

Prescription Drug Benefit

Retiree Plan 82

Retiree Plan 80

Plan participants must be enrolled in a basic health plan to be eligible for the Medco Prescription Drug Program. Retirees age 65 or older must be enrolled in Medicare Parts A and B. Participating members will receive a Medco prescription **drug card** unless they elect to purchase an optional drug rider through certain basic health programs. Those who elect a rider over the card should refer to the **Stipend** section below. *Please note that the Medco Prescription Drug Program restricts coordination of benefits with other drug coverage.*

Medco Drug Card

Scope of Benefit The plan covers most drugs that legally require a prescription and have FDA approval for treatment of the specified condition. Drugs available without a prescription or are classified as "over the counter" (OTC) are not covered, regardless of the existence of a physician's prescription. The Welfare Fund program, administered by Medco, encourages utilization of (a) generic equivalent medications, (b) selected drugs among clinical equivalents and (c) use of mail order (home delivery) systems to help contain costs.

(a) If a **generic equivalent** medication is available and you or your physician chose it, you pay the standard co-payment for a generic drug. If you choose a brand name drug (either preferred or non-preferred) when a generic is available, you will pay the brand name drug's co-payment *plus* the difference in cost between the generic drug and the brand name drug.

(b) Medco has a list of preferred drugs called a **formulary**. This list is regularly reviewed and updated by physicians, pharmacists and cost analysts. In order to encourage formulary compliance, the program assesses a higher co-payment on prescriptions filled with non-formulary drugs.

(c) **Home delivery** (mail-order) is encouraged as a less costly way to fill prescriptions for long-term (maintenance) drugs. Using the mail-order program for a long-term prescription (i.e. 3 month or 100 day supply) reduces the overall co-payment. After an initial fill and two re-fills of a long-term (maintenance) drug prescription at a retail pharmacy, higher levels of co-payment are assessed for continued use of the pharmacy.

Deductible

Each retiree is subject to an annual \$50 deductible. This is charged on the first fill or re-fill of each calendar year. If the deductible amount exceeds the amount otherwise covered, a balance is carried forward.

Maximum Annual and Lifetime Payment

The program carries a \$10,000 annual maximum and \$100,000 lifetime maximum for each individual covered.

Co-payment

A co-payment is the part of the drug cost that is paid by the plan participant. Co-payments calculations are based on the *category* (generic, formulary, and non-formulary) and *place of purchase* (retail pharmacy or mail-order pharmacy).

Retail Pharmacy Co-payments Maximum days' supply = 30 days

First three prescriptions filled

- Greater of \$ 5.00 or 20% for generic drugs
- Greater of \$15.00 or 20% for formulary drugs
- Greater of \$30.00 or 20% for non-formulary drugs

All subsequent fills of same medication

- Greater of \$ 5.00 or **35%** for generic drugs
- Greater of \$15.00 or **35%** for formulary drugs
- Greater of \$30.00 or **35%** for non-formulary drugs

Mail-Order Pharmacy Co-payments (Maximum days' supply = 100 days)

- Greater of \$10.00 or 20% for generic drugs
- Greater of \$30.00 or 20% for formulary drugs
- Greater of \$60.00 or 20% for non-formulary drugs

Non-Covered or Restricted Drugs

The program does *not* cover the following

- Fertility drugs
- Growth hormones
- Needles and syringes
- Experimental and investigational drugs
- **PICA** drugs for any retiree who is non-Medicare eligible (see **PICA** below)
- Over the counter drugs
- Insulin for non-Medicare eligible retirees (see **PICA** below)
- Cosmetic medications

- Therapeutic devices or applications
- Charges covered under Workers' Compensation
- Medication taken or administered while a patient in a hospital rest home, sanitarium, extended care facility, convalescent hospital, nursing home or similar institution.
- Shingles vaccine
- Weight Management drugs

The following drugs are covered with limitations:

- Drugs for erectile dysfunction up to an annual maximum reimbursement of \$500, with a maximum of 18 tablets every 90 days.
- Smoking cessation drugs up to an 84-day supply

Reimbursement Practices

Prescriptions filled at participating pharmacies will require presentation of a valid drug card. The co-payment must be met in order to acquire medication.

Prescriptions filled at non-participating pharmacies or without presenting a drug card may require payment in full. In such cases, Medco will honor a Direct Reimbursement Claim for payment, but only to the extent of the amount that would have been paid to a participating pharmacy, adjusted for co-payment and deductible.

Using Mail Order

Participants may obtain a "Home Delivery Pharmacy Service Order" form by contacting Medco. Physicians may call 1-888-327-9791 for instructions on how to FAX a prescription.

Standard Shipping and handling is free, express delivery is available for an added charge. Temperature-sensitive items are packaged appropriately, but special measures may be necessary if there are delivery and receipt issues at an additional cost to the member.

Special Accommodations

Travel or Vacation

If a larger- than-normal supply of medication is required, a participant may contact the Welfare Fund - at least three weeks in advance - so that appropriate arrangements can be made with the prescription drug plan.

Eligible dependent children away at school

If an eligible dependent child is away at school, a separate card may be made available for that child by contacting the Fund. The initial card is issued at no cost and a payment of \$10.00 is required each time a card is re-issued. Prescriptions filled in other manners will require the student to pay the full cost of the prescription and submit a claim for direct (partial) reimbursement.

Contact with Medco

Customer Service (866) 386-3797

Web Site www.medco.com

For information on

- Location of Pharmacies
- Direct Reimbursement
- Eligibility issues
- Mail Order Forms
- Interactive Pharmacy Locator
- Claim Form Download
- Mail-order tracking
- Formulary Drug Listing

Non-Medco Drug Coverage

PICA for Non-Medicare Medco members

There are some drugs for which participants do *not* use the Medco card, but instead use another card, *not* issued by the Welfare Fund. For **non-Medicare eligible retirees**, injectable and chemotherapy (IC) medications are available under the **PICA** program. The N.Y. City Retiree Benefits Health Program should be consulted for further detail and updates, tel. 212-306-7200. Eligible individuals will be issued a drug card for PICA coverage. *For retirees with Medicare*, the IC drugs are treated as any other medications which are covered by the Fund.

Stipend for Non-Medicare members, in lieu of Medco

Non-Medicare eligible retirees who wish to opt out of Medco may purchase a drug rider through their basic health carrier if their carrier is Aetna US Health Care, CIGNA, HIP Prime POS, or GHI HMO. This may be elected at the time of retirement or during any open enrollment period through the city of New York. The plan participant will receive a stipend to offset cost. The current stipend is:

Individual	\$300 per year
Family	\$700 per year

Payment is made within 45 days of the end of a calendar year. If rider coverage was only in effect part of the year reimbursement will be pro-rated. The Fund office will provide claim forms on request.

Members who participate in a drug rider plan through a basic health carrier will automatically be dropped from the Medco plan.

HIP VIP, Aetna Medicare Advantage, in lieu of Medco

Retired members over the age of 65 and enrolled for basic health insurance in the HIP VIP or Aetna Medicare Advantage Programs have drug coverage through these programs. This drug option is paid for by the PSC-CUNY Welfare Fund. Members who change coverage from one program to another must notify the Fund in order to maintain accurate payment records.

Drug Benefits

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The Fund will reimburse up to \$400 per year per plan participant (in combination with dependents). Claim forms are available from the Fund Office.

Medicare Part D, in lieu of Medco

In 2006 the Federal government enacted a limited, catastrophic drug program for qualified retirees, over age 65 who are covered under Medicare Part A (hospital) and who are at least eligible for Part B (medical). It is commonly referred to as Medicare Part D.

The Part D program is privately administered by insurance companies who offer a variety of policies featuring: 1) a formulary of covered drugs, 2) a “front-end” deductible, 3) a range of annual costs where the enrollee pays a moderate percentage co-pay, 4) a range of annual costs where the enrollee pays all costs – 100% co-pay – also known as the “doughnut hole” and 5) a range of annual costs where the enrollee pays minimal percentage co-payment toward drug costs. For this coverage, the Medicare Part D enrollee pays a premium.

The PSC-CUNY Welfare Fund Drug Benefit

Eligible plan participants may chose a Medicare Part D plan instead of the Welfare Fund retiree drug plan. Those who do so would relinquish Welfare Fund drug coverage. It is often not advisable to do so.

Analysis of average drug utilization among covered retirees has determined that *most* retirees would be financially better off with the PSC-CUNY Welfare Fund Medco program. The exception would be those individuals who incur high annual costs. If annual costs exceed \$13,800, the Part D program might be beneficial.

The Fund actuaries have calculated, that on the average, the Welfare Fund drug coverage is equal to or better than the Medicare Part D program. This “Actuarial Equivalence” enables the Welfare Fund to issue a **Notice of Creditable Coverage** to its eligible retired members. This Notice assures that a future decision by a participant to enroll directly in Part D (e.g., by a spouse if a retiree dies) is not met with a substantial premium surcharge.

Fund office staff is unable to personally advise on choice of coverage. More information is available on-line at www.medicare.gov.