

Prescription Drugs – Medicare-Eligible Participants

As a Medicare-eligible participant in the State Retiree Health Benefits Program, what are my choices regarding outpatient prescription drug coverage?

As a result of the Medicare Prescription Drug and Modernization Act of 2003, Medicare beneficiaries became eligible for Medicare Part D, an outpatient prescription drug benefit, on January 1, 2006. In response to this new Medicare benefit, the state program offers a Medicare Part D plan as the outpatient prescription drug benefit under its Medicare-coordinating plans that include drug coverage. New Medicare-eligible participants or existing participants who are newly eligible for Medicare and who elect the Advantage 65 or Advantage 65 + Dental/Vision Plans will be submitted for enrollment in the program's Part D coverage as a part of those plans. By offering a Medicare Part D plan, instead of a plan that is not connected to Medicare, participants get a Medicare contribution toward the cost of their coverage. The prescription drug part of the Advantage 65 or Advantage 65 + Dental/Vision premium takes into consideration the Medicare contribution but is also based on the plan's benefits and claims experience.

In addition to electing Part D coverage through the state program, Medicare-eligible participants also have the option to select the Advantage 65—Medical Only (or Advantage 65—Medical Only + Dental/Vision) Plan, which provides the same medical benefits (and dental and vision benefits, if elected) as the Advantage 65 Plan, but does not provide an outpatient prescription drug benefit. Participants who choose medical-only coverage may select from Part D plans offered outside of the state program. If a Medicare-eligible state program participant elects medical-only coverage upon initial enrollment in the state retiree program or upon initial eligibility for Medicare, or he/she drops or is disenrolled from prescription drug coverage at any time, he/she will not be able to elect Medicare-coordinating prescription drug coverage through the state program at a later date.

In summary, when electing Medicare-coordinating coverage under the State Retiree Health Benefits Program, participants must decide whether they wish to get outpatient prescription drug coverage through the state program or through a separate, non-state-sponsored Medicare Part D plan. For more information about non-state-sponsored Medicare Part D plans, contact Medicare by calling 1-800-MEDICARE or going to the Medicare Web site at www.medicare.gov.

Medicare must approve coverage under the Medicare Part D plan that is offered through the state program. If Medicare denies your enrollment under the state's Part D plan or disenrolls you at any time, you will be moved to Medical-Only coverage. The state plan is unable to override a denial by Medicare.

The state program's plan is an enhanced Medicare Part D plan, approved by Medicare and administered by Medco. Plan benefits are summarized later in this fact sheet.

Please refer to Retiree Fact Sheet "**Medicare and the State Retiree Health Benefits Program**" for more information about the interaction of the state program with Medicare and what you need to do to ensure a smooth transition to Medicare primary coverage.

I am enrolled in the Option I/Option II Plan. Do I have prescription drug coverage?

Participants who are grandfathered in the Option I, Option II and Option II with Dental/Vision Plans have the same Medicare Part D prescription drug coverage as participants in the Advantage 65 Plans (contingent upon Medicare approval). Option I and II participants who wish to get prescription drug coverage through a non-state-sponsored plan may elect the Advantage 65—Medical Only or Advantage 65—Medical Only with Dental/Vision plan. However, once prescription drug coverage under the state program is terminated, it may not be elected at any time in the future. There is no medical-only Option I or Option II plan available. Option I and Option II participants who drop or are otherwise disenrolled from the state program's Medicare Part D plan will be moved to medical-only coverage under Advantage 65.

If I decide to elect the Advantage 65 or Advantage 65 with Dental/Vision Plan, how will my prescription drug benefit work?

Medicare must approve enrollment in the state program's Part D plan. However, if enrollment is approved, following are the provisions of the enhanced Medicare Part D coverage that is a part of the Advantage 65 and Advantage 65 + Dental/Vision Plans for 2009:

Formulary – A critical part of this coverage is the formulary (the list of covered drugs). Generally, only drugs included on the plan's formulary will be covered. However, participants may apply for formulary exceptions. There are also appeal processes that may be accessed if the exception or coverage review is not decided in your favor. Your Evidence of Coverage, provided by Medco, will have additional information regarding coverage reviews, exceptions and appeals.

All prescription drug formularies offered by Medicare Part D Plans, including the state program's enhanced Medicare Part D plan, are approved by the Centers for Medicare and Medicaid Services (CMS). Most generic drugs (except those excluded by Medicare Part D) are covered under the state plan's Medicare Part D formulary, and, as required by law, there are at least two drugs in every therapeutic category and class (unless there are not two drugs in that category/class). Participants have significant protections provided by law.

Deductible – A \$295 deductible will apply to all covered drugs except generics. This means that you will pay the first \$295 in covered brand-name drug cost before you get the benefit of the co-payment or coinsurance level indicated in the chart below. **There is no deductible associated with covered generics, so you will immediately get the benefit of the generic co-payment when you fill covered generic prescriptions.**

Drug Tiers – Each covered drug will be assigned to either tier 1, 2, 3 or 5. The tier dictates the amount that you pay for the drug, whether it is coinsurance (a percentage of the cost of the drug) or co-payment (a flat amount that you pay for the drug).

Co-payments

Drug Tier	Type of Drug/Method of Purchase	Your Co-Payment Amount
Tier 1	Per up to a 34-day supply of a covered generic drug at a participating retail pharmacy (up to a 90-day supply)	\$7.00
Tier 1	Up to a 90-day supply of a covered generic drug purchased through the mail service program	\$7.00
Tier 2	Per up to a 34-day supply of a covered preferred brand at a participating retail pharmacy (up to a 90-day supply)	\$25.00 (after deductible)
Tier 2	Up to a 90-day supply of a covered preferred brand purchased through the mail service program	\$50.00 (after deductible)

Coinsurance

Drug Tier	Type of Drug/Method of Purchase	Your Coinsurance Amount
Tier 3	Per up to a 34-day supply of a covered non-preferred brand at a participating retail pharmacy (up to a 90-day supply)	75% of the cost of the drug (after deductible)
Tier 3	Up to a 90-day supply of a covered non-preferred brand purchased through the mail service program	75% of the cost of the drug (after deductible)
Tier 4	Non-Covered Drugs	No Coverage – you pay 100% of the cost of the drug
Tier 5	Per up to a 34-day supply of a covered specialty drug at a participating retail pharmacy	25% of the cost of the drug (after deductible)
Tier 5	Up to a 90-day supply of a covered specialty drug purchased through the mail service program	25% of the cost of the drug (after deductible)

Annual Out-of-Pocket Protection/Catastrophic Coverage – If your annual out-of-pocket drug expense (including your co-payments, coinsurance and deductible, but not including the cost of non-covered drugs) exceeds \$4,350, you will pay either a \$2.40 (generic drugs or drugs treated as generics) or \$6.00 (brand drugs) co-payment, or 5% coinsurance, whichever is greater, for all covered drugs for the remainder of the plan year. You will receive a monthly summary of your out-of-pocket expense directly from Medco for any month during which you use your benefit. Prescription drugs purchased outside of the United States and its territories will not count toward your out-of-pocket expense for purposes of the catastrophic benefit.

Creditable Coverage – The outpatient prescription drug coverage that is available to Medicare-eligible participants through the State Retiree Health Benefits Program is an enhanced Medicare Part D Plan, approved by Medicare, and determined to be at least as good as the standard Medicare Part D benefit. It is, therefore, creditable coverage. This means that if you terminate this prescription drug coverage and enroll in another Part D plan with less than a 63-day break in coverage, you will not pay any additional premium amount based on the time you were covered under the state program.

Will My Out-of-Pocket Prescription Drug Costs Change When I Move to Medicare Primary Coverage?

Yes, as described previously, co-payments and coinsurance differ between the COVA Care Plans and the Advantage 65 Plans. You must review the drugs you are taking to be sure they are covered on your new plan's formulary, and in which cost-sharing tier, to determine the difference in benefits. Those participants using generic drugs will often realize a decrease in their out-of-pocket expense under the Advantage 65 Medicare Part D plan as compared to non-Medicare-coordinating coverage in the state program. However, the cost for non-preferred brands, specialty drugs, non-formulary or non-covered drugs may result in substantial increases.

Are There Drugs That Require Approval in Advance?

Some drugs will require prior authorization from your doctor before the prescription can be filled. These requirements are indicated in the formulary, or you or your doctor may contact Medco Customer Service for additional information.

Are There Drugs That Have Quantity Limitations?

Some drugs do have limitations on quantities dispensed within designated time frames. You or your doctor may check on any quantity limitations by contacting Medco Customer Service. Quantity limitations are also indicated in the formulary.

How do I obtain a formulary?

Upon enrolling in the Advantage 65 or Advantage 65 with Dental/Vision Plans and being approved by Medicare, you will receive a partial formulary as a part of your *Welcome Kit* from Medco. You will receive an update of this partial formulary with your *Annual Notice of Change* from Medco as long as you continue coverage. If you wish to receive a complete formulary, you may contact Medco at 1-800-572-4098 or you may check the status of individual drugs by going to www.medco.com.

May I go to any pharmacy to get my prescriptions filled?

You must use a retail pharmacy that participates in the plan's network. Contact Medco at 1-800-572-4098 to confirm that your pharmacy participates or to identify a participating pharmacy in your area. You will receive a pharmacy directory based on your home address as a part of your *Welcome Kit* and an update in your *Annual Notice of Change*. Generally, prescriptions filled at non-participating pharmacies will not be covered. There may be exceptions in emergency situations or if no network pharmacy that is accessible to you is able to fill your prescription. Contact Medco Customer Service if you need assistance.

This plan also includes a mail service option. Contact Medco Customer Service for more information.

What is an exception, and how do I request an exception to the formulary?

If you have been prescribed a drug that is not on the plan's formulary, you may request an exception to the formulary by calling 1-800-753-2851. If Medco determines that it is medically necessary for you to take a drug that is not on the formulary, an exception may be granted. If the exception is approved, you will pay the Tier 3 coinsurance cost, and your out-of-pocket expense will count toward your deductible and your true out-of-pocket expense/catastrophic benefit accrual.

You may also request an exception if you are taking a Tier 3 drug and are unable to take a therapeutic equivalent in Tiers 1 or 2. If the exception is granted, you will pay the Tier 2 co-payment for the Tier 3 drug.

You may also request an exception to quantity limitations.

If exceptions are denied, you may exercise additional appeal levels. Your *Evidence of Coverage* (provided by Medco) will provide more information about appeal processes that are available.

Generally, exceptions will not be granted for excluded drugs, but contact Medco Customer Service if you need additional information.

What is the Medco Medicare Prescription Plan?

Medco Medicare Prescription Plan for the Commonwealth of Virginia Retiree Health Benefits Program is the name of the enhanced Medicare Part D plan that is available to eligible state program participants. It is administered by Medco. Please be aware that Medco offers a Medco Medicare Prescription Plan that is not associated with the state program, so be sure that you have identified the coverage that is brought to you by the Commonwealth of Virginia, and not the plan that is offered to non-state-plan consumers, when you are seeking plan or formulary information.

Are any drugs excluded from coverage?

Medicare excludes the following categories of drugs from Medicare Part D plan coverage:

- Drugs for anorexia, weight loss or weight gain
- Drugs used to promote fertility
- Drugs used for cosmetic purposes
- Drugs for symptomatic relief of cough and colds
- Prescription vitamins and mineral products
- Non-prescription drugs
- Barbiturates
- Benzodiazepines
- Drugs for treatment of erectile dysfunction

These drugs are not covered under the state program's Part D plan, and the cost of these drugs will not count toward your deductible or catastrophic benefit accrual. You will usually not be granted an exception for excluded drugs, but contact Medco Customer Service for additional information.

If I become eligible for Medicare, enroll in the Advantage 65 Plan and then find that drugs that I am already taking are not on the formulary, what are my options?

You may want to discuss this with your doctor to determine if there are generic or therapeutic equivalent drugs that are included on the formulary that will meet your needs. However, if your doctor indicates that the non-formulary drug is the only appropriate medication for your individual circumstance, you may request a coverage review. If a formulary exception is approved, you will get the Tier 3 benefit for the approved drug. There are generally no exceptions for excluded drugs. Also, exceptions will not generally be granted for drugs in Tier 5. If your exception is denied, there are additional appeal levels available to you. See your *Evidence of*

Coverage for more information on coverage reviews, exceptions and appeals, or contact Medco at 1-800-753-2851.

If there is a generic equivalent to your prescribed drug, your network pharmacy will automatically dispense the generic unless your doctor has indicated that the prescription may only be dispensed as written.

Some drugs that are not covered under Medicare Part D are covered by Medicare Part B in certain circumstances. These could include durable medical equipment supply drugs, drugs furnished incident to a physician service, immunosuppressant drugs, oral anti-cancer drugs, oral anti-emetic drugs, erythropoietin, prophylactic vaccines or parenteral nutrition. Contact Medicare for more information.

How Can I Reduce My Out-of-Pocket Expense for Prescription Drugs?

Use generic drugs. Covered generic drugs are in Tier 1 and have the lowest co-payment level. The Centers for Medicare and Medicaid Services indicates that, "The Food and Drug Administration ensures that a generic drug is the same as a brand-name drug in dosage, safety, strength, quality, the way it works, the way it is taken, and the way it should be used. Generic drugs use the same active ingredients as brand-name drugs and work the same way. This means they have the same risks and benefits as the brand-name drugs."

If your doctor prescribes a brand-name drug when there is a generic equivalent available, network pharmacies will automatically give you the generic version unless your doctor has indicated that you must take the brand drug.

Use the Mail Service. Tier 1 and 2 co-payments are lower if you order your maintenance prescriptions through Medco's mail service pharmacy. Contact Medco at 1-800-572-4098 if you need additional information or enrollment materials for this program.

Use Network Pharmacies. Except in emergencies, you will not be covered if you fill your prescriptions at a non-participating pharmacy.

Check Your Formulary. When you go to the doctor, take your formulary with you so that your doctor will know what drugs are covered and most cost-effective for you. However, if it is not possible to prescribe a formulary drug, remember that there are exception/appeal processes available to you.

Compare Plans. There are a number of non-state-program plans available to Medicare beneficiaries. Compare formularies, benefits and premium cost to determine what plan is best for you. However, if you leave the state program's Medicare Part D plan, you may not return in the future.

Is the Mail Service Pharmacy Safe?

Prescriptions ordered through Medco's mail service are delivered in protective shock and tamper-resistant packages with no indication that medications are enclosed. Dispensing systems are utilized to assist pharmacists in filling each prescription accurately and efficiently. The mail service uses the same database to verify eligibility and monitor drug utilization as the retail pharmacies, and it is subject to the same degree of regulation and scrutiny as retail pharmacies.

The Medco mail service has developed special processes for handling and shipping medications that are temperature sensitive.

Medco has identified those medications that may lose potency when exposed to extreme temperatures. While housed in Medco pharmacies, medications that are sensitive to heat are kept in refrigerated areas, and when mailed, they are placed in special insulated packages with gel packs designed to maintain the correct temperature.

Certain controlled medications will not be available through the mail service.

Are My Diabetes Supplies Covered Under My Prescription Drug Program?

Syringes are covered under the Advantage 65/Medicare Part D prescription drug benefit. They fall under Tier 2, so you would not pay more than \$25 for up to a 34-day supply at a participating retail pharmacy or \$50 for a 90-day supply through the mail service. Test strips, lancets and blood glucose monitors are covered under Medicare Part B and can be obtained through a Medicare-participating provider of durable medical equipment. Contact Medicare for more information about this Part B benefit. Once Medicare has paid the primary benefit, you can file for secondary coverage under the Advantage 65 program's medical benefit.

Will I Have A Separate Prescription Drug Card?

Advantage 65 and Advantage 65 with Dental/Vision participants will receive a separate ID card from Medco. Present this card at participating pharmacies to use your benefit. This also applies to grandfathered participants in Option I and Option II.

If I choose one of the Advantage 65-Medical Only plans, may I add prescription drug coverage again in the future?

No, once you have dropped or failed to elect Medicare-coordinating prescription drug coverage under the state program, you may not add it again in the future. As a

Medicare beneficiary, you may choose from other Medicare Part D plans that are available in the marketplace. Contact Medicare for additional information.

It is important to maintain Medicare Part D or other creditable coverage once you are eligible. If you are eligible for but fail to enroll in Medicare Part D or other creditable coverage for 63 or more days, you will have to pay more for Part D coverage when you do enroll, and the increase will be forever. (Veterans benefits and Tricare are creditable.) Also, there may be limited opportunities to enroll, so be sure to exercise your rights immediately upon eligibility.

Do I need to notify Medicare about my Medicare Part D coverage under the Advantage 65 Plan?

When you enroll in the Advantage 65 Plan or the Advantage 65 with Dental/Vision Plan, the state program will automatically submit your Part D enrollment to Medicare since the outpatient prescription drug coverage offered under these plans is a Medicare Part D plan. If you are eligible for Medicare at the time of your retirement (or start of long-term disability or survivor coverage), be sure to contact the Social Security Administration at 1-800-772-1213 and Medicare at 1-800-MEDICARE to advise of your change in employment status (or that you are no longer covered based on current, active employment). If Medicare is not aware that you are no longer covered by your health plan based on current employment (or your spouse's current employment), Medicare may not assume primary responsibility for your claims. You may also contact the Medicare Coordination of Benefits contractor to confirm that your employment status is accurate with Medicare. See page 10 for contact information.

Can I enroll in more than one Medicare Part D plan?

You may not be enrolled in more than one Medicare Part D plan at a time. If you are enrolled in the state program's Medicare Part D coverage and then enroll in another, non-state program sponsored Medicare Part D plan (including any employer plan that receives the Medicare retiree drug subsidy), you will be disenrolled from the state's enhanced plan and moved to medical-only coverage. Once disenrolled from the state's Part D plan, you may not re-enroll at any time in the future.

How can I assure that my Medicare Part D coverage is approved?

Medicare is the adjudicator of your eligibility for Medicare Part D; however, following are a few things that you can do to foster a successful enrollment:

- Be sure that you have enrolled in Medicare Parts A and B. While entitlement to either creates eligibility for Part D, the state program requires enrollment in A and B (the Original Medicare Plan) to properly coordinate with Advantage 65. Your Medicare coverage should be in place on the date of your move to retiree group

coverage or on the date of your Medicare eligibility if you are already enrolled in the retiree group.

- Confirm your name, date of birth and Medicare Claim Number, as they appear on your red, white and blue Medicare ID card, match the information on your retiree group enrollment form. If the information submitted by the state program does not match Medicare's, it may result in denial of your Medicare Part D coverage. If you have not received your Medicare ID card, confirm this information when you enroll in Medicare.
- Be sure that Medicare knows that you are no longer going to be covered based on current employment (or the current employment of your spouse).
- If you wish to get your Medicare Part D coverage through the state program, DO NOT enroll in another Part D plan. Enrollment in other Part D coverage (including Medicare Advantage plans that include drug coverage) will generally result in your disenrollment from the state program's Part D plan. If you are disenrolled by Medicare from the state program's Medicare Part D plan, you may not re-enroll.

State Retiree Health Benefits Program Prescription Drug Claims Administrator

Advantage 65, Advantage 65 with Dental/Vision, Option I, Option II and Option II with Dental/Vision	Call or Visit the Web Site:
Medco Medicare Prescription Plan, Medicare Part D for the Commonwealth of Virginia Retiree Health Benefits Program	Medco Customer Service: 1-800-572-4098 <u>www.medco.com</u> Exceptions/Coverage Determinations/Appeals: 1-800-753-2851

Listed below are resources for Medicare information:

For Medicare Information	Call or Visit the Web Site
Medicare	1-800-MEDICARE <u>www.medicare.gov</u>
Social Security Administration	1-800-772-1213 <u>www.ssa.gov</u>
Medicare Coordination of Benefits (COB) Contractor	1-800-999-1118