

Alliance Alert

The Public Employee Benefits Alliance (hereinafter referred to as "PEBA") was established in 2006 by a Charter Interlocal Agreement of several Texas local governments pursuant to Chapter 791 and 271 of the Texas Local Government Code. The purpose of PEBA is to cooperatively purchase employee benefits for two Texas Chapter 172 Risk Pools that cover multiple local government Employers as well as Independent Political Subdivisions: Municipalities, Special Districts, Counties or School Districts.

PEBA Fee Sheet

Annual Membership Fees	Retiree Plan Year January 2009
Employer	
0-100 Lives	\$150.00
101-500 Lives	\$300.00
500-1000 Lives	\$500.00
>1,000 Lives	\$700.00

Proposal Costs 2009	
Retiree Benefits	\$200.00
Proposal Maintenance Fee	\$50.00
Late Fee Addition	Please contact PEBA for Employer Information

PEBA has offered the membership Retiree Benefits since January 2007. Initially, PEBA offered the membership the Aetna Advantage Benefit Plan. Due to membership request, January 2008 PEBA offered the Aetna Advantage Benefit Plan with a Medicare Part D creditable coverage prescription plan and the Hartford Medicare Medical Supplemental Plan with a Medicare Part D creditable coverage option offered through CCRX as the pharmacy benefit manager.

Effective January 2009, the Aetna Advantage medical rate increased 25.3% and 37.5% for creditable Part D prescription coverage. The CMS funding and retiree benefit utilization are the underwriting components reviewed during the retiree underwriting process. CMS used 6.1% trend in calculating the funding for Private Sector Advantage Plans for Plan Year 2008 and 3.7% trend for Plan Year 2009. The lack of funding caused the Advantage Plans to cost shift pricing to the plan premium.

Due to this rate increase, the PEBA administrative services requested a quote for a PPO Medicare Medical Advantage Plan, a fee for service plan that maintains the \$100.00 deductible but transitions the 90/10 benefit percentage to 80/20 benefit percentage, a \$500.00 deductible plan/\$5,000 out of pocket, and a generic gap Prescription Plan option.

The Public Employee Benefits Alliance (PEBA) Board met on October 3, 2008 to review the proposals for a Group Retiree Health Plan with creditable coverage Medicare Part D Prescription benefit options. Effective January 1, 2009 PEBA will offer employers the retiree options of the Aetna Advantage Plan **and/or** the Hartford Life & Accident Insurance Company Group Retiree Health Plan. The Employer will be able to choose an Aetna Advantage Medical Plan and an Aetna Advantage Prescription Plan with or without the prescription rider **and/or** a Hartford Supplemental Medical Plan with or without the CVS/Caremark SilverScript creditable coverage Prescription Plan. The retiree will have the option to choose the most appropriate medical only or medical and prescription plan per the Employer's choice of plan design and Benefit Administrator. Both Aetna Advantage and Hartford Supplemental options allow the retiree to access medical only or medical and creditable coverage prescription coverage. The prescription plans **cannot** be offered to the retirees without the medical plan.

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To assist the employer in the retiree benefit plan decisions, a Webinar will be available at the designated times.

The PEBA Retire Webinar are scheduled as follows:

Aetna Advantage Plan with Aetna Creditable Coverage Part D	October 7, 2008 10:00 a.m. October 9, 2008 2:00 p.m.
Hartford and CVS/Caremark SilverScript Creditable Coverage Part D	October 16, 2008 10:00 a.m. October 23, 2008 10:00 a.m.

The following are the Retiree Benefit Plan Options that are available to the PEBA member population.

Medicare Private Fee For Service (PFFS) Advantage Benefit Programs/Medicare Part D Pharmacy (PDP)

Provider Fee For Service Plan	Calendar Year 2007	Calendar Year 2008	Calendar Year 2009
Plan 1 Option A: Medical: 80/20 Benefit Percentage \$300 Deductible, \$5,000 Out Of Pocket <ul style="list-style-type: none"> ▪ Medical and Disease Management Services ▪ Wellness Benefits ▪ Vision Discount Available 	Rate: \$1.47	Rate: \$5.00	Medical Rate: \$43.80
Plan 1 Option B Medical: 80/20 Benefit Percentage \$300 Deductible, \$5,000 Out Of Pocket <ul style="list-style-type: none"> ▪ Medical and Disease Management Services ▪ Wellness Benefits ▪ Vision Discount Available Prescription: \$0 Deductible/Gap with Benefit Coverage CoPays: \$10/\$25/\$50 Catastrophic Coverage: Greater of \$2.40/\$6.00 5% after coverage gap			Medical Rate: \$43.80 Prescription Rate: \$160.45 Composite: \$204.25 Value Added Rider Option \$3.50
Plan 1 Option C Medical: 80/20 Benefit Percentage \$300 Deductible, \$5,000 Out Of Pocket <ul style="list-style-type: none"> ▪ Medical and Disease Management Services ▪ Wellness Benefits ▪ Vision Discount Available Prescription: \$0 Deductible/Generic GAP Benefit Coverage \$2,700-\$4,350 CoPays \$15/\$25/\$40 Catastrophic Coverage: Greater of \$2.40/\$6.00 5% after coverage gap			Medical: \$43.80 Prescription Rate \$51.54 Composite: \$95.34 Value Added Rider Option: \$350

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Plan 2 Option A: Medical Option: 80/20 Benefit Percentage \$500 Deductible, \$5,000 Out Of Pocket <ul style="list-style-type: none"> ▪ Medical and Disease Management Services ▪ Wellness Benefits ▪ Vision Discount Available 			Medical: \$31.32
Provider Fee For Service Plan	Calendar Year 2007	Calendar Year 2008	Calendar Year 2009
Plan 2 Option B: Medical Option: 80/20 Benefit Percentage \$500 Deductible \$5,000 Out Of Pocket <ul style="list-style-type: none"> ▪ Medical and Disease Management Services ▪ Wellness Benefits ▪ Vision Discount Available Prescription: \$295 Deductible and No Gap Benefit Coverage Benefit Percentage: 25% coinsurance Catastrophic Coverage: Greater of \$2.40/\$6.00 5% after coverage gap			Medical: \$31.32 Prescription: \$25.37 Composite: \$56.69 Value Added Rider Option: \$3.50
Plan 3 Option A: Medical Option: 90/10 Benefit Percentage \$100 Deductible \$2,500 Out of Pocket <ul style="list-style-type: none"> ▪ Medical and Disease Management Services ▪ Wellness Benefits * Vision Discount Available	\$70.40	\$86.10	Medical: \$107.63 Composite \$107.63
Plan 3 Option B: Medical Option: 90/10 Benefit Percentage \$100 Deductible \$2,500 Out of Pocket <ul style="list-style-type: none"> ▪ Medical and Disease Management Services ▪ Wellness Benefits * Vision Discount Available Prescription: \$0 Deductible/Gap with Benefit Coverage CoPays: \$10/\$25/\$50 Catastrophic Coverage: Greater of \$2.40/\$6.00 5% after coverage gap	\$170.88 (Drug Rider Option Included)	\$202.79 (Drug Rider Option \$3.00)	Medical \$107.63 Prescription: 160.45 Composite: \$268.08 (Drug Rider Option \$3.50)
Plan 4 Option A: Medical: 80/20 Benefit Percentage \$300 Deductible \$5,000 Out of Pocket	\$1.47	\$5.00	Medical: \$43.80 Composite \$43.80
Plan 4 Option B: Medical: 80/20 Benefit Percentage \$300 Deductible \$5,000 Out of Pocket <ul style="list-style-type: none"> ▪ Medical and Disease Management Services ▪ Wellness Benefits 			Medical: \$43.80 Prescription: \$25.37 Composite: \$69.17 (Drug Rider Option \$3.50)

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* Vision Discount Available

Prescription: \$295 Deductible Gap

Benefit Percentage 25%

Catastrophic Coverage: Greater of \$2.40/\$6.00 5% after coverage gap

Rates in above plan include Coaching Wellness Programs, Medical Management, Disease Management & no pre-existing considerations.

- Change in Deductible from **2008:** \$275.00 to **2009:** \$295.00
- Change in GAP from **2008:** \$2,510 drug sepnd/\$4,050 to **2009:** \$2,700-\$4,350
- Change in Catastrophic from **2008:** Maximum amount of 5% or \$2.25 any other drug \$5.60 or 5% to **2009** Maximum amount of 5% or \$2.60 any other drug \$6.00 or 5%.
- Enrollees must use network pharmacy to receive plan benefits except under emergency circumstances. Covered Part D drugs are available at out of network pharmacies in special circumstances, including illness while traveling within the US but outside of the plan's service area where there is no network pharmacy. An additional cost may be incurred for drugs received at an out of network pharmacy.
- The retiree must be entitled to Medicare Part A and continue to pay Part B premium and Part A, if applicable. Providers must be licensed and eligible to receive payment under the federal Medicare program.
- The retiree has the option of taking Medical or Medical and Prescription. The prescription Benefit is not offered independent of the Medical Plan.
- Claim Payment: The carrier awarded the contract is responsible for the payment of all claims administrative services
- Billing: the carrier awarded the contract will be responsible to conduct direct billing to retirees, direct billing to employer, and split billing to retirees and employer
- **The value added rider option includes prescriptions at the copayment level:**
 - List of the Non-Part D Drugs Covered Under the supplemental benefit prescription drug rider:
 - Agents when used for weight loss
 - Prescription vitamins and mineral products, except prenatal vitamins and fluoride preparation
 - Barbiturates
 - Benzodiazepines
 - Erectile dysfunction
 - List on Non-Part D Drugs that are Not Covered Under the supplemental benefit prescription drug rider:
 - Agents when used for anorexia
 - Agents when used to promote fertility
 - Agents when used for cosmetic purposes or hair growth
 - Agents when used for the symptomatic relief cough and colds
 - Nonprescription Drugs
 - Outpatient drugs for which the manufacturer seeks to require that associated tests or monitoring services be purchased exclusively from the manufacturer or its designee as a condition of sale

As of January 1, 2009, Aetna Specialty Pharmacy will fill specialty medications previously offered through Aetna Rx Home Delivery.

Currently some of the members use Aetna, Rx Home Delivery, and Aetna's mail-order pharmacy to fill their specialty medications. The prescriptions that have refills remaining will be automatically transitioned to Aetna Specialty Pharmacy. This will occur because the medications are unique. Some need to be maintained at a cool temperature and delivery needs to be expedited. A nurse or pharmacist should also check on members often as they take these medications. Aetna Specialty Pharmacy offers all of this and more including:

- Self injection training/education about each member's condition and medication
- Support from nurses and pharmacies, on call 24 hours a day, 7 days a week
- Free, confidential delivery, safe, secure packing and package tracking

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The Aetna Advantage Contact Demographics:

The Aetna Advantage Plan Options

Aetna Enrollment Information:
Aetna Medicare Advantage Plan
PO Box 963
Blue Bell, PA 19442-9921

Aetna Claim Information:
Aetna Life Insurance Company Inc.
PO Box 981107
El Paso, Texas 7998-1107
Pre-Member Customer Service: (800) 307-4830

Aetna Claim Information:

Aetna Eligibility Packet Should Contain:

- Get Flexible Coverage to Meet Your Health Care Needs (Information Booklet)
- What Health Care Providers Need to Know about Private Fee-for- Service (PFFS) Plans
- What People on Medicare Need to Know about Private Fee-for-Service (PFFS) Plans
- Aetna's Medicare Coverage Including Prescription Drugs
- Important Disclosure Information
- Aetna Preferred Drug List (Formulary)
- Aetna Medicare Open (PFFS) Plan Group Enrollment Form
- Aetna Medicare Non-Part D Drug Rider

In addition to the Aetna Advantage Retiree Benefit Plan Option, PEBA provides a Group Retiree Health Benefit Option underwritten by Hartford Life & Accident Insurance Company. In 2008, CCRx provided Hartford Life & Accident Insurance Company with a Medicare Part D creditable coverage prescription drug plan. Recently, Hartford Life & Accident Insurance Company Group Retiree Health Plan received CCRx's termination notification regarding group Medicare Part D prescription services. PEBA and Hartford reviewed the Medicare Part D Prescription options and selected SilverScript Insurance Company, an affiliate of CVS Caremark, as the option to be included in the 2009 benefit solution. Below is the overview of the Hartford Life & Accident Insurance Company Group Retiree Health Plan.2009 Supplemental Group Retiree Health Benefit Options.

The Medicare Supplement Benefit Option under PEBA for the 2009 Plan Year is:

- Hartford Medical with Excess Coverage (Plans Net of Commissions)
- SilverScript, an affiliate of CVS Caremark
- Group Administrative Concepts (GAC)
- TAGCO MET (***PEBA cannot hold policy. Political subdivision Pools cannot hold policy.***)
 - Acceptance Form
 - Trust Participation Agreement
 - Claim Administrator UMR Health (Benefit Planners/Fiserv/UMR)

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Benefit Description	Option 1 2009/3794 Covers Part A Deductible Covers Part B Deductible 100% of Part B co-insurance Medical Excess Coverage No LTM No Out of Pocket	Option 2 2009/3795 Covers Part A Deductible Does not Cover Part B Deductible Covers 50% of the 20% Part B Coinsurance up to \$2,000.00 Out of Pocket	Option 3 2009/3796 Does not Cover Part A Deductible Does not Cover Part B Deductible Covers 50% of the 20% Part B Coinsurance up to \$2,000 Out of Pocket
Lifetime Maximum	N/A	\$1,000,000	\$1,000,000
Inpatient Hospital Part A Deductible	X	X	N/A
Part A Coinsurance (days 61-90; 25% of Part A Deductible) Part A Coinsurance (days 91-150; 50% of Part A Deductible)	X	X	X
Additional Hospitalization (365 days) payable 100%	X	X	X
Skilled Nursing Facility (days 21-100; 12½ Part A Deductible)	X	X	X
Part B Coinsurance – after the Part B Deductible	100% of 20% Part B Coinsurance	50% of the 20% Part B Coinsurance; 100% once the OOP is met	50% of the 20% Part B Coinsurance; 100% once the OOP is met
Part B Out of Pocket Maximum	N/A	\$2,000	\$2,000
Total Part B Deductible, Cal. Year Deductible and Out of Pocket Max	N/A	\$2,000	\$2,000
Part B Deductible	X	N/A	N/A
Part B Excess – 100%	X	X	X
Part A & B Blood Deductible (1 st 3 pints)	X	X	X
Hospice (Inpatient respite care, drugs)	X	X	X
Foreign Travel Emergency (\$250 Deductible/80% coinsurance/\$50,000 Lifetime Maximum)	X	X	X
Preventive Care Cancer Screening Benefit – (one mammography, cervical & prostate cancer screening per calendar year)	X	X	X
12 month (01/01/2008-12/31/2008) Monthly Per Person Total Cost*			
If the Participating Municipality pays, on average for their insureds, 50% of more of the premium:	2008 \$174.95 2009 \$182.66	2008 \$118.05 2009 \$122.92	2008 \$89.32 2009 \$92.75

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Benefit Description	Option 1 2009/3794 Covers Part A Deductible Covers Part B Deductible 100% of Part B co-insurance Medical Excess Coverage No LTM No Out of Pocket		Option 2 2009/3795 Covers Part A Deductible Does not Cover Part B Deductible Covers 50% of the 20% Part B Coinsurance up to \$2,000.00 Out of Pocket		Option 3 2009/3796 Does not Cover Part A Deductible Does not Cover Part B Deductible Covers 50% of the 20% Part B Coinsurance up to \$2,000 Out of Pocket		
If the Participating Municipality pays, on average for their insureds, 49% of less of the premium:	2008	2009	2008	2009	2008	2009	
	Age:						
	65-69	\$142.26	\$148.34	\$97.40	\$101.23	\$ 74.76	\$ 77.46
	70-74	\$165.30	\$172.53	\$111.96	\$116.52	\$ 85.02	\$ 88.23
	75-79	\$194.44	\$203.12	\$130.36	\$135.84	\$ 98.01	\$101.87
	80-84	\$221.78	\$231.83	\$147.63	\$153.97	\$110.19	\$114.66
85+	\$235.07	\$245.79	\$156.02	\$162.78	\$116.11	\$120.88	

Quality Coverage at Economical Group Rates

- You are guaranteed acceptance regardless of your health if you are age 65 or older and enrolled in Parts A & B of Medicare
- Freedom to choose your own doctors and hospitals
- No paperwork or claim forms required
- You are guaranteed economical group premiums. Your premiums can only change if the premiums are changed for the entire group
- You are guaranteed that future benefits will increase annually to keep up with the changes in Medicare
- Excess coverage will pay the difference between the approved Medicare amount and the actual charge – up to a percentage established by Medicare
- Claims payment: The Hartford and SilverScript are responsible for the payment of claims relating to the plan chosen by the employer.
- Billing: The Administrator has the ability to direct bill the retirees, list bill the employer, or split bill between the employer and its retirees.

SilverScript Insurance 2009	Retail 2009	Mail Service 2009
Part D Pricing	\$0 Deductible Retail Copayments \$5.00 Value Tier Generic \$10.00 Generic \$25.00 Preferred Brand \$60.00 Non-Preferred Brand 33% Specialty Rx No Gap	\$0 Deductible Mail Service Copayments \$8.00 Value Tier Generic \$15.00 Generic \$56.00 Preferred Brand \$165.00 Non-Preferred Brand N/A Specialty Rx No Gap
Retail and Mail Service Part D Creditable Coverage Prescription Benefit: \$156.55		

- All Plans have catastrophic coverage²: the greater of \$2.40/\$6.00 or 5% after the coverage gap.
- Plans are considered Creditable Coverage.

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2009 CVS Caremark SilverScript Option

- I. The CVS Caremark SilverScript Prescription Services SilverScript Part D formulary covers 5,190 Medicare D drugs:
 - 38 Value Tier Generic Medications
 - More than one dosage of these drugs is available at the value tier price. For example, allopurinol 100 mg and 300 mg tablets are both available at the Value Tier price.
 - 2,084 generic drugs
 - 2,836 preferred brand drugs
 - 1,805 non-preferred brand drugs
 - 274 “Specialty” drugs defined as biological, injectable, or high cost drugs (drugs whose cost exceeds \$600 per month)
- II. Beneficiary Savings Opportunities
 - Preferred retail network outlets where beneficiaries pay can access reduced copays on select generic drugs
 - Mail Service benefits where beneficiaries can access even greater savings on generics as well as most regularly taken brand prescriptions.
- III. Please review the SilverScript formulary. SilverScript provides a transition fill program for any Medicare D covered drugs not on the SilverScript formulary, or Medicare D covered drugs on the formulary but subject to utilization management edits (e.g. Prior Authorization).
- IV. Make note that formulary, prior authorization, quantity limits and step therapy drug lists will be submitted in your enrollment package.

Hartford Medicare Supplemental Benefit Options

2008 Benefit	2008 Rates	2009 Benefit	2009 Rates
Medical Option 1	\$174.95	Medical Option 1	\$182.66
CCRx Option 3 (No Gap, No Deductible, \$10/\$25/\$50 copay)	\$127.30	CVS Caremark SilverScript No Deductible Coverage in the Gap Retail Copays: \$5.00/\$10.00/\$25.00/\$60.00 and 33% of Specialty Rx	CVS Caremark SilverScript \$156.55
Medical Option 2	\$118.05	Medical Option 2	\$122.92
CCRx Option 2 (No Deductible, Generic in the Gap, \$10/\$25/\$50 copay)	\$68.94	CVS Caremark SilverScript No Deductible Coverage in the Gap Retail Copays: \$5.00/\$10.00/\$25.00/\$60.00 and 33% of Specialty Rx	CVS Caremark SilverScript \$156.55
Medical Option 3	\$89.32	Medical Option 3	\$92.75
CCRx Option 2 (No Deductible, Generic in Gap, \$10/\$25/\$50 copay)	\$68.94	CVS Caremark SilverScript No Deductible Coverage in the Gap Retail Copays: \$5.00/\$10/\$25.00/\$60 and 33% of Specialty Rx	CVS Caremark SilverScript \$156.55

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The Medicare Supplemental Benefit Options will be provided by the below vendors.

Medicare Supplemental Benefit Options

Hartford Group Retiree Health Plan:

Enrollment Information:

Group Administrative Concepts, Inc

PO Box 24420

Tampa, Florida 33623-4423

(800) 275-2147

Claim Information:

Data Dimensions Attn: UMR (Formerly FH) – 0704

PO Box 2838

Clinton, IA 52733-2838

(800) 368-3653

Customer Service: (866) 868-9460

www.umar.com

Hartford Eligibility Packet Should Contain:

- Retiree Welcome Letter
- The Hartford Plan Frequently Asked Questions
- Declination of Coverage Form
- Senior Medical Insurance Plan Enrollment Form
- SilverScript Insurance Company Prescription Drug Plan
- SilverScript Formulary
- Evidence of Coverage Document

The Medicare Plan for 2009

Medicare announce Medicare Premiums and Deductibles	2007	2008	2009
Part A Premium			
>40 quarters of Medicare covered employment	\$0.00	\$0.00	\$0.00
30-39 quarters	\$226.00	\$233.00	\$244.00
<39 quarters	\$410.00	\$423.00	\$443.00
Part A (1-60 day Deductible) (Inpatient hospital, skilled nursing, hospice, certain HHC services)	\$992.00	\$1,024.00	\$1,068.00
Inpatient Charges			
61-90 days	\$248.00/day	\$256.00/day	\$267.00/day
>90 days	\$496.00/day	\$512.00/day	\$534.00/day
Skilled Nursing 21-100 days	\$124.00/day	\$128.00/day	\$133.50/day
Part B Premium (Physician, outpatient, certain HHC, DME and other services)	\$93.50	\$96.40	\$96.40
Part B Deductible	\$131.00	\$135.00	\$135.00

Note: If your income is above \$85,000 (single) or \$170,000 (married couples) your Medicare Part B premium may be higher than \$96.40 per month. For more information see www.cms.gov FAQ.

Part D Overview - Benefit Options

Benefit	2007	2008	2009
Deductible	\$250.00	\$275.00	\$295.00
CoPay	Generic, Preferred Brand, Brand	See Aetna and CVS/Caremark SilverScript Plans	See Aetna and CVS/Caremark SilverScript Plans

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Benefit	2007	2008	2009
Retail Mail Service	90 day supply available at retail for 2x copay Pathway Prescription and Community Care Rx	See Aetna and CVS/Caremark SilverScript Plans	See Aetna and CVS/Caremark SilverScript Plans
Drug Spend	\$2,400.00	\$2,510.00	\$2,700.00
Individual Spend	\$3,600.00	\$4,050.00 - Some plans have generic access in the gap	\$4,350.00
Catastrophic Copay Cost	Maximum amount of: 5% or \$2.25; Generic/ \$5.60 Brand	Maximum amount of 5% or \$2.25; Any other drugs \$5.60 or 5%	Maximum amount of 5% or \$2.40; Any other drugs \$6.00 or 5%.

Study Examines Impact of “Doughnut Hole” on People Enrolled in 2007 Medicare Drug Program
Source: *Healthcare Daily Data Byte, Volume IV, Issue 174, September 10, 2008*

A new analysis from the Kaiser Family Foundation quantifies, for the first time, the number of Medicare Part D plan enrollees in 2007 who reached a gap in their prescription drug coverage known as the "doughnut hole," as well as the changes in beneficiaries' use of medications and out-of-pocket spending after they reached that gap. The analysis excludes beneficiaries who receive low-income subsidies because they do not face a gap in coverage under their Medicare drug plan.

The study found that:

- One in four (26 percent) Part D enrollees who filled any prescriptions in 2007 reached the coverage gap. This includes 22 percent who remained in the gap for the remainder of the year, and 4 percent who ultimately received catastrophic coverage. Applying this estimate to the entire population of Part D enrollees, the analysis suggests that about 3.4 million beneficiaries (14 percent of all Part D enrollees) reached the coverage gap and faced the full cost of their prescriptions in 2007.
- Beneficiaries taking drugs for serious chronic conditions had a substantially higher risk of a gap in coverage under their Medicare drug plan. For example, 64 percent of enrollees taking medications for Alzheimer’s disease reached the coverage gap in 2007, as did 51 percent of those taking oral anti-diabetic medications and 45 percent of patients on antidepressants. As noted above, these percentages are among Part D plan enrollees who did not receive low-income subsidies.
- There was evidence of patients changing their use of prescription drugs when they are required to pay the full cost of medications in the coverage gap. Across eight classes of drugs examined --- used to treat a variety of relatively common chronic conditions --- 15 percent of Part D enrollees who reached the gap stopped their drug therapy for that condition, 5 percent switched to another medication in the class and 1 percent reduced the number of drugs they were taking in the class.
- Ten percent of Part D enrollees taking oral anti-diabetic drugs who reached the coverage gap stopped taking their medications. In other cases, the potential consequences may be realized over a longer term. For example, among Part D enrollees taking a drug for osteoporosis who reached the gap, 18 percent stopped taking medications.

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Timeline for Retirees to Receive Communications

(Note: CMS Equates to Medicare)

CMS allows 14 days for Carriers to process enrollments - receipt of following items is dependent on clean enrollments without necessity of additional information for processing (i.e. correct Medicare Claim Numbers).

PEBA Board Decision	October 3, 2008
Alliance Alert Distribution	October 4, 2008
WebX/Confirm Strategy to obtain HIC Number	October 15, 2008
Employer Election Decision	October 31, 2008
CMS mandated Medicare Beneficiary Communication Timeline	October 31, 2008 or 15 days prior to the start of Open Enrollment period whichever occurs first.
Announcement Letter to Fund Contact and Retiree with Benefit Information and copy of formulary	October 10, 2008
Submit Rx Test File	October 30, 2008
Letter of Intent	October 30, 2008
Employer Election	November 15, 2008
Announcement Letter and Enrollment packages	After receipt of enrollment information
Eligibility Information submitted to Vendor	November 15, 2008
Obtain Medicare HIC Numbers for all retirees & eligible dependents; HIC Number and Name per Medicare Card	Group Enrollment 45 days prior to eligibility date due to opt out Individual Enrollment 30 days prior to eligibility date
Welcome Packet	December 1, 2008
Welcome Kit to Retirees	December 2008
ID cards	7 to 10 days from CMS' initial response of approval - usually within 72 hrs from when enrollment data is entered depending on CMS workload, seasonal mail delivery times, and other factors
Plan Confirmation Letter	Upon receipt of CMS confirmation
Ongoing	Notice of new & age in retirees enrollment information

Early Retiree Benefit Plan Parameters

1. Aetna as a single carrier solutions
 - a. Pre and Post 65 Year Old Retiree Benefits
2. Eligibility Subsidy
 - a. 55 and 5 years of service 25% subsidy
 - b. 50 and 5 years of service 50% subsidy
 - c. 60
 - d. Minimum Age 45 twenty five years of service
 - e. Must have three times as many Post Retirees

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Sample Retiree Letter

Italics indicate Employer Choice is required.

Employers may choose One Aetna Advantage Medical and Prescription Plan with or without the drug rider and/or one Hartford Medical Supplemental Plan and Prescription Plan.

October 5, 2009

City of Somewhere
Jane Cox
1234 Texas Street
Somewhere TX 77777

Dear Ms. Cox:

PEBA has offered the membership Retiree Benefits since January 2007. Initially, PEBA offered the membership the Aetna Advantage Benefit Plan. Due to membership request, January 2008 PEBA offered the Aetna Advantage Benefit Plan with a Medicare Part D creditable coverage prescription plan and the Hartford Medicare Medical Supplemental Plan with a Medicare Part D creditable coverage option offered through CCRX as the pharmacy benefit manager.

Effective January 2009, the retiree will have the option to choose the medical only or medical and prescription plan under the Aetna or the Hartford Plan Options. Both options allow the retiree to access medical or medical and prescription coverage. **The prescription plans cannot be offered to the retirees without the medical plan.**

Aetna Advantage Plan:

Medicare Private Fee For Service (PFFS) Advantage Benefit Programs/Medicare Part D Pharmacy (PDP), Medicare Advantage – Part D (MA-PD)

<i>Provider Fee For Service Plan</i>	<i>Calendar Year 2007</i>	<i>Calendar Year 2008</i>	<i>Calendar Year 2009</i>
<i>Plan 1 Option A:</i> <i>Medical: 80/20 Benefit Percentage</i> <i>\$300 Deductible,</i> <i>\$5,000 Out Of Pocket</i> <ul style="list-style-type: none"><i>▪ Medical and Disease Management Services</i><i>▪ Wellness Benefits</i><i>▪ Vision Discount Available</i>	<i>Rate: \$1.47</i>	<i>Rate: \$5.00</i>	<i>Medical Rate: \$43.80</i>

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<p><i>Plan 1 Option B</i> Medical: 80/20 Benefit Percentage \$300 Deductible, \$5,000 Out Of Pocket</p> <ul style="list-style-type: none"> ▪ Medical and Disease Management Services ▪ Wellness Benefits ▪ Vision Discount Available <p>Prescription: \$0 Deductible/Gap with Benefit Coverage CoPays: \$10/\$25/\$50 Catastrophic Coverage: Greater of \$2.40/\$6.00 5% after coverage gap</p>			<p><i>Medical Rate: \$43.80</i> <i>Prescription Rate: \$160.45</i> <i>Composite: \$204.25</i> <i>Value Added Rider Option \$3.50</i></p>
Provider Fee For Service Plan	Calendar Year 2007	Calendar Year 2008	Calendar Year 2009
<p><i>Plan 1 Option C</i> Medical: 80/20 Benefit Percentage \$300 Deductible, \$5,000 Out Of Pocket</p> <ul style="list-style-type: none"> ▪ Medical and Disease Management Services ▪ Wellness Benefits ▪ Vision Discount Available <p>Prescription: \$0 Deductible/Generic GAP Benefit Coverage: \$2,700-\$4,350 CoPays: \$15/\$25/\$40 Catastrophic Coverage: Greater of \$2.40/\$6.00 5% after coverage gap</p>			<p><i>Medical: \$43.80</i> <i>Prescription Rate \$51.54</i> <i>Composite: \$95.34</i> <i>Value Added Rider Option: \$3.50</i></p>
<p><i>Plan 2 Option A:</i> Medical Option: 80/20 Benefit Percentage \$500 Deductible, \$5,000 Out Of Pocket</p> <ul style="list-style-type: none"> ▪ Medical and Disease Management Services ▪ Wellness Benefits ▪ Vision Discount Available 			<p><i>Medical: \$31.32</i></p>
<p><i>Plan 2 Option B:</i> Medical Option: 80/20 Benefit Percentage \$500 Deductible \$5,000 Out Of Pocket</p> <ul style="list-style-type: none"> ▪ Medical and Disease Management Services ▪ Wellness Benefits ▪ Vision Discount Available <p>Prescription: \$295 Deductible and No Gap Benefit Coverage Benefit Percentage: 25% coinsurance Catastrophic Coverage: Greater of \$2.40/\$6.00 5% after coverage gap</p>			<p><i>Medical: \$31.32</i> <i>Prescription: \$25.37</i> <i>Composite: \$56.69</i> <i>Value Added Rider Option: \$3.50</i></p>

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<p>Plan 3 Option A: Medical Option: 90/10 Benefit Percentage \$100 Deductible \$2,500 Out of Pocket</p> <ul style="list-style-type: none"> ▪ Medical and Disease Management Services ▪ Wellness Benefits ▪ Vision Discount Available 	\$70.40	\$86.10	<p><i>Medical: \$107.63</i> <i>Composite \$107.63</i></p>
Provider Fee For Service Plan	Calendar Year 2007	Calendar Year 2008	Calendar Year 2009
<p>Plan 3 Option B: Medical Option: 90/10 Benefit Percentage \$100 Deductible \$2,500 Out of Pocket</p> <ul style="list-style-type: none"> ▪ Medical and Disease Management Services ▪ Wellness Benefits ▪ Vision Discount Available <p>Prescription: \$0 Deductible/Gap with Benefit Coverage CoPays: \$10/\$25/\$50 Catastrophic Coverage: Greater of \$2.40/\$6.00 5% after coverage gap</p>	\$170.88 (Drug Rider Option Included)	\$202.79 (Drug Rider Option \$3.00)	<p><i>Medical \$107.63</i> <i>Prescription: 160.45</i> <i>Composite: \$268.08</i> <i>(Drug Rider Option \$3.50)</i></p>
<p>Plan 4 Option A: Medical: 80/20 Benefit Percentage \$300 Deductible \$5,000 Out of Pocket</p>	\$1.47	\$5.00	<p><i>Medical: \$43.80</i> <i>Composite \$43.80</i></p>
<p>Plan 4 Option B: Medical: 80/20 Benefit Percentage \$300 Deductible \$5,000 Out of Pocket</p> <ul style="list-style-type: none"> ▪ Medical and Disease Management Services ▪ Wellness Benefits ▪ Vision Discount Available <p>Prescription: \$295 Deductible Gap Benefit Percentage 25% Catastrophic Coverage: Greater of \$2.40/\$6.00 5% after coverage gap</p>			<p><i>Medical: \$43.80</i> <i>Prescription: \$25.37</i> <i>Composite: \$69.17</i> <i>(Drug Rider Option \$3.50)</i></p>

Rates in above plan include Coaching Wellness Programs, Medical Management, Disease Management & no pre-existing considerations.

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Please note the Medicare Part D Creditable Coverage Plan Changes for 2009

- ☑ Change in Deductible from **2008**: \$275.00 to **2009**: \$295.00
- ☑ Change in GAP from **2008**: \$2,510 drug sepnd/\$4,050 to **2009**: \$2,700-\$4,350
- ☑ Change in Catastrophic from **2008**: Maximum amount of 5% or \$2.25 any other drug \$5.60 or 5% to **2009** Maximum amount of 5% or \$2.60 any other drug \$6.00 or 5%.
- ☑ Enrollees must use network pharmacy to receive plan benefits except under emergency circumstances. Covered Part D drugs are available at out of network pharmacies in special circumstances, including illness while traveling within the US but outside of the plan's service area where there is no network pharmacy. An additional cost may be incurred for drugs received at an out of network pharmacy.
- ☑ The retiree must be entitled to Medicare Part A and continue to pay Part B premium and Part A, if applicable. Providers must be licensed and eligible to receive payment under the federal Medicare program.
- ☑ The retiree has the option of taking Medical or Medical and Prescription. The prescription Benefit is not offered independent of the Medical Plan.
- ☑ Claim Payment: The carrier awarded the contract is responsible for the payment of all claims administrative services
- ☑ Billing: the carrier awarded the contract will be responsible to conduct direct billing to retirees, direct billing to employer, and split billing to retirees and employer
- ☑ **The value added rider option includes prescriptions at the copayment level:**
 - List of the Non-Part D Drugs Covered Under the supplemental benefit prescription drug rider:
 - Agents when used for weight loss
 - Prescription vitamins and mineral products, except prenatal vitamins and fluoride preparation
 - Barbiturates
 - Benzodiazepines
 - Erectile dysfunction
 - List on Non-Part D Drugs that are Not Covered Under the supplemental benefit prescription drug rider:
 - Agents when used for anorexia
 - Agents when used to promote fertility
 - Agents when used for cosmetic purposes or hair growth
 - Agents when used for the symptomatic relief cough and colds
 - Nonprescription Drugs

Outpatient drugs for which the manufacturer seeks to require that associated tests or monitoring services be purchased exclusively from the manufacturer or its designee as a condition of sale

As of January 1, 2009, Aetna Specialty Pharmacy will fill specialty medications previously offered through Aetna Rx Home Delivery.

Currently some of the members use Aetna, Rx Home Delivery, and Aetna's mail-order pharmacy to fill their specialty medications. The prescriptions that have refills remaining will be automatically transitioned to Aetna Specialty Pharmacy. This will occur because the medications are unique. Some need to be maintained at a cool temperature and delivery needs to be expedited. A nurse or pharmacist should also check on members often as they take these medications.

Aetna Specialty Pharmacy offers all of this and more including:

- Self injection training/education about each member's condition and medication
- Support from nurses and pharmacies, on call 24 hours a day, 7 days a week
- Free, confidential delivery, safe, secure packing and package tracking

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The Aetna Advantage Contact Demographics:

The Aetna Advantage Plan Options

Aetna Enrollment Information:
 Aetna Medicare Advantage Plan
 PO box 963
 Blue Bell, PA 19442-9921

Aetna Claim Information:
 Aetna Life Insurance Company Inc.
 PO Box 981107
 El Paso, Texas 7998-1107
 Pre-Member Customer Service: (800) 307-4830

Aetna Eligibility Packet Should Contain:

- Get Flexible Coverage to Meet Your Health Care Needs (Information Booklet)
- What Health Care Providers Need to Know about Private Fee-for- Service (PFFS) Plans
- What People on Medicare Need to Know about Private Fee-for-Service (PFFS) Plans
- Aetna’s Medicare Coverage Including Prescription Drugs
- Important Disclosure Information
- Aetna Preferred Drug List (Formulary)
- Aetna Medicare Open (PFFS) Plan Group Enrollment Form
- Aetna Medicare Non-Part D Drug Rider

In addition to the Aetna Advantage Retiree Benefit Plan Option, PEBA provides a Group Retiree Health Benefit Option underwritten by Hartford Life & Accident Insurance Company. In 2008, CCRx provided Hartford Life & Accident Insurance Company with a Medicare Part D creditable coverage prescription drug plan. Recently, Hartford Life & Accident Insurance Company Group Retiree Health Plan received CCRx’s termination notification regarding group Medicare Part D prescription services. PEBA and Hartford reviewed the Medicare Part D Prescription options and selected SilverScript Insurance Company, an affiliate of CVS Caremark, as the option to be included in the 2009 benefit solution. Below is the overview of the Hartford Life & Accident Insurance Company Group Retiree Health Plan 2009 Supplemental Group Retiree Health Benefit Options.

The Medicare Supplement Benefit Option under PEBA for the 2009 Plan Year is:

- Hartford Medical with Excess Coverage (Plans Net of Commissions)
- SilverScript, an affiliate of CVS Caremark
- Group Administrative Concepts (GAC)
- TAGCO MET (**PEBA cannot hold policy. Political subdivision Pools cannot hold policy.**)
 - Acceptance Form
 - Trust Participation Agreement
 - Claim Administrator UMR Health (Benefit Planners/Fiserv/UMR)

	Option 1 2009 / 3794	Option 2 2009 / 3795	Option 3 2009 / 3796
Benefit Description	<i>Covers Part A Deductible Covers Part B Deductible 100% of Part B Coinsurance Medical Excess Coverage No LTM No Out of Pocket</i>	<i>Covers Part A Deductible Does not Cover Part B Deductible Covers 50% of the 20% Part B Coinsurance up to \$2,000 Out of Pocket</i>	<i>Does not Cover Part A Deductible Does not Cover Part B Deductible Covers 50% of the 20% Part B Coinsurance up to \$2,000 Out of Pocket</i>
Lifetime Maximum	N/A	\$1,000,000	\$1,000,000
Inpatient Hospital Part A Deductible	X	X	N/A
Part A Coinsurance (days 61-90; 25% of Part A Deductible) Part A Coinsurance (days 91- 150; 50% of Part A Deductible)	X	X	X

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	Option 1 2009 / 3794			Option 2 2009 / 3795			Option 3 2009 / 3796			
<i>Additional Hospitalization (365 days) payable 100%</i>	X			X			X			
<i>Skilled Nursing Facility (days 21-100; 12½ Part A Deductible)</i>	X			X			X			
<i>Part B Coinsurance – after the Part B Deductible</i>	100% of 20% Part B Coinsurance			50% of the 20% Part B Coinsurance; 100% once the OOP is met			50% of the 20% Part B Coinsurance; 100% once the OOP is met			
<i>Part B Out of Pocket Maximum</i>	N/A			\$2,000			\$2,000			
<i>Total Part B Deductible, Cal. Year Deductible and Out of Pocket Max</i>	N/A			\$2,000			\$2,000			
<i>Part B Deductible</i>	X			N/A			N/A			
<i>Part B Excess – 100%</i>	X			X			X			
<i>Part A & B Blood Deductible (1st 3 pints)</i>	X			X			X			
<i>Hospice (Inpatient respite care, drugs)</i>	X			X			X			
<i>Foreign Travel Emergency (\$250 Deductible/ 80% coinsurance/\$50,000 Lifetime Maximum)</i>	X			X			X			
<i>Preventive Care Cancer Screening Benefit – (one mammography, cervical & prostate cancer screening per calendar year)</i>	X			X			X			
12 month (01/01/2008-12/31/2008) Monthly Per Person Total Cost*	2008: \$174.95 2009: \$182.66 4.41% increase			2008: \$118.05 2009: \$122.92 4.12% increase			2008: \$89.32 2009: \$92.75 3.84% increase			
<i>If the Participating Municipality pays, on average for their insureds, 50% of more of the premium:</i>										
<i>If the Participating Municipality pays, on average for their insureds, 49% of less of the premium:</i>	Age:	2008	2009	%	2008	2009	%	2008	2009	%
	65-69	\$142.26	\$148.34	4.27	\$97.40	\$101.23	3.93	\$ 74.76	\$ 77.46	3.61
	70-74	\$165.30	\$172.53	4.37	\$111.96	\$116.52	4.07	\$ 85.02	\$ 88.23	3.78
	75-79	\$194.44	\$203.12	4.47	\$130.36	\$135.84	4.20	\$ 98.01	\$101.87	3.94
	80-84	\$221.78	\$231.83	4.53	\$147.63	\$153.97	4.30	\$110.19	\$114.66	4.06
	85+	\$235.07	\$245.79	4.56	\$156.02	\$162.78	4.34	\$116.11	\$120.88	4.11

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Quality Coverage at Economical Group Rates

- ☑ You are guaranteed acceptance regardless of your health if you are age 65 or older and enrolled in Parts A & B of Medicare
- ☑ Freedom to choose your own doctors and hospitals
- ☑ No paperwork or claim forms required
- ☑ You are guaranteed economical group premiums. Your premiums can only change if the premiums are changed for the entire group
- ☑ You are guaranteed that future benefits will increase annually to keep up with the changes in Medicare
- ☑ Excess coverage will pay the difference between the approved Medicare amount and the actual charge – up to a percentage established by Medicare
- ☑ Claims payment: The Hartford and SilverScript are responsible for the payment of claims relating to the plan chosen by the employer.
- ☑ Billing: The Administrator has the ability to direct bill the retirees, list bill the employer, or split bill between the employer and its retirees.

SilverScript Insurance 2009	Retail 2009	Mail Service 2009
Part D Pricing	\$0 Deductible Retail Copayments \$5.00 Value Tier Generic \$10.00 Generic \$25.00 Preferred Brand \$60.00 Non-Preferred Brand 33% Specialty Rx No Gap	\$0 Deductible Mail Service Copayments \$8.00 Value Tier Generic \$15.00 Generic \$56.00 Preferred Brand \$165.00 Non-Preferred Brand N/A Specialty Rx No Gap
Retail and Mail Service Part D Creditable Coverage Prescription Benefit: \$156.55		

- All Plans have catastrophic coverage²: the greater of \$2.40/\$6.00 or 5% after the coverage gap.
- Plans are considered Creditable Coverage.

2009 CVS Caremark SilverScript Option

I. The CVS Caremark SilverScript Prescription Services

SilverScript Part D formulary covers 5,190 Medicare D drugs:

- 38 Value Tier Generic Medications
- More than one dosage of these drugs is available at the value tier price. For example, allopurinol 100 mg and 300 mg tablets are both available at the Value Tier price.
- 2,084 generic drugs
- 2,836 preferred brand drugs
- 1,805 non-preferred brand drugs
- 274 “Specialty” drugs defined as biological, injectable, or high cost drugs (drugs whose cost exceeds \$600 per month)

II. Beneficiary Savings Opportunities

- Preferred retail network outlets where beneficiaries pay can access reduced copays on select generic drugs
- Mail Service benefits where beneficiaries can access even greater savings on generics as well as most regularly taken brand prescriptions.

III. Please review the SilverScript formulary. SilverScript provides a transition fill program for any Medicare D covered drugs not on the SilverScript formulary, or Medicare D covered drugs on the formulary but subject to utilization management edits (e.g. Prior Authorization).

IV. Make note that formulary, prior authorization, quantity limits and step therapy drug lists will be submitted in your enrollment package.

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The Medicare Supplemental Benefit Options will be provided by the below vendors.

Hartford Group Retiree Health Plan

Enrollment Information:
 Group Administrative Concepts, Inc
 PO Box 24420
 Tampa, Florida 33623-4423
 (800) 275-2147

Claim Information:
 Data Dimensions Attn: UMR (Formerly FH) – 0704
 PO Box 2838
 Clinton, IA 52733-2838
 (800) 368-3653
 Customer Service: (866) 868-9460
www.umar.com

Hartford Eligibility Packet Should Contain:

- Retiree Welcome Letter
- The Hartford Plan Frequently Asked Questions
- Declination of Coverage Form
- Senior Medical Insurance Plan Enrollment Form
- SilverScript Insurance Company Prescription Drug Plan
- SilverScript Formulary
- Evidence of Coverage Document

The Medicare Plan for 2009

Medicare announce Medicare Premiums and Deductibles	2007	2008	2009
Part A Premium			
>40 quarters of Medicare covered employment	\$0.00	\$0.00	\$ 0.00
30-39 quarters	\$226.00	\$233.00	\$244.00
<39 quarters	\$410.00	\$423.00	\$443.00
Part A (1-60 day Deductible) (Inpatient hospital, skilled nursing, hospice, certain HHC services)	\$992.00	\$1,024.00	\$1,068.00
<i>Approximately 99% of Medicare beneficiaries do not have to pay a premium for Part A services because they have at least 40 quarters of Medicare-covered employment (or are the spouse or widow[er] of such a person). However, other seniors and certain people under age 65 with disabilities who have fewer than 30 quarters of coverage may obtain Part A coverage by paying a monthly premium set according to a statutory formula.</i>			
Inpatient Charges			
61-90 days	\$248.00/day	\$256.00/day	\$267.00/day
>90 days	\$496.00/day	\$512.00/day	\$534.00/day
Skilled Nursing 21-100 days	\$124.00/day	\$128.00/day	\$133.50/day
Part B Premium (Physician, outpatient, certain HHC, DME and other services)	\$93.50	\$96.40	\$96.40
Part B Deductible	\$131.00	\$135.00	\$135.00

Medicare Part D Overview - Benefit Options

Benefit	2007	2008	2009
Deductible	\$250.00	\$275.00	\$295.00
CoPay	Generic, Preferred Brand, Brand	See Aetna and CVS/Caremark SilverScript Plans	See Aetna and CVS Caremark SilverScript Plans
Retail Mail Service	90 day supply available at retail for 2x copay Pathway Prescription and Community Care Rx	See Aetna and CVS/Caremark SilverScript Plans	See Aetna and CVS Caremark SilverScript Plans
Drug Spend	\$2,400.00	\$2,510.00	\$2,700.00

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Benefit	2007	2008	2009
Individual Spend	\$3,600.00	\$4,050.00 - Some plans have generic access in the gap	\$4,350.00
Catastrophic Copay Cost	Maximum amount of: 5% or \$2.25; Generic/\$5.60 Brand	Maximum amount of 5% or \$2.25; Any other drugs \$5.60 or 5%	Maximum amount of 5% or \$2.40; Any other drugs \$6.00 or 5%.

Study Examines Impact of “Doughnut Hole” on People Enrolled in 2007 Medicare Drug Program

Source: Healthcare Daily Data Byte, Volume IV, Issue 174, September 10, 2008

A new analysis from the Kaiser Family Foundation quantifies, for the first time, the number of Medicare Part D plan enrollees in 2007 who reached a gap in their prescription drug coverage known as the "doughnut hole," as well as the changes in beneficiaries' use of medications and out-of-pocket spending after they reached that gap. The analysis excludes beneficiaries who receive low-income subsidies because they do not face a gap in coverage under their Medicare drug plan.

The study found that:

- One in four (26 percent) Part D enrollees who filled any prescriptions in 2007 reached the coverage gap. This includes 22 percent who remained in the gap for the remainder of the year, and 4 percent who ultimately received catastrophic coverage. Applying this estimate to the entire population of Part D enrollees, the analysis suggests that about 3.4 million beneficiaries (14 percent of all Part D enrollees) reached the coverage gap and faced the full cost of their prescriptions in 2007.
- Beneficiaries taking drugs for serious chronic conditions had a substantially higher risk of a gap in coverage under their Medicare drug plan. For example, 64 percent of enrollees taking medications for Alzheimer’s disease reached the coverage gap in 2007, as did 51 percent of those taking oral anti-diabetic medications and 45 percent of patients on antidepressants. As noted above, these percentages are among Part D plan enrollees who did not receive low-income subsidies.
- There was evidence of patients changing their use of prescription drugs when they are required to pay the full cost of medications in the coverage gap. Across eight classes of drugs examined --- used to treat a variety of relatively common chronic conditions --- 15 percent of Part D enrollees who reached the gap stopped their drug therapy for that condition, 5 percent switched to another medication in the class and 1 percent reduced the number of drugs they were taking in the class.
- Ten percent of Part D enrollees taking oral anti-diabetic drugs who reached the coverage gap stopped taking their medications. In other cases, the potential consequences may be realized over a longer term. For example, among Part D enrollees taking a drug for osteoporosis who reached the gap, 18 percent stopped taking medications.

**Timeline for Retirees to Receive Communications
(Note: CMS Equates to Medicare)**

CMS allows 14 days for Carriers to process enrollments - receipt of following items is dependent on clean enrollments without necessity of additional information for processing (i.e. correct Medicare Claim Numbers).

PEBA Board Decision	October 3, 2008
Alliance Alert Distribution	October 4, 2008
WebX/Confirm Strategy to obtain HIC Number	October 15, 2008
Employer Election Decision	October 31, 2008
CMS mandated Medicare Beneficiary Communication Timeline	October 31, 2008 or 15 days prior to the start of Open Enrollment period whichever occurs first.
Announcement Letter to Fund Contact and Retiree with Benefit Information and copy of formulary	October 10, 2008
Submit Rx Test File	October 30, 2008
Letter of Intent	October 30, 2008
Employer Election	November 15, 2008
Announcement Letter and Enrollment packages	After receipt of enrollment information
Eligibility Information submitted to Vendor Obtain	November 15, 2008

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Medicare HIC Numbers for all retirees & eligible dependents; HIC Number and Name per Medicare Card	Group Enrollment 45 days prior to eligibility date due to opt out Individual Enrollment 30 days prior to eligibility date
Welcome Packet	December 1, 2008
Welcome Kit to Retirees	December 2008
ID cards	7 to 10 days from CMS' initial response of approval - usually within 72 hrs from when enrollment data is entered depending on CMS workload, seasonal mail delivery times, and other factors
Plan Confirmation Letter	Upon receipt of CMS confirmation
Ongoing	Notice of new & age in retirees enrollment information

As required in the Medicare Prescription Drug, Improvement and Modernization Act of 2003, beginning in 2007 the Part B premium a beneficiary pays each month is based on his or her annual income. Specifically, if a beneficiary's "modified adjusted gross income" is greater than legislated threshold amounts (\$85,000 in 2009 for a beneficiary filing an individual income tax return or married and filing a separate return, and \$170,000 for a beneficiary filing a joint tax return) the beneficiary is responsible for a larger portion of the standard 25% premium, such beneficiaries now have to pay an income-related monthly adjustment amount. These income-related Part B premiums have been phased-in over three years, beginning in 2007. 2009 is the first year in which affected Part B enrollees will pay the full amount of the income-related premiums. About 5% of current Part B enrollees are expected to be subject to the higher premium amounts.

The 2009 Part B monthly premium rates to be paid by beneficiaries who file an individual tax return (including those who are single, head of household, qualifying widow[er] with dependent child, or married filing separately who lived apart from their spouse for the entire taxable year), or who file a joint tax return are:

Beneficiaries who file an individual tax return with income:	Beneficiaries who file a joint tax return with income less:	Income-related monthly adjustment amount	Total monthly premium amount
Less than or equal to \$85,000	Less than or equal to \$170,000	\$0.00	\$96.40
Greater than \$85,000 and less than or equal to \$107,000	\$170,000 and less than or equal to \$214,000	\$38.50	\$134.90
\$107,000 and less than or equal to \$160,000	\$214,000 and less than or equal to \$320,000	\$96.30	\$192.70
Greater than \$160,000 and less than or equal to \$213,000	\$320,000 and less than or equal to \$426,000	\$154.10	\$250.50
Greater than \$213,000	Greater than \$426,000	\$211.90	\$308.30

In addition, the monthly premium rates to be paid by beneficiaries who are married, but file a separate return from their spouse and lived with their spouse at any time during the taxable year are:

Beneficiaries who are married but file a separate tax return from their spouse:	Income-related monthly adjustment amount	Total monthly premium amount
Less than or equal to \$85,000	\$0.00	\$96.40
Greater than \$85,000 and less than or equal to \$128,000	\$154.10	\$250.50
Greater than \$128,000	\$211.90	\$308.30

If you have limited income and resources, extra help paying for Medicare prescription drug coverage is available. For information about this extra help, visit Social Security on the web at www.socialsecurity.gov or call them at (800) 772-1213 (TTY (800) 325-0778).

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For more information about Medicare prescription drug coverage:

Visit www.medicare.gov

Call your State Health Insurance Assistance Program

Call 1-800-MEDICARE (1-800-633-4227). TTY users should call 1-877-486-0778.

In January 2008, TMRS began education in the program authorized by recent federal legislation (the Healthcare Enhancement for Local Public Safety, or HELPS provision of the Pension Protection Act of 2006) that allows retired public safety officers to pay for their health insurance premium from their monthly retirement annuity. At the retired officer's election, a portion of his or her TMRS annuity will be sent directly to their health insurance provider. Up to \$3,000 of the payment may be deducted on the retired public safety officer's tax return each year. This legislation defines a retired public safety officer as law enforcement, firefighter, or emergency medical personnel. Please contact TMRS with any questions at (800) 924-8677.

Yours truly,

SAMPLE