

## YOUR BENEFITS GUIDE – RETIREE PRESCRIPTION PLAN OPTIONS

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### 3. Prescription Drug Plan Options

#### Overview

Electric Boat retirees and spouses have three prescription drug plan options in 2024 and each can be combined with any of the four medical plans. The drug plans are administered by Express Scripts and Express Scripts refers to these plans as the Express Scripts Medicare (PDP) prescription drug plans.

The three prescription drug plan options are referred to as the "**Unlimited Rx**" or the **Enhanced Medicare Part D plan**, the "**Limited Rx**" Medicare Part D plan and the "**Value Rx**" Medicare Part D plan. All three plans provide the same robust prescription drug formulary, covering all Medicare Part D prescription drugs and many Medicare Part D excluded drugs. **This prescription drug formulary is not offered or available in the individual Medicare plan marketplace.**

Generally speaking, there are two key differences between the **Limited Rx** and **Unlimited Rx** plans. First, the **Unlimited Rx** plan provides a lower cost share exposure in the "**Coverage Gap**," also referred to as the "**Donut Hole**." Second, the **Unlimited Rx** plan provides **an annual out-of-pocket cost cap of \$3,500** to further protect members of the plan from extreme annual drug cost exposure. Once a member of the **Unlimited Rx** plan reaches the **out-of-pocket cost cap**, the member pays **nothing** for the remainder of the calendar year.

The Electric Boat **Unlimited Rx** plan members continue to pay the same maximum copays while in the **Coverage Gap** for Tier 1 generic drugs as well as for Tier 2 and Tier 3 brand name drugs, however, they pay a higher cost of 25% for Tier 4 specialty drugs. The Electric Boat **Limited Rx** drug plan members have more financial exposure in the **Coverage Gap** as while their Tier 1 generic drugs continue to be covered at the same maximum copay, members of the plan pay 25% for Tier 2, 3 and 4 drugs.

The **Value Rx** prescription drug plan offers lower member cost shares for generic drugs when purchased at retail pharmacies **AND** offers generic drugs at **NO COST** when purchased through Express Scripts Home Delivery throughout the entire year! The Value Rx plan, however, has a \$200 deductible for brand medications and higher brand copays and cost shares.

#### Eligibility

As previously described, retirees and spouses eligible and enrolled in any of the four Electric Boat Retiree Medical Plan options are eligible for the Electric Boat Retiree Prescription Drug Plans. These plans are available regardless of where you live or travel in the United States.

In order to participate in any of the Electric Boat Retiree Prescription Drug Plans, eligible retirees and spouses must enroll in one of the plans when first eligible.

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*The following rules apply:*

- ❖ *The Unlimited Rx Prescription Drug Plan is only available upon initial eligibility. Retirees and/or spouses waiving enrollment in the Unlimited plan when first eligible cannot enroll later unless they meet certain criteria.*
- ❖ *Retirees or spouses opting for the Limited Rx plan or Value Rx plan cannot enroll in the Unlimited Rx plan at a later time. However, members of the Limited Rx or Value Rx plans can move between these two plans during open enrollment.*
- ❖ *Retirees or spouses waiving their enrollment opportunity to join any of the three Electric Boat Retiree Prescription Drug Plans when first eligible cannot enroll in any plan later unless they meet certain criteria.*
- ❖ *Once you enroll in a prescription drug plan for the calendar year, you generally cannot make a change to your prescription drug coverage until the following open enrollment.*

Initial eligibility can be defined as your Medicare effective date or the day after which you lose pre-65 benefit coverage through Electric Boat. Your Medicare coverage generally begins the 1st of the month of your 65th birthday. If you were born on the 1st of the month, your Medicare coverage begins the month prior. Your pre-65 benefit coverage through Electric Boat will cease the day prior to your Medicare effective date. You may become eligible for Medicare prior to 65 due to disability. If you are retired and enroll in Medicare prior to age 65, you may enroll in the Electric Boat Retiree Medical and Prescription Drug Plan as long as you enroll in both Medicare Part A and Part B. However, if you choose to wait until age 65 to enroll, your enrollment at age 65 will be considered your initial eligibility.

Spouses become initially eligible when he or she turns 65 and loses retiree coverage under the Electric Boat pre-65 benefit plan.

Electric Boat employees that retire at or after age 65 are considered initially eligible for these plans the first of the month following their date of retirement and upon enrollment in Medicare Part A and Part B. This eligibility also pertains to the newly retired employee's spouse.

Electric Boat retirees and spouses can defer their enrollment and their initial eligibility if they are actively working and covered under their active employer, covered under an actively working spouse or covered under a group retiree medical and prescription drug plan through another employer.

### **Medicare Part D penalties, rules and regulations**

Once you are eligible for Medicare Part D, choose NOT to enroll in ANY Medicare Part D plan and do not maintain creditable coverage, you may be subject to penalties equal to 1% of the "national base beneficiary premium" for each full uncovered month that you were eligible to join a Medicare drug plan and didn't enroll. The Part D base beneficiary premium for 2024 is \$34.70. This is a lifetime penalty and is adjusted annually based on the national base beneficiary premium.

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*This penalty is a Part D rule regulated by CMS – it has nothing to do with the plan itself and applies to everyone in the country who does not enroll in a Part D plan when initially eligible and enrolls at a later date without having had creditable coverage under another qualifying plan. It also applies to Medicare beneficiaries that may have a gap in creditable coverage of 63 days or more at any point in time after becoming Medicare eligible. To be eligible for Medicare Part D, you only need to have Medicare Part A and/or Medicare Part B. You do not need to have both Medicare Part A and Part B to be deemed eligible for Medicare Part D.*

If you waived Medicare Part D because you were covered under an employer group plan or a plan that was “as good or better” than Medicare (called “creditable coverage”), you may have to furnish a creditable coverage letter proving that you have had coverage that is equal to or better than Medicare Part D in order to avoid penalties.

### **\*\*\*\*\* IMPORTANT NOTE \*\*\*\*\***

*Due to CMS (Centers for Medicare & Medicaid) regulations and rules, you can only participate in one Medicare Advantage plan and one Medicare Part D prescription drug plan at a time. Further, CMS will not allow you to be enrolled in an Anthem Medicare Preferred PPO plan and have coverage under an individual Medicare Part D plan that you may have enrolled in on your own.*

*In addition, if you are enrolled in an Anthem Medicare Preferred PPO plan and later enroll in another Medicare Advantage plan or in an individual Medicare Part D plan, your new enrollment will automatically terminate your Anthem Medicare Preferred PPO plan as well as your Express Scripts Medicare Part D plan.*

*In order to enroll in one of the three Anthem Medicare Preferred PPO plans, you must enroll in one of the three Express Scripts Medicare Part D prescription drug plans that are part of this program in order to have Medicare Part D prescription drug coverage.*

*If you would like to maintain coverage under an individual Medicare Part D plan, you can only enroll in the United American Group Retiree Plan G.*

*CMS does allow veterans eligible for drug coverage through the VA to waive enrollment in Medicare Part D without future penalties should they later decide to enroll in a Medicare Part D plan. Veterans eligible for drug coverage through the VA have creditable coverage and may enroll in any of the Anthem Medicare Preferred PPO plans without issue, however, they may not enroll in a Medicare Part D plan unless it is one of the plans offered through this program.*

# **YOUR BENEFITS GUIDE – RETIREE PRESCRIPTION PLAN OPTIONS**

## **An Overview of the Medicare Part D Prescription Drug Benefit**

Medicare Part D is a voluntary outpatient prescription drug benefit for people with Medicare provided through private plans that contract with the federal government. All Medicare Part D plans are substantially funded by the government and pharmaceutical manufacturers. Medicare Part D coverage is offered as a stand alone drug plan or integrated with a Medicare Advantage plan.

Medicare Part D coverage can vary dramatically with respect to premiums, deductibles, copays, cost shares, plan design and prescription drug formularies. A “formulary” is a listing of covered generic, preferred brand, non-preferred brand, specialty drugs and injectables. If a particular drug is not listed in a plan’s formulary, it is generally NOT covered. Each formulary might have a different list of exclusions and different authorization requirements for certain drugs. You could expect to find that less expensive plans have higher copayments, deductibles, less comprehensive formularies and perhaps even more restrictions.

**When enrolled in an individual Medicare Part D plan, it is critical to check to make sure your drugs will continue to be covered each year as individual Medicare Part D prescription drug formularies can change dramatically year over year.**

CMS - the Centers for Medicare and Medicaid Services - designs and dictates the standard Medicare Part D plan each year. The standard Medicare Part D prescription drug benefit has four coverage stages. **The following illustrates the 2024 standard Medicare Part D prescription drug benefit:**

<b>2024 Standard Medicare Part D Benefit</b>	
<b>Initial Deductible Stage</b>	
	<b>Member Cost Share</b>
<b>Calendar Year Deductible</b>	<b>\$545</b>
<b>Initial Coverage Stage</b>	
<b>During the Initial Coverage Stage, member pays cost share until their total drug cost reaches \$5,030. Total drug cost = cost share + payments from the plan</b>	<b>25%</b>
<b>Coverage Gap Stage</b>	
<b>If a member's total drug cost reaches \$5,030 in 2024, they enter the Coverage Gap and pay a 25% cost share until their TRUE out-of-pocket (TROOP) reaches \$8,000. The TROOP includes any member cost incurred for covered drugs PLUS the 70% pharmaceutical manufacturer discount received on covered brand name drugs while in the Coverage Gap. If the \$8,000 TROOP is reached in 2024, the member enters the Catastrophic Stage.</b>	<b>25%</b>
<b>Catastrophic Stage</b>	
<b>All covered drugs for the remainder of the calendar year</b>	<b>0%</b>

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### **Option #1: Electric Boat Retiree Unlimited Rx Prescription Drug Plan**

There are **several differences** between the Standard Medicare Part D plan and the Electric Boat Retiree **Unlimited Rx** Prescription Drug Plan. One significant difference is the Express Scripts Medicare drug formulary. The Electric Boat Prescription Drug Plan formulary covers all Medicare Part D brands in all therapeutic classes and categories, including many Medicare Part D excluded drugs.

The Electric Boat Retiree **Unlimited Rx** Prescription Drug Plan does **NOT** have a deductible. Members of the plan pay copays for all drugs during the **Initial Coverage Stage**.

The 2024 maximum retail copays are \$15 for generic drugs (Tier 1), \$40 for Preferred brands (Tier 2), \$60 for non-preferred and specialty drugs (Tiers 3 & 4) for a 31-day supply purchased at participating **preferred** retail pharmacies.

Preferred pharmacies include many major chains like CVS, Big Y Foods, Stop & Shop, Walmart, Target, Price Chopper, Rite Aid, Sam's Club and Costco. The Express Scripts preferred pharmacy network includes many independent pharmacies too. When filling prescriptions at participating **standard** pharmacies, like Walgreens, members of the plan pay \$5 more for each prescription regardless of whether it is a 31 day or 90 day supply.

The Express Scripts Home Delivery program is always considered **preferred** allowing members to purchase 90 day supplies while saving money on copays. The maximum copays for a 90 day supply through the home delivery program are \$30 for generic drugs (Tier 1), \$80 for preferred brand drugs (Tier 2) and \$120 for non-preferred and specialty drugs (Tiers 3 & 4). Some injectable and specialty drugs (Tier 4) are only dispensed in 31 day supplies.

**Unique to the Unlimited Rx plan**, while in the **Coverage Gap**, members continue to pay the same copays for Tier 1, Tier 2 and Tier 3 drugs. However, in 2024, any Tier 4 specialty drug is subject to a 25% coinsurance at a preferred pharmacy, a standard pharmacy or through the Express Scripts Home Delivery program.

Although members of the Electric Boat Unlimited Prescription Drug Plan get the convenience of paying only their fixed copay during the Coverage Gap for Tier 1, Tier 2 and Tier 3 drugs, they still benefit from the 70% pharmaceutical manufacturer discounts available to Medicare Part D members for Part D brand drugs dispensed after they reach the Initial Coverage Limit of \$5,030. In other words, even though at the point of reaching the Initial Coverage Limit, members of the **Unlimited Rx** plan will continue to pay only copays for most drugs, 70% of the retail cost of their Medicare Part D brand name drugs does accumulate towards their TRUE out-of-pocket cost or **TROOP**. Therefore, members in the **Unlimited Rx** plan can still exit this Coverage Gap stage and enter the Catastrophic Coverage stage.

**Members of the Unlimited Rx plan have \$0 cost for the remainder of the calendar year if their TROOP reaches \$8,000 or if their actual out-of-pocket cost reaches \$3,500. The Electric Boat Retiree Unlimited Rx Prescription Drug Plan has a \$3,500 maximum out-of-pocket cost cap to protect members of the plan from extreme financial hardship.**

The 2024 monthly premium for the Unlimited Rx plan is \$205 and the **rate is guaranteed for three years - through December 31, 2026.**



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### **Option 2: Electric Boat Retiree Limited Rx Prescription Drug Plan**

Similar to the Unlimited Rx plan, the **Limited Rx** plan does not have a deductible and has the exact same maximum copayment schedule during the **Initial Coverage stage**. The Limited Rx plan provides the same robust Express Scripts formulary.

However, under the **Limited Rx** plan, once members reach their Initial Coverage Limit of \$5,030 and enter the Coverage Gap, **Limited Rx plan members will pay 25% for Medicare Part D brand drugs. The member cost share PLUS the 70% pharmaceutical manufacturer discount accrues towards the member's TRUE out-of-pocket cost or TROOP.** During the Coverage Gap, generic drugs continue to be covered at the same maximum copay as in the Initial Coverage Stage or at a discounted retail cost - whichever is less.

**Members of the Limited Rx plan have \$0 cost for the remainder of the calendar year if their TROOP reaches \$8,000.**

The 2024 monthly premium for the Limited Rx plan is \$127.

### **Option 3: Electric Boat Retiree Value Rx Prescription Drug Plan**

The **Value Rx** Plan is our newest plan and is offered at a lower monthly premium cost but maintains the same comprehensive covered drug list or formulary. Unlike the **Unlimited Rx** and **Limited Rx** plans, the **Value Rx** is a five tier drug plan with two generic drug tiers and lower generic copayments. The **Value Rx** plan offers Preferred (Tier 1) generic drugs at a \$2 copay and Tier 2 generic drugs at a \$10 copay for a 31-day supply when filled at a preferred pharmacy. **Brand name drugs** are subject to a **\$200 calendar year deductible**. Preferred brand drugs are covered at a \$40 copay while non-preferred brand drugs are covered at a 40% coinsurance and specialty drugs have a 30% coinsurance. Cost shares and copays are slightly higher through standard pharmacies.

**When members of the Value Rx plan use Express Scripts home delivery, all Tier 1 and Tier 2 generic drugs are filled at NO COST from the beginning of the year to the very end of the year regardless of which Medicare Part D stage the member is in at the time the prescription is filled!**

Members using Express Scripts home delivery for brand name drugs will pay \$110 for a 90 day supply for Preferred brand drugs and 40% for non-preferred brands during the Initial Coverage stage. Specialty drugs are typically only filled at a 31 day supply at a time.

Similar to the Limited Rx plan, while in the **Coverage Gap**, **Value Rx** plan members will pay 25% for their Medicare Part D brand drugs. The member cost share PLUS the 70% pharmaceutical manufacturer discount accrues towards the member's TRUE out of pocket cost or TROOP. At retail during the Coverage Gap, generic drugs continue to be covered at the same maximum copay as in the Initial Coverage Stage or at a discounted retail cost – whichever is LESS. **Members of the Value Rx plan have \$0 cost for the remainder of the calendar year if their TROOP reaches \$8,000.**

The 2024 monthly premium for the Value Rx plan is \$89 and **the rate is guaranteed for three years - through December 31, 2026.**

# *Express Scripts Medicare Preferred Network Chain Pharmacies*

*Nationwide access to thousands of preferred pharmacies*

