

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

Your Prescription Drug Coverage Options for 2009

This newsletter is designed to provide you with up-to-date information on your eligible retiree benefit programs. This issue talks about the Medicare prescription drug plan - which went into effect on January 1, 2006, for everyone eligible for Medicare - and how it compares with your USNH-provided prescription drug coverage.

Each year, you must decide whether to continue your USNH prescription drug coverage or enroll in a Medicare prescription drug plan. If you are close to, have reached, or expect to reach the lifetime maximum benefit with your USNH coverage in 2009, you may want to join the Medicare prescription drug plan. Once you reach the

USNH lifetime cap, your prescription drug coverage would be provided by Medicare (assuming you have enrolled).

To help you decide, page 2 of this newsletter summarizes how your USNH prescription drug plan works and page 3 gives you some questions and answers about the Medicare prescription drug plan.

Page 4 provides contact information along with an overview of the resources and tools available to retirees through the Retiree Services Program website currently at www.pbhretirees.com/usnh and administered by PacifiCare Behavioral Health.



Notice of Creditable Coverage

Important: This newsletter is acting as your notice that the prescription drug coverage offered by USNH to eligible retirees, their spouse/civil union spouse/same-sex domestic partner, and their dependent(s) is creditable coverage, which means it will pay out **at least as much** as standard Medicare prescription drug coverage.

Please read this notice carefully and keep it where you can find it. This notice has information about your current prescription drug coverage with USNH and prescription drug coverage available to people with Medicare.

It also explains the options you have under the Medicare prescription drug plan and can help you decide whether you want to enroll. Page 3 of this notice contains information about where you can get help while making decisions about your prescription drug coverage.

When reviewing this notice, be sure to keep the following in mind:

1. Medicare prescription drug coverage became available in 2006 to everyone with Medicare through Medicare prescription drug plans and Medicare Advantage Plans that offer prescription drug coverage. All Medicare prescription drug plans provide at least a standard level of coverage set by Medicare. Some plans also may offer more coverage for a higher monthly premium; and
2. It has been determined that the prescription drug coverage offered by USNH is, on average for all plan participants, expected to pay out as much as the standard Medicare prescription drug coverage will pay and is considered creditable coverage.

Because your existing coverage is on average at least as good as standard Medicare prescription drug coverage, you can keep your USNH coverage and not pay penalties/higher premium charges if you later decide to enroll in Medicare prescription drug coverage.

Factors to Consider as You Choose Your 2009 Prescription Drug Coverage

Prescription Drug Coverage for USNH Retirees

USNH retirees have several options when it comes to prescription drug coverage. First, retirees with the USNH Medicare Complementary Plan are eligible for USNH-provided prescription drug coverage—up to a lifetime benefit maximum which was recently increased to \$30,000. In addition, Medicare-eligible individuals can expect to receive mailings about the Medicare prescription drug plan that took effect January 1, 2006. These mailings come from the government and from many of the drug plans and health organizations that have been approved by Medicare to provide this benefit.

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. The lifetime maximum prescription drug benefit has been increased by \$5,000 making the current benefit \$30,000 per covered person—that's \$30,000 each for you and your spouse, civil union spouse, same-sex domestic partner/dependent. This increase is effective immediately for your use.

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

If You Enroll in the Medicare Prescription Drug Plan

You must pay a monthly premium for your coverage. People with annual resources of less than \$11,990 (single) or \$23,970 (married) may be eligible for extra help to pay their premiums. The annual resources figures may change in early 2009. For details, contact Social Security at www.socialsecurity.gov or 1-800-772-1213 (TTY: 1-800-325-0778).

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 the late-entrant penalty/higher premium charge. If you have questions, you and your spouse, civil union spouse, same-sex domestic partner, or dependent(s) can always contact Medicare (see page 3). (This penalty/higher premium charge does not apply to USNH retirees who have creditable coverage through the University System.)

Each year, Caremark—which administers the USNH prescription drug benefit—sends you a letter detailing your expenses against the plan's \$30,000 lifetime maximum benefit. This information is very important as you make your choice for prescription drug coverage for 2009, as noted below. You may also contact Medicare for help (see page 3).

If Your Prescription Drug Claims Have Met or Exceeded the \$30,000 Lifetime Maximum Benefit

You still have creditable coverage with USNH, but you may want to join the Medicare prescription drug plan for January 1, 2009. If you don't enroll between November 15, 2008, and December 31, 2008, 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 the late-entrant penalty/higher premium charge.

If Your Prescription Drug Claims Are Close to \$25,000 or More and/or You Expect to Meet or Exceed the \$30,000 Lifetime Maximum Benefit in 2009

You still have creditable coverage with USNH, but you may want to join the Medicare prescription drug plan for January 1, 2009, so that you will have continuing prescription drug coverage should you exceed the \$30,000 lifetime maximum benefit.

If you don't enroll for the Medicare prescription drug plan during the enrollment period and you meet the lifetime maximum benefit in 2009, you will not be able to enroll in the Medicare prescription drug plan until the next enrollment period and your coverage will not begin until January 1, 2010. You will not be subject to the late-entrant penalty/higher premium charge because you are enrolled in a creditable plan with USNH.

If Your Prescription Drug Claims Are Less than \$25,000 and/or You Do Not Expect to Meet or Exceed the \$30,000 Lifetime Maximum Benefit in 2009

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 the late-entrant penalty/higher premium charge.

Notice for Retirees Age 65 or Older

If you are age 65 or older and need Medicare prescription drug coverage, you may enroll only during the annual enrollment period. The enrollment period is held from November 15 through December 31 of any year and coverage begins on the following January 1. There are two exceptions.

1. When you first become eligible for Medicare (reach age 65), you will be able to enroll for Medicare prescription drug coverage.
2. You also may enroll during the year only if your employer-sponsored coverage is cancelled and you enroll within 63 days of losing this coverage. Otherwise, you must wait until the next enrollment period and will be subject to late-entrant penalties/higher premium charges for as long as you are covered by the Medicare prescription drug plan.

Questions and Answers about Medicare Prescription Drug Coverage

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 was made available to everyone eligible for Medicare. This new benefit is 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 also are 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 is a monthly premium to join the Medicare prescription drug plan and receive the standard coverage. (The premium varies by state; in New Hampshire and Maine, it is estimated to range from \$15 to \$100.) This premium is in addition to your Medicare Part B premium.

What does standard Medicare prescription drug coverage provide?

For plan years that end in 2009, *standard coverage* means you pay the first \$295 of your prescription drug costs—this is called your deductible. Once the deductible is met, you pay:

- 25% of your drug costs from \$295 to \$2,700 (or \$601.25);
- 100% of the next \$3,453.75 in drug costs; then
- 5% of your drug costs for the rest of the calendar year after you have met the \$4,350 out-of-pocket limit (\$295 deductible + \$601.25 coinsurance/copayment + \$3,453.75 = \$4,350).

What prescription drugs are covered under the plans?

Both generic and brand-name prescription drugs are covered by the Medicare prescription drug plans. Each plan, however, may have a different *formulary* (the 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 prescription drug not on your plan's formulary, you can apply for an exception.

How do I find out if my prescription 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, enter your list of medications, or compare the plans available to you in your state.

When can I join?

You can join a Medicare prescription drug plan from three months before you turn 65 to three months after you turn 65 (called your *initial enrollment period*). Generally, if you are disabled, you can join between three months before and three months after your 25th month of disability.

Thereafter, the enrollment period to join or change plans is from November 15 to December 31 each year and coverage begins the next January 1.

If you were eligible for the Medicare prescription drug plan, you didn't join by May 15, 2006, and you didn't have a drug plan that, on average, covered at least as much as the standard Medicare plan, you had to wait until the January 1, 2007, enrollment period to join. Upon enrollment, your premium increased by at least 1% per month for every month that you waited to join. This late-entrant penalty/higher premium charge will apply as long as you have Medicare prescription drug coverage. (Note that this does not apply to USNH retirees who have creditable coverage through the University System.)

Should I join?

That depends. See *Factors to Consider as You Choose Your 2008 Prescription Drug Coverage* on page 2.

Learn More about the Medicare Prescription Drug Plan

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 ServiceLink Resource Center toll-free at 1-866-634-9412 or visit www.servicelink.org.

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

A Note about Your Caremark Prescription Benefit

Each year, you receive a letter from Caremark that tells you where you stand against the USNH lifetime maximum prescription drug benefit. USNH is happy to announce an increase of \$5,000 to the lifetime maximum prescription drug benefit giving everyone a lifetime maximum benefit of \$30,000 effective immediately. For information about this maximum, or to check your status, contact Caremark at 1-866-768-4252 anytime during the year. More information is also available online at www.caremark.com.

Retiree Resources and Tools

Retiree Support Services Program

Administered by PacifiCare Behavioral Health through 12/31/08

On January 1, 2009 we welcome our new Retiree Support Service with APS Healthcare

Watch for their information in the mail!

Maneuvering through the health care system can be challenging. For assistance, just call 1-800-234-5465 and select Option 3 (regardless of what the phone menu lists) and ask for "Retiree Support Services." Representatives are available Monday through Friday, between 10:00 a.m. and 9:00 p.m. EST. (The phone number will remain unchanged when we transition to APS Healthcare.) When you call, you will be connected with a Retiree Support Service representative who can help with:

- Answering Social Security questions;
- Accessing your retirement funds;
- Obtaining financial management guidance;
- Working with your health plans and Medicare;
- Providing the facts about generic drugs;
- Staying active during retirement;
- Finding bereavement services; and even
- Attending on-site seminars.

Information is also available online at www.pbhretirees.com/usnh through 12/31/08. (A new website will be available 1/01/09; information to be forthcoming.) From this specialized website you also can link to:

- The Social Security Administration;
- Medicare;
- Caremark, EBPA, and other USNH benefit-plan providers;
- Your retirement account administrator (Fidelity or TIAA-CREF);
- The Internal Revenue Service;
- Senior Corps and AARP.

For More Information

For more information about this notice or your current prescription drug coverage, contact:

University System of New Hampshire
Janet Rene
Employee Benefits Representative
Dunlap Center
25 Concord Road
Durham, NH 03824
603-862-0930
jan.rene@usnh.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 also may request a copy at any time.

Change of Address or Phone Number

If your mailing address or telephone number changes, or if your spouse passes away, please notify:

University System of New Hampshire
Mary Lonergan
Benefits Assistant
Dunlap Center
25 Concord Road
Durham, NH 03824
603-862-0937
mary.lonergan@usnh.edu

This will ensure that you continue to receive notification and explanation of any changes in your retiree benefit program as well as future issues of *Staying Connected*.

University System
of New Hampshire 

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.

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