

# 2006 UC and Non-UC Retiree Part D Coordination

## **Coordination of benefits:**

The coordination of benefits under Medicare Part D will **not** be similar to that used under Medicare Part A and Part B. Rather than allowing coverage under multiple plans that pay primary and secondary based on rules in the contract, Part D plans are impacted by various Medicare rules and the resulting employer policies.

## **Policies affecting coordination of benefits:**

- **CMS Policy:** Each Retiree may have only one Part D plan
- **CMS Policy:** Each Retiree may have only one MA plan
- **UC's Policy:** retirees should not enroll in any non-UC plan that will serve to reduce the University's ability to be reimbursed from Medicare Part D. Enrolling in a non-UC Medicare Part D plan will result in de-enrollment from UC's medical plan (both medical and prescription coverage).
- **CalPERS Policy:** AB 587 was signed by California's Governor on October 5 regarding CalPERS' handling of Part D. Page 2 of the bill outlines the provisions for Part D enrollment as follows: (b) Employees, annuitants, and family members enrolled in a prescription drug plan under Part D of Medicare may not be enrolled in a board-approved health benefit plan. This subdivision does not apply to an individual enrolled in a board-approved Medicare Advantage health benefit plan.

## **Possible Scenarios:**

*Scenario 1: Retiree has double coverage through a UC PDP and a non-UC Subsidy plan*

*Scenario 2: Retiree has double coverage through a UC PDP and a non-UC PDP*

*Scenario 3: Retiree has double coverage through two 28% Employer Subsidy plans*

*Scenario 4: Retiree has double coverage through two MA-PD plans*

*Scenario 5: Retiree has double coverage through two Kaiser MA-PD plans*

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## ***Scenario 1: UC PDP and non-UC Subsidy plan***

In this possible scenario, the retiree has UC's Blue Cross PPO/PDP plan and PERS medical, (PERS is pursuing the 28% employer subsidy for its non-Kaiser plans).

Since Medicare will only allow one employer to take Part D credit for a retiree, this retiree must make a choice between UC and PERS insurance. If the retiree does nothing, UC will enroll this retiree into the UC Blue Cross PDP and the retiree will need to de-enroll from PERS medical.

### **Possible Resolutions**

Option 1: The UC retiree may suspend UC medical and re-enroll during any future open enrollment or during the PIE created by an involuntary loss of the other coverage. The UC retiree may maintain UC dental, legal and/or AD&D.

Option 2: The UC retiree may remain in the UC plan and drop his/her PERS coverage.

## ***Scenario 2: UC PDP and non-UC PDP***

In this possible scenario, the retiree has UC's Blue Cross PPO/PDP plan and a non-UC PDP through a spouse's Aetna plan.

Since Medicare will only allow enrollment into one PDP, this retiree must choose between UC coverage and the spouse's Aetna coverage.

- If the retiree does nothing, UC will enroll the retiree in the UC Blue Cross PDP and the retiree may become ineligible for coverage under the spouse's Aetna plan. The retiree should contact Aetna or the spouse's employer to determine the repercussions of choosing to deenroll in Aetna.
- If the retiree chooses the spousal coverage under Aetna's PDP, UC will deenroll the retiree from UC's Blue Cross PPO/PDP.

### **Possible Resolutions**

Option 1: The UC retiree may suspend UC medical and re-enroll during any future open enrollment or during the PIE created by an involuntary loss of the other coverage. The UC retiree may maintain UC dental, legal and/or AD&D.

Option 2: The UC retiree may remain in the UC plan and the spouse/partner remains in his/her own plan.

Option 3: If the spouse is currently covered by the UC plan, the UC retiree and the spouse/partner may withdraw from the other plan and both may remain in the UC plan. Retiree and the spouse/partner should verify whether there are adverse consequences from the other plan.

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## ***Scenario 3: Two Subsidy plans***

Retiree has UHC Select EPO and has medical through the local school district's PPO (which is also pursuing the 28% employer subsidy).

The retiree is able to remain enrolled in both plans. Because the retiree is not technically enrolled in a Part D plan through either employer, there are no issues or problems related to double coverage. The retiree will continue to submit claims to each carrier as they have in the past. Each employer will be able to claim a 28% subsidy on claims their plan pays.

## ***Scenario 4: Two MA-PD plans***

Retiree is enrolled in Kaiser through UC and Health Net through their spouse's non-UC retiree coverage.

The retiree may only assign his/her Medicare to one HMO. As such, they must choose between the Kaiser and HealthNet coverage. *This is the same as 2005 and has not changed as a result of Medicare Part D.*

## ***Scenario 5: Two Kaiser MA plans***

A retiree may be enrolled in Kaiser Senior Advantage Plan through two employers. Kaiser is still determining how Medicare Part D will impact the current situation.