

Third Quarter – 2005

Medicare Part D and Empire Plan Benefits

As reported in the previous Quarterly Report, the Employee Benefits Division is committed to making the implementation of Medicare Part D as smooth as possible for both NYSHIP Participating Agencies and enrollees.

On September 30, 2005, PA Memo 05-22, which contains detailed information about Medicare Part D, was sent to Chief Executive Officers and Health Benefit Administrators. In July and again in September, all Medicare enrollees and dependents received a letter explaining how Medicare Part D relates to their Empire Plan prescription drug benefits. A notice of Creditable Coverage was included in the September mailing to enrollees. A re-cap of some important highlights include:

- *NYSHIP does **NOT** require Medicare eligible enrollees and dependents to join Medicare Part D for prescription drug coverage.*
- *Most Empire Plan enrollees and covered dependents should **NOT** join a Medicare Prescription Drug Plan for 2006.*
- *An Empire Plan enrollee or covered dependent eligible for Medicare should consider joining a Medicare prescription drug plan **ONLY** if he or she is approved for the extra help provided by the Medicare Part D Low Income Subsidy. Participating Agencies will have the option to allow enrollees eligible for the extra help to drop their NYSHIP Prescription Drug Coverage and pay a lower premium.*
- *Empire Plan enrollees and covered dependents eligible for Medicare in 2006 will continue to receive the full prescription drug benefits available under The Empire Plan provided they do not enroll in Part D.*
- *If an enrollee or dependent chooses to join a Medicare prescription drug plan their Empire Plan prescription drug coverage will become secondary. The Medicare prescription drug plan will be primary, or pay first for prescription drugs. As a result, out-of-pocket costs under the Empire Plan prescription drug coverage may then be higher and the enrollee must submit a claim form for reimbursement under their Empire Plan coverage.*

Medicare Part D Employer Subsidy

As discussed in the last Quarterly Report, the Federal legislation that created Medicare Part D also provides for a Retiree Drug Subsidy (RDS) to employers who continue to provide prescription drug coverage that is as good as or better than the standard Medicare Part D benefit. Empire Plan coverage meets this requirement. Therefore, Participating Agencies that have Medicare eligible retirees who are not enrolled in Medicare Part D and who use their Empire Plan drug benefit will be eligible for this subsidy.

Specific details about the Medicare Part D subsidy were included in our September 30, 2005, PA Memo 05-22. The subsidy will pay 28% of the allowable retiree costs attributable to gross covered prescription drug costs. For 2006, the subsidy will apply to covered costs above \$250 (the Medicare Part D deductible) and up to \$5,000 (the Medicare Part D cost limit). The subsidy will be paid only for retirees **not** enrolled in Medicare Part D.

The subsidy earned by Participating Agencies will be based on the actual claims experience of its Medicare enrollees. Beginning in February 2006 the Department of Civil Service will submit prescription drug claims data to the Centers for Medicare and Medicaid (CMS) on a monthly basis. We expect to receive monthly subsidy payments beginning in March, or soon thereafter. The Department is planning to reimburse Participating Agencies that qualify for the subsidy through a credit to the monthly NYSHIP bill. It is our understanding that the monthly subsidy amounts paid by CMS will be estimated, with reconciliation done after the end of the year. Although we can not predict the exact amount of the subsidy for each Agency, CMS projects that an average employer offering drug coverage can expect to earn \$668 per individual in 2006.

The purpose of the subsidy is to reduce the cost to employers of continuing to provide the current level of prescription drug coverage to its Medicare eligible retirees; however, an employer may use the subsidy amount received as it sees fit.

Empire Plan Prescription Drug Program Updates

As previously announced, the Department recently entered into a three year contract with Empire Blue Cross Blue Shield in partnership with Caremark. An Empire Plan Special Report was mailed in November to all NYSHIP enrollees and Participating Agencies to highlight changes effective January 1, 2006:

- *There will be some changes to the Preferred Drug List as part of The Empire Plan annual review. Pages 3-6 of the Special Report highlight the most commonly prescribed generic and brand-name drugs included on the 2006 Empire Plan Preferred Drug List. This list is **not** a complete list. For specific questions, please direct enrollees to call The Empire Plan at 1-877-7-NYSHIP and select The Empire Plan Prescription Drug Program.*
- *Prescription drug benefits are not changing, and enrollees will **not** need a new identification card to fill prescriptions. It is recommended that enrollees take the card printed on the last page of the Special Report to participating retail pharmacies when filling their first prescription in 2006, simply to ensure that participating pharmacies are aware of the change in administrators.*
- *The majority of the Plan's current network pharmacies will participate in the Caremark/Empire Plan network, including most retail chain pharmacies. To find a participating pharmacy enrollees may: call the pharmacy and ask if they will participate, check the Department of Civil Service web site at www.cs.state.ny.us (click on Employee Benefits, then Empire Plan Providers, Pharmacies and Services), or call The Empire Plan at 1-877-7-NYSHIP.*
- *Enrollees currently using the ExpressScripts Mail Service Pharmacy and have refills available will be automatically transferred to the Caremark Mail Service Pharmacy as of January 1, 2006. An exception will be for compound drugs and controlled substances; these will require a new prescription from the enrollee's doctor.*
- *Enrollees should not begin sending prescriptions to the Caremark Mail Service Pharmacy until December 28, 2005. The address is: Caremark, P.O. Box 3223, Wilkes-Barre, PA 18773-3223.*

- *Written appeals, grievances, prior authorization documentation and general correspondence should be mailed to: The Empire Plan, Prescription Drug Program, P.O. Box 11826, Albany, NY 12211.*

Please encourage enrollees to carefully review the Special Report for further details.

2006 New York State Health Insurance Rates & Option Transfer Period

On November 18, premium rates that become effective on January 1, 2006 were mailed to Participating Agencies (PA Memo 05-26). Also, information on the Annual Option Transfer Period was mailed on the same day in a separate memo, PA Memo 05-27. This year's Option Transfer Period began on November 10, 2005 and ended on December 16, 2005.

Participating Agency Regional Meetings

The PA Regional Meetings, held during the first week of October, in Saratoga, Rockland and Suffolk counties, were an overwhelming success. More than 500 PA CEO's and Health Benefits Administrators attended and received a comprehensive briefing on Medicare Part D and the Employer Subsidy. The agenda and meeting materials are posted on the Department website www.cs.state.ny.us.

NYSHIP Representation at Municipal Events

During the next quarter, NYSHIP's Empire Plan will be represented at the following municipal events. If you are planning to attend an event, please stop by the NYSHIP exhibit:

- *The 2006 Legislative Conference sponsored by the NYS Association of Counties, to be held January 30 – February 1, 2006 in Albany.*
- *The 2006 NYS Association of Towns Annual Meeting and Training School, to be held February 19-22, in New York City.*

Transmission of Reports Electronically

Many agencies receive the Empire Plan Experience Report via *E-mail*. If you would like to be added to our distribution list, you may contact us at the address or *E-mail* below.

CEO and HBA Name and Address Changes

Please be sure to notify EBD of any changes in the names and/or addresses (including *E-mail* address) of your agency's CEO or HBA, so that we may keep our mailing lists up-to-date. This updated information should be sent to:

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