

Medicare Part D



Medicare Part D Prescription Drug Subsidy for Employer Sponsored Retiree Health Plans

In an effort to encourage employers to continue providing retiree prescription drug coverage, Federal subsidy payments of approximately \$650 per Medicare eligible participant per year will be available beginning in 2006 for qualified retiree health plan sponsors.

Overview:

Beginning January 1, 2006, your health plan may be eligible for Part D subsidy payments from the federal government equaling 28% of each retiree's qualifying prescription drug costs between \$250 and \$5,000.

To qualify for the subsidy, you will need to file an application with the Center for Medicare & Medicaid Services ("CMS") that includes an Actuarial Attestation that the benefits under your retiree health plan are greater or equal to their benefits under the standard Medicare Part D coverage.

To receive the subsidy, you must file your application with CMS at least 90 days before the beginning of each plan year. Additionally, your Part D eligible participants **must not enroll in Medicare Part D coverage.**

BPA-HARBRIDGE

One Lincoln Center · 12th Floor · Syracuse, New York 13202
Telephone (315) 703-8900 · Facsimile (315) 703-8989

.:Contact a Consultant:.

Steve Chase:
315-709-8986 Syracuse
schase@bpah.com

www.bpah.com

Building Bridges to Better Tomorrows

Background

As part of the Medicare Modernization Act of 2003, Medicare Part D coverage was introduced to help alleviate the cost of prescription drugs to Medicare eligible participants. To encourage the continuation of employer sponsored retiree drug benefits, the law provides for federal subsidy payments to retiree health plan sponsors that continue to provide prescription drug coverage to their Part D eligible participants.

The subsidy is available for employment-based qualified retiree prescription drug plans (including ERISA, church, and governmental plans). Plans must file an application with CMS at least 90 days before the beginning of each plan year.

Application Process and Actuarial Attestation

In order to receive the Part D subsidy, you must submit an application to CMS that includes:

- ◆ **Actuarial Attestation** of Prescription Drug Benefit
 - ➔ Certification that both the gross and net (less contributions/premiums) values of your retiree prescription drug benefit are greater than or equal to the corresponding values of the standard Medicare Part D benefit
 - ➔ Based upon actual claims & census of your plan's Part D eligible participants, if available.
- ◆ **Required Data**
 - ➔ Including Name, SS#, Date of Birth, Gender & Relationship
 - ➔ Alternatively, you may elect to participate in a Voluntary Data Sharing Agreement ("VDSA") with CMS
- ◆ **Required Documentation**
 - ➔ Written agreements with CMS and subcontractors acknowledging application for Federal funds
 - ➔ "Notice of Credible Coverage"; Written notice to your participants of the Actuarial Attestation of Prescription Drug Benefits

Our Services

BPA-Harbridge can assist you in securing the Federal subsidy by providing:

- ◆ An Actuarial Attestation of the value of your plans benefit compared to the Part D benefit
- ◆ Instruction on preparing Notice of Credible Coverage
- ◆ Analysis of Federal subsidy option vs. other Part D Prescription Drug Plan ("PDP") options

Next Steps

In order to prepare your plan for requirements to obtain the Medicare Part D Federal subsidy, you should:

- ◆ Contact BPA-Harbridge for an Actuarial Attestation to determine if the benefits of your prescription drug benefit are greater than or equal to the Part D benefit
- ◆ Contact your insurance carriers or Pharmacy Benefits Manager ("PBM") to discuss the availability of prescription drug data for your Part D eligible employees
- ◆ Discuss potential changes to your retiree prescription drug benefit if it does not satisfy the requirements for an Actuarial Attestation

It is important to have an Actuarial Attestation of your benefits as soon as possible, to determine if your plan is currently eligible to receive the Federal subsidy.

Remember, the subsidy is available only if your plan obtains an Actuarial Attestation and for only those participants in your health plan who are eligible for coverage, but do NOT enroll in Medicare Part D.