

Medicare Part D Prescription Drug Plan

Medicare will begin offering prescription drug coverage effective January 1, 2006. If you are covered by Medicare, you can expect to begin receiving information from insurance companies and health plans that want to sell you Medicare prescription drug coverage.

If you already have a prescription drug plan through your former employer, you will also be receiving information about that plan from them. You may have to take action depending on what your former employer says.

What does the Medicare plan cover? What does it cost?

There will be different types of plans offered by Medicare. Each plan will charge a premium and will require retirees to pay a part of the cost of their prescription drugs. The costs and what drugs are covered will vary depending on the plan.

What if I already have prescription drug coverage from my former employer?

Your former employer must let you know whether your benefits cover as much as the Medicare prescription drug plan. You should receive this notice by November 15, 2005. Keep an eye out for it - they may send it separately as a special notice, or it may be included in other plan information, such as open enrollment materials or benefit booklets.

What your former employer might do:

- They may continue to offer you prescription drug benefits. If the employer's benefits are as good as or better than the Medicare benefits, the employer is entitled to a subsidy from the government to help pay for those benefits.
- They may provide a benefit that "wraps around" the Medicare prescription drug benefit, providing coverage for some charges that Medicare does not cover. The employer would not be entitled to a subsidy in this case.
- They may pay only the Medicare Part D premium for you. The employer would not be entitled to a subsidy in this case.

If your former employer provides benefits as good as or better than the Medicare prescription drug benefits:

- You **cannot be enrolled in both** your former employer's plan and the Medicare plan, so you must make a choice.
 - You can **keep your current drug coverage**. If it becomes necessary at a later date, you can enroll in a Medicare drug plan by paying the applicable monthly premium. **OR,**

- You can drop your current drug plan and **join a Medicare drug plan**, but you may not be able to re-enroll in your former employer's plan later.
- Generally, if your former employer's plan is better than the Medicare Plan, you will be better off staying in your employer's plan.

If your former employer provides benefits that are not as good as the Medicare prescription drug benefits:

- You can drop your current plan and **join a Medicare prescription drug plan**, but you may not be able to re-enroll in your former employer's plan at a later date.
- You can **keep your current drug plan**. However, if you decide to join a Medicare plan later, you may have to pay more for the monthly premium.
- You may **keep your current coverage and also join a Medicare prescription drug plan** to get more complete coverage for your prescription drugs. However, payments from your former employer's plan will not count towards your out-of-pocket spending requirement in the Medicare plan.
- It may be too expensive to enroll in both your former employer's plan and the Medicare plan, so it may be better, in general, to drop your current drug plan and enroll in the Medicare plan. You should review your plan options carefully.

If you do not have prescription drug coverage through an employer plan:

If you receive drug coverage through a Medigap policy, you will receive information from that insurance company spelling out your rights and choices. If you have no prescription drug coverage, you will receive information from Medicare about your options and the choices you can make.

Getting assistance from Medicare

In the fall of 2005, Medicare will issue a handbook, "Medicare & You 2006", listing all the Medicare prescription drug plans in your area. You can review the information and decide which plan, if any, is right for you.

At the same time, Medicare will offer assistance in choosing a plan. You can call 1-800-633-4227 (1-800-MEDICARE) or go to the web at www.medicare.gov.