

# **IBEW Health and Welfare Trust of Southwest Washington**

## **Understanding Your 2006 Prescription Drug Coverage Options**



### **If You Read Nothing Else – Read This!**

In the coming months, you may have an important choice to make: To enroll in Medicare Prescription Drug Coverage or to continue your prescription drug coverage through the IBEW Health and Welfare Plan. As you consider this decision, it is important to know that, on average, the IBEW Health and Welfare Plan's prescription drug benefits are better than the new standard Medicare Prescription Drug Coverage available January 1, 2006. To continue to receive this higher level of coverage under the IBEW Health and Welfare Plan, you do not need to enroll for Medicare Prescription Drug Coverage.

We encourage you to read the remainder of this letter for more information.

Beginning January 1, 2006, Medicare will offer Prescription Drug Coverage (Medicare Part D) through private companies. This voluntary program, which is being developed by the Federal Government's Centers for Medicare and Medicaid Services (CMS), is available to individuals with Medicare.

## About Your Benefits and Medicare

### Coverage Will Continue January 1, 2006

This fall, you will begin to receive advertising materials and telephone calls from private insurers encouraging you to join their Medicare plan. Before you do anything, you should know that the IBEW Health and Welfare Trust of Southwest Washington will continue to provide medical and prescription drug coverage on and after January 1, 2006. If you are in the IBEW Health and Welfare Plan, you already have prescription drug coverage that is, on average, more generous than Medicare Prescription Drug Coverage. The Plan's prescription drug benefits are not changing at this time.

### You Have a Choice to Make

Between November 15, 2005, and May 15, 2006, Medicare-eligible retirees and/or their Medicare-eligible dependents can choose to enroll in Medicare Prescription Drug Coverage. On the following pages, you will find a summary of how Medicare coverage works and what it might cost you. We have also prepared comparisons of the prescription drug costs you might expect under the IBEW Plan versus Medicare Prescription Drug Coverage. We encourage you to review this information and also to compare your current IBEW Health and Welfare Plan prescription drug benefits, including which medications are covered, to the coverage and cost of the Medicare plans offered in your area. Page 6 of this letter provides a list of the resources available to you to make your own comparisons.

If you and your eligible dependent(s) want to continue to receive your current IBEW Health and Welfare Plan prescription drug coverage, **you should not enroll for Medicare Prescription Drug Coverage.** You will continue to receive prescription drug benefits from the IBEW Health and Welfare Plan as long as you and/or your dependent(s) do not enroll for Medicare Prescription Drug Coverage and otherwise remain eligible for coverage. Remember that the IBEW Health and Welfare Plan's retiree coverage also includes medical benefits.

If you and/or your dependent(s) enroll for Medicare Prescription Drug Coverage, you and/or your dependent(s) will no longer receive prescription drug benefits under the IBEW Health and Welfare Plan. However, you will continue to be eligible to receive medical benefits under the Plan. Please note that if you and/or your dependent(s) enroll for Medicare Prescription Drug Coverage, your monthly premium for IBEW Health and Welfare Plan coverage will not be reduced. Plus, you'll have to pay a premium for Medicare's Prescription Drug Coverage.

#### Bottom Line

You are not required to enroll for Medicare Prescription Drug Coverage. You will continue to be eligible for benefits under the IBEW Health and Welfare Plan, *which, on average, provides better coverage than Medicare*, if you do not enroll for Medicare Prescription Drug Coverage.

If you enroll for Medicare Prescription Drug Coverage, you will no longer receive prescription drug benefits under the IBEW Health and Welfare Plan; this does not affect your medical benefits.



## About Medicare Prescription Drug Coverage

In response to the rising cost of prescription medications, Medicare Prescription Drug Coverage was developed. This Medicare coverage will work differently than Medicare Parts A and B.

- **Eligibility.** Medicare Prescription Drug Coverage is voluntary and anyone with Medicare will have the opportunity to enroll.
- **Providers.** Medicare Prescription Drug Coverage is insurance provided by private companies that have been approved by Medicare.
- **Participating Pharmacies.** Like the Fund's Plan, each Medicare plan will have a list of pharmacies that participate in its plan (called participating pharmacies).
- **Covered Medications.** Like the Fund's Plan, each Medicare plan will have a pre-approved list of medications it covers. Not all prescription drugs will be covered by all plans, and medications that are covered may not be the same as the ones covered under the Fund's Plan.
- **Premiums.** There are monthly premiums that must be paid for Medicare Prescription Drug Coverage. Companies may offer better benefits than standard Medicare coverage for higher monthly premiums. People who do not currently have prescription drug coverage as good as standard Medicare Prescription Drug Coverage and who do not enroll for Medicare Prescription Drug Coverage before May 15, 2006, may have to pay higher Medicare premiums when they decide to enroll in this coverage later.

Since you are covered under the IBEW Health and Welfare Plan (which is, on average, better than Medicare Prescription Drug Coverage), you will not need to pay these higher premiums if you enroll for Medicare later, as long as you remain covered under the IBEW Health and Welfare Plan. Enclosed is a *Notice of Prescription Drug Creditable Coverage* that explains this further. If you enroll for Medicare Prescription Drug Coverage sometime in the future, you can use this Notice to avoid higher premiums.

### Special Provisions for People with Limited Resources

People with limited income and assets may qualify for extra help paying for Medicare prescription drug costs. These individuals may be eligible for the new coverage at no cost or at a reduced cost, and/or their out-of-pocket expenses may be lower because the deductible and/or copayments may be waived or lowered.

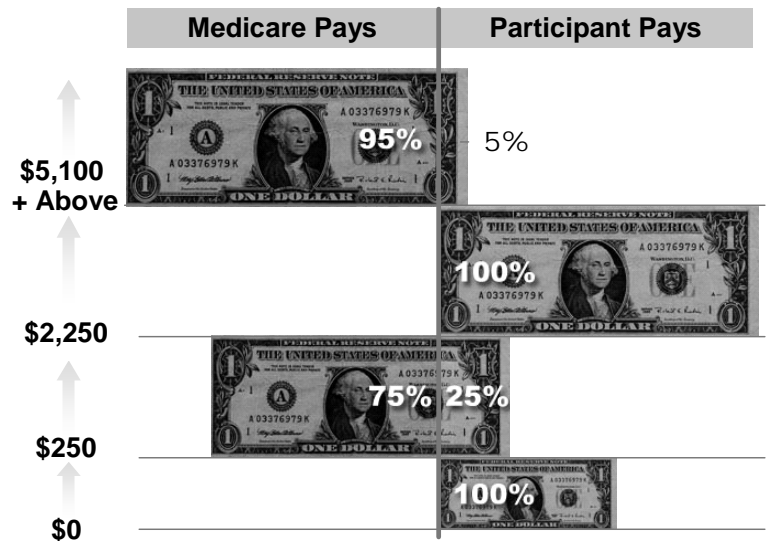
The amount of extra help available is based on income (money received from retirement benefits or other money reported for income tax purposes) and assets (for example, property other than the house that you own). If you have both Medicare and Medicaid, you automatically qualify. If you automatically qualify, but don't join a plan, Medicare will enroll you in one by May 15, 2006, to make sure you get this important coverage.

If you think you might qualify and have not yet been contacted, you can contact the Social Security Administration. A worksheet is also available on their Web site that can help you determine whether you may qualify. This worksheet does not verify eligibility. It helps you determine if you should go through the formal application process. Additional information about the worksheet and applicant is available at [www.socialsecurity.gov/prescriptionhelp](http://www.socialsecurity.gov/prescriptionhelp) or by calling 1-800-772-1213 (TTY 1-800-325-0778).

## Standard Medicare Prescription Drug Coverage Available January 1, 2006

Here's a summary of the standard Medicare Prescription Drug Coverage:

- **Individual pays first \$250.** Medicare's coverage includes a \$250 per person deductible each year. That means you would need to pay the first \$250 of covered prescription expenses before Medicare pays anything.
- **Individual pays 25% of next \$2,000.** After the individual pays the first \$250 of covered prescription expenses in a year, Medicare would pay 75% of the next \$2,000 of covered prescription costs. That means you would pay 25%, which could mean paying up to \$500.
- **Individual pays 100% of next \$2,850.** After the individual pays the first \$2,250 of covered prescription expenses, the individual would be responsible for paying 100% of the next \$2,850 of covered prescription expenses. Medicare pays nothing at this point, which means you could pay up to \$2,850.
- **Individual pays 5% for remainder of the year.** After the individual pays \$3,600 of covered prescription expenses in a year, Medicare would pay 95% for the remainder of the year.



### IBEW Health and Welfare Plan Prescription Drug Benefits Reminder

The IBEW Health and Welfare Plan provides prescription drug benefits through Sav-Rx. Sav-Rx offers a retail pharmacy and mail order program. Be sure to show your Sav-Rx prescription drug ID card to receive your prescription at discounted prices at participating retail pharmacies. You simply pay your copayment for each prescription filled at a participating Sav-Rx pharmacy or through the mail order program; the Plan pays the rest. If you do not use a participating pharmacy or do not show your Sav-Rx ID card at a participating pharmacy, the Plan will reimburse you 80% of the undiscounted price.

The programs are summarized below:

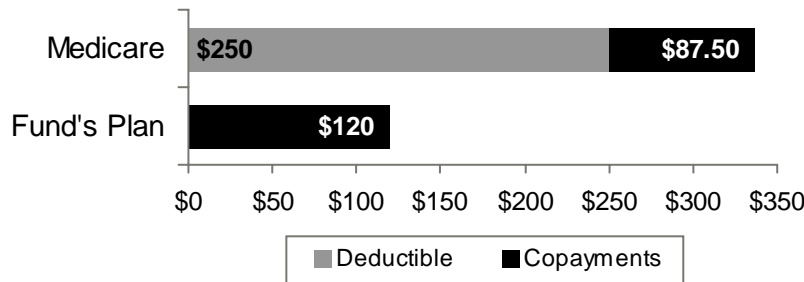
	Participating Retail Pharmacy Program	Mail Order Program
<b>Maximum Quantity</b>	90-day supply per prescription	90-day supply per prescription
<b>Copayment per Prescription:</b>		
<b>Generic Medication</b>	Per 30-day supply, you pay: \$10 per prescription	Per 90-day supply, you pay: \$20 per prescription
<b>Formulary Medication</b>	\$25 per prescription	\$50 per prescription
<b>Non-Formulary Medication</b>	\$40 per prescription	\$80 per prescription

## Comparing Options

The following examples compare what you would pay for covered prescription drugs under the IBEW Health and Welfare Plan and under the standard Medicare Prescription Drug Coverage.

### Low Annual Prescription Expenses – How Much John Pays

John's covered prescription drugs expenses total \$600 a year. The chart below shows how much John pays under the Fund's Plan compared to the standard Medicare Prescription Drug Coverage.

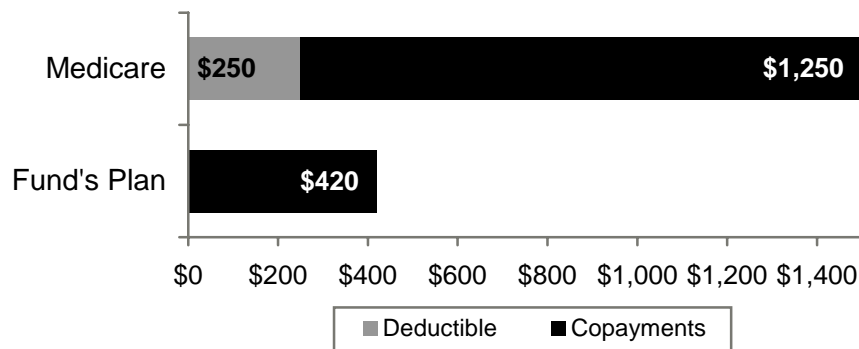


John would pay \$217.50 less under the Fund's Plan.

Example assumes John had 12 generic prescriptions filled at a retail pharmacy. He could have paid \$40 less if he used the mail order program.

### Mid-Level Annual Prescription Drug Expenses – How Much Mary Pays

Mary's covered prescription drug expenses total \$3,000 in a year. The chart below shows how much she pays under the Fund's Plan compared to the standard Medicare Prescription Drug Coverage.

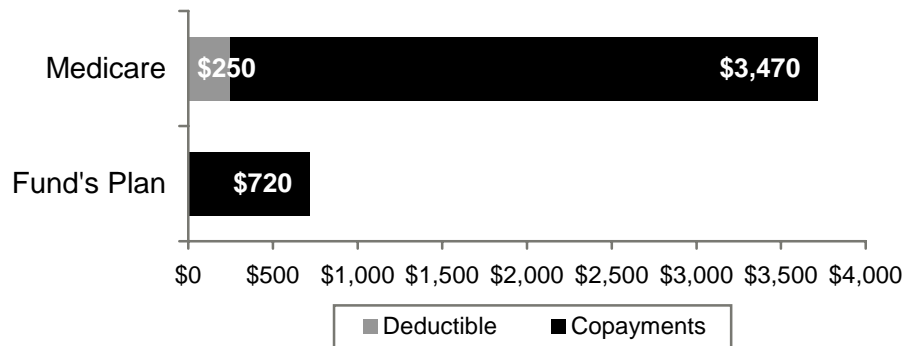


Mary would pay \$900 less under the Fund's Plan.

Example assumes Mary had 12 generic and 12 formulary prescriptions filled at a retail pharmacy. She could have paid \$140 less if she used the mail order program.

### High Annual Prescription Drug Expenses – How Much Betty Pays

Betty's covered prescription drug expenses total \$7,500 in a year. The chart below shows how much she pays under the Fund's Plan compared to the standard Medicare Prescription Drug Coverage.



Betty would pay \$3,000 less under the Fund's Plan.

Example assumes Betty had 12 generic and 24 formulary prescriptions filled at a retail pharmacy. She could have paid \$240 less if she used the mail order program.

## About the Examples

Dollar amounts shown under the Fund's Plan in all examples assume that prescriptions are filled with generic or formulary medications and are purchased at participating retail pharmacies. Actual expenses under the Fund's Plan will vary depending on whether you use:

- Generic, formulary, or non-formulary medications.
- A participating or non-participating retail pharmacy.
- The mail order program.

Dollar amounts shown under Medicare Prescription Drug Coverage are based on the standard program; amounts may vary depending on the prescription drug plan selected. In addition, expenses do not include monthly premiums for your IBEW Health and Welfare Plan coverage or Medicare, which most people will be responsible for paying.

## For More Information

Medicare will mail you a *Medicare & You 2006* handbook. More detailed information about Medicare Prescription Drug Coverage is included in this handbook, which will be available beginning in October 2005. You will also receive information directly from Medicare prescription drug plans.

To get more information about Medicare Prescription Drug Coverage:

- Visit [www.medicare.gov](http://www.medicare.gov) for personalized help.
- Call your State Health Insurance Assistance Program (the telephone number will be included in the *Medicare & You 2006* handbook).
- Call 1-800-MEDICARE (1-800-633-4227). TTY users should call 1-877-486-2048.

If you would like more information about your benefits under the IBEW Health and Welfare Plan, please call the Fund Office at 1-800-460-2940.

*Benefits under the IBEW Health and Welfare Plan are not vested or guaranteed. Full details of the Plan are contained in the documents that establish the Plan provisions. If there is a discrepancy between the wording here and the documents that establish the Plan, the document language will govern. The Trustees reserve the right to amend, modify, or discontinue all or part of the Plan at any time.*

