

EGYPTIAN AREA SCHOOLS EMPLOYEE BENEFIT TRUST



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TO: **Retired Non-Certified Staff (Aides, Cooks, Custodians, Bus Drivers, Secretaries, etc) Drawing An IMRF Pension With Egyptian Trust Health Insurance And Active Non Certified Staff Retiring 2011**

FROM: Leo Hefner and Tom Dahncke

DATE: May 31, 2011

RE: Medicare and Egyptian Trust Health Insurance

First of all, retirees are eligible to stay in the Egyptian Trust plan. However, once the decision is made to switch to any other insurance, the retiree is not eligible to return to the Egyptian Trust plan. Many Non-Certified retirees chose to stay with the Egyptian Trust in the past because they were not of Medicare age and/or did not feel they had any other alternative available to them.

We want to make sure that you understand that Medicare becomes your primary insurance once you reach the age to become eligible for Medicare coverage (generally 65), and the Egyptian Trust becomes secondary. In other words, the Egyptian Trust basically becomes the equivalent of a Medicare supplement plan, but at the same premium you have always paid. Usually, you can purchase a Medicare supplement plan (called Medigap) for much less money per month than continuing to pay the full Egyptian Trust premium. A Medigap policy is health insurance sold by private insurance companies to fill the “gaps” in Original Medicare Plan coverage. Insurance companies can only sell you a “standardized” Medigap policy. These Medigap policies must all have specific benefits so you can compare them easily. You may be able to choose from up to 12 different standardized Medigap policies (Medigap Plans A through L). Medigap policies must follow Federal and State laws. These laws protect you. It’s important to compare Medigap policies because costs can vary. The benefits in any Medigap Plan A through L are the same for any insurance company. Each insurance company decides which Medigap policies it wants to sell. And now, prescription drug coverage is available through Medicare Part D.

As we studied the enrollment of our membership, we became aware that we have at least some Non-Certified retirees who are at least age 65 and still enrolled with the Egyptian Trust with single coverage. **If you are in the Platinum Plan, you will begin paying \$630.80 per month for your health insurance coverage. We wanted to make sure you are aware that you may be able to save considerably on your premium (possibly as much as \$200 or more per month) by purchasing a**

Medicare supplement plan and prescription drug coverage from a private insurance company. Some of you may have been aware of this potential savings but wanted to stay with the Egyptian Trust plan in the past because of the better prescription drug benefits with the Egyptian Trust. However, that may no longer be the case with the new Medicare Part D prescription drug plans that are available. Since you have been enrolled in a prescription drug plan that is at least equivalent to the Medicare prescription drug coverage, you may switch to the Medicare prescription drug plan without penalty. The Bronze Plan prescription drug coverage is not equivalent to Medicare Part D coverage. If you are enrolled in the Bronze Plan you will need to enroll in a Medicare prescription drug plan when you reach age 65 if you want to avoid paying higher costs for such coverage in future years.

There are many Medicare supplemental health plans (Medigap) and prescription drug plans on the market. This can make it somewhat confusing to try to figure out whether it is beneficial to purchase any plan. However, Medicare has made it easier to do this by using their internet web site, www.medicare.gov. Anyone can go to their web site to get information about the various Medigap plans and prescription drug plans that are available for your particular zip code. In fact, you can actually put in information about all the drugs you currently take and the web site will list all the insurance companies that provide the prescription drug plan for your zip code, the monthly premium, the total cost per year for you drugs, and the pharmacies that participate in each drug plan. It is really a very good way to compare all the prescription drug plans available to you. If you are not comfortable using the internet, we would suggest that you contact a local insurance agent to discuss your options.

Again, the purpose of this memo is to provide information to you that we hope will help you to make an informed decision about whether to continue your health insurance coverage with the Egyptian Trust or to switch to Medigap plan and a Medicare prescription drug plan. Retirees are certainly eligible to continue your coverage through the Egyptian Trust. However, we do feel we have a responsibility to make you aware of your options and the possibility of saving some money on your monthly health insurance premiums. **Those who may decide to change to a Medigap plan and prescription drug plan may continue to participate in the voluntary dental and vision insurance plan through the Egyptian Trust if they currently have that coverage.**

The information provided to you above concerning the benefit and premium comparisons are our interpretation and understanding. **We strongly recommend that you do your own research by talking with a local insurance agent or using the Medicare web site to make your own comparisons prior to making your decision.**

We know this is a very important decision for you to make, and that you may have some questions concerning the information provided to you. Please feel free to contact either Leo Hefner at lhefner@htc.net or at 618-973-8221, or Tom Dahncke at tdahncke@charter.net or at 618-791-5541.