SUMMARY STATEMENT

ITEM NO.  SUBJECT:  Age 65 & Over Retiree Medicare Part D Prescription Benefit - 2011 (PATCO)

COMMITTEE:  Executive

COMMITTEE DATE:  September 15, 2010

BOARD DATE:  October 06, 2010

PROPOSAL:  The current Medicare Part D prescription drug carrier for PATCO retirees who are 65 and over and their eligible dependents (Medicare-eligible retirees and Medicare-eligible dependents) is Horizon Medicare Blue Group Rx.

Staff seeks authorization to accept the renewal from Horizon for plan year 2011.

PURPOSE:  To continue to provide a quality and enhanced Medicare Part D Prescription Drug benefit plan for PATCO Medicare-eligible retirees and Medicare-eligible dependents

BACKGROUND:  Historically, PATCO has provided a comprehensive benefits package to its retirees, and their eligible dependents. Traditionally, the benefit package has included medical and prescription drug coverage.

In 2006, the federal government’s newly created Part D Prescription Drug plan took effect. Last year, with the assistance of our Broker, Willis of NJ, staff solicited quotes from other carriers for the Enhanced Part D Prescription Drug plans. Horizon was the only responsive carrier.

Horizon’s Enhanced Part D Plan, provides: (1) an initial coverage limit of $4,500; (2) generic drugs are no longer mandatory; (3) an open formulary with no exclusions, if medically necessary; (4) certain lifestyle drugs, cough and cold products, benzodiazepines, etc. are included in the formulary); (5) national coverage, at one rate for retirees and their dependents, is charged, as opposed to rates that vary by state; (6) the coverage gap (or the “doughnut hole”) is filled with generic drugs; (7) mail order benefit remains at a two-time co-pay for a 90 day supply. Beginning in 2011, Part D enrollees who reach the coverage gap will receive a 50% discount on the total cost of their brand name drugs in the gap.
The co-pays for the Horizon Enhanced Plan remain:
- $10 – generic
- $20 – brand
- $35 – non-formulary

The estimated annual premium for 2011 for the Horizon Enhanced Plan will be approximately $879,402, a decrease in premium of 4.71%, or approximately $43,467. (This rate is pending CMS approval, which is expected in late-September 2010.)

The responsibility for prescription premiums will continue to be shared by PATCO and retirees alike. Staff recommends that the monthly contributions for Plan Year 2011 remain the same as the contributions for 2010. (Please see the proposed contribution schedule below.)

- Monthly Rate per Medicare-Eligible Retiree - $65 ($55 prescription/$10 medical)
- Monthly Rate per Medicare-Eligible Dependent - $65 ($55 prescription/$10 medical)

Summary: Amount: Approximately $879,402
(Note – This covers both DRPA and PATCO)
(This annual rate is based upon our current DRPA/PATCO census of retirees who are 65 & over and their eligible dependents, but is subject to change as our census of eligible retirees and eligible dependents changes.)

Source of Funds: Revenue Fund, General Fund
Capital Project #: N/A
Operating Budget: PATCO Employee Services Expense
Master Plan Status: N/A
Other Fund Sources: N/A
Duration of Contract: One Year
Other Parties Involved: Horizon
RESOLUTION

RESOLVED: That the Board of Commissioners of the Delaware River Port Authority authorizes staff to negotiate a contract with Horizon Medicare Blue Group Rx for the provision of an Enhanced Medicare Part D Prescription Drug plan for age 65 and over retirees, and their eligible dependents (age 65 and over), and be it further

RESOLVED: That staff is authorized to work with PATCO’s Third Party Administrator to begin the Open Enrollment Process for the 2011 Plan Year, and be it further

RESOLVED: The Chair, Vice Chair and the Chief Executive Officer must approve and are hereby authorized to approve and execute all necessary agreements, contracts, or other documents on behalf of the DRPA. If such agreements, contracts, or other documents have been approved by the Chair, Vice Chair and Chief Executive Officer, and if thereafter, either the Chair or Vice Chair is absent or unavailable, the remaining Officer may execute the said document(s) on behalf of the DRPA, along with the Chief Executive Officer. If both the Chair and Vice Chair are absent or unavailable, and if it is necessary to execute the said document(s), while they are absent or unavailable, the Chief Executive Officer shall execute such document(s) on behalf of the DRPA.

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