



January 15, 2024

Frequently Asked Questions (FAQs) About Retiree Prescription Drug Coverage Change Effective January 1, 2025

Note: This document was updated as of January 15, 2024. Updates will be made as more information becomes available.

The State of Maryland's prescription drug plan coverage for Medicare-eligible retirees is changing on January 1, 2025. All Medicare-eligible retirees are receiving an announcement letter about the changes along with this FAQ document.

This change was made in 2011 to address both the long-term affordability of the State-funded plan and the planned benefit improvements in Medicare Part D. Combined with programs enacted in 2019 to mitigate differences from the State plan, retirees can expect that out-of-pocket costs will be capped at a similar level as the current State prescription drug plan. Health benefits will continue to be available through the State plan.

We realize this is a big change, and you probably have many questions and concerns. We are committed to ensuring a smooth transition to your new coverage, including providing one-to-one counseling assistance in selecting a Part D plan. As soon as we have more details to share, our team at the Department of Budget and Management will answer all your questions and address your concerns. In the meantime, this FAQ document was developed to address some of the questions you may have right now.

1. What is happening?

The current State-provided prescription drug plan for Medicare-eligible retirees will end on December 31, 2024. Retirees will need to enroll in a Medicare Part D plan during Medicare open enrollment this fall (October 15–December 7), to have prescription drug coverage on January 1, 2025. You will need to select a Medicare Part D plan from the options that will be available in your geographic area. To assist you with this transition, the State will provide one-on-one counseling to walk through your options with you this Fall.

2. Can you help me understand why this is happening now?

The changes are happening due to Maryland state law to address both the long-term affordability of the State-funded plan and the planned benefit improvements in Medicare Part D.

- Chapter 397 of 2011 provided that Medicare-eligible State retirees would no longer receive State-funded prescription drug coverage effective in fiscal 2020.
- Chapter 10 of 2018 made the change effective January 1, 2019. This was done in the expectation that Medicare-eligible State retirees could enroll in prescription drug coverage programs under Medicare Part D.
- Chapter 767 of 2019 established reimbursement programs that covered a portion of out-of-pocket costs for retirees enrolled in Part D coverage.
- In response to a lawsuit filed by State retirees claiming that termination of prescription drug benefits was an unconstitutional breach of contract between the State and retirees, the federal Fourth Circuit Court of Appeals ultimately ruled that no such contract existed. As a result, the lawsuit was dismissed.

No changes to current prescription drug coverage for retirees will take effect until the plan year beginning January 1, 2025.

3. Is any other State of Maryland-sponsored retiree health care coverage affected by this change?

No. Other State of Maryland-sponsored health care coverage for actives and retirees—and Medicare Part A and Part B coverage—are not affected by this change.

4. Who is impacted by the changes to the retiree prescription drug program?

All Medicare-eligible retirees as of January 1, 2025, Medicare-eligible spouses and surviving spouses, and Medicare-eligible dependent children and surviving children are impacted.

Non-Medicare-eligible retirees and non-Medicare-eligible spouses and non-Medicare-eligible dependent children are not impacted by this change and remain eligible for the State plan.

5. Will I be covered automatically under a new prescription drug plan starting January 1, 2025?

No. During Medicare open enrollment this fall (October 15–December 7), to have prescription drug coverage on January 1, 2025, you will need to select a Medicare Part D plan from the options that will be available in your geographic area.

6. How do the Medicare Part D prescription drug plans work—what drugs will be covered, what retail pharmacies can fill prescriptions, and how much will it cost to fill prescriptions?

Medicare covers prescription drugs through Part D prescription drug plans. These plans must follow rules established by the federal government. The benefits required to be offered by the Part D plans are significantly increasing for 2025, requiring less out-of-pocket costs for retirees.

All Part D prescription drug plans must cover a wide range of prescription drugs. Each plan will publish a list of its covered drugs, so retirees can understand which plan covers the medications they will need and how much they will cost. Each plan has contracts with retail and mail order pharmacies that provide a discounted rate to plan members when you fill prescriptions at those locations. The premium cost for each Part D prescription drug plan will vary depending on the benefit coverage of each plan.

7. How will I be able to tell the difference between the Medicare Part D prescription drug plans?

The specific details of the cost and benefits coverage in 2025 Medicare Part D prescription drug plans are not yet available. We expect the details of the 2025 plans to be available in early Fall (typically they are released in September). The State will ensure that a licensed benefits counselor will be available to help you understand how the plans work and assist you in selecting a plan during open enrollment.

8. How do I enroll in a Medicare Part D prescription drug plan during open enrollment?

During Medicare open enrollment this fall (October 15–December 7), you will elect a Medicare Part D prescription drug plan online or by phone. You will be able to meet one-on-one with a licensed benefits counselor who will assist you in selecting a plan. They will review your current medications with you, help you understand your options, and assist you with selecting a plan. More information about how to meet with a counselor and how to enroll will be provided before open enrollment.

9. Will I have access to one-on-one counseling to help me choose a new plan?

Yes. The State is working on contracting with a company that will provide one-on-one counseling to assist you with the selection of a new prescription drug plan. The counselors will review your current medications with you, help you understand your options, and assist you with selecting a plan.

10. What other opportunities will there be for me to learn about the changes and make a well-informed decision about which Medicare Part D plan to choose?

Over the summer (dates to be determined), the State will offer both in-person education and informational sessions at locations around the state as well as virtual sessions online (via video). More information will be sent to you and posted on the Department of Budget and Management's website (<https://dbm.maryland.gov/benefits/Pages/Retirees.aspx>) as it becomes available.

11. Do I need to do anything right now?

No. You do not need to do anything right now. Your current prescription drug plan coverage will continue through December 31, 2024.

12. When do I need to take action?

While you don't need to do anything right now, here's what you can expect:

- The State will be contracting with a company to offer both in-person education and informational sessions at locations around the state as well as virtual sessions online (via video). You will also have access to one-on-one counseling to assist you in selecting a plan.
- Once a company is contracted, you will receive more information this summer (likely by July) regarding in-person and virtual education sessions that will help you understand what's happening and what you'll need to do. Among other information, these sessions will provide details about how to meet with a counselor and how to enroll in a plan during open enrollment.
- The 2025 Medicare plan details will be released in early Fall (typically in September).
- During Medicare open enrollment this fall (October 15–December 7), you will select a Medicare Part D prescription drug plan online or by phone. You will be able to speak on the phone with a licensed benefits counselor who will assist you in selecting a prescription drug plan.
- **You will need to take action before the close of open enrollment or you will not have prescription drug coverage after December 31, 2024.**

Please keep an eye out for future communications from the State with details of this transition.

13. Who can I contact if I have questions right now?

Any questions regarding prescription drug benefits for State retirees can be directed to the Department of Budget and Management (DBM) via email at ebd.mail@maryland.gov or by calling 410-767-4775 (toll free: 1-800-307-8283).

Please note that we are expecting a high volume of inquiries so response times may be longer than normal. The DBM staff will respond to you as quickly as possible. Information will also be posted on the DBM's website (<https://dbm.maryland.gov/benefits/Pages/Retirees.aspx>) as it becomes available.

If you were hired by the State before July 1, 2011, and retired from State service on or before January 1, 2020, questions 14-16 will apply to you.

14. Is the State going to help me pay for the cost of filling my prescriptions under the Medicare Part D plan?

If you were hired by the State before July 1, 2011, and retired from State service on or before January 1, 2020, you will receive funding from the State to help pay for the cost of filling prescriptions.

15. How will the State help me pay for the cost of filling prescriptions?

If eligible to receive funds from the State, the State will contribute tax-free each year to a Health Reimbursement Arrangement (HRA)—an account that will be set up in your name. Contributions to the HRA will be made starting in January 2025. The money in this account will be available to help pay for prescription drugs at the time of purchase.

16. How much will the State contribute each year to my HRA?

The amount the State will contribute will depend on your years of service and whether you have single or family coverage. The amounts will be determined and communicated to eligible individuals later this year.