for each 90-day supply of her generic medication (\$16 per year) and \$34 for each 90-day supply of her two preferred brand drugs. Mrs. Smith meets her preferred brand deductible (\$250) after one 90-day supply, which results in \$204 in copayments per year after her deductible is met (\$34 for two drugs every 90 days for the remainder of the year). They understand that the cost of prescription drug coverage under the state program is \$103 per month (the difference between the Advantage 65 Plan and the Advantage 65—Medical Only Plan). This equates to \$2,472 per year for their two single plan premiums.

The Smiths also go to the Medicare Web site and compare the state program benefits and premium to those available through other Medicare Part D plans. They feel that the benefits, formulary, pharmacy network and premium cost under the state program work well with their needs and decide to maintain their state plan coverage.

### **Example #2 – Mr. Johnson**

Mr. Johnson is currently covered under the State Retiree Health Benefits Program in the Advantage 65 Plan. He is in good health and takes only one maintenance drug per month. When he checks the state plan formulary, he finds that it is in Tier I since it is a generic medication. He has not used Medco by Mail for his prescription refills, but if he stays in the state program, he will begin taking advantage of the lower copayments offered through the mail service. If he stays in the state program, he will pay \$16 per year in copayment expense for his current medication, and he will pay \$1,236 per year in premiums (\$103 x 12 months) for his drug coverage.

Mr. Johnson also goes to the Medicare Web site and compares the state program benefits and premium to those available through other Part D plans, and he finds that he can enroll in a plan with a substantially lower monthly premium. Even though he will be required to pay a \$250 deductible, he saves enough money in premium cost to more than pay the deductible and copayments under the non-state plan. He decides to drop his state plan coverage, enroll in the Advantage 65—Medical Only Plan and enroll separately for his prescription drug coverage by going directly to the non-state Medicare Part D Plan that he has chosen.

**Choose The Plan That Is Best For You!** – Be sure that you understand how the plan works and all enrollment requirements. If you choose to stay in the state program, review your notification letter (enclosed in this package) for plan provisions and policies. Remember, if you terminate drug coverage under the state program, you may not add prescription drug coverage in the future.



## What to Choose?

### In Summary:

**Choice is a good thing, but it requires you to do your homework so that you make the BEST choice for your own benefit needs-- and those needs are as individual as the number of participants in the program.**

The Department of Human Resource Management wishes you well in making your choice for 2006.

If we can be of any additional assistance, please plan to attend a meeting on this subject in your area—a schedule is enclosed in your notification package.

**For more information on the new state plan prescription drug provisions, contact -**

**Medco:**

Call 1-800-572-4098 or use the *Medco—Medicare Part D Plan* quick link at <http://www.dhrm.virginia.gov/hbenefits/retirees/medicareretiree.html> to go to the Medco Web site.

**For more information on non-state prescription drug plans, contact -**

**Medicare:**

Call 1-800-MEDICARE or go to [www.medicare.gov](http://www.medicare.gov)



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# MAKING CHOICES – WORKSHEET

Use this worksheet to list potential drug costs under the provisions of the state program, as well as the provisions of other Medicare Part D options available to you. Depending on how many plans you are reviewing, you may need to make additional copies. Comparing potential costs will help you to make a plan decision; however, this exercise will not provide an absolutely clear choice. It is provided strictly as a tool to help you make valid comparisons.

## Potential State Program Costs

Name of Drug	Strength of Drug*	State Plan Tier	Cost of Drug (if applicable)	Co-payment Cost	Coinsurance Cost	Deductible Cost
					Premium Cost	

## Potential Other (Non-State) Medicare Part D Plan Costs

Name of Drug	Strength of Drug*	Drug Tier	Cost of Drug (if applicable)	Co-payment Cost	Coinsurance Cost	Deductible Cost
					Premium Cost	

\*for example, 25mg tablets