

# TI Retiree Health Benefits Bulletin

## Choosing Between TI Extended Health Benefits Coverage and Medicare Prescription Drug Coverage (Medicare Part D)

Sept. 15, 2005

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You are receiving this bulletin if you and/or your covered dependents are already eligible for Medicare or will become eligible during 2006. This bulletin will provide you with some key considerations when making your decision regarding whether to enroll in Medicare Prescription Drug Coverage or stay with medical coverage through TI Extended Health Benefits Coverage. Please read carefully; **at this time, there is no other action for you to take.**

As a reminder, Medicare Prescription Drug Coverage is the new voluntary outpatient prescription drug coverage (available Jan. 1) administered by private health insurance companies.

**IMPORTANT:** If you enroll in Medicare Prescription Drug Coverage, you and any covered family members will lose medical coverage through TI Extended Health Benefits Coverage and may not be able to re-enroll in the future. It is very important for you to consider all of the Medicare options for doctor, hospital, and prescription drug coverage and compare them to TI Extended Health Benefits Coverage before you make your decision.

## Section A

### Things to consider prior to enrollment

Here are some key questions you should consider when making your decision regarding whether to enroll in Medicare Prescription Drug Coverage **or** stay with medical coverage, which includes prescription drug coverage, through TI Extended Health Benefits Coverage.

This is an important decision and it is important that each retiree research the available options offered by Medicare and TI to determine which plan is best for his or her situation.

#### **Do I need to enroll in Medicare Prescription Drug Coverage if I have medical coverage through TI Extended Health Benefits Coverage?**

NO. You **cannot** enroll in Medicare Prescription Drug Coverage if you want to maintain your medical coverage through TI Extended Health Benefits Coverage.

If you choose to enroll in Medicare Prescription Drug Coverage, you must immediately notify the TI Benefits Center through TI SmartLink at (800) 890-2600. Representatives are available Monday through Friday, 8:30 a.m. to 4:30 p.m. Central time.

#### **Can I get back into medical coverage through TI Extended Health Benefits Coverage if I elect a Medicare Prescription Drug Plan?**

- **For individuals who retired on or after Jan. 1, 1998**, if you choose to enroll in Medicare Prescription Drug Coverage, you will **not** be able to re-enroll in medical coverage through TI Extended Health Benefits Coverage at any point in the future.

This means you may want to keep medical coverage through TI Extended Health Benefits Coverage if you feel that you may benefit by having medical coverage through TI Extended Health Benefits Coverage now or at a later time. If you keep medical coverage through TI Extended Health Benefits Coverage, you can choose to enroll in Medicare Prescription Drug Coverage at a later time as long as you drop your medical coverage through TI Extended Health Benefits Coverage. There will be no penalty since your medical coverage through TI Extended Health Benefits Coverage is at least as good as Medicare's Prescription Drug Coverage.

- **For individuals who retired before Jan. 1, 1998**, you will have the option to re-enroll in Medical coverage through TI Extended Medical Coverage during any annual enrollment period or within 30 days of an appropriate qualified status change, if you have dropped Medicare Prescription Drug Coverage.

#### **Can TI tell me which plan is better for me?**

No. Under the Medicare Modernization Act, companies are not allowed to provide guidance to employees that would persuade them to take one plan over another. Thus, TI can only provide information and each retiree must make his or her own decision about which option best meets his or her needs.

### **What if I cover a dependent?**

- It is important to consider how much you are spending to cover your dependent with medical coverage through TI Extended Health Benefits Coverage and compare that to the expected cost of a replacement plan under Medicare's Prescription Drug Coverage.
- Retirees covering dependents who are not Medicare-eligible may want to maintain medical coverage through TI Extended Health Benefits Coverage in order to maintain medical coverage for these dependents. If a Medicare-eligible TI retiree chooses Medicare Prescription Drug Coverage, his or her dependents will no longer be able to receive medical coverage through TI Extended Health Benefits Coverage.

*Please plan carefully because this change may leave your family members without medical and prescription drug coverage, if they don't have coverage elsewhere.*

### **What if I am enrolled or plan to enroll in one of TI's HMO plans, how does Medicare Prescription Drug Coverage impact me?**

If you are enrolled or plan to enroll in one of the TI-sponsored Medicare Advantage Plans (PacifiCare Secure Horizons HMO or UHC Medicare Complete HMO) they will continue to serve as your prescription drug providers. Both plans have confirmed that their coverage is, on average, at least as good as Medicare's Prescription Drug Coverage. The TI-sponsored Medicare Advantage Plans already provide prescription drug coverage, so you will not be able to enroll in a different Medicare Prescription Drug Plan without dropping the TI-sponsored Medicare Advantage Plan.

Due to guidelines related to the new Medicare Prescription Drug Coverage, formularies (list of covered prescription drugs) for the HMO plans will be changing for 2006. Additionally, with the UHC Medicare Complete HMO, there will be changes in copay amounts, mail order will be available, and the annual maximum limit for prescription drug costs will change. Details on these changes will be available in October.

### **What is the cost difference?**

TI cannot provide the cost difference since the actual cost difference for each retiree will vary based on retiree status and prescription drug usage. Instead, we have included worksheets that you can use to determine your total prescription drug costs with the various TI Extended Health Benefits Coverage options. These costs can be compared to the cost information that will be available from Medicare.

For information on the cost and coverage of Medicare's Prescription Drug Plans, please visit the Medicare Web site at [medicare.gov](http://medicare.gov) or call (800) MEDICARE (800-633-4227) and look for mailings from health insurance companies who will be offering Medicare Prescription Drug Plans.

**NOTE:** The prices for all TI-sponsored plans include medical benefits in addition to prescription drug benefits since these benefits are packaged together. See Section B for a list of additional medical benefits gained by participating in the Blue Cross Blue Shield (BCBS) PPO Plan in addition to Medicare Parts A and B. If you participate in an HMO, contact the HMO to determine specific coverage details.

- **For those who were eligible for Medicare and retired prior to 1988, Coordination of Benefits is in effect.** This means that TI covers any eligible expenses that are not covered by Medicare at 100 percent, subject to plan limits. If you are part of this population, medical coverage through TI Extended Health Benefits Coverage may be a better choice for you.

#### **What should I do if I have limited income and resources?**

- If you have limited income and resources, you may be better off choosing Medicare Prescription Drug Coverage since premiums will be subsidized by the federal government. Remember, if you choose Medicare Prescription Drug Coverage, you may not be able to re-enroll in medical coverage through TI Extended Health Benefits Coverage in the future. Whether Medicare Prescription Drug Coverage is a better choice for TI retirees with limited income and resources varies, based on your level of income as well as the amount you spend on prescription drugs.
- The Social Security Administration (SSA) sent a letter to anyone who may be eligible for limited income assistance with the application and instructions on how to apply. Any retiree receiving the limited income assistance letter should fill out the application to determine his or her individual costs for Medicare Prescription Drug Coverage before making a decision. Filling out the application does not sign you up for Medicare Prescription Drug Coverage. If you feel you may be eligible for limited income and resources assistance, but you did not receive an application, you may contact SSA at (800) 772-1213 or visit the Web site at [socialsecurity.gov](http://socialsecurity.gov).

#### **How do I know if my prescription drug plan is, on average, “as good as” Medicare’s Prescription Drug Plans?**

- Health plans are required to provide a **Notice of Creditable Prescription Drug Coverage** to all Medicare-eligible participants stating whether the plan is, on average, proven to be at least as good as Medicare Prescription Drug Plans.

*TI has determined that the prescription drug portions of all TI-sponsored Extended Medical Plans for Medicare-eligible participants are creditable, or, on average, at least as good as Medicare Prescription Drug Plans.*

#### **Why is Creditable Prescription Drug Coverage important?**

- If you have creditable prescription drug coverage, you will not be penalized if you choose to enroll in Medicare Prescription Drug Coverage after the initial enrollment period.
- If you **do not** have creditable prescription drug coverage, your Medicare prescription drug premium will go up 1 percent for every month you delay enrolling. If you have creditable coverage and lose it, you will have 63 days to enroll in Medicare Prescription Drug Coverage without penalty.

**IMPORTANT: You will receive a Notice of Creditable Prescription Drug Coverage with your TI Extended Health Benefits Coverage enrollment materials. It is important that you keep a copy of the Notice of Creditable Prescription Drug Coverage so you can prove to Medicare that you had continuous coverage, if you ever choose to enroll in Medicare Prescription Drug Coverage.**

## Section B

### Comparison of Medicare and Blue Cross Blue Shield (BCBS) PPO

#### Benefits of having the BCBS PPO Plan in addition to Medicare Parts A and B (but not Medicare Prescription Drug Coverage)

The following chart shows some key benefits that are available in the BCBS PPO Plan that are usually **not covered** by Medicare Part A or Part B. We are unable to provide a list of coverage for every item since there are limitations and exclusions that apply in each case, and the Medicare information available at this time is not current for the 2006 plan year. To obtain specific coverage details, please contact your medical plan.

For more detailed information on BCBS PPO coverage, please contact BCBS.

#### To get to BCBS through TI SmartLink, call (800) 890-2600:

- Enter your Social Security number.
- At the first menu option, say "healthcare."
- At the second menu option, say "health plans."
- At the third menu option, say "medical."
- For split families (one person over 65, one person under 65), say "Medicare."

For Medicare coverage details, please visit the Medicare Web site at [medicare.gov](http://medicare.gov) or call (800) MEDICARE (800-633-4227).

This chart uses 2005 Medicare benefits since the 2006 benefits have not been published.

### Key Coverage Differences Between Medicare and BCBS PPO

*Only the benefits with the greatest coverage differences are displayed*

Category	2005 Medicare Part A and B	2006 BCBS PPO
<b>Annual Out-of-Pocket Maximum for Medical</b>	No annual out-of-pocket maximum	An annual out-of-pocket maximum for in network medical expenses (\$5,000 individual/\$10,000 family)*
<b>Travel (outside the United States)</b>	Very limited coverage for travel outside the United States. Some exceptions apply for emergency services in Canada and Mexico. Please visit <a href="http://medicare.gov">medicare.gov</a> for more information on Medicare coverage.	Provides coverage for medical care received when traveling outside the United States.
<b>Blood (inpatient)</b>	Medicare will cover all but the first three pints of blood. You pay for the first 3 pints of blood, unless you or someone else donates blood to replace what you use.	All blood, including the first three pints, is covered at 70 percent, subject to deductible.
<b>Custodial Care**</b>	Not covered except under special circumstances	Custodial Care is covered at 50 percent, subject to deductible
<b>Vaccines</b>	Flu, Pneumonia and Hepatitis B (for certain people at medium to high-risk for Hepatitis B)	Flu, Pneumonia, Hepatitis B, Hepatitis A, Rubella, Measles/Mumps/Rubella, Tetanus, Varicella Zoster (Chicken Pox). Covered at 100 percent with no deductible. Certain frequency limitations apply.
<b>Physical Exams</b>	Not covered. However, if you enrolled in Medicare Part B on or after 1/1/2005, you are eligible for a one-time physical exam within the first six months you have Medicare Part B.	Routine annual physical exams are covered at 100 percent with no deductible.

\* This means that most eligible medical expenses incurred after the individual has paid \$5,000 or a family has paid \$10,000 will be considered at 100 percent by BCBS PPO for the remainder of the plan year. For eligible BCBS PPO expenses and subject to plan guidelines and limitations, the most an individual has to pay will be \$5,000 and the most a family will have to pay is \$10,000.

If the charges are eligible under the BCBS PPO Plan and even if BCBS does not make a payment on a claim because Medicare has paid the maximum amount allowed, BCBS will credit the member's deductible and coinsurance buckets. BCBS keeps a running total of the coinsurance paid by both plans during a calendar year, and once the total coinsurance paid has reached the out-of-pocket maximum, eligible charges may be paid at 100 percent of the allowed amount between Medicare and BCBS.

\*\* Care is considered custodial when it is furnished mainly to help a person in the activities of daily living that does not require day-to-day attention by medically-trained licensed persons. For example, custodial care includes help getting in and out of bed, bathing, using the bathroom, dressing, eating and taking medicine.

## Section C

### Other important information and enrollment dates

#### **As a TI retiree, what does Medicare Prescription Drug Coverage mean to me?**

This means if you meet the TI eligibility requirements, during annual enrollment you will have the option to enroll in or remain enrolled in medical coverage through TI Extended Health Benefits Coverage (also known as TI retiree medical benefits). Or, during Medicare enrollment you may enroll in one of several Medicare Prescription Drug Plans. The Medicare Prescription Drug Plans may vary depending upon the region of the United States in which you live.

**It's important to note that you may enroll in medical coverage through TI Extended Health Benefits Coverage or one of Medicare's Prescription Drug Plans, but not both.**

#### **If I meet TI eligibility requirements, when and how do I enroll in TI's Extended Health Benefits Coverage?**

For Internet users, your enrollment window runs from **Oct. 24 through midnight Central time Nov. 18**. If you prefer to enroll by phone, your window runs from **Oct. 24 through 4:30 p.m. Central time Nov. 30** (excluding weekends and the November 24–25 TI holidays). If you elect TI Extended Health Benefits Coverage, you must do so during this time period.

- When the time comes for enrollment, go to the Your Benefits Resources™ (YBR) Web site at <http://resources.hewitt.com/ti> (or through the TI Alumni Web site at [tialumni.org](http://tialumni.org)), or
- For phone enrollment, call the TI Benefits Center through TI SmartLink at (800) 890-2600. TI Benefits Center representatives are available Monday through Friday, 8:30 a.m. to 4:30 p.m. Central time.

#### **What are the dates for enrollment in Medicare Prescription Drug Coverage?**

The initial Medicare Prescription Drug Coverage enrollment period will run from **Nov. 15 through May 15, 2006**. If you enroll by Dec. 31, your coverage will begin Jan. 1. For detailed enrollment information regarding Medicare Prescription Drug Coverage, please visit the Medicare Web site at [medicare.gov](http://medicare.gov) or call (800) MEDICARE (800-633-4227).

#### **What is the Medicare Prescription Drug "Standard Plan"?**

You may have seen the "standard plan" on Medicare's Web site or elsewhere. This plan was issued only as a **guideline** to the private health insurance companies that will offer Medicare Prescription Drug Plans. The standard plan might or might not be available in your area. Different plan designs will be offered in each region. Please watch for mailings from companies offering Medicare Prescription Drug Plans. Additionally, according to Medicare, their online plan comparison tool will be available in mid-October.

**What is a Supplemental Insurance or Medigap Policy, and do I need to purchase one?**

A Medigap policy is a health insurance policy sold by private health insurance companies to help pay for some of the health care costs (“gaps”) that the Original Medicare Plan doesn’t cover.

Whether to enroll in a Medigap policy is an individual decision based on prescription drug usage and analysis of cost. For information about Medigap Policy costs and choices, call 1-800-MEDICARE (1-800-633-4227) or visit the Medicare Web site at [medicare.gov](http://medicare.gov).

**How does Medicare Prescription Drug Coverage impact Supplemental Insurance or Medigap Policies?**

Beginning in the fall of 2005, Medigap policies H, I, and J, which currently cover prescription drugs, will be sending notice to policyholders telling them whether or not their coverage is creditable, or at least as good as coverage through a Medicare Prescription Drug Plan.

**Please refer to the *TI Retiree Health Benefits Bulletin* sent in July for additional information on Medicare Prescription Drug Coverage. The bulletin is available through the TI Alumni Association (TIAA) Web site at [tialumni.org](http://tialumni.org).**

## Section D

### Cost Calculation Worksheets

Below are worksheets that retirees can use to determine their estimated annual prescription drug expenditure for medical coverage through TI Extended Health Benefits Coverage. Plan prices and drug expenditure vary significantly depending on retiree status and drug usage; therefore, a worksheet can help each retiree determine his or her expenses. This information can then be compared to the cost information that will be available from Medicare. **Please note that this is an estimate using 2005 plan prices which may be different from 2006 plan prices.**

Medicare Prescription Drug Plan costs will vary based on the level of coverage chosen. TI does not have any information on the Medicare Prescription Drug Plan options. For Medicare Prescription Drug Plan comparison information, go to [medicare.gov](http://medicare.gov). According to Medicare, a comparison tool will be available in mid-October.

#### Blue Cross Blue Shield (BCBS) PPO Plan\*

Monthly price \_\_\_\_\_ x 12 = **Total Annual Plan Price** \_\_\_\_\_

*If you do not know your monthly price, please contact the TI Benefits Center through TI SmartLink at 800-890-2600*

*\* Includes medical and prescription drug coverage*

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Estimated Annual Drug Expenditure \_\_\_\_\_

*\* Annual maximum out-of-pocket is \$5000 (certain limitations apply)*

*Participant portion*

*To find your annual drug expenditure, go to the Caremark Web site at [caremark.com](http://caremark.com) and go to "Manage Your Prescriptions" and then "Prescription Manager". Use the "Member Paid" number.*

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**Total Annual Out-of-Pocket Cost** \_\_\_\_\_

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#### PacifiCare Secure Horizons HMO\*

Monthly price \_\_\_\_\_ x 12 = **Total Annual Plan Price** \_\_\_\_\_

*If you do not know your monthly price, please contact the TI Benefits Center through TI SmartLink at 800-890-2600*

*\* Includes medical and prescription drug coverage*

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Estimated Annual Drug Expenditure \_\_\_\_\_

*Participant portion*

*Add your prescription drug receipts from a prior year*

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**Total Annual Out-of-Pocket Cost** \_\_\_\_\_

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**UHC Medicare Complete HMO\***

Monthly price \_\_\_\_\_ x 12 = **Total Annual Plan Price** \_\_\_\_\_

*If you do not know your monthly price, please contact the TI Benefits Center through TI SmartLink at 800-890-2600*

*\* Includes medical and prescription drug coverage*

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Estimated Annual Drug Expenditure \_\_\_\_\_

*Participant portion*

*Add your prescription drug receipts from a prior year*

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**Total Annual Out-of-Pocket Cost** \_\_\_\_\_