

# PSERS National Health Care Reform

Q and A for Retirees – 3/29/2010



## **1. How will the new law change my PSERS plan options and costs?**

PSERS is reviewing the new law for provisions that may require change to our plans. Our commitment is to make sure our retirees receive any additional benefits available for the programs we maintain. With any major change in the law, getting the operational guidelines from the federal agencies involved takes some time. PSERS will incorporate changes as soon as we have guidance and will provide our members explanations of what is changing and what options are open to you.

## **2. I've heard there is a \$250 rebate if I hit the Medicare Rx doughnut hole during 2010. How does that work?**

The new law includes a \$250 member rebate for Medicare beneficiaries who reach the Part D coverage gap for 2010. The \$250 payment is a one-time benefit, and will be paid in the quarter after the coverage gap is reached. The payment will be mailed by the federal government 2-3 months after the end of the quarter in which the coverage gap is reached. PSERS is monitoring this provision closely to make sure we do everything possible to obtain these rebates for our members who have out of pocket expenses in the coverage gap for 2010.

## **3. I read that the new law will eliminate the Medicare Part D coverage gap (doughnut hole). What does that mean for me?**

The new law signed by the President begins to reduce the size of the Medicare Rx coverage gap in 2011. The member's coinsurance rate in the coverage gap would be reduced. Right now if you are in the HOP Medicare Rx Enhanced plan, you pay 50% of the cost of generic or brand drugs up to a plan payment limit. If you are in the HOP Medicare Rx Basic plan, you pay 100% of the cost of drugs in the coverage gap. The law would gradually reduce the percentage you have to pay down to 25% of the cost of drugs in the coverage gap. PSERS is looking at how our plan needs to change to continue to provide you the best benefit value possible, while taking advantage of these new federal benefit requirements.

## **4. I am not yet eligible for Medicare. What does the new health reform law do for my benefits?**

The new law provides a government health insurance subsidy for some early retirees (age 55 to 64) who have between \$15,000 and \$90,000 of medical claims per year. The subsidy will pay the plan 80% of the eligible claims in that range. PSERS is looking into whether our HOP Pre-65 Medical Plan qualifies for this subsidy. Please note that this is a temporary subsidy, intended to run only until the health insurance exchanges defined

in the law are implemented in 2014. Also, only a limited amount of funding was set aside and when that runs out the subsidy for early retirees will stop.

**5. Are there any other new benefits for retirees from the health reform law?**

Yes. Beginning six months after the enactment of the law, Medicare will pay 100% of the cost for select preventive screening for diseases like breast or colon cancer. There will also be new programs in place such as funding for community-based services and wellness programs like free health risk assessment programs and illness prevention counseling.

**6. I participate in a Medicare Advantage program. What changes should I expect in that program?**

The new law signed by the President includes a change in the payment structure to Medicare Advantage organizations. Payments for Medicare Advantage plans will be reduced over a number of years so the amounts those carriers receive are closer to the amounts the government pays for original Medicare benefits. Since retirees pay the balance of the cost not paid by Medicare, and the cost of medical benefits continues to go up each year, retirees in Medicare Advantage plans may be facing significant premium increases in 2011 and future years. The HOP Medical Plan is a supplement to original Medicare (not a Medicare Advantage Plan) and is not affected by this change.

**7. I have been hearing that doctors are withdrawing from Medicare as a result of this new law. How will this affect me?**

In most parts of the country, more than 90% of all physicians accept Medicare patients and payments. There are always some doctors withdrawing from Medicare, just as there are other doctors agreeing to become Medicare providers. We do not expect any significant change in doctors accepting Medicare for HOP participants.

**8. What do I need to do now?**

No changes to your current benefits or elections are needed at this time. As PSERS determines how these new provisions affect the plans offered through HOP, we will provide our members clear definition of the changes, how you are affected, and any actions you might need to take. We will continue to update HOP plans to get the best possible subsidies from the government and to be competitive with other retiree benefit plan options.