

PERS Forward



A Newsletter for PERS Retirees

VOL. 2 No. 3

Big Changes in Retiree Drug Coverage! Medicare Part D Drug Benefit will be available

Major changes take effect January 1, 2006, in Medicare and in health insurance plans that cover retirees of the Public Employees' Retirement System. These changes will be explained in this issue of *Forward* and during Retiree Seminars that will be held throughout the state between October 24 and November 4.

For a schedule of the Seminars, please see Page 3. The schedule is also posted on the PERS website at: www.pers.state.ms.us

The most significant changes involve prescription drug coverage. Effective January 1, 2006, Medicare will offer coverage for prescription drugs through prescription drug plans under Medicare Part D. Insurance companies and other private companies will work with Medicare to offer these plans.

At the time that prescription drug coverage becomes available through Medicare, the State and School Employees' Health Insurance Plan will no longer offer prescription drug coverage for Medicare-eligible retired participants and Medicare-eligible dependents of retirees.

Non-Medicare eligible retirees and non-Medicare eligible dependents of retirees will continue to have prescription drug coverage available under the State Plan.

THE PERS RETIREE HEALTH INSURANCE PLAN administered by Monumental Life Insurance Company will no longer offer the drug program available through Express Scripts effective January 1, 2006.

Retirees are urged to read this Newsletter and attend a Retiree Seminar to obtain information concerning these important insurance changes.

Where can I get information concerning the Medicare Part D Drug Benefit?

- **Websites:** www.socialsecurity.gov
www.medicare.gov
- **Telephone:** 1-800-MEDICARE (1-800-633-4227)
- **TTY Users:** 1-877-486-2048
- *Medicare & You* 2006 handbook will be mailed to Medicare participants in October.

Premiums will decrease for PERS Retiree Health Insurance Plan

Health insurance benefits enhanced

The premium for the PERS Retiree Health Insurance Plan administered by Monumental Life Insurance Company will decrease to \$117 per month per enrollee or \$234 for retiree and spouse for 2006. This premium re-

duction was made possible primarily because of the discontinuation of the prescription drug coverage through Express Scripts.

In addition, the health insurance benefits have been enhanced. Effective January 1, 2006, the plan will pay 16% of the 20% of Medicare eligible costs and the participant will be responsible for 4% of the remaining costs. Current participants of the

PERS Retiree Health Insurance Plan will be receiving a letter notifying them of these changes as well as the changes in Medicare benefits for 2006.

If you have any questions regarding the benefit change, please call the Monumental Customer Service staff at 1-800-749-6983, Monday through Friday, 7:30 a.m. to 5:00 p.m., Central Time.

2005 Fall Retiree Seminars

Representatives from PERS, Monumental Life Insurance Company, the Mississippi Department of Finance and Administration, and Medicare will use 2005 Retiree Seminars to provide information to retirees concerning upcoming changes in retiree health

insurance benefits.

All Retiree Seminars begin at 9 a.m. and will end by noon. No admission is charged for attending a Retiree Seminar, pre-registration is not required, and refreshments will be available.

| DATE | LOCATION | DATE | LOCATION |
|-------------------------|---|-------------------------|---|
| Monday October 24 | PEARL Hinds Community College George Wynne Building 3805 Highway 80 East | Monday October 31 | VICKSBURG Hinds Community College Multi-Purpose Building 755 Highway 27 |
| Tuesday October 25 | TUPELO University of Mississippi Advanced Education Center 2176 South Eason Boulevard | Tuesday November 1 | GREENVILLE Greenville Public Library 341 Main Street |
| Wednesday October 26 | MERIDIAN Mississippi State University Multi-Purpose Room 1000 Highway 19 North | Wednesday November 2 | BATESVILLE Batesville Civic Center 290 Civic Center Drive |
| Thursday October 27 | HATTIESBURG Forrest County Multi-Purpose Center 962 Sullivan Drive | Thursday November 3 | STARKVILLE Greensboro Center 401 Greensboro Street |
| Friday October 28 | NATCHEZ Copiah-Lincoln Community College Vo-Tech Center 30 Campus Drive | Friday November 4 | PERKINSTON Miss. Gulf Coast Community College Malone Hall Auditorium Highway 49 South |

PERS 2005 FALL RETIREE SEMINAR AGENDA

| <u>TIME</u> | <u>TOPIC</u> | <u>PRESENTED BY</u> |
|--------------------|---|--|
| 9:00-10:00 | Medicare Prescription Drug Coverage — Part D | Debra Dear Beneficiary Outreach Coordinator |
| 10:00-10:30 | Changes in State and School Employees' Health Insurance Plan | Sharon Kovarik, Special Projects Officer, Department of Finance and Administration Office of Insurance |
| 10:30-11:30 | PERS-Sponsored Retiree Health Insurance Program Medicare Part D | Monumental Life Insurance Company Representatives |
| 11:30-12:00 | Questions and Answers | Staff |

Changes in Prescription Drug Benefit for Medicare Retirees

The State of Mississippi Health Insurance Program will soon be sending notice that effective January 1, 2006, the Program will no longer offer prescription drug coverage for its Medicare-eligible retired participants and its Medicare-eligible spouses. In addition, the PERS Retiree Health Insurance Plan administered by Monumental Life Insurance Company will no longer offer the drug program available through Express Scripts, effective January 1, 2006.

However, State and School Employees' Health Insurance Plan participants, as well as PERS Retiree Health Insurance Plan participants, will be able to keep the health insurance portion of each of their plans but without the prescription drug coverage that they now have.

Medicare Part D Plans

Participants will be responsible for seeking prescription drug coverage from another source. Prescription drug coverage will be available under Medicare Part D. Unlike Medicare Parts A and B, Social Security will not offer Medicare Part D but must approve the Medicare Part D prescription drug coverage offered by private drug companies which, effective October 1, will send offers to Medicare participants to enroll in their plans.

PERS and Monumental Life are in the process of negotiating with a prescription drug provider and plan to sponsor Medicare Prescription Drug coverage for all PERS Medicare retirees. This will mean that PERS retirees may keep whatever health insurance plan they now have and separately enroll in the PERS-sponsored Medicare Part D prescription drug plan, if they choose to do so. PERS will be sending out more information to all retirees during the month of October. Be watching for information from PERS in the mail.

Enrolling in a Medicare Part D Prescription Drug Plan

You do not have to enroll in a Medicare Part D Prescription Drug Plan. However, if you enroll in a Medicare Part D Prescription Drug Plan after May 15, 2006, it will be more expensive for you to enroll in a Medicare Part D prescription drug plan later on. The prescription drug plans offered by the various private companies will provide a minimum benefit as prescribed by Medicare but may offer richer benefits for higher premiums. You will need to compare the benefits and the drug formularies offered by the various drug companies and determine what plan best fits your needs.

Payment of Premiums for Medicare Part D Prescription Drug Plans

1. Regardless of which Medicare drug plan that you choose, the premiums for the Medicare Part D prescription drug benefit will be paid out of your Social Security benefit or through direct billing and other options offered by the provider.
2. Only the PERS and the State and School Employees' Health Insurance premiums will be deducted from PERS retirement benefit payments.

Important Facts In Summary

1. The State and School Employees' Health Insurance Plan will not offer prescription drug coverage to Medicare-eligible participants effective January 1, 2006;
2. The PERS Retiree Health Insurance Plan will not offer the current prescription drug coverage through Express Scripts effective January 1, 2006;
3. You are not required to enroll in a Medicare Part D Prescription Drug plan;
4. You may enroll in a Medicare Part D prescription drug plan from November 15, 2005, through May 15, 2006. However, if you enroll after May 15, 2006, you will pay a higher premium based on when you do enroll in such coverage;
5. If you need prescription drug coverage, you will have to purchase such coverage separately from a private company that is offering a Medicare approved plan. Each private drug company will offer a plan that offers the prescribed minimum benefits or one that offers equal or better benefits. Marketing of Medicare Part D benefits will begin in October 2005; and
6. PERS is looking at making available an approved Medicare Part D Prescription Drug Plan that can be purchased by our retirees (including those who have either the State and School Employees' Health Insurance Plan or the PERS Retiree Health Insurance Plan) on a stand alone basis. This means you will be able to keep your health insurance coverage with the State of Mississippi, with Monumental Life Insurance Company, or with any other health insurance provider and purchase the PERS-sponsored drug benefit separately.

If you have any questions regarding how to enroll in the PERS sponsored Medicare prescription drug plan, please call the **Monumental Customer Service Center** at 1-800-749-6983, Monday through Friday, 7:30 a.m. to 5:00 p.m. Central Time.

State Plan will have major changes January 1, 2006

Several major changes to the State and School Employees' Health Insurance Plan take effect January 1, 2006. These changes will affect Medicare-eligible retirees, Medicare-eligible surviving spouses, and Medicare-eligible dependents of retirees and surviving spouses.

Once Medicare Part D becomes effective (January 1, 2006), the Plan will no longer offer prescription drug coverage to those participants described above. Medical benefits will be enhanced and premium rates for Medicare-eligible service retirees and their Medicare-eligible dependents will be reduced. Premium rates for Medicare-eligible disabled retirees under the age of 65 will remain the same.

Dependents not eligible for Medicare will continue to have prescription drug coverage under the Plan. If you are a non-Medicare-eligible retiree with covered

Medicare-eligible dependents, you will continue to have prescription drug coverage under the Plan, but your Medicare-eligible dependents will not have the prescription drug coverage.

In October, Medicare-eligible Plan participants will receive a Creditable Coverage Disclosure Notice from Blue Cross Blue Shield of Mississippi (BCBSMS). If you are eligible for Medicare but do not receive a Notice, you can contact BCBSMS at 1-800-709-7881 to request a copy.

You should receive a copy of the "Special Edition" of the October 2005 *Know Your Benefits* newsletter that explains these changes and lists the new premium rates that will be effective January 1, 2006. If you do not receive the "Special Edition" newsletter by October 15, 2005, contact the Office of Insurance at 1-866-586-2781 to request a copy.

Premiums will be reduced for Medicare-eligible service retirees under State Plan

The health insurance premium for Medicare-eligible service retirees covered under the State and School Employees' Health Insurance Plan will be reduced effective January 1, 2006, when prescription drug coverage is deleted from the Plan. There will also be an improvement in benefits.

For an individual participant and for a retiree and Medicare-eligible spouse, the reduction will be 38%. The premium for a Medicare-eligible retiree will decrease from \$220 to \$137 a month. For a retiree and

Medicare-eligible spouse, the reduction will be from \$440 to \$274. There will be a similar reduction for other coverage (see table below).

Also effective January 1, 2006, Medicare-eligible retirees, Medicare-eligible surviving spouses and Medicare-eligible dependents of retirees and surviving spouses will be no longer be required to satisfy a calendar year deductible under the State Plan. The Plan will pay 100% of the Medicare deductible and co-insurance for covered medical services.

| Legacy Retirees Age 65 and Older — Medicare Eligible | Current Premium | Premium Jan. 1, 2006 |
|--|-----------------|----------------------|
| Retired Participant | \$220 | \$137 |
| Retiree + Spouse (Medicare Eligible) | \$440 | \$274 |
| Retiree + Spouse (Non-Medicare Eligible) | \$594 | \$511 |
| Retiree + Child | \$334 | \$251 |
| Retiree + Children | \$449 | \$366 |

PERS return on investments for FY 2005 is 9.77%

Recent returns exceed actuarial assumption rate

PERS' return on investments was 9.77% for the fiscal year ending June 30, 2005, exceeding the Retirement System's 8% actuarial assumption rate.

The return was 14.60% for the fiscal year ending June 30, 2004, reversing three lean years which resulted from a slump in money markets.

Despite the downturn for fiscal years 2001, 2002 and 2003, the average annual return was 8.40% for the past 10 fiscal years (FY 1996-FY 2005) and 9.16% for the past 15 years (FY 1991-FY 2005), exceeding the

actuarial assumption rate for both periods. The return has exceeded 8% for seven of the last 10 fiscal years.

As of June 30, 2005, PERS assets totaled \$17,294,050,000, an increase of \$1.17 billion during the fiscal year that ended June 30, 2005. PERS is the nation's 63rd largest pension plan, public and private, on the basis of assets.

REPM represents retired educators

All retired professional teachers or administrators, or the spouses of retired teachers or administrators are invited to join Retired Education Personnel of Mississippi. For information call Kay Lloyd at (601) 939-6059.

The Jackson-Hinds chapter of REPM invites Jackson area retired educators to a meeting at 9:30 a.m. November 17 at the Municipal Art Gallery, 839 North State St. in Jackson, with Sid Salter, editor and columnist for *The Clarion-Ledger*, as guest speaker. For information, contact Sara Caldwell at (601) 853-2517 or Ann Koskie at (601) 856-9316.

Dr. Thames elected MRPEA President

Dr. Billy Thames, retired President of Copiah-Lincoln Community College, was elected President of the Mississippi Retired Public Employees Association when the organization held its annual meeting in July.

Also elected were Ralph Brewer, Vice President; Ron Crowe, Secretary; and T. W. Williamson, Treasurer. Elected to the Board of Directors for three-year terms were Bill Rieves, Ollie Johnson, J. Louis Stokes, Sam Valentine, and Tom Turner.

For information about MRPEA, contact Pat Berry at (601) 919-0670 or 1-866-819-0987.

Retired troopers re-elect Walter Tucker as MHPRTA President

Walter Tucker was re-elected President of the Mississippi Highway Patrol Retired Troopers Association for a two-year term when the organization held its annual meeting.

Also elected were Billie Hughes, First Vice President; Charles Staten, Second Vice President;

Jesse Bingham, Secretary-Treasurer; James W. "Slick" Ables, Retiree Representative on the Mississippi Highway Safety Patrol Administrative Board; Art Richardson, Retiree Delegate to the State Troopers Association; and Jerry Jones, Chaplain.

PUBLIC EMPLOYEES' RETIREMENT SYSTEM
OF MISSISSIPPI

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