

BEACON RETIREE BENEFITS GROUP

Welcomes Electric Boat Employees & Spouses to our Medicare SOS Workshop



Agenda

- History of the Electric Boat Retiree Medical and Prescription Drug Plan
- Beacon Retiree Benefits Group Services
- Medicare Eligibility & Enrollment
- Medicare Basics (A, B, C, D)
- EB Retiree Medical & Prescription Drug Plans
- Dental Plan Options

Who is Eligible for Medicare?

Most individuals age 65 or older who are citizens or permanent residents of the U.S. are eligible for “Premium Free” Medicare Part A

You are eligible at 65 if:

- You receive or are eligible to receive Social Security
- You receive or are eligible to receive railroad retirement
- Your living, deceased or divorced spouse is at least age 62 and is eligible to receive Social Security*

*Other stipulations apply for eligibility under divorced spouses

Who is Eligible for Medicare?

Before age 65, you are eligible for Medicare if:

- You have been entitled to Social Security disability benefits for 24 months
- You receive a disability pension from the railroad retirement board and meet certain conditions
- You have Lou Gehrig's disease or ESRD

Full Retirement Age vs. Medicare Age

Full retirement age started to increase for people born in 1938 or later. However, even though full retirement age is no longer 65, people should sign up for Medicare three months prior to their 65th birthday.

Earnings must be limited to \$15,480 in 2014 to avoid penalty if under full retirement age.

Year of Birth	Full Retirement Age
1937 & Prior	65
1938	65 and 2 months
1939	65 and 4 months
1940	65 and 6 months
1941	65 and 8 months
1942	65 and 10 months
1943-1954	66

How do I Enroll in Medicare? Initial Enrollment Period

- If you are collecting Social Security prior to age 65, you will automatically be enrolled in Medicare A & B.
- Typically, your Medicare effective date will be the 1st of the month of your 65th birthday. If you were born on the 1st of the month, Medicare coverage is effective the 1st of the previous month.
- If you are not collecting Social Security, you will have to apply for Medicare. Your Medicare coverage effective date will be determined based on when you enroll during the Initial Enrollment Period.

Initial Enrollment Period Schedule

The Initial Enrollment Period begins three months prior to a person's 65th birthday, includes the month they turn 65 and ends three months after their 65th birthday month ends.

Enrolling in this month of the IEP	Medicare coverage starts:
1	Month eligible for Medicare
2	Month eligible for Medicare
3	Month eligible for Medicare
4	One month after enrollment
5	Two months after enrollment
6	Three months after enrollment
7	Three months after enrollment

Medicare Coverage Premiums

Medicare Part A

- “Premium Free” or no cost to those who paid Medicare taxes while working for at least 40 quarters or eligible for Medicare through a living, deceased or divorced spouse.
- Up to \$426/month if ineligible

Medicare Part B

- 2014 standard Part B premium is \$104.90*
Part B premiums are income-based

***Rate held flat from 2013 to 2014, however, Part B became based on income in 2007.**

Medicare Part B – How Much Does it Cost?

- Premiums vary depending on your household income as shown below
- If your adjusted gross income in 2012 was:

File Individual Tax Return	File Joint Tax Return	You Pay in 2014
<\$85,000	<\$170,000	\$104.90
\$85,001 - \$107,000	\$170,001 - \$214,000	\$146.90
\$107,001 - \$160,000	\$214,001 - \$320,000	\$209.80
\$160,001 - \$214,000	\$320,001 - \$428,000	\$272.70
>\$214,000	>428,000	\$335.70

Still working at 65?

- Collecting Social Security?
 - You have Medicare Part A
- Not Yet Collecting Social Security?
 - You do not have to apply for Medicare but you should “register” with Social Security (if you have active employer coverage).

When can I Waive Medicare Part B?

- If you are actively working at or after age 65 AND covered under the benefit plan through your current employer
- If you are turning 65 or over 65 and your spouse is actively working AND you are covered as a dependent under your spouse's current employer
- Waiving Part B for any other reason will subject you to future penalties and limit your enrollment opportunities to a specific time of the year
- COBRA, Retiree Benefit Plans and coverage through severance or separation agreements are not qualifying reasons to waive Medicare Part B

General Enrollment Period

- The General Enrollment Period is an opportunity provided each year to sign up for Medicare Part B if a beneficiary waives Medicare or neglects to enroll without a qualifying reason.
- The General Enrollment Period runs from January 1st through March 31st of each calendar year, however, coverage does not take place until July 1st.
- The beneficiary will incur a Part B premium penalty of 10% for each 12-month period they were eligible for, but did not enroll in, Medicare Part B.

Special Enrollment Period

- The Special Enrollment Period pertains to beneficiaries that waive Medicare Part B because they are working at the time they become Medicare eligible and covered under their employer plan OR they are covered under the active employer plan of a working spouse.
- This enrollment period allows a beneficiary to enroll in Medicare Part B at anytime (without penalty) while they are covered under the ACTIVE employer plan or within 8 months after the employment ends or the group coverage ends – whichever comes FIRST.
- Neither COBRA nor continued coverage during a separation agreement or severance package are considered ACTIVE employer plan coverage.

HSA Accounts & Medicare

- If you have an HSA and you will soon be eligible for Medicare, it is important to plan ahead and understand how enrolling in Medicare will affect your HSA.
- You cannot continue to contribute to an HSA once you have Medicare.
- If you retire post 65 (post Medicare age), when you enroll in Medicare at retirement, your Medicare effective date will be retroactive by six months. *** You should stop all HSA contributions up to six months prior to retirement if you are Medicare age + six months (age 65 ½)
- If you do not stop contributing the six months before you apply for Social Security, you may have a tax penalty. The penalty is because you were not supposed to put money into your HSA while you had Medicare.

Medicare Coverage Basics – Parts A & B

Medicare Part A Hospital Insurance

- Inpatient hospital care
- Skilled nursing care
- Home health care
- Hospice care
- Inpatient drugs & therapies

Medicare Part B Medical Insurance

- Doctors' services & outpatient care
- Preventive services
- Diagnostic tests and procedures
- Physical and occupational therapies
- Durable medical equipment
- Some outpatient prescription drugs
- Some home health care

Original Medicare Coverage 2014 Member Cost Shares

<p>Medicare Part A Inpatient</p>	<ul style="list-style-type: none">• 2014 Part A Deductible: \$1,216 days 1-60• \$304 per day for days 61-90• \$608 per day for days 91-150• (Lifetime Reserve Days)• All costs for each day beyond 150 days• Skilled nursing care paid in full for days 1 – 20; \$152 per day for days 21 to 100
<p>Medicare Part B Outpatient</p>	<ul style="list-style-type: none">• 2014 deductible is \$147• 15% excess charge can be assessed by providers not accepting Medicare fees as payment in full.• Most services covered at 80% after deductible

Types of Medicare Plans

Medicare Supplement Plans

- Medicare Supplements pay secondary to Original Medicare
- Sold by private insurance companies
- Covers gaps in the Original Medicare Plan
- Deductibles, coinsurance and copayments
- Medicare pays primary on all claims
- Ease of administration
- Broadest access to physicians and medical providers
- Can live or travel anywhere in the U.S.
- Outpatient drugs are not covered
 - must also enroll in a Medicare Part D prescription drug plan
- Wellness exams covered annually

Medicare Advantage Plans (MA) = Part C

- CMS (Centers for Medicare and Medicaid) pays a subsidy to the plan provider and the provider takes the risk and pays all of the claims
- Subsidies based on zip code, age, gender and health of the geographical region
- Plans MUST cover everything that Medicare covers
- Often include value added benefits – disease management programs, wellness programs, discounts on health related items, gym memberships, 24 hour nurse line
- Plans can be HMOs, PPOs, Point of Service, and Special Needs Plans (for chronic illness)
- Referred to as MA-PD when packaged with Medicare Part D plan

Four Medical Plans Offered by UnitedHealthcare®

Medicare Supplement Plan F

- Original Medicare A
- Original Medicare B
- Supplemental Plan F

Three Medicare Advantages Plan

- High Option-No co-pays
- Base Option- co-pays
- Low Option-^ co-pays

Value Added Services for EB Advantage Plans

- **Senior Fitness Program through Silver Sneakers®**
- **Solutions for Care Givers**
- ***Nurse Line***
- **Access Support**
- **Treatment Decision Support**
- **Disease Management Programs**
- **Catastrophic and Pre-Catastrophic Management**
- **Transplant Resource Services**
- **Innovative Hearing Program**

Medicare Part D Program 2014

Stage 1 – \$310 Deductible
Initial Coverage Limit

You will pay 25% of retail drug costs until total drug costs reach \$2,850

Stage 2
Coverage Gap
\$2850-\$4550

You will pay the 47.5% of the cost for brands and 72% of generic medications.

Stage 3
Catastrophic Coverage
\$4,550 ^

If your out of pocket reaches \$4,550, you pay the greater of \$2.55 for generics or 5% and \$6.35 for brands OR your regular co-pay.

How Does Medicare Part D Work?

- When a member reaches the initial coverage limit (ICL), they enter the Coverage Gap (Donut Hole)
- While in the Coverage Gap, 50% pharmaceutical discount is applied on brands. 2.5% is paid by the insurer. Member pays 47.50%, however, 97.5% is applied to TROOP
- While in Coverage Gap, a 28% discount is applied to generic medications (discount will grow to 75% by 2020)
- After reaching the TROOP, the member pays 5% or less (catastrophic coverage)
- These thresholds have increased each year

Medicare Part D - How Much Does it Cost?

Medicare part D can be purchased in two different ways:

- Through a Medicare Advantage Plan (MAPD)
- Through a stand-alone prescription drug program (PDP)

Other important information about Part D:

- Plans vary by premium, copays, benefit design and formularies
- Like Medicare Part B, there may be an additional charge depending on your income (IRMAA)
- If you do not apply for coverage when first eligible and do not have proof of “creditable coverage”, you may have to pay a penalty and will be restricted as to when you can enroll
- You can change your plan during the Annual Coordinated Election Period unless you have a Special Enrollment Period

Medicare Part D and IRMAA

Income Related Monthly Adjustment Amount

- You will pay an additional amount in 2014 for Medicare Part D if your adjusted gross income in 2012 was:

File Individual Tax Return	File Joint Tax Return	You Pay
<\$85,000	<\$170,000	\$0.00
\$85,001 - \$107,000	\$170,001 - \$214,000	\$12.10
\$107,001 - \$160,000	\$214,001 - \$320,000	\$31.10
\$160,001 - \$214,000	\$320,001 - \$428,000	\$50.20
>\$214,000	>428,000	\$69.30

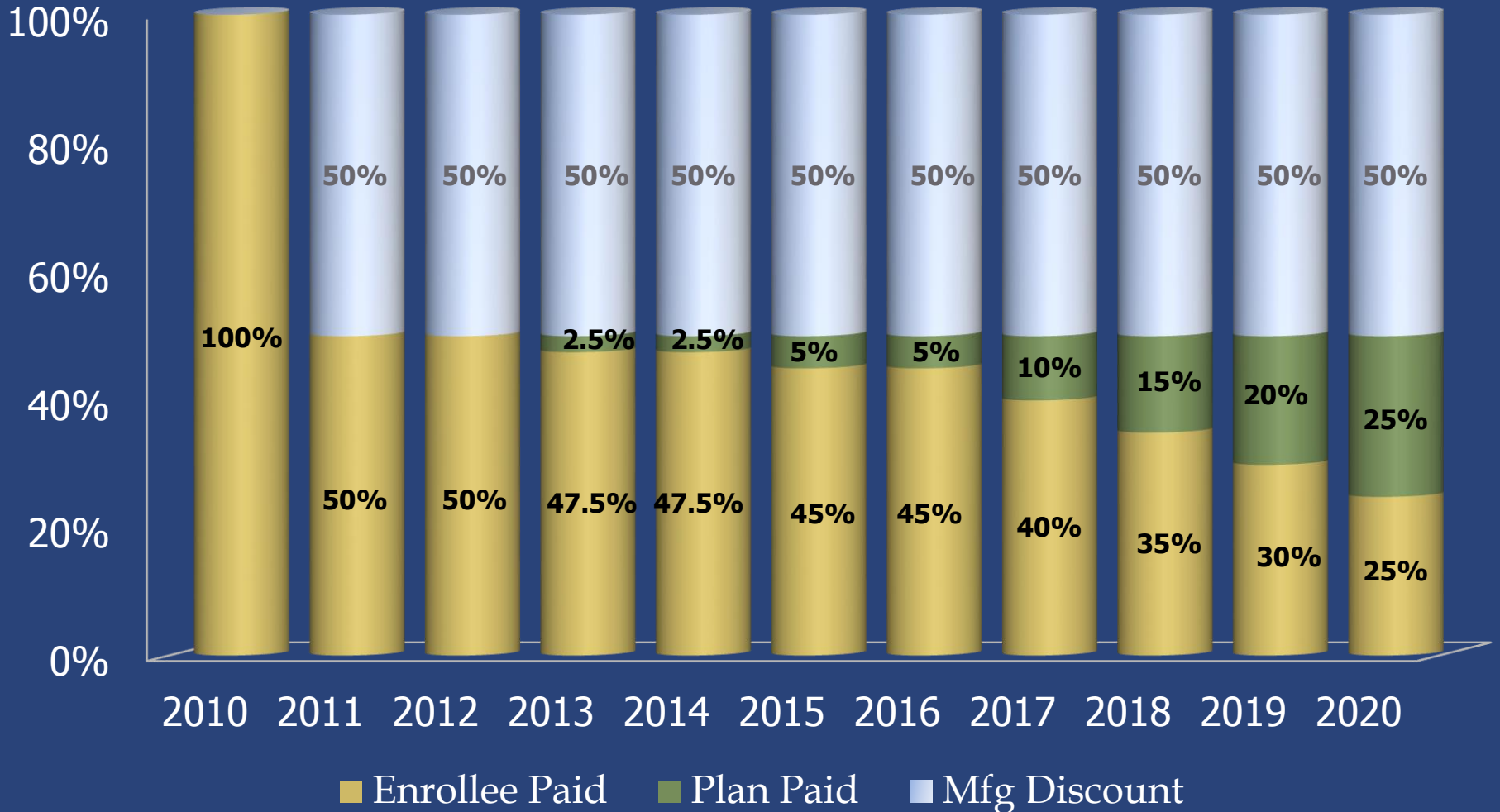
Two Retiree Prescription Drug Plan Options

- Four Tier Co-Pay Structure
- Retail 30 day supply \$10/\$40/\$60/\$60
- Mail Order 90 day Supply through OptumRx \$20/\$80/\$120/\$120
- Unlimited- Group Plan- Same copays apply during Coverage Gap
- Limited- Medicare Part D Group Plan- Limited Exposure to Medicare Coverage Gap
- Generic coverage through the gap on Limited plan
- UnitedHealthcare Pharmacy Saver Program \$2 and \$4 generic medications

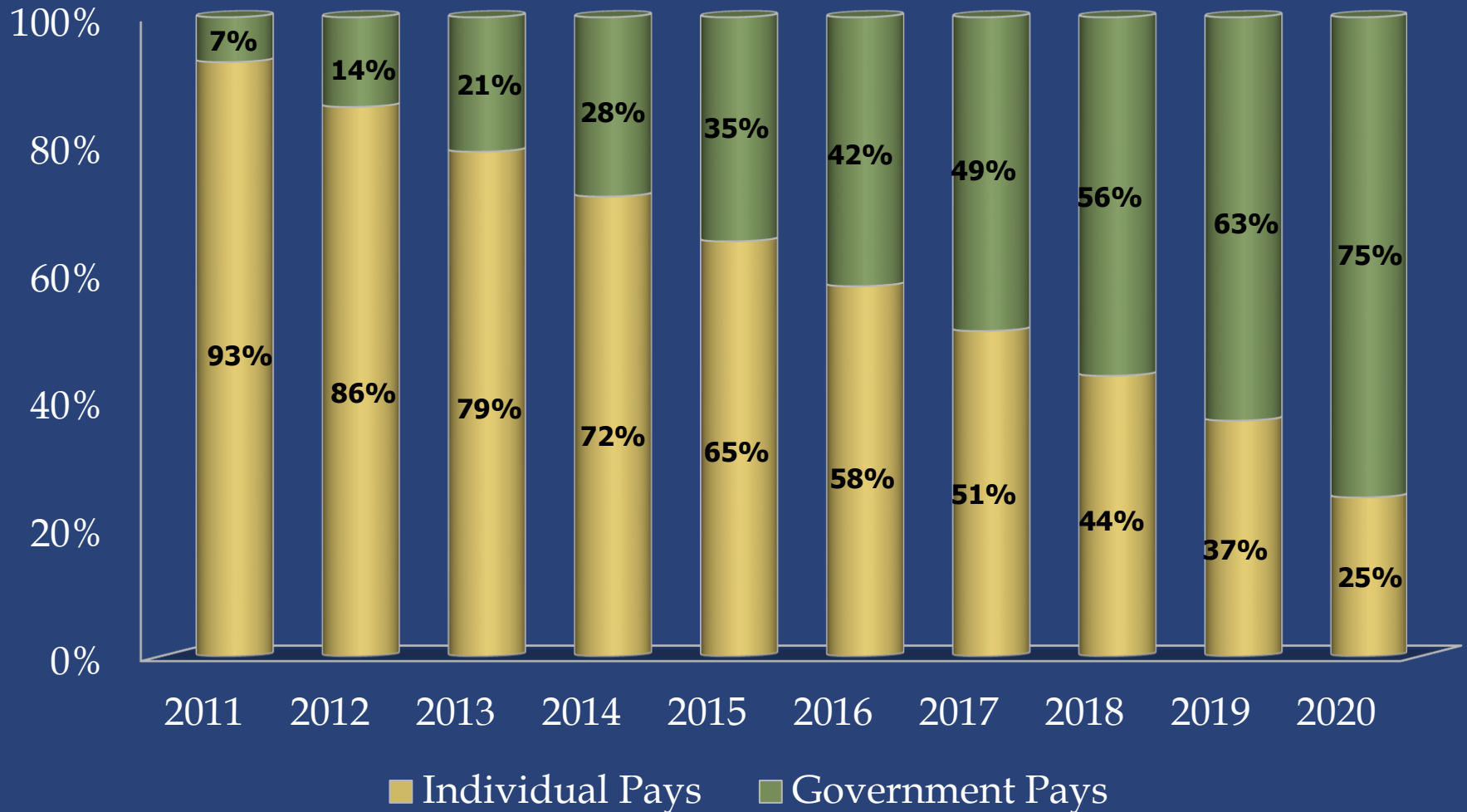


**** Enrollment in Unlimited Drug Plan during initial plan election**

The Future for Brand Name Prescriptions in the Coverage Gap



Coverage Gap Continues to Shrink for Generic Prescriptions in 2014



Retail Pharmacy Program

 **Wal-Mart: Phone: 1.800.925.6278 - \$4 for 30 day supply and \$10 for 90 day supply**

 **Target: Phone: 1.800.440.0680 - \$4 for 30 day supply and \$10 for 90 day supply**

 **Stop and Shop: Phone: 1.800.767.7772 - \$9.99 for 90 day supply One time \$10 enrollment fee**

 **CVS: Phone: 1.888.607.4287 - \$11.99 for 90 day supply participants must register**

 **Rite Aid: Phone: 1.800.748.3243 - \$9.99 for 30 day supply and \$15.99 for 90 day supply**

 **ShopRite: Phone: 1.800.746.7748 - \$3.99 for 30 day supply and \$9.99 for 90 day supply**

This information may change without prior notice. For more information

Two Metlife Dental Options



Coverage Types	High Option	Low Option
Deductible	\$75	\$75
Preventive	100%	100%
*Basic	70%	70%
*Major	50%	0%
Plan Max	\$1500	\$750

- You may elect enrollment upon initial enrollment or cease of COBRA benefit.
- Deductible only on Basic and Major Services
- Rates are based on state of residence

The Medicare Savings Program

The MSP helps individuals subsidize their Medicare costs

There are 3 programs available through the MSP Program.

- QMB (Qualified Medicare Beneficiary) –Covers the Medicare Part B monthly premium, Medicare A & B co-pays and deductibles
 - \$2,053.03 single / \$2,766.21 couple
- SLMB (Specified Low-Income Medicare Beneficiary) Covers Medicare B Premium
 - \$2,247.63 single / \$3028.41 couple
- ALMB (Additional Low Income Medicare Beneficiary) Covers Medicare B Premium
 - \$2,393.58 single / \$3,225.02 couple

Beneficiary must have Medicare A and qualify for program income limits at all times

ALMB is subject to available program funding

EB Plan Billing Options

Three Ways to Pay:

- Pension Deduction - premium deducted from pension.
- ACH Debit - premium deducted directly from your checking or savings account.
- Monthly Coupon Bill - premium billed via monthly statements.

****As a General Dynamics retiree you may be eligible for a \$ 94 stipend upon retirement.

Additional Services

- Beacon also provides solutions to Medicare Eligible retirees throughout New England
- Individual Medicare Products:
 - Medicare Supplement Plans
 - Medicare Part D Plans
 - Medicare Advantage Plans

Thank you

Thank you for attending our
Medicare SOS Workshop.

We will be available for questions.

Beacon Retiree Benefits Group

1.888.484.0414

www.BeaconMedicare.com