



## PSC-CUNY WELFARE FUND

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### AN IMPORTANT BENEFIT IMPROVEMENT FOR MEDICARE ELIGIBLE RETIREES

Dear Member:

We are pleased to announce that the PSC-CUNY Welfare Fund has entered into a new partnership with Medicare and Medco that will enable us to continue providing a high level of coverage for your prescription drugs—often with greater savings for you. We are taking advantage of a special provision of Medicare Part D that permits a group enrollment under the Medicare program *without basic premium charges to individual members*.<sup>\*</sup> And, where the Medicare coverage is not as complete as the present Medco coverage, it allows the Welfare Fund to cover the difference. Where Medicare coverage is better, you benefit.

The program will start January 1, 2012. We at the Fund are doing everything possible to make it “seamless.” You should be able to go on using the benefit as you always have: buying the same medications through mail order or retail pharmacy, using incentives for generic drug use, and making the same levels of co-payments (except for the enhancements shown below).

#### Significant Enhancements under the New Plan

- The current \$50 deductible is removed
- The current \$10,000 annual per-person cap is removed
- If annual drug expenditures reach \$8,000 (*approximately*), **co-payments drop to 5%**

#### Medicare Part D Is Improving

Many of you will recall that the Fund advised you to remain in the Fund’s prescription drug plan and not buy coverage under Medicare Part D—unless you expected your annual prescription drug costs to exceed about \$14,000. The reason was that Medicare Part D has been mainly a catastrophic plan that pays well on the high end and not so well to the low- or medium-level user.

Things have changed. As a result of President Obama’s initiative on health care reform, Medicare Part D drug coverage is becoming more beneficial for participants each year. And as Medicare Part D improves, the Welfare Fund is now permitted to enroll its Medicare-eligible retirees as a single group and pay the cost of the difference between Medicare Part D coverage and the current Medco coverage. For participants in our Medco Medicare Prescription Plan, there will be no premiums or deductibles or “doughnut hole” coverage gap.<sup>\*</sup> All participants will have the peace of mind that there will no longer be an annual cap and co-pays will drop to 5% after approximately \$8,000 of prescription drug costs.

The Welfare Fund moved expeditiously to take advantage of the new federal law. After a competitive bidding process, we determined that Medco would continue to give our members the best service and prices.

## What Happens Next?

You will be receiving a new card just like your current Medco card, except that it bears the new name: "Medco Medicare Prescription Drug Plan."

During the first week of December you will begin to see more Medco correspondence than usual, as mandated by government regulations. There will be notices that may appear unnecessarily complicated. Where we can simplify the message we will, but in some cases the regulations dictate the content. Please read these letters carefully—some may require a response from you. Be assured that staff of the PSC-CUNY Welfare Fund will be available to answer questions and clarify issues that may arise when the new program begins.

You will not be required to enroll ("opt in"); that is done automatically. You will be given the opportunity to disenroll ("opt out"), *but those who opt out should know that there will be no other prescription drug option offered by the PSC-CUNY Welfare Fund.*

The trustees and everyone involved with the development of this new program are very excited about its potential to provide a high quality prescription drug benefit and reduce overall costs to participants. With the advent of new drug technologies, more of our members are spending above the \$8,000 level and those who need it most will see a significant reduction in costs. Please watch your mail for more information. We will be posting updates on our website, [pscunywf.org](http://pscunywf.org).

In solidarity,



Steve London  
Executive Officer  
PSC-CUNY Welfare Fund



Larry Morgan  
Executive Director  
PSC-CUNY Welfare Fund

\*The Welfare Fund will pay the costs of our members' standard Medicare Part D premiums. Members with income of \$85,000 or more, or married couples filing joint tax returns with income of \$170,000 or more, will be subject to the Medicare Part D income-related monthly adjustment amount (IRMAA). Similar to Medicare Part B IRMAA, the level of surcharge is based on modified adjusted gross income (AGI) as reported on the member's most recent IRS tax return. This amount will be deducted from Social Security payments.