

Frequently Asked Questions Concerning Changes to the State's Retiree Prescription Drug Coverage for Medicare-Eligible Retirees and their Dependents

1. What does the September 1, 2019 certified letter regarding retiree drug changes mean?

The letter is designed to inform you of three new State prescription drug programs created by the General Assembly through the enactment of SB 946 during the 2019 legislative session that are meant to aid eligible retirees with the costs associated with transferring from the State program to Medicare prescription drug coverage.

PLEASE NOTE: These FAQs provide additional clarity as to the eligibility dates beyond what was specified in the September 1, 2019 letter. See below for specific information relating to each plan.

2. Is my prescription drug plan going away?

The current prescription drug benefit plan for State retirees is not being discontinued at this time. Whether the current plan is discontinued and the new prescription drug reimbursement programs established by SB 946 take effect is dependent upon the outcome of the lawsuit titled *Fitch v. State of Maryland*. None of the three new prescription drug reimbursement programs can take effect any earlier than January 1, 2021.

3. Can you explain what the plans are?

The three plans are:

1. The *Maryland State Retiree Prescription Drug Coverage Program* to reimburse for out of pocket costs in excess of \$1,500 for an individual/\$2,000 for a family;
2. The *Maryland State Retiree Catastrophic Prescription Drug Assistance Program* to reimburse for out of pocket costs after the participant reaches the catastrophic coverage phase under Medicare (an amount that is somewhat less than \$5,100); and
3. The *Maryland State Retiree Life-Sustaining Prescription Drug Assistance Program* to reimburse for out of pocket costs for a life-sustaining prescription drug that is covered by the current State prescription drug benefit plan, but not covered under Medicare. Coverage in plans 1 or 2 automatically enrolls you in the *Maryland State Retiree Life-Sustaining Prescription Drug Assistance Program*.

4. When do I need to retire to be eligible for the *Maryland State Retiree Prescription Drug Coverage Program*?

To be eligible for the *Maryland State Retiree Prescription Drug Coverage Program*, your last day of work before retiring must be December 31, 2019, or earlier. You must be retired on or before January 1, 2020.

5. When do I need to enroll in a prescription drug benefit plan under Medicare?

Enrollment in any of the programs under SB 946 is contingent on your enrollment in a prescription drug benefit plan under Medicare. Accordingly, you must enroll in a prescription drug benefit plan under Medicare prior to enrolling in the programs available under SB 946.

6. If I am eligible for the *Maryland State Retiree Prescription Drug Coverage Program*, how much will I pay out of pocket?

The *Maryland State Retiree Prescription Drug Coverage Program* provides for a \$1,500 maximum out of pocket costs for an individual and \$2,000 for a family, unless a retiree qualifies for a partial State health insurance subsidy, in which case the maximum out of pocket costs may be higher.

7. If I wait to retire until after January 1, 2020 and then become eligible for the *Maryland State Retiree Catastrophic Prescription Drug Assistance Program*, how much will I pay out of pocket?

The *Maryland State Retiree Catastrophic Prescription Drug Assistance Program* reimburses a participant for out of pocket expenses after the participant enters the catastrophic coverage phase under a Medicare prescription drug benefit plan. The catastrophic out of pocket maximum in calendar year 2019 is \$5,100; however, the participant's out of pocket expenses will be somewhat less than \$5,100, since out of pocket expenses include prescription drug costs paid by Medicare. If a retiree qualifies for a partial State health insurance subsidy, there may be a maximum reimbursement amount.

8. What is the *Maryland State Retiree Life-Sustaining Prescription Drug Assistance Program*?

Anyone who enrolls in either the *Maryland State Retiree Prescription Drug Coverage Program* or the *Maryland State Retiree Catastrophic Prescription Drug Assistance Program* is automatically enrolled in the *Maryland State Retiree Life-Sustaining Prescription Drug Assistance Program*. The program reimburses a participant for out of pocket costs for a life-

sustaining prescription drug that is covered by the current State prescription drug benefit plan, but is not covered under the Medicare prescription drug benefit plan. A list of those life-sustaining drugs will be made available at a later time. There may be a maximum reimbursement amount if a retiree qualifies for a partial State health insurance subsidy.

9. If I do not retire on or before January 1, 2020, will I be eligible for prescription drug coverage?

If you were hired before July 1, 2011 and you retire on or after January 2, 2020, you will be eligible for the *Maryland State Retiree Catastrophic Prescription Drug Assistance Program*.

10. What is the status of the lawsuit?

The case titled *Fitch v. State of Maryland* currently is pending in the United States District Court for the District of Maryland.

11. When will the lawsuit be resolved?

There is no timeline for resolution of the case titled *Fitch v. State of Maryland*.

12. Should I retire in order to get into the Maryland State Retiree Prescription Drug Program?

The decision to retire is a very personal decision based on a variety of unique circumstances. Your prescription drug costs may be one factor in making that decision, but prescription drug costs invariably will change over time. Accordingly, it is difficult to ascertain whether ending your employment with the State by December 31, 2019, with a January 1, 2020, retirement date is beneficial in the long-term. Further, the outcome of *Fitch v. State of Maryland* could change the substance of or prevent entirely the creation of the programs under SB 946; that case also could result in the current program remaining intact.

13. If I have retirement questions, what should I do?

All questions about retirement dates, when forms are due, or how to apply for retirement should be made to the State Retirement Agency. You may make an appointment to see or talk to a specialist. Visit the Agency's website at sra.maryland.gov, or call 410-625-5555 or 1-800-492-5909 to speak to a representative or make an appointment.