CHOOSING A PURDUE RETIREE Health Care Plan

...That’s Right for You
2016 Health Care Options

- Medicare Advantage PPO
  - Prescription Drug Benefits
- PURcare
  - Prescription Drug Benefits
- Other benefits
- Future Considerations
The Choice Is Yours…

You have the choice of two different retiree group health care plans from UnitedHealthcare (UHC)

→ Plan 1 - PURcare (Senior Supplement + Part D)
→ Plan 2 - Medicare Advantage PPO (includes Part D)

**PLAN 1**
- Monthly premium: $263.96/person
- Less risk for high out-of-pocket costs
- $300 annual deductible
- $150 vision benefit

**PLAN 2**
- Monthly premium: $208.49/person
- No annual deductible
- Co-pays or co-insurance for all Medicare covered services
- Maximum out-of-pocket $3400
PURPA Retiree Group Health Plans

Plans are reviewed annually and are subject to change.
Important Decision!

Group Health Plan Eligibility
- Official Retiree, Spouse/SSDP
- Enrolled in Medicare Parts A & B
- Age 65 (PURcare)

If you’re retired, age 65+ with Medicare, and enroll in an individual Medigap, Medicare Advantage or Part D prescription plan, you will not be eligible to return to a Purdue retiree group plan.
UnitedHealthcare Group Medicare Advantage PPO

Medicare Part C private insurance

- a Medicare Advantage Plan approved by Medicare
  - All claims paid by UHC
  - Nation-wide PPO network
  - Out of Network - any Medicare doctor or facility that will accept payment from the plan
  - Payment to provider is the same reimbursement as Medicare
- Includes medical/hospital and Part D prescription coverage
UnitedHealthcare Group Medicare Advantage PPO

- 2016 Premium is $208.49 per person per month – no change
- Medical/Hospital coverage for all Medicare Part A & B covered services/procedures/supplies
- Prescription co-pays do **not** count toward out-of-pocket max.

<table>
<thead>
<tr>
<th>Co-pay changes for 2016</th>
<th>2015</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Primary Care (Internist, Family Practice)</td>
<td>$15</td>
<td>$20</td>
</tr>
<tr>
<td>Specialist, Mental Health</td>
<td>$25</td>
<td>$35</td>
</tr>
<tr>
<td>Emergency Room</td>
<td>$50</td>
<td>$75</td>
</tr>
<tr>
<td>Annual Hospital/Medical Maximum Out-of-Pocket</td>
<td>$3000</td>
<td>$3400</td>
</tr>
</tbody>
</table>
How Your Rx Benefits Work

Medicare Advantage Part D Prescription Drug Coverage

• Defined formulary (not all drugs covered, but more brands included than in individual plans)

• No Deductible on prescriptions

• Tier 1 generic drugs are covered during the Gap – you pay only your co-pay.

• Step therapy, prior approval and limited quantities on some covered drugs
# How Your Rx Benefits Work

## Medicare Advantage Part D - Initial Coverage Stage

<table>
<thead>
<tr>
<th>Tier</th>
<th>Retail (30-day supply)</th>
<th>Mail order (90-day supply)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tier 1 Preferred Generic Drugs</td>
<td>$4 copay</td>
<td>$8 copay</td>
</tr>
<tr>
<td>Tier 2 Preferred Brand Drugs (incl. some Generics)</td>
<td>$28 copay</td>
<td>$74 copay</td>
</tr>
<tr>
<td>Tier 3 Non-Preferred Brand Drugs (incl. some Generics)</td>
<td>$58 copay</td>
<td>$164 copay</td>
</tr>
<tr>
<td>Tier 4 Specialty Tier Drugs</td>
<td>33%</td>
<td>33%</td>
</tr>
</tbody>
</table>
How Your Rx Benefits Work

Medicare Advantage Part D - Coverage Gap Stage (Donut Hole)

In 2016, when the total cost of prescriptions reaches $3,310

You pay

→ $4 co-pay for Tier 1 generic (Retail 30 day supply)
→ 58% of the cost for Generic Rx (Tier 2,3)
→ 45% of the cost for Brand Rx (Tier 2,3,4)
Closing the Gap (Donut Hole)

Your share decreases each year –

- 2016 58% for generics and 45% brand drugs
- 2017 51% for generics and 40% brand drugs
- 2018 44% for generics and 35% brand drugs
- 2019 37% for generics and 30% brand drugs
- 2020 25% for generics and 25% brand drugs
How Your Rx Benefits Work

Medicare Advantage Part D – Catastrophic Stage
In 2016 when the True Out-Of-Pocket (TrOOP) cost reaches $4,850 you pay the greater of:

- $2.65 co-pay for generic (incl. brand name drugs treated as generic)
- $6.60 co-pay for all other drugs
- or 5% of the cost
Questions?
PURcare (from UnitedHealthcare - UHC)

UHC Senior Supplement plus Part D Medicare Rx for Groups

- Medicare Part A (Hospital) and Part B (Medical) pay first
  → UHC Senior Supplement pays second
  → $300 annual deductible – once satisfied, plan pays 100% of Medicare allowed amounts for rest of the year
  → Use any Medicare provider or facility nation-wide
  → Part D plan has Open Formulary – covers all generic and brand name Rx that are medically necessary and FDA approved
PURcare (from UnitedHealthcare - UHC)

PURcare premium for 2016 is $263.96/month/person
  • Veterans with Rx coverage from VA, $189.70/month

$300 annual deductible (Medicare Parts A and B)
  • Once satisfied, plan pays 100% of Medicare allowed amounts for rest of year

$150 annual Vision benefit with **no** deductible
How Your Rx Benefits Work

PURcare Part D plan

• **Exceeds** coverage required under Medicare Part D legislation
  
  → No Deductible
  
  → Open formulary (FDA approved, medically necessary)
  
  → No step therapy
  
  → Few prior authorizations or limited quantities
How Your Rx Benefits Work

PURcare Part D - Initial Coverage Stage (no change from 2015)

• You pay the lesser of:
  → 50% co-insurance locally (30 or 90 day supply)
  → 45% co-insurance by mail order (90 day supply)

• Or the 2016 maximum co-pay
  → Tier 1 $10 /mo. retail or $20/mail order
  → Tier 2 $45/mo. retail or $90/mail order
  → Tier 3-4 $95/mo. retail or $180/mail order
Change for 2016

- The Affordable Care Act is closing the Coverage Gap (Donut Hole)
  - your share of the cost changes each year until 2020 when retirees will pay 25% of the cost of drugs while in the gap.

- In order to take advantage of this provision, the committee made a co-pay change for 2016.

- Prior to 2013 we paid a 50% co-insurance on all prescriptions purchased at a retail pharmacy.

- This change resulted in a major decrease in the premium for Part D.
Closing the Gap (Donut Hole)

Your share decreases each year –

- 2016  58% for generics and 45% brand drugs
- 2017  51% for generics and 40% brand drugs
- 2018  44% for generics and 35% brand drugs
- 2019  37% for generics and 30% brand drugs
- 2020  25% for generics and 25% brand drugs
How Your Rx Benefits Work

PURcare Part D – Coverage Gap Stage (Donut Hole)
In 2016, when the total cost of prescriptions reaches $3,310
  – You pay
    • 58% of the cost for Generic Rx
    • 45% of the cost for Brand Rx
    • Manufacturer’s discount for Brand Rx counts toward your True-Out-Of-Pocket (TrOOP) cost
How Your Rx Benefits Work

PURcare Part D – Catastrophic Coverage

When the True Out-Of-Pocket (TrOOP) cost reaches $4,850 you pay nothing more for covered prescriptions.

Your PURcare Part D plan pays for your prescriptions for the rest of the calendar year.
Plan Comparison

**PURcare**
- Higher monthly premium ($263.96)
- Lower yearly out-of-pocket costs for hosp./medical ($300)
- Broader Rx coverage with few restrictions
- 100% Rx coverage during catastrophic phase

**Medicare Advantage PPO**
- Lower monthly premium ($208.49)
- Higher yearly out-of-pocket costs possible for hosp./medical ($3400)
- More limited Rx coverage, but with coverage of Tier 1 generics in the gap
- More Rx restrictions and some cost during catastrophic phase
Additional Benefits for Both Plans

• SilverSneakers
  – Cordova Recreational Sports Center, Ismail Center, Newtone, Curves, Snap Fitness, YMCA
  – Over 10,000 participating clubs nationwide
• NurseLine
• Optum Discount
Plans are reviewed annually and are subject to change.
Important Decision!

**Group Health Plan Eligibility**
- Official Retiree, Spouse/SSDP
- Enrolled in Medicare Parts A & B
- Age 65 (PURcare)

If you’re retired, age 65+ with Medicare, and enroll in an individual Medigap, Medicare Advantage or Part D prescription plan, you will **not** be eligible to return to a Purdue retiree group plan.
Future Considerations

• Sept. 1, 2015 - 90 day termination policy implemented for lack of premium payment
• High Cost of Generic and Specialty Drugs
• Pre-65 Retiree Health Insurance Options
• Hospital Admits (Observation versus In-patient)
• Household Billing
• Negotiating Process and Available Data
• Communications and Education of Members.
  • Monthly meetings, Web-page, Newsletter, Purposeful Living in Retirement, and special workshops
Questions?