



**COMMONWEALTH OF VIRGINIA
DEPARTMENT OF HUMAN RESOURCE MANAGEMENT**

Group Administrator Memo #05-06

To: TLC Group Benefits Administrators

From: Mary P. Habel, Director
State and Local Health Benefits Programs

Date: October 6, 2005

Re: •Medicare-Eligible Retiree Prescription Drug Coverage

The new Medicare Part D prescription drug benefit is scheduled to take effect on January 1, 2006. In the past few months, The Local Choice (TLC) health benefits program has thoroughly reviewed our options with respect to providing supplemental prescription drug coverage for Medicare-eligible retirees.

Given the TLC program design, differing contribution levels from our member groups and the difficulty in enrollment, tracking and reporting utilization to CMS, we have determined that continuing to offer prescription drug coverage to our Medicare-Eligible Retirees is not in the best interest of our groups or the TLC program as a whole. We believe our member groups will be better served by increased flexibility than by one approach that will not be appropriate for all groups. **Therefore, effective January 1, 2006, with the implementation of the Medicare Part D prescription drug benefit, TLC will no longer offer prescription drug coverage under our Medicare Supplemental plans.**

Your Medicare eligible retirees or employees approaching Medicare eligibility who wish to have prescription drug coverage will need to enroll in Medicare Part D before the May 15, 2006 enrollment deadline. Remember, our drug coverage will terminate on January 1, 2006. Your retirees should not delay enrollment.

The TLC Medicare Complementary, Advantage 65 and Advantage 65 with Dental/Vision plans will retain all medical provisions (or dental and vision benefits as appropriate) that are currently offered but prescription drug coverage will be eliminated. Your group is welcome to continue medical only retiree coverage with TLC.

Without prescription drug coverage from TLC, Advantage 65, Advantage 65 with Dental/Vision and Medicare Complementary premiums will be significantly reduced. The chart below compares current monthly premiums and coverage without the prescription drug benefit.

Product	Current Rates with Rx	Rates 1-1-2006 without Rx
Medicare Complementary	\$285	\$85
Advantage 65	\$325	\$125
Advantage 65 with Dental/Vision	\$350	\$150

Individual retirees may prospectively terminate their coverage on the first of any month. TLC Member Groups may drop Medicare Supplemental Coverage without penalty or Adverse Experience Adjustment by **providing 30 days written notice of intent to terminate.**

For additional information on the new Medicare Part D benefit, you may call 1-800-MEDICARE or visit the Medicare Web site at www.medicare.gov.

Should you have questions, do not hesitate to contact Walt Norman, TLC Program Manager, at (804) 786-6460 or by e-mail at walter.norman@dhrm.virginia.gov.