What is Medicare Part D?

- New prescription drug program available to Medicare eligibles beginning January 1, 2006
- Optional plan – enrollment is not required
- Available for a **MONTHLY PREMIUM** (estimated $32 per month)
- Available from multiple, independent companies, not from SSA or Medicare
- Costs and availability vary
## Medicare Part D Payment Structure

<table>
<thead>
<tr>
<th>Coverage Level</th>
<th>Description</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>95% Medicare Benefit</strong>&lt;br&gt;(Catastrophic coverage)&lt;br&gt;For drug expenses above $5,100</td>
<td></td>
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<tr>
<td><strong>0% Medicare Benefit</strong>&lt;br&gt;100% Retiree Coinsurance&lt;br&gt;(no Medicare coverage in “doughnut hole”)</td>
<td></td>
<td>Until $3,600 out-of-pocket maximum reached&lt;br&gt;($250 + $500 + $2,850 = $3,600)</td>
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<tr>
<td><strong>75% Medicare Benefit</strong>&lt;br&gt;(initial coverage)&lt;br&gt;From $251 to $2,250 in drug expenses</td>
<td></td>
<td>25% Retiree Coinsurance&lt;br&gt;($250 + $500 = $750)</td>
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<tr>
<td><strong>$250 Deductible</strong></td>
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</tbody>
</table>
What are “Out of Pocket” costs?

- $250 Deductible is “Out of Pocket” cost
- Coinsurance amounts are “Out of Pocket” costs
- Some payments do not count towards Out of Pocket Maximum
  - Expenses paid on your behalf by 3rd parties such as:
    - employer group health plan
    - MediGap polices
  - Premium amounts do not count
How does Part D affect me and my NRAO drug plan?

- Employers are not REQUIRED to provide drug coverage if Part D is available.
- If they do provide it, employers are required to prove “creditable coverage”:
  - Certifies employer’s plan is “as good or better” than Medicare Part D.
  - Mailed to all drug plan participants.
- NRAO was required to prove its drug plan was “Actuarially Equivalent.”
What does Actuarially Equivalent Mean?

- NRAO’s pharmacy benefit option certified as providing “as good as or better” coverage
  - Determined by Milliman Consultants and Actuaries
How does my NRAO coverage compare?

- Three Tiered plan – no deductible applies
- **No** MONTHLY PREMIUM
- Available through Cigna Healthcare (RxPrime) and Tel-Drug
- Costs based on fixed co-pays for each tier
- Bigger savings through mail order (Tel-Drug – three for the price of two)
What’s it all mean?

- **Medicare Part D:**
  - Monthly premium – estimated to be $32.00
    - $384 per year
  - $250 Deductible – out of your pocket up front
  - 25% coinsurance from $250 to $2250
    - Potentially $500 per year
  - After $2251 in expenses, you pay **100%**
    - Potentially $2,849 per year
  - Possible Out-of-Pocket per year:
    - $3,983
What you need to know

- **NRAO 3-Tiered Plan**
  - No monthly premiums or deductibles
  - New co-pay structure, (effective January 1, 2006):
    - RxPrime (Pharmacy) – $10/$20/$40
    - Tel-Drug (Mail Order) – $20/$40/$80

- **Additional Information**
  - New account number – 3213380 (replaces 0220016)
  - New ID cards should arrive by 12/31/2005
  - New phone number:
    - 1-800-244-6224 (1.800.CIGNA24)
  - New remittance address:
    - Cigna Claims Processing
    - PO Box 5200
    - Scranton, PA 18505
NRAO Coverage vs Medicare Part D

• Compare:
  • Medicare D’s $3,983 Out-of-Pocket per year equals:
    • 400 generic prescriptions in AUI’s plan;
    • 200 preferred brand-name prescriptions in AUI’s plan
    • 100 non-preferred brand-name prescriptions in AUI’s plan
  • Whether or not you require a prescription in a given month, your $32 premium is due for the Medicare D coverage; the AUI plan does not require a premium.
Is Medicare Part D Right for Me?

- Only you can decide. Things to consider:
  - Coverage not as complete as NRAO 3-tiered plan
  - Premium required for Part D, not NRAO
  - Potentially greater “Out of Pocket” exposure with Part D
  - Election of Part D allows NRAO to drop your Cigna coverage
What Next?

- Medicare will send information to you regarding Open Enrollment for Part D
  - November 15, 2005 to May 15, 2006
- Enrollment is NOT required
- If you choose not to enroll, you will have an opportunity to do so each year
  - penalties do not apply – NRAO coverage is creditable
- To keep your NRAO coverage do nothing, do not enroll in Medicare Part D
More information

- Medicare’s website
  - www.medicare.gov

- NRAO Human Resources website
  - www.nrao.edu
    - Creditable Coverage Notice
    - Fact Sheet
Questions?