

BREA ANALYSIS OF MEDICARE PRESCRIPTION DRUG COVERAGE

October, 2005

Many people have been confused about the new Medicare Part D Prescription Drug plan and their current coverage from BSA/BNL. Human Resources (aka Personnel) strongly recommends that retirees NOT enroll in a Part D plan.

An ad-hoc committee from BREA, consisting of Graham Campbell, Barney MacAlary, and Elliott Auerbach has been looking into this and agree with HR.

In the information distributed by BSA in mid October 2005, retirees were notified "that their existing coverage is, on average at least as good as standard Medicare prescription drug coverage, you can keep the BNL coverage and not enroll for the Medicare prescription drug coverage". This statement met the requirements of the new law and allows us to enroll in a Medicare plan at a later date and not pay any penalty. (The time windows when this can be done have not been explained).

We at BREA have completed a separate independent assessment of the standard Medicare prescription drug coverage as compared to the BSA plans and are also convinced that retirees are better off not making any change but staying with the BSA coverage. However this analysis was not able to take into account all the variations of coverage that lab retirees have. In addition, the costs of Medicare plans are not yet available. In the local (NY) area there are 56 plans available, each differing in monthly cost, copay costs, and formulary. So our analysis is far from complete and should be regarded as a back of the envelope calculation. This said, there is no situation that we can think of in which there would be an advantage to joining a Medicare Plan at this time.

For retirees on limited income and resources (within certain parameters) extra help is available to pay for a Medicare prescription plan. For additional information, you may check with SSA at 1-800-772-1213.

Everyone should try to evaluate their own situation. But at the moment this is easier said than done. Medicare is trying hard to get a computer system on-line that can send you an individual analysis, if you give them a list of the drugs you take. But it is not yet working and it looks like it will not be working for quite some time. When it is working, you can go to <http://www.medicare.gov>, select Compare Medicare Prescription Drug Plans and you will be lead through several steps to enter your location, etc. and your list of drugs. It will then prepare an individual comparison of available plans. Right now you can select formulary Finder and determine if your drugs are in the formulary of plans in your area. There is a lot of information available on the Medicare Web site, we highly recommend browsing around in it if you have Internet access.

If you do not have Web access, you can achieve the same result by calling 1-800-MEDICARE. After dealing with their voice response unit for a while, you can say "Agent" and talk to a real person.