

MENDOCINO COUNTY 2010 HEALTH CARE BENEFITS FOR MEDICARE-ELIGIBLE RETIREES AND DEPENDENTS

Questions and Answers

Q. Why the change?

A. Anticipated exhaustion of the retiree health reserves by the end of December 2010 which, along with retiree contributions, funded the Retiree Health Plan, plus soaring health care costs and lack of flexibility have led to the changes. The County has historically offered its retirees one plan with set benefit levels, regardless of how much or how little an individual might need or utilize during a year. With Extend Health, retirees will have the ability to choose from a wide selection of Medicare supplemental plans to design medical and pharmacy coverage to better suit their own needs.

Q. What will happen to my current healthcare coverage effective August 1, 2010?

A. You will no longer have coverage through your current health plan. Instead, you may enroll in individual supplemental insurance coverage through Extend Health. If you are an eligible retiree of the County of Mendocino, a Health Reimbursement Account (HRA) will be established in your name with county-provided benefit dollars of \$100 per Medicare eligible retiree per month, once you enroll in a plan through Extend Health. The County contribution will only be available until the retiree health trust funds are depleted (which is anticipated to be approximately 14 months from August 1, 2010). You may use the HRA account for reimbursement of eligible healthcare expenses.

Q. Who is eligible for the HRA and services provided by Extend Health?

A. Medicare eligible retirees who are currently enrolled in the County's Retiree Health Plan.

Q. Who is Extend Health and how can they help me?

A. Extend Health is a nationwide company that specializes in assisting retirees to find affordable health care coverage. Their licensed benefit advisors will be your advocates and will help you choose the Medicare coverage plan that best serves your medical needs and fits your budget. These advisors are objective and knowledgeable and will be available to support and guide you through the entire enrollment process all at no cost to you.

An experienced Extend Health benefit advisor will provide you with:

- Individualized telephone support to help you make an informed Medicare enrollment decision;
- Education about the differences between various plans, and the cost of each of those plans;
- Advice and decision making support, based on your current coverage and future needs;
- Assistance with enrolling in medical and prescription drug (and dental and vision plans if you wish).

Extend Health also offers a personalized website for those who are interested in more immediate access to information for education, evaluation of options and enrollment information. The website is www.extendhealth.com/mendocinocounty

Q. Do I have to take action?

- A. Yes. You must make an active election for a medical plan by July 31, 2010, through Extend Health, to receive the HRA from the County and ensure you do not have a lapse in insurance coverage.

Q. How do I enroll?

- A. You will receive an Enrollment Guide from Extend Health the week of May 10 that contains instructions about how to evaluate and enroll in the plan that's right for you. That guide will include comparisons of plan options, helpful information on eligibility, and additional information about working with Extend Health.

Using the Enrollment Guide and Extend Health's online tools, you can review the options available to you before speaking with a benefit advisor. After you have reviewed the materials, simply call Extend Health and a licensed benefit advisor will guide you through the process of enrolling you in a plan that best fits your needs.

Q. Will it cost me more for coverage than my current health plan?

- A. By working with Extend Health, you will choose a plan that suits you, and your premium will depend on the type of coverage you select.

Q. How Do the Various Plans Coordinate with Medicare?

A. Medicare benefits are broken into several component parts that combine to provide your coverage. To decide how to best meet your medical needs and budget, it helps to understand how these parts work together. Below is an outline to help familiarize you with the parts of Medicare and the decisions you must make.

Medicare - What You Get:

Part A and Part B

Original Medicare consists of Part A and Part B. You automatically receive Part A and become eligible for Part B when you qualify for Medicare either due to age or disability.

Part A

Provides you with inpatient care and covers inpatient hospital stays, home health care, stays in skilled nursing facilities and hospice care.

Part B

Provides you with outpatient care and covers physician fees and other medical services not requiring hospitalization. *You must choose to enroll in Part B.*

What You Choose:

Medicare Advantage, Medigap, and Part D

You choose between these three different types of supplemental plans that add coverage where original Medicare may provide less than you require.

Medicare Advantage is a plan offered by a private company to provide all your Medicare Part A and Part B benefits plus additional benefits. There are two types of Medicare Advantage Plans: MAPD which includes prescription drug coverage and MA which does not. Within these two Medicare Advantage types there are three doctor networks: HMO, PPO, and Private Fee-for-Service (PFFS) plans. Medicare Advantage is all referred to as "Part C"

Medigap is

supplemental insurance sold by insurance companies to fill "gaps" in Original Medicare plan coverage.

Part D refers to optional prescription drug coverage which is available to all individuals who are eligible for Medicare. Plans are offered through private insurance companies.

How to Decide:

You may combine the supplemental plans above to get a package of plans that covers all of your needs. Choosing the best combination requires some education and some comparison of plan features and costs.

Q. How Do the Various Plan Types Work?

Medicare Advantage ("Part C")

HMO

A Health Maintenance Organization covers care provided by primary care doctors, specialists or hospitals that participate in the plan's network. Services outside the network are generally not covered, unless the care is provided for a true emergency.

PPO

A Preferred Provider Organization covers visits to any physician whether they are in or out of the plan's network. However, you will pay less when you use primary care doctors and hospitals in the plan's network. A PPO generally includes a prescription drug plan.

PFFS

Private Fee For Service plans cover visits to any doctor or hospital that accepts the terms of the plan's payment. PFFS plans usually include a prescription drug plan.

Each Medicare Advantage plan sets its own premium, deductible and coinsurance. In addition, you will continue to pay your Medicare Part B premiums.

Medigap

Medigap is supplemental insurance sold by private insurance companies. There are 12 standardized plans labeled Plans A through D, F, G, and K through N.

Medigap policies only work in conjunction with the Original Medicare plans. Generally, if you choose to enroll in a Medigap plan, you will pay a monthly premium to the insurance company you choose. In addition, you will continue to pay your Medicare Part B premiums and are responsible for Part B deductibles and coinsurance. There are no deductibles or coinsurance specific to Medigap plans.

Medicare Part A

Covers hospital care, home health care, skilled nursing facilities and inpatient hospital stays. Enrollment is automatic when you become Medicare-eligible and there is no premium for Part A if you have more than 10 years of Medicare-covered employment.

Medicare Part B

Covers physician fees, outpatient hospital care, some preventive services and therapies, diagnostic tests, durable medical equipment and other medical services not requiring hospitalization. You must choose to enroll and pay a monthly premium, based on income, in order to have coverage.

Medicare Part D

Covers generic and brand-name drugs included in the list of drugs for which the plan will pay. Each Part D plan has a different cost-sharing structure in terms of premium, deductible or coinsurance and, depending on the plan you choose, you may pay both a monthly premium and a share of the cost of your prescriptions.

Q. What are benefit dollars?

A. The County will fund your account with \$100 per Medicare-eligible retiree per month that are used to reimburse you for eligible medical expenses. Examples of a medical expense could be , individual insurance premiums and certain out-of-pocket medical expenses. The County contribution will only be available until the retiree health trust funds are depleted (which is anticipated to be approximately 14 months from August 1, 2010).

Q. When will my benefit dollars be placed in my HRA account?

A. When you enroll in individual medical insurance coverage through Extend Health by July 31, 2010, the County will establish your HRA account and will allocate benefit dollars to your account each month beginning with August 1, 2010. The County contribution will only be available until the retiree health trust funds are depleted (which is anticipated to be approximately 14 months from August 1, 2010).

Q. How will the HRA reimburse me for my expenses?

A. You will request reimbursement from Extend Health. More details on administration of the HRA will be included in a future communication from Extend Health in late July.

Q. Will any unused benefit dollars in the HRA account roll over to the following year?

A. Yes. Any HRA account balance from 2010 rolls over into 2011.

Q. Will I continue to send my premium payments directly to the County?

A. No. Beginning with your August 2010 payment, you will pay premium directly to the healthcare provider you choose.

Q. What Happens Next?

Week of May 10:

You will receive an Enrollment Guide in the mail directly from Extend Health.

After reviewing the Enrollment Guide and using Extend Health's online tools, call the phone number provided in the Enrollment Guide to speak with an Extend Health benefit advisor.

Your benefit advisor will answer your questions and help you enroll in the individual Medicare plans that best fits your needs.

May 18:

Informational meeting with Extend Health
Mendocino County Social Services Offices
Harbor Room
820 S. Franklin Street, Fort Bragg, CA
10 am – 12 pm and 3 pm – 5 pm

- May 20:** Informational meeting with Extend Health
Farm Advisory Conference Room
890 North Bush Street, Ukiah, CA
10 am – 12 pm and 2 pm – 4 pm
- July 31, 2010:** Deadline to enroll in an Extend Health plan in order to avoid any gap in coverage.
The current retiree plan terminates and will not be available after this date¹.
- August 1, 2010:** Retiree health care benefit changes go into effect. You must enroll in an individual Medicare supplemental health plan prior to this date to avoid any lapse in medical coverage.

This new retiree medical offering gives eligible County of Mendocino retirees and their spouses the flexibility to independently choose levels of coverage that best fit each of their individual needs.

Extend Health is dedicated to making the transition to your new health coverage as easy and as straightforward as possible.

Please contact Extend Health with any questions you have--their benefit advisors can help match your personal needs with available options prior to making your enrollment decision.