

**The following article appears in the March 2014 MCREA Retiree Newsletter, to be mailed to retirees by March 14, 2014.**

## **PRESCRIPTION PLAN CHANGES FOR RETIREES AND COVERED FAMILY MEMBERS WHO ARE MEDICARE ELIGIBLE**

Montgomery County Government has decided to embrace Medicare Prescription Drug coverage, known as Medicare Part D, because it will save the County \$12 million in funding the Other Post Employment Benefits (OPEB) trust. There will be minimal cost and plan changes for most retirees.

This change will affect those in the CVS/Caremark prescription plans and the CareFirst Indemnity plan. It will not impact Kaiser members. The details of how the drug coverage in the Indemnity plan will be integrated with medical coverage are still being worked out.

Please do not call the OHR Health Insurance Team (formerly the Benefits Team) or MCREA about this change. We are providing you with all of the information that is available at this time. As additional details are available, the OHR Health Insurance Team and CVS/Caremark will communicate them to you throughout the year.

Retirees who are eligible for Medicare, regardless of age will begin participating in Part D (as our primary drug coverage) starting January 1, 2015. The County plan will change to offer supplemental coverage known as a “wrap” because it wraps around Part D as a supplement, and covers the “donut hole” of Part D. It will be a plan customized for us.

Making this change to Part D is complex. The County is trying to minimize the impact on retirees. More information will be sent to you by the OHR Health Insurance Team and CVS/Caremark throughout the year as more details are known. The Fall Open Enrollment packet will contain the new plan information.

The Medicare Part D plan allows you to opt out if you wish. **Please note that if you opt out of the County’s Part D Medicare prescription plan, you will not be eligible for coverage by any of the County’s prescription plans and you will have to obtain prescription coverage elsewhere.**

How will the new plan work? CVS/Caremark has a prescription drug insurer who provides Part D coverage, known as “SilverScript”. You can go on the web and look it up but remember that the plans that are shown are not the final plans for the County retirees and covered family members who are Medicare eligible. Our plan will be customized for us.

The County has contracted with CVS/Caremark/SilverScript to administer this program. They will be responsible for enrolling plan participants in Part D and administering both Part D and the County’s supplemental prescription drug plan. CVS/Caremark and SilverScript will work together to process claims for both the Medicare Part D and the County’s supplemental prescription drug plan. This includes responding to questions about both plans.

At Open Enrollment you can still choose the High or Standard option for your Prescription plan. Later, you will receive a SilverScript prescription card that you will show at a pharmacy to obtain your prescriptions. You will pay only for your co-pay. You will receive a monthly benefit statement for each month that you have had a prescription filled.

Will the cost of the County's plans go down? Probably not, because you will be paying the County for both the cost of Part D and the County's supplemental plan since they go together. The implementation of this plan may help to stabilize future increases.

Can I sign up for Part D on my own? Yes, you can get Part D coverage on your own through the Medicare individual market, but you will not get the County's supplemental prescription drug program. The County's drug coverage is deemed "Creditable Coverage" so anyone opting out of the County's plan will not be penalized for signing up for Part D on their own. But remember that if you opt out of the County's Part D plan, you will have no coverage through the County's CVS Caremark/SilverScript plans.

What about the donut hole in Part D? The County's supplemental plan covers that. Also, as part of the Affordable Care Act, the donut hole will be phased out by 2020.

Will I have to deal with the Social Security bureaucracy? No. All claims, questions, and appeals will be handled by staff at SilverScript. However, if you think you will qualify for low income subsidies that are available under a Part D plan (including the County's Part D plan) you will need to apply for that low income assistance through the Social Security Administration.

What if I am not 65 years old yet? If you are not Medicare eligible, the County's current prescription drug plans will still be in effect. If you are under age 65 and eligible for Medicare, you will be enrolled in the County's Part D plan.

If I have high income will I have to pay more? Yes, following Medicare guidelines, if you are paying an "income-related monthly adjusted amount" for Medicare Part B coverage, you will also pay a higher premium for Part D. Any extra cost will be deducted from your Social Security benefit or you will be billed directly by Medicare. See Section 6 page 91 in your Medicare & You 2014 booklet.

Is there a subsidy if I am in a lower income bracket? Yes, if you qualify. For a single person in 2014, the income must be less than \$17,235 and resources less than \$13,300 a year. See Section 7 page 103 in your Medicare & You 2014 booklet.

Will I have to use CVS pharmacies? No, there will be a network of pharmacies including CVS for you to use as well as the mail order option.

I am in the Indemnity Plan, what happens to me? Details for this change are in process. OHR is getting legal advice from several sources on how to handle this, since the medical and prescription components in the Indemnity Plan are treated as one.

I do not live in the U.S., what do I do? The Health Insurance Team is working on a solution for retirees living outside the United States and Medicare eligible areas.

Is there more information? This is a complex change and details are still being worked out. MCREA knows that this is an important change and wants to make sure you know what we have learned.

Will Open Enrollment be at the same time? Yes, but you will begin receiving information related to this change much earlier. The Health Insurance Team is hoping to begin communications this spring. There will be special information sessions on just the Prescription Drug Plan and Part D. Plus, special information brochures will be prepared for this and mailed out as soon as possible.

Are we the only County agency doing this? No. Montgomery County Public Schools will implement their integrated Part D plan beginning January 2015, creating an estimated savings of \$36 million in the County's OPEB trust.

**For more information:**

A presentation is scheduled by OHR and their consultants from AonHewitt to the County Council's subcommittees, Government Operations and Health and Human Services, on **Thursday, March 27th at 2:00** p.m.

(1) Follow the meeting on your computer live or from the archives at <http://www.montgomerycountymd.gov/council/OnDemand/index.html>.

(2) Watch it on the County's cable channel, at Comcast/RCN channel 6 and Verizon channel 30.

(3) On and/or after Monday, March 24<sup>th</sup> review the Council's briefing packet at [www.montgomerycountymd.gov/council/packet/index.html](http://www.montgomerycountymd.gov/council/packet/index.html); the packet is titled "Update-Procurement of 2014 Medical and Prescription plans".

(4) **Attend MCREA's Annual Meeting, Wednesday, June 4, 2014, 7 – 9 p.m.** See front page of this newsletter for details. Also check MCREA's website for updates as they become available.