

Staying Connected

October 2005

A USNH Human Resources newsletter for retirees of the University of New Hampshire, Keene State College, Plymouth State University, Granite State College and the University System of New Hampshire

Welcome to *Staying Connected*

This newsletter is designed to provide you with up-to-date information on your eligible retiree benefit programs. This issue talks about the new Medicare Prescription Drug Plan that goes into effect on January 1, 2006 for everyone eligible for Medicare. There is also an overview of the resources and tools available to retirees through the Retiree Services Program website www.pbhretirees.com/usnh, which is administered by PacifiCare Behavioral Health. Taking advantage of this resource can help enhance your retirement in many ways.

Important: This newsletter is acting as your notice that the prescription drug coverage offered by USNH to eligible retirees and your spouses/same-sex domestic partners/dependents is *creditable* coverage, which means that it will pay out at least as much as the standard Medicare prescription drug coverage will pay. Please read this newsletter carefully and keep it in a safe place. It explains your options and can help you decide whether or not you want to enroll in the Medicare Prescription Drug Plan during the initial enrollment period. If you enroll in the Medicare Prescription Drug Plan after May 15, 2006, during a subsequent open enrollment period, you may need to provide a copy of this newsletter to show you are not required to pay a higher premium amount.

Prescription Drug Coverage for Retirees of USNH

Over the next few months, retirees age 65 and older will receive several mailings on the new Medicare Prescription Drug Plan from the government and from many of the drug plans and health organizations that have been approved by Medicare to provide this benefit.

To help you make the right decision, here is a summary of your USNH prescription drug plan benefits and some issues for you to consider as you choose your prescription drug provider for 2006 (USNH, Medicare or both). To help you better understand the Medicare Prescription Drug Plan, we have included some questions and answers on page 3.

First, the prescription drug coverage offered through the USNH Medicare Complementary Plan has been determined to be *creditable* prescription drug coverage, which means that it is *at least as good as* (actually better than) Medicare standard prescription drug coverage. If you are close to, have reached or expect to reach the \$25,000 lifetime cap on your USNH prescription drug benefits, you may want to join the Medicare Prescription Drug Plan as described on the next page. Once you reach the lifetime cap, your prescription drug coverage would be provided by Medicare, provided you have enrolled for prescription drug coverage.

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Considerations as You Make Your Choice

As you review the following information, refer to your Caremark letter (or contact Caremark at 1-866-768-4252) for details on your USNH prescription drug expenses and where you stand against the \$25,000 lifetime maximum benefit. This information will be very important as you make your choice for prescription drug coverage in 2006, as noted below. You may also contact Medicare for guidance.

<p>If your prescription drug claims have met or exceeded the \$25,000 lifetime maximum benefit</p>	<ul style="list-style-type: none"> • You still have creditable coverage with USNH, but may want to join the Medicare Prescription Drug Plan for January 1, 2006. If you don't enroll between November 15, 2005 and May 15, 2006, you will have to wait for a future enrollment period and your coverage will not begin until the following January 1. Since you are in a creditable plan, you will not be subject to a late-entrant penalty.
<p>If your prescription drug claims are close to \$20,000 or more, and/or you expect to meet or exceed the lifetime maximum benefit in 2006</p>	<ul style="list-style-type: none"> • You still have creditable coverage with USNH, but may want to join the Medicare Prescription Drug Plan for January 1, 2006, so that you will have continuing prescription drug coverage. • If you don't enroll for the Medicare Prescription Drug Plan during the initial enrollment period, and meet the cap during 2006, you will not be able to enroll for Medicare prescription drug coverage until the next enrollment period for coverage that starts on January 1, 2007. You will not be subject to a late-entrant penalty because you are still enrolled in a creditable plan with USNH.
<p>If your prescription drug claims are less than \$20,000 and/or you do not expect to meet or exceed the \$25,000 lifetime maximum benefit in 2006</p>	<ul style="list-style-type: none"> • You have creditable coverage with USNH and may want to continue coverage in the USNH Medicare Complementary Plan, at no cost to you. You may join the Medicare Prescription Drug Plan during any future enrollment period and not pay a late entrant penalty.

USNH Prescription Drug Coverage

Under the Major Medical portion of the USNH Medicare Complementary Plan, you receive 80% coverage of your prescription drug charges based on fees negotiated with Caremark, the USNH prescription drug provider. Currently, the lifetime maximum prescription drug benefit is \$25,000 per covered person—that's \$25,000 each for you and your spouse/same-sex domestic partner/dependent.

Your USNH coverage under the Medicare Complementary Plan is fully paid for by the University System.

Note: There is extra help with the cost of Medicare prescription drug coverage available for people with resources less than \$11,500 (single) or \$23,000 (married); contact Social Security for details at:

- www.socialsecurity.gov
- 1-800-772-1213 (TTY 1-800-325-0778)

Prescription Drug Coverage for Retirees of USNH *(continued from page 1)*

Important: If you are currently age 65 or older and need Medicare prescription drug coverage, you may enroll only during the annual enrollment period each year. The first enrollment period is extended, to give people more time to make this important decision. It runs from November 15, 2005 until May 15, 2006. Thereafter, the enrollment period will be November 15 through December 31 of any year, for coverage that starts on the following January 1.

There are two exceptions. Starting in 2006, when individuals first become eligible for Medicare (reach age 65), they will be able to enroll for Medicare prescription drug coverage. Individuals may enroll during the year only if their employer-sponsored coverage is cancelled and they enroll within 63 days of losing this coverage. Otherwise, they will have to enroll during the next enrollment period and will be considered late

entrants. Late entrants pay a penalty for as long as they are covered by the Medicare Prescription Drug Plan.

Please keep this in mind as you think about your individual situation. At USNH, we want to make sure that our retirees have the prescription drug coverage they need and that they enroll for Medicare prescription drug coverage, if necessary, on a timely basis where no late entrant fees will apply.

Questions and answers

Here are some questions and answers to help you better understand Medicare prescription drug coverage.

What is Medicare prescription drug coverage?

On January 1, 2006, a prescription drug benefit will be made available to everyone eligible for Medicare. This new benefit will be provided through private companies that have been approved by Medicare to administer this benefit. To be approved, each company must offer coverage that is at least as good as the standard (minimum) Medicare drug coverage. The drug plans may vary in what prescription drugs are covered, how much you have to pay and which pharmacies you can use. Some plans may offer enhanced prescription drug benefits at an additional monthly cost. There are also special provisions for eligible retirees who have access to prescription drug coverage through their former employers (as do eligible retirees of USNH; see page 2).

There will be a monthly premium to join the Medicare Prescription Drug Plan and receive the standard coverage. (The premium will vary by state; in NH and ME it is estimated to range from \$20 to \$65.) This premium is in addition to your Medicare Part B premiums.

What does standard Medicare coverage provide?

For standard coverage, you pay the first \$250 of your prescription drug costs—this is called your deductible. Once the deductible is met, you pay:

- 25% of your drug costs from \$250 up to \$2,250 (or \$500);
- 100% of the next \$2,850 in drug costs; then
- 5% of your drug costs for the rest of the calendar year after you have met the \$3,600 out-of-pocket limit (\$250 deductible plus \$500 coinsurance plus \$2,850 totals \$3,600).

What drugs are covered under the plans?

Both generic and brand-name drugs will be covered by the Medicare drug plans. Each plan, however, may have a different formulary (list of drugs covered by the plan). Each formulary must meet Medicare's requirements and must offer at least two drugs in every drug category. If your doctor thinks you need a drug that is not on the formulary of your plan, you can apply for an exception.

Please note: As long as you have creditable coverage within 63 days of enrolling in the Medicare Prescription Drug Plan, you will not be subject to a late-entrant penalty. If you have questions, you and your spouse/same-sex domestic partner/dependent can always contact Medicare (see above) to see when you need to enroll in the Medicare Prescription Drug Plan to avoid a late-entrant penalty.

How do I find out if my drugs are covered?

You should make a list of your current medications (name, dosage, frequency and monthly costs). Then call the plans you are interested in, visit their websites or visit www.medicare.gov to get the formulary lists and compare them against your own medication list.

When can I join?

The first enrollment period starts on November 15, 2005, and extends to May 15, 2006. Coverage will begin on January 1, 2006, or on the first of the month following your enrollment, if later. Thereafter, the enrollment period to join or change plans will be November 15 to December 31 each year for coverage that starts on the next January 1. In general, if you are eligible and don't join by May 15, 2006, and you don't have a drug plan that, on average, covers at least as much as the standard Medicare plan, you will have to wait until January 1, 2007, to join. At that time, your premium will go up at least 1% per month for every month that you waited to join. This late entrant penalty will apply as long as you have Medicare prescription drug coverage.

Note: Starting in 2006, individuals will also be able to join when they first turn age 65 and become eligible for Medicare.

Should I join?

That depends. See *Considerations as You Make Your Choice* on page 2.

Where do I go to learn more?

- Visit www.medicare.gov (you can do this from www.pbhretirees.com/usnh)
- Call **1-800-MEDICARE 1-800-633-4227**; TTY users call **1-877-486-2048**
- Or call the Health Insurance Counselors Education and Assistance Services (HICEAS) through the NH Helpline **1-800-852-3388**

When online or on the phone, you can request a copy of the booklet "Your Guide to Medicare Prescription Drug Coverage," which describes the new program in detail.

Retiree Resources and Tools

Here is a summary of some of the services we offer:

Retiree Services Program

administered by PacifiCare
Behavioral Health

www.pbhretirees.com/usnh
or call 1-800-234-5465. Select
Option 2 and ask for Retiree Support
Services. Representatives are
available Monday through Friday,
between 10:00 am and 9:00 pm.

Log on to this site for help with:

- Social Security
- Accessing your retirement funds
- Working with your health plans and Medicare
- Selecting supplemental insurance
- The facts about generic drugs
- Staying active during retirement
- Financial management
- Bereavement
- On-site seminars


Or to link to:

- Social Security Administration
- Medicare
- Caremark
- Fidelity
- TIAA-CREF
- Internal Revenue Service
- Elderhostel
- Interhostel
- Senior Corps
- AARP

Caremark Prescription Benefit

www.caremark.com
or call 1-866-768-4252

Look for the letter from Caremark each year that tells you where you stand against the maximum prescription drug benefit. You may also contact Caremark at the number above anytime during the year to request this information.



**For more information
about this notice or your
current prescription
drug coverage...**

For further information, contact Jan Rene, Employee Benefits Representative at 603-862-0930 or jan.rene@unh.edu. NOTE: You may receive this notice at other times in the future, such as before the next enrollment period for Medicare prescription drug coverage or in advance of any coverage changes. You may also request a copy at any time.

Also, please notify Jan if your mailing address or telephone number changes, or if your spouse passes away. This will ensure that you receive notification and explanation of any changes in your retiree benefit program and future issues of *Staying Connected*.

University System of New Hampshire
Jan Rene, Employee Benefits
Representative
Dunlap Center
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Durham NH 03824

This newsletter is intended to highlight certain features of the University System of New Hampshire's retiree benefit program and address specific questions you may have. Please refer to the Summary Plan Descriptions for each plan for a complete statement of your rights and obligations. Official plan documents govern plan provisions and payment of plan benefits.