



Open Forum

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

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2006 – A Year of Change and Challenge

The introduction of Medicare Part D on January 1, 2006, and the State Retiree Health Benefits Program's implementation of an enhanced Medicare Part D plan for its Medicare-eligible participants have presented more than a few challenges. Even though the majority of participants who elected to get their Medicare Part D benefits through the state program transitioned smoothly and had new Part D benefits in place on January 1, approximately 10% of the original population of participants was not approved by Medicare. Some continue to experience coverage problems as we head toward the end of the year. In addition, a number of new Medicare-eligible participants have had problems enrolling since January 1.

For those who have had coverage problems, please be assured that the Department of Human Resource Management's (DHRM) Office of Health Benefits has been directly involved with Medco, administrator of the state's enhanced Medicare Part D plan, on a daily basis to identify and resolve problems and, when possible, to arrange temporary coverage for many who appeared to be eligible but could not get approval from Medicare. These efforts continue today and will continue until the process works smoothly. To those of you who have experienced problems with your coverage, please accept DHRM's sincere appreciation for your patience.

Learning through experience...

DHRM, along with other new Part D plan sponsors, has learned a lot about the new Medicare Part D enrollment process and limitations, including:

- For the state's enhanced Medicare Part D plan, the Centers for Medicare and Medicaid Services (Medicare) has the final authority as to who is allowed to enroll in the plan. Remember, this is ultimately a Medicare Part D plan, and eligibility for Medicare Part D is determined by Medicare, not the state program. Eligibility for the state program does not determine eligibility for Medicare Part D. If Medicare denies your enrollment in the state's Medicare Part D plan or disenrolls you from the state's plan at any time, the state must comply and move you to one of its Medical-Only plans.
- The same Medicare authority does not apply to your medical supplemental plan (Advantage 65 Plans, Option I or Option II). As a retiree group participant, you must be enrolled in Medicare Parts A and B immediately upon eligibility since Medicare is the primary payer of claims for participants not enrolled in their group health plan based on current employment (e.g., retirees, survivors, LTD participants). However, if you fail to enroll in Medicare Part B (generally, Medicare Part A happens automatically if you are eligible), Medicare would not deny your coverage in one of the state's Medicare-coordinating medical supplements. Under those circumstances, you would miss out on valuable Medicare benefits (since the state program will not pay for services that would have been paid by Medicare had you been properly enrolled), but you would still be able to remain in the supplemental plan. This is absolutely not the case with the state's Medicare Part D plan. If Medicare indicates that you are not eligible for Part D, you may not be in the state's Part D plan.

Some important facts you need to know...

- During this annual Medicare Part D election period from November 15—December 31, 2006, if you enroll in another Medicare Part D plan outside of the state program, Medicare will terminate your coverage in the state's enhanced Medicare Part D plan. Medicare will notify the state program, through Medco as the plan's administrator, to disenroll you from the state's Part D plan. **IF YOU WISH TO MAINTAIN YOUR MEDICARE PART D COVERAGE UNDER THE STATE PROGRAM, DO NOT ENROLL IN ANOTHER PART D PLAN.** You may not have two Medicare Part D plans, and new enrollment in a non-state-sponsored plan will terminate your enrollment in the state's Medicare Part D Plan.
- There are many Medicare Part D plan choices available to you. Be a good consumer and shop for the plan that will work best for your individual needs. It might be the state's Medicare Part D plan, or it might be a plan outside of the state program.

Things to consider during this Annual Medicare Part D Enrollment Period...

From November 15—December 31, you have an opportunity to consider the prescription drug coverage that is best for you, and you may elect a plan outside of the state program. Generally, that only happens once a year. Some issues that you might want to review include:

Cost

- The Medicare Part D plan that is offered by the State Retiree Health Benefits Program is an enhanced Part D plan that offers attractive copayment levels and coverage through the "doughnut hole" (there is no coverage gap). There is an annual deductible for covered brand-name drugs, but not for generic drugs.
- The difference in premium cost between the Advantage 65 Plan and the Advantage 65-Medical Only Plan is \$114 per month for 2007. (Option I and Option II do not have Medical-Only options.) Compare that premium cost, as well as the copayment, coinsurance and deductible levels, to other plans available to you and make an informed decision as to which plan is best for you. **It is important to note, however, that once you drop the state's Medicare Part D coverage, you may not re-enroll in the state's Part D plan at a later date.** Medicare does have an enrollment period which would allow you to make a plan change on an annual basis to another (non-state-sponsored) Medicare Part D Plan.

Coverage

- Like all Medicare Part D Plans, the state's plan has a formulary. If your drugs are not on the state plan's 2007 formulary, and it is not a drug that is excluded by Medicare, you have several options. You can:
 - *Work with your doctor to select an alternative medication that is included on the formulary.
 - *Request a coverage review, and if an exception to the formulary is approved, your non-formulary drug will be covered in Tier 3 (75% coinsurance).
 - *Check to see if another, non-state-sponsored Medicare Part D plan's formulary provides coverage of more of the drugs that you are taking.
- These considerations could also apply to any drugs that have coverage limitations such as prior authorization, quantity limitation or step therapy requirements. Be sure to read your Annual Notice of Change materials from Medco to see if any January 1 formulary changes will affect you.
- The state's Medicare Part D Plan provides coverage through the "doughnut hole." It is up to you, based on your prescription drug needs and personal risk tolerance, to decide if you need coverage that has no coverage gap or "doughnut hole." Consider how much coverage/protection you are comfortable with since you do not know what prescription drug needs you might have in the future.

Convenience

- Check to see if your pharmacy of choice is part of the network of covered pharmacies under the plan that you are choosing. The state's Medicare Part D plan, administered by Medco, includes a large pharmacy network. If you are considering other Part D coverage, be sure that you are aware of its pharmacy network.

Resources

- The rate notification materials included with this newsletter provide a brief summary of 2007 enhanced Medicare Part D plan coverage under the state program. Your Annual Notice of Change from Medco also provides updated coverage information. For information on other plans that are available to you, consult your "Medicare and You" publication, provided by Medicare or use the Medicare Prescription Drug Plan Finder that is available at www.medicare.gov or by calling 1-800-MEDICARE. **Compare the state program benefits to your other plan options and make the choice that is best for you!**