



**Johns
Manville
Retiree**

**Johns
Manville
Retirees
Association**

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www.jmretirees.org

**Important Reading
Concerning Your Benefits**

**Changes Are Coming
on Prescription Drug Coverage**

Beginning January 1, 2006, Medicare prescription drug coverage will be available to all retirees on Medicare. This program is known as Medicare D and is described at the end of this newsletter.

Medicare is trying to ensure that retirees who currently receive drug coverage through their former employer may continue to do so. A subsidy would be paid to companies who continue or establish a drug care plan that at least meets the benefit levels of Medicare D. JM will have to examine its plans to determine if it qualifies for the subsidy. However, if JM does not qualify and chooses not to accept the subsidy, JM may still offer “wrap around” support for portions of the Medicare D expenses for which the retiree would otherwise be responsible.

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Accordingly, JM has several options from which to pick:

1. The simplest for retirees would be if JM continues with its present drug plan (assuming that it is qualified) and takes the subsidy. If JM takes the subsidy and continues to offer drug coverage, your cost will not be known until JM announces its choice of plans.
2. If JM chooses a “wrap around” option, then you will have to join the Medicare D program and pay all or the unsubsidized portion of the Medicare D fees.

Depending on which option JM offers, and the cost for that option, some lower-income individuals may save money by not accepting the JM drug plan and applying to Social Security for financial support and signing up for Medicare D. Details on who is eligible for support follow, but this information should only be used as a rough guide, as the actual determination of the degree of support is made after filing a five page form with Social Security. If you think you may qualify, contact Social Security immediately and then return your application as soon as possible after July 1, 2005.

In summary:

- By this fall, JM will send us information to tell us how our insurance will work with the new Medicare prescription drug coverage.
- This coverage may be designed to supplement the new Medicare drug benefit (that is, you are intended to be enrolled in both), or it may be designed to take the place of the new Medicare drug benefit (that is, you are intended to be enrolled in one, but not both).
- Don't make any decisions until you have this information.

Qualification for Government Support for Medicare D

(from Social Security)

Limited income (below \$14,355 for an individual or \$19,245 for a married couple living together). Even if your annual income is higher, you still may be able to get some help with your monthly premiums, annual deductibles and prescription co-payments. Some examples where your income may be higher include if you or your spouse:

- Support other family members who live with you;
- Have earnings from work; or
- Live in Alaska or Hawaii; and

Are your savings, investments, and real estate (other than your home) worth more than:

- \$11,500 if you are single, a widow(er), or your spouse does not live with you; or
- \$23,000 if you are married and living together?

To be eligible for help with prescription drug plan costs, your resources must be within certain limits. Your resources may include bank accounts (checking, savings, and certificates of deposit), stocks, bonds, savings bonds, mutual funds, Individual Retirement

Accounts (IRA), and any other cash at home or anywhere else. Your resources also include real estate you own except for the home that you live in. Include the things you own by yourself, with your spouse or with someone else. Do NOT include your home, vehicles, funeral expenses, burial plots or personal possessions. If you are sure that your savings, investments, and real estate (other than your home) are worth more than \$11,500 (single) or \$23,000 (married), select Yes. The actual limits for eligibility are \$10,000/\$20,000. However, since we may not count some of the resources you expect to use for funeral or burial expenses, you may be able to have up to \$11,500/\$23,000.

The Medicare D Program

(from Medicare literature)

Beginning January 1, 2006, new Medicare prescription drug plans will be available from insurance companies and other private companies who will negotiate discounts on drug prices. These plans are different from the Medicare-approved drug discount cards, which phase out by May 15, 2006, or when your enrollment in a Medicare prescription drug plan takes effect, if earlier.

If you join one of these plans you will pay a monthly premium (generally around \$35 in 2006) and pay a share of the cost of your prescriptions. Costs will vary depending on the drug plan you choose.

The plans may vary in what prescription drugs are covered, how much you have to pay, and which pharmacies you can use. All drug

plans will have to provide at least a standard level of coverage, which Medicare will set. However, some plans might offer more coverage and additional drugs for a higher monthly premium. If you join a drug plan, choose one that meets your prescription drug needs.

Medicare prescription drug coverage is available to those who have either Medicare Part A or Medicare Part B. (Medicare Part A is hospital insurance and Medicare Part B is medical insurance). At least two Medicare prescription drug plans will be available from which to choose.

If you're on Medicare, you are not automatically enrolled. You will need to decide how you want to get your prescription coverage and enroll in a Medicare prescription drug plan.

You can get information about prescription drug health plans starting in October, and can enroll in a plan from November 15, 2005, to May 15, 2006.

If you have limited income and resources, extra help with prescription drug plan costs will be available. The amount of help depends on your income and resources. The extra help can pay for the Medicare prescription drug coverage, deductible, premiums, and coinsurance. And keep in mind, if you're eligible for the extra help, you may have little or no out-of-pocket costs."

Some retirees with Medicare will be eligible for the extra help automatically. We call these retirees *deemed*.

Retirees who are considered *deemed* include those who have both Medicare and Medicaid. Medicaid is a health insurance program for retirees with limited income and resources. Sometimes you may hear them referred to as *full-benefit dual eligibles*. Retirees with Medicare who receive Supplemental Security Income (SSI) are also automatically eligible for the extra help. Retirees with Medicare who are in a Medicare Savings Program are also *deemed*. Medicare Savings Programs help retirees with limited incomes and resources with their Medicare Part A and B deductibles, premiums, and coinsurance. All other retirees with Medicare who think they might be eligible must apply for the extra help.

Many retirees will get an application in the mail from the Social Security Administration this summer. Retirees who don't get one can call or go to their local Social Security or Medicaid office for an application. They can also go to these same offices for help filling out the Social Security application, which will ask for information on their income and resources. Retirees with Medicare can also contact their State Health Insurance Assistance Program (SHIP) or Area Agencies on Aging for assistance in applying for the extra help. Or they can get an application on the internet at www.socialsecurity.gov or www.medicare.gov starting July 2005.

If the retiree with Medicare already has drug coverage through a retirement plan, the retiree needs to know some information to make a good decision regarding whether or not to get Medicare prescription drug coverage. First, the retiree with Medicare needs to know if the current drug coverage is at least as good as what is being offered by Medicare prescription drug plans. This is called *creditable coverage* as good as Medicare. Retirees will find out if their coverage is *creditable* from their plan.

If the coverage isn't as good as the Medicare coverage, then the retiree with Medicare needs to know if it supplements the Medicare prescription drug coverage. If it does, then the retiree may want to enroll in a Medicare prescription drug plan.

If the drug coverage you currently have supplements Medicare prescription drug coverage, then you may want to enroll in a Medicare prescription drug plan. It is important for retirees with Medicare to understand if their current coverage is at least as good as Medicare prescription drug coverage so they can make an informed decision.

In some situations, you may have to pay a higher premium if you wait to enroll in a Medicare prescription drug plan. The higher premium is 1% more for every month you wait to get Medicare prescription drug coverage.

You will pay a higher premium if your current coverage is not as good as what Medicare is offering, and you don't enroll in a Medicare plan when first eligible. You will also pay a higher premium if you don't currently have any prescription drug coverage and don't enroll in a Medicare prescription drug plan when first eligible. If current coverage is not as good as Medicare prescription drug coverage, and you don't enroll in a Medicare prescription drug plan, you could face a higher premium later.

If you have a plan that is at least as good as what Medicare is offering and may want to enroll in a Medicare plan later if the plan offered changes, as long as the current plan is at least as good as what is offered by a Medicare plan, the retiree will not have to pay a higher premium to join a Medicare plan later.

If the current drug coverage is at least as good as Medicare prescription drug coverage, then you need to decide whether to keep your current coverage, or enroll in a Medicare prescription drug plan. If the current coverage is not as good as Medicare coverage, or if you don't have drug coverage at all, then you will need to enroll in a Medicare plan when first eligible, or pay a higher premium if enrolling later.

If the current drug coverage supplements Medicare prescription drug coverage, then you need to enroll in a Medicare prescription drug plan to pay the lowest possible premium.