

Memorandum



New York City Transit

Date November 8, 2005
To TWU Local 100 Medicare Eligible Retirees
From Jim Masella, Assistant Vice President, Employee Benefits
Re **Medicare Part D Prescription Drug Coverage**

A handwritten signature in black ink, appearing to read 'Masella', written over the 'From' line of the memorandum.

Beginning in 2006, Medicare is expanding coverage to include most outpatient prescription drugs by introducing a Medicare prescription drug plan called Medicare Part D. You have probably received mail from various private companies as well as from the government concerning this issue. This coverage will be available to everyone with Medicare.

HIP VIP Premier Medicare Plan or Aetna Golden Medicare Plan Enrollees

If you are enrolled in either the HIP VIP Premier Medicare Plan or the Aetna Golden Medicare Plan, you will automatically get Medicare prescription drug coverage from HIP VIP or Aetna. This assumes you do not change your current Medicare coverage. You will be receiving detailed information directly from HIP VIP or Aetna about your coverage shortly.

PharmaCare Enrollees

If you are enrolled in the New York City Transit prescription drug program administered by PharmaCare, we have determined that on average this program is superior to Medicare Part D coverage. Therefore you **DO NOT** need to join a Medicare Part D plan during the first enrollment period. If, for some reason, you or your spouse decide to enroll in Medicare Part D in the future, you **will not** be charged a late enrollment penalty on your Medicare Part D premium as long as your NYC Transit prescription drug program continues to be at least as good as Medicare Part D coverage.

Medicare Part D Prescription Drug Coverage

The following is a description of the new Medicare Part D coverage:

- **There will be a monthly premium of approximately \$32 for those who join during the November 15, 2005 through May 15, 2006 enrollment period.**
- **Level 1** – Enrollees pay a \$250 per person annual deductible before Medicare Part D starts paying benefits.
- **Level 2** – After you pay the deductible, your Medicare Part D coverage covers 75% of your drug costs, up to a maximum of \$2,250. You will be responsible for 25% of drug costs (maximum of \$500 at this level).

- **Level 3** – After total drug costs reach \$2,250, you pay an additional \$2,850 in out-of-pocket drug costs before Medicare coverage continues. This is called the **coverage gap**, also known as the **donut hole**.
- **Level 4** – Once your out-of-pocket drug costs, not including premiums, reach \$3,600 (\$250 deductible + \$500 coinsurance + \$2,850 coverage gap) Medicare will cover up to 95% of drug costs. Any costs paid for by an employer group health plan don't count as out-of-pocket drug costs.

Choosing the Prescription Coverage That Is Right for You

Medicare Part D has different coverage levels determined by your income and resources. Under Part D, drug coverage with lower costs is available for people with limited income below approximately \$14,355 for an individual or \$19,245 for a couple. Additionally, people with limited resources (total assets excluding your home and automobile below \$11,500 for a single person or \$23,000 for a couple) may qualify for extra help paying their Medicare prescription drug costs. Contact the Social Security Administration to determine whether you qualify.

If You Have Any Questions About Medicare's Prescription Drug Coverage

More detailed information about the Medicare Part D can be found in the handbook mailed to you by Medicare in October 2005 entitled "Medicare & You 2006". You can also get information from the following sources:

- Medicare's website at www.medicare.gov
- 1-800-MEDICARE (1-800-633-4227). TTY users should call 1-877-486-2048.
- Social Security Administration at 1-800-772-1213.
- Your State Health Insurance Assistance Program (see your copy of the Medicare & You handbook for their telephone number).

If You Have Any Questions About Your New York City Transit Benefits

You can obtain information about your NYC Transit benefits from:

- MTA website (www.mta.info); go to NYC Transit and select Retiree Online.
- Employee Benefits
180 Livingston Street, Rm. 6008
Brooklyn, NY 11201

Monday thru Friday between the hours of 8:00 AM and 5:30 PM

Telephone 1-347-643-8550

Out of State 1-888-777-9229

Fax 1-347-643-8409

E-mail employeebenefits@nyct.com