



Open Forum

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

Published by the Virginia Department of Human Resource
Management for Medicare-Eligible Participants

November 2007

Are You In The Medicare Part D Plan That's Right For You?

You are receiving this newsletter because our records indicate that you are enrolled in Medicare Part D (outpatient prescription drug coverage) through the Commonwealth of Virginia Retiree Health Benefits Program. The state program's Medicare Part D offering is available to program participants who are eligible for Medicare and have never declined the coverage.

The state program's plan is one of many Part D plans that are available to Medicare beneficiaries. Publications such as ***Medicare and You 2008***, tools at the Medicare web site (www.medicare.gov), and 1-800-MEDICARE can provide information regarding plans outside of the state program. The Department of Human Resource Management encourages you to be a wise consumer, compare plans as they relate to your own prescription drug experience, and make a choice that fits your personal needs. If you leave the state program's Medicare Part D plan and enroll in medical-only coverage (Advantage 65—Medical Only or Advantage 65—Medical Only + Dental/Vision), you will not be able to elect that prescription drug coverage in the future. You will, however, be able to participate in the annual election period for other Medicare Part D plans. As we move into the third year of Medicare Part D, we see that many choices remain available to beneficiaries. Take a few moments to read the information provided below and consider whether the state's Medicare Part D plan is best for you.

2008 Premium Cost

The cost of the state program's Medicare Part D plan for 2008 is \$151 per month and is a big part of your total Medicare-coordinating plan premium. The state program's Medicare Part D premium is based on the enhanced provisions of its plan, including low co-payments for generics and preferred brand drugs and no coverage gap or "doughnut hole", and the actual claims experience of this group.

Most Medicare beneficiaries also have a wide selection of Medicare Part D plans outside of the state program. For example, the Medicare web site currently indicates that there are 52 prescription drug plans available in Richmond, Virginia, for 2008. The average monthly premium cost for these plans is \$40.43. Some of these plans have a deductible, some do not. Some have no gap coverage, some only cover generics during the gap, and some cover generics and preferred brands during the gap.

Consider: Are you getting a benefit under the state program that justifies the higher premium cost?

2008 Coverage During the Gap or "Doughnut Hole"

Under standard Medicare Part D plans for 2008, once \$2,510 has been spent on prescription drugs (total of any deductible that might apply, applicable co-payments and coinsurance, and costs paid by your plan), coverage stops. This is the point at which the coverage gap or "doughnut hole" would apply. Coverage would not resume until your true out-of-pocket expense reached \$4,050, at which time you would be eligible for the catastrophic benefit.

The state program's Medicare Part D plan has no coverage gap. However, based on claims in 2006 and 2007 to date, more than half of the state program's Medicare Part D population has never incurred drug expense that would have put them in the coverage gap had a gap applied, and many of those who actually would have reached the coverage gap would not go far enough into the gap to justify a significantly higher premium to cover it.

Consider: What is your estimated drug expense for 2008 (use your 2007 expense as a guide)? Is it likely that your expense would put you into the coverage gap (total drug cost of over \$2,510)? How much expense would you incur in the gap? Does the expense justify a higher premium to cover the gap?

2008 Catastrophic Coverage

Under all Part D plans, including the state program's enhanced plan, once a participant's true out-of-pocket expense reaches \$4,050 in 2008 (including all deductible, co-payments, coinsurance, but not including the cost of non-covered drugs), participants pay \$2.25 for generics and \$5.60 for other drugs or 5% coinsurance, whichever is greater. It is unlikely that use of covered generics and preferred brand drugs would ever result in a participant reaching this level of out-of-pocket expense under the state program's Medicare Part D plan. However, if you are taking non-preferred or specialty drugs with very high coinsurance expense, consider whether it is to your benefit to stay in the state program or whether you might reach that level of expense and achieve the same catastrophic benefit under a less-expensive plan.

Consider: Will you reach the catastrophic benefit under the state program? Other plans? Is there a benefit to keeping your state program coverage under these circumstances?

Formulary

All Medicare Part D plans have a formulary—a list of covered drugs. Before making your plan decision, check the formulary of the plans you are considering to see if your current drugs are covered. Be sure to understand your options if you are prescribed a drug that is not on the plan's formulary.

Consider: If I change plans, will my drugs be covered under my new formulary?

Recipients of Extra Help/Subsidy

If you have been approved by the Social Security Administration for extra help with your Medicare Part D premium and co-payments/coinsurance, staying in the state program's Medicare Part D plan may not be providing you with the enhanced benefit for which you are paying. For example, some beneficiaries who have been approved for a subsidy have \$0 deductible, \$0 copayment and no coverage gap, regardless of the plan in which they are enrolled. If those participants stay in the state program, they will get those benefits, and their premium will be reduced, but they will still be paying the difference for the remainder of the enhanced Part D premium (generally, an additional \$123 per month for those approved for 100% subsidy) and will likely never get any better benefit than if they were enrolled in a plan that has a \$0 or minimal monthly premium. Even those with the lowest subsidy benefit (\$56 annual deductible and 15% coinsurance) and who might benefit from the lower copayments under the state program may never realize enough savings to justify the higher state program premium. Subsidy recipients should carefully compare the benefits they would receive under other available Medicare Part D plans to see if they are getting any benefit by being in an enhanced plan. Be sure to check the formularies of any plans in which you may be interested in enrolling.

Consider: As a recipient of extra help (subsidized coverage), am I getting any benefit from the state program's more expensive enhanced Medicare Part D coverage?

In Summary:

After you have reviewed your 2008 plan options, if you determine that the state program's Medicare Part D plan is not the best plan for you and enroll in another plan, be sure to submit the enclosed enrollment form by December 14 to let your Benefits Administrator know that you will be moving to medical-only coverage effective January 1, 2008. Ultimately, your enrollment in another plan will result in your disenrollment from the state program, but letting your Benefits Administrator know as soon as possible that you wish to drop the state program's drug coverage will speed up the adjustment in your premium.

What To Do For 2008 Medicare Part D Enrollment:

- **Review available Medicare Part D plans**
- **Compare premiums, benefits and formulary**
- **Choose the plan that's best for you!**
- **Let your Benefits Administrator know if you are leaving the state program's Medicare Part D coverage**
- **If you decide to keep you current plan under the state program, no action is necessary**