



Retiree Benefit Focus

Department of Administration, Office of Group Insurance

Boise, Idaho

November 2005

To Accommodate New Medicare (Part D) Regulations,
State Retiree Medical Benefits Stay the Same for January 1, 2006 — June 30, 2006

Retiree Plan Prescription Options ‘Creditable’ Under Medicare; Limited Open Enrollment for Changing Pharmacy Option

As we communicated to you this past June, the Office of Group Insurance has been reviewing the Retiree Medical Plans in light of the new Medicare Part D regulations and the potential impacts.

Over these past months, we assessed the state plans for both Medicare eligible retirees and those not yet eligible.

In order to obtain your input we conducted 12 separate meetings throughout the state which were attended by approximately 1,500. We appreciate your involvement.

Effective January 1, 2006, the following changes will be implemented:

- **Premiums will increase for all participants by 4% effective January 1, 2006 (see chart on page 2.)**

Premiums were unchanged for the six month transition period from June-December 2005.

The increase is the result of renewing the \$2,000 drug cap and of increasing medical costs.

- **The \$2,000 drug cap will start over on January 1, 2006.** The new cap will continue for 6 months through June 30, 2006.

The following will remain unchanged:

- The Unlimited Prescription option will continue through June 30, 2006.
- The Medical and Hospital benefits remain the same. Deductibles and Out of Pocket amounts will carry forward.

State Prescription Plan Changes Allowed

- If you want to continue with your current prescription options under the State Retiree Plan, **you do not need to do anything.**
- If you want to change your prescription option, you may do so by December 15, 2005 (limited open enrollment period for the State Plan). You will need to complete a **Prescription Benefit Election Form** which is **included at the bottom of page 3** in this newsletter. Mail the form to:

Office of Group Insurance
P.O. Box 83720
Boise, ID 83720-0035

When completing the form you will need to include your Social Security Number and your Blue Cross of Idaho ID Number.

Fiscal Year 2006 Monthly Premium Rates:

Fiscal year 2006 monthly premium rates for Retiree-paid Medical coverage under
Traditional or Preferred Provider Organization Plan (PPO)
 (Rates effective January 1, 2006 to June 30, 2006)

PPO Plan \$2,000 Prescription Drug Cap	Retiree	Retiree + Spouse	Retiree + Child (ren)	Family
No Medicare	\$393	\$697	\$505	\$809
One on Medicare	\$190	\$584	\$303	\$697
Two on Medicare	N/A	\$368	N/A	\$479
Traditional \$2,000 Prescription Drug Cap	Retiree	Retiree + Spouse	Retiree + Child (ren)	Family
No Medicare	\$401	\$713	\$522	\$834
One on Medicare	\$190	\$593	\$311	\$713
Two on Medicare	N/A	\$368	N/A	\$488
PPO Plan No Cap Prescription Drug Benefit	Retiree	Retiree + Spouse	Retiree + Child (ren)	Family
No Medicare	\$472	\$853	\$664	\$1,044
One on Medicare	\$269	\$740	\$461	\$932
Two on Medicare	N/A	\$525	N/A	\$714
Traditional No Cap Prescription Drug Benefit	Retiree	Retiree + Spouse	Retiree + Child (ren)	Family
No Medicare	\$480	\$869	\$680	\$1,069
One on Medicare	\$269	\$749	\$469	\$948
Two on Medicare	N/A	\$525	N/A	\$723

Frequently Asked Questions ...

1. If I do not want to change my prescription plan option, what do I need to do?

If you want to maintain the option you have currently selected, you do not need to do anything. Your current option will be continued, uninterrupted until June 30, 2006.

2. If I want to change my prescription plan option between the capped and unlimited prescription options, what do I need to do?

You can change the prescription plan elections you have made by completing a Prescription Benefit Election form and submitting the completed application to the Office of Group Insurance by December 15, 2005. (page 3)

3. When the State extended the retiree plan for six months in June 2005, I elected the capped prescription drug option since I would only

be under the cap for six months. If the cap is extended, how will it affect me?

The cap will start over on January 1, 2006. If you select the \$2,000 cap, it will apply to the period from January 1, 2006 to June 30, 2006.

4. What if I do not enroll in Medicare Part D before May 15, 2006?

If you do not enroll in Medicare Part D between November 15, 2005 and May 15, 2006 (federal enrollment period), you may be subject to late enrollment penalties. These penalties will apply if you miss the initial enrollment period and you do not have creditable coverage at the time of enrollment. (The state's retiree plan is creditable, see article on page 4). The penalty is 1% per month for every month elapsed after May 15, 2006 and is added to your monthly premium.

(continued, page 3)

Frequently Asked Questions, *continued from page 2*

5. Because of the potential late enrollment penalty, should I sign up for Part D if I stay on the State Retiree Health Plan?

The State Retiree Plan prescription benefit is considered to be creditable coverage under Medicare Part D. **As a result, if you remain on the State Retiree Plan, it is not necessary that you enroll in Medicare Part D to avoid late enrollment penalties.**

6. What happens if I stay on the State Retiree Plan and also enroll in Medicare Part D? Will my State Retiree Plan premium go down?

No. If you remain on the state plan and also enroll in part D, your state plan premium will remain the same, and you will be paying a second premium for your Medicare Part D plan. You will be paying **two premiums** for no increase in prescription drug benefit.

Insurance Information Contacts

Office of Group Insurance:

1-800-531-0597

(Boise Area: 332-1860)

ogi@adm.idaho.gov

<http://www.adm.idaho.gov/insurance>

Blue Cross of Idaho

1-866-804-2253 (Boise Area: 331-8897)

<http://www.bcidaho.com>

Senior Health Insurance Benefit Advisors Program (SHIBA)

within Idaho toll-free: 1-800-247-4422

<http://www.doi.state.id.us/SHIBA/shibahealth.aspx>



<http://www.medicare.gov/>

This publication presents general benefit information. In the event of any conflict between the information in this publication and the Plan provisions, the Plan documents and insurance contracts will govern. Costs associated with this publication are available from the Department of Administration, in accordance to Section 60-202, Idaho Code.

Prescription Benefit Election Form

COMPLETE and RETURN THIS FORM **ONLY** IF YOU WISH TO CHANGE YOUR CURRENT PRESCRIPTION BENEFIT ELECTION.

NAME: _____

ADDRESS: _____

Soc. Sec. Number: _____ Blue Cross ID # _____

I want to change from the Capped (\$2,000) prescription benefit to the Unlimited prescription benefit.

I want to change from the Unlimited prescription benefit to the Capped (\$2,000) prescription benefit.

Signature: _____

Date: _____

Return the completed card **by December 15, 2005** to:

Department of Administration
Office of Group Insurance
P.O. Box 83720
Boise, ID 83720-0035

What Is Medicare Part D, and How Does It Impact the State Plan?

The Medicare Modernization Act of 2003 added a prescription drug benefit to the Federal Medicare Program. This new benefit, known as Part D, takes effect on January 1, 2006.

This new benefit is available to all individuals on Medicare.

The Federal Centers for Medicare and Medicaid Services (CMS) has contracted with nineteen (19) companies to provide prescription drug benefits in Idaho. These companies and the benefit plans they are offering are known as **Prescription Drug Plans** (PDP's). They are listed in the "Medicare and You 2006" handbook available from CMS.

If you sign up with one of these PDP's you will pay a monthly premium and will receive your prescription drug benefits from that PDP.

The initial enrollment period for Part D is November 15, 2005 through May 15, 2006.

If an individual does not enroll during this period, they may be subject to late enrollment penalties.

The State retiree prescription drug benefit has been determined to be **creditable coverage** under Medicare Part D.

This means that State of Idaho retirees that remain on the State Retiree Plan do not have to enroll in Medicare Part D and will not incur late enrollment penalties.

If you have questions on Medicare Part D, the following resources can help you:

Senior Health Insurance Benefit Advisors (SHIBA):
1-800-247-4422

Idaho Commission on Aging:
1-877-471-2777

Center for Medicare and Medicaid Services:
1-800-633-4227

State of Idaho
Department of Administration
Office of Group Insurance
650 West State Street, Room 100
Boise, Idaho 83720-0035



***Important Information About
Your State Retiree Medical Plans
and Medicare Part D***

PERMIT NO. 1
FIRST-CLASS MAIL
U.S. POSTAGE PAID
BOISE, ID
PERMIT NO. 1