

Medicare Coverage for Prescription Drugs

In 2003 President Bush signed the Medicare Prescription Drug Improvement and Modernization Act that established Medicare coverage for prescription drugs. On January 1, 2006 Medicare will begin covering prescription drugs under a new “Medicare Part D”. For retirees covered by Medicare, this change offers the opportunity to purchase prescription drug coverage for a small monthly premium.

This change is of particular interest to retirees covered under UnitedHealthcare’s policy GA-23111 Plan D which currently provides benefits for drugs. UnitedHealthcare has announced that as a result of this new Medicare coverage, GA-23111 Plan D will be terminating and coverage will be moved to Plan F. Plan F offers the same medical and hospital coverage as GA-23111 Plan D without the drug coverage. UnitedHealthcare will make this move automatically so retirees will not have to do anything to keep their current medical and hospital benefits.

Retirees currently enrolled in GA-23111 Plan D who want to continue drug coverage will have to enroll in Medicare Part D. All Medicare eligible retirees should also consider enrolling in Medicare Part D.

Additional details about this new Medicare benefit will be mailed to Medicare beneficiaries in October. However, here are some important facts about the Medicare prescription drug coverage we think you should know:

- You will be eligible for Medicare Part D if you are covered under Medicare Part A or Part B. Enrollment is voluntary, but there is a higher monthly premium if you enroll late (after May 15, 2006).
- There will be a cost for the Medicare Part D coverage. If you meet certain income levels, you may be eligible for a reduction in premiums, coinsurance amounts, and deductible. If you think you might qualify for assistance you should contact the Railroad Retirement Board office in your area and ask for an application for a low income subsidy. You should do this as soon as possible.
- Medicare Part D will be administered by private insurance companies. You will have a choice of which company with whom to enroll. While some of these companies will offer coverage everywhere in the nation, others will be limited to certain regions. If you live in different areas of the country during the year, you may want to choose a company that has a nationwide plan.
- Each company will have its own prescription drug plan. Each plan will cover a Medicare-approved list of drugs – called a formulary. The formularies may be different between plans but all must have Medicare approval. You will want to compare the drugs you are currently taking to each company’s formulary to see which one best fits your needs.

If you take multiple drugs you may not find all your drugs on any single formulary. If a drug you take is not on the formulary of a plan you like, speak to your doctor about changing your prescription to a drug on its list.

- In addition to different formularies, each plan will have a different network of pharmacies from which you must purchase drugs. Make sure the network pharmacies, and other services like mail order, for the company you like are convenient to you.
- Each company will negotiate lower prices with drug companies and pass those discounts on to you. You will have the advantage of being able to purchase your drugs at a discount even if you are paying the full cost of the drug.
- You will be able to change plans once a year during an annual open enrollment. There are other limited exceptions that may give you a right to switch plans. For example, if you move out of the service area of your current plan, you will have the opportunity to choose another plan that serves your new area.
- If you enroll late, you will pay more. Enrollment for Medicare Part D begins on November 15, 2005 and ends on May 15, 2006. If you are eligible and do not enroll during this period, when you enroll later you will face a late enrollment penalty of approximately 1 percent of the current premium for each month you delay.
- More detailed information is on the way. In October, Medicare will send you the 2006 “Medicare & You” handbook which will include a list of all the plans available in your area. In addition, the companies in your area will be sending you specific information about their plans, including their list of covered drugs and network pharmacies. Information will also be available through the Medicare web site at www.medicare.gov and from www.MedicareRxInfoSource.com, a web site hosted by UnitedHealthcare.
- Important dates
 - October 1, 2005 – Companies will begin to release information about their plans. Medicare will send you the “2006 Medicare & You” handbook.
 - November 15, 2005 – the first day you can enroll in a Medicare prescription drug plan.
 - January 1, 2006 – The first day you can use your Medicare part D coverage.

If you have any questions about these important changes you can call UnitedHealthcare’s member services at 1-800-809-0453.