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November 6, 2015

RE: Changes to Your AFL-CIO Health & Welfare Plan Prescription Drug Benefits

Dear Medicare-Eligible Retiree or Medicare-Eligible Spouse or Dependent of a Retiree:

This letter provides you with information about important changes to the prescription drug portion of the AFL-CIO Health & Welfare Plan (the Plan). Effective January 1, 2016, the Plan's prescription drug coverage for all participants, including active employees and retirees, will include certain drug management programs and requirements, as discussed below. In addition, the Plan's prescription drug coverage for Medicare-eligible retirees and their Medicare-eligible spouses and dependents will be changed to a group Medicare Part D plan: the **UnitedHealthcare[®] MedicareRx for Groups (PDP) plan.**

Who Will be Covered By the New UnitedHealthcare MedicareRx plan?

You are receiving this letter because the Plan has identified you as eligible for the new prescription drug coverage. You will automatically be covered by UnitedHealthcare MedicareRx beginning January 1, 2016 if you are retired or the spouse or dependent of a retiree, and you are eligible for Medicare, unless you are in either of the following categories:

- **Non-Resident:** If you currently live outside the U.S., you will not be moved to the new coverage until you do reside in the U.S. (However, the new drug management programs and requirements will generally apply to you under your current drug coverage.)
- **Medicare is not Primary:** If you have medical coverage through the Plan that is still primary (with Medicare paying secondary to that coverage), you will not be moved to the new prescription drug coverage until Medicare is your primary coverage before any Plan coverage. (However, the new drug management programs and requirements will generally apply to you under your current drug coverage.)

What This Change Means for You

- **Your UnitedHealthcare MedicareRx coverage will be similar to your current prescription drug coverage.** The copay structure, pharmacy network, and drug formulary have been matched as closely as possible to your current coverage. The copay structure itself

is the same with only minor differences related to the Medicare rules (for instance, you will now be allowed to fill a two- or three-month prescription at certain retail pharmacies, but will be charged a copay for each 30-day supply).

- **Your medical coverage is not changing.** This change affects only your prescription drug coverage through the Plan – not medical, dental or vision coverage.
- **You do not need to do anything to enroll.** On January 1, 2016, you will automatically become covered by UnitedHealthcare MedicareRx and your current prescription drug coverage will end.
- **You will receive two new ID cards in December in separate mailings:** You will get a new medical ID card from UnitedHealthcare (the same medical coverage as you have now, except that the card will no longer note any prescription drug coverage) and a new, separate prescription drug ID card from UnitedHealthcare MedicareRx to use beginning January 1, 2016.
- **Your network and mail order pharmacies for regular prescriptions will be largely the same.** One difference to note is that, because UnitedHealthcare MedicareRx is a Medicare plan, the Veterans Administration (VA) pharmacies are not included.
- **A few changes you might encounter under UnitedHealthcare MedicareRx:**
 - A 30-day supply of Tier 1 medication through mail order will cost the same as if you got it at retail.
 - Certain retail pharmacies will fill a two- or three-month supply of a prescription. In these situations, the retail copay will apply for each 30-day supply.

Drug Management Programs and Requirements

UnitedHealthcare MedicareRx includes drug management programs similar to those being implemented for all participants in the Plan effective January 1, 2016. Prior authorization, supply limits, certain exclusions and specialty drug management programs will be included in the UnitedHealthcare MedicareRx coverage.

The new coverage will also have certain step therapy requirements (requirement to try a lower cost drug prior to moving to certain specific higher cost drugs). See the attachment to this letter for a description of the prescription drug benefit management programs applicable to the UnitedHealthcare MedicareRx coverage. Note that UnitedHealthcare has a transition policy that may allow you to get a temporary supply of a drug subject to additional requirements or limits. More information will be provided to you on these drug management requirements in the UnitedHealthcare Medicare Rx Plan Guide and Welcome Kit that you will receive over the next few weeks.

Reasons for Changes

These changes to the prescription drug benefits under the Plan were made after much review and consideration by the Board of Trustees as an essential part of providing comprehensive, quality care to all the Plan's participants while working to maintain the long-term health of the Plan.

Prescription drug claims costs are a real concern for the Plan. These costs have increased far above the medical inflation rate, with no sign of slowing down. These projections, along with other cost challenges faced by the Plan, threaten our ability to continue to provide the exceptional prescription drug benefits we enjoy today. Implementing UnitedHealthcare MedicareRx allows the Plan to take advantage of government subsidies available under the Medicare structure that are not available to the Plan otherwise.

It is important for every participant in the Plan to be aware of the high costs involved in providing coverage under the Plan. While we want all participants to get the care that they need – that is what the Plan is here for – it is also important to understand the need to manage the Plan costs. A focus on controlling the costs will help ensure that appropriate care can be provided into the future.

In addition, with so many medications available today—and more and more people taking them—managing safety, use and costs has become increasingly complex. The drug management programs that will be implemented will help ensure that:

- the prescriptions covered are appropriate based on FDA guidelines and best clinical practices;
- participants taking complex specialty drugs receive appropriate support and care; and
- prescription drugs are available to participants, but provided in a cost-effective manner.

By implementing UnitedHealthcare MedicareRx and its drug management programs, we can improve safety, medication usage *and* help manage the costs in a way that enables the Board to continue to provide comprehensive, high-quality prescription benefits to you and your family.

Additional Important Information About UnitedHealthcare MedicareRx

- You do not need to do anything to be enrolled in the UnitedHealthcare MedicareRx coverage. However, if you are not enrolled in Medicare Part A and Part B, please contact the Plan Administrator toll-free at 1-877-4AFLCIO (1-877-423-5246) right away. You must continue paying your Medicare Part B premium to keep your prescription drug coverage under this group-sponsored plan.
- The Plan must have a permanent street address (rather than a P.O. Box) for you. If the Plan does not have this already, the Plan Administrator will be in touch to obtain that information.

- If you live outside of the U.S., you should contact the Plan Administrator toll-free at 1-877-4AFLCIO (1-877-423-5246) right away.
- If you have coverage through the Plan as a spouse or dependent of an active employee, you should contact the Plan Administrator toll-free at 1-877-4AFLCIO (1-877-423-5246) right away.
- **All individuals must be given the opportunity to opt out of Medicare prescription drug plans, including MedicareRx. The Plan Guide that you will receive from UnitedHealthcare will contain more information about this. Please note that this is the prescription drug coverage being provided by the Plan, so if you choose to opt out of UnitedHealthcare MedicareRx, you will no longer have any prescription drug benefits from the Plan and you will not be able to change that election at a later date. (However, opting out will not affect your medical, dental or vision benefits from the Plan.)**

More Information and ID Cards from UnitedHealthcare Coming Soon

You will be receiving more information from UnitedHealthcare, as shown below.

When should I watch for materials in the mail?	What will I receive?
Before November 15th	UnitedHealthcare® MedicareRx for Groups Plan Guide will be mailed to your home address. This Plan Guide will provide you with the details of the coverage.
Mid- to late-December	Three separate mailings: <ul style="list-style-type: none"> • UnitedHealthcare® MedicareRx for Groups Welcome Packet • A new UnitedHealthcare medical card (without the prescription drug coverage noted) for use on and after January 1, 2016 • A new UnitedHealthcare® MedicareRx for Groups card for use on and after January 1, 2016

Call in to a UnitedHealthcare Teleconference to Learn More and Ask Questions

UnitedHealthcare will be hosting two teleconferences to review the new prescription drug coverage and answer questions that you may have. Dates, times and dial-in information are listed below. **There is no need to register in advance – simply call in by phone.** A handout of the information that will be discussed on the teleconference will be available on or about November 16 on the Plan’s website www.aflciotpa.org. Also, it will be helpful for you to have your copy of the UnitedHealthcare MedicareRx Plan Guide handy for reference during the call.

Date	Time	Call Information
Wednesday, November 18 th	12:00 noon. to 1:30 p.m. EST	Teleconference #: 1-866-216-6835, Participant #: 708543
Friday, November 20 th	12:00 noon to 1:30 p.m. EST	Teleconference #: 1-866-216-6835, Participant #: 718826

For accommodation of persons with special needs, call 1-866-691-8209 (TTY 711) 8 a.m. to 8 p.m. local time, 7 days a week.

Still Have Questions?

We have also included a list of Frequently Asked Questions and Answers to help with some of the questions not addressed in this letter.

However, if you still have questions *about the prescription drug benefit coverage*, please do not hesitate to call UnitedHealthcare at 1-866-691-8209 (TTY is 711). If you have questions *about eligibility*, please call the Plan Administrator at 1-877-4AFLCIO (1-877-423-5246).

Thank you for your help and understanding as we transition to a safer, more cost-effective prescription drug plan.

Sincerely,

Board of Trustees

UnitedHealthcare® MedicareRx for Groups (PDP)
Further Information About Clinical Drug Management Programs
Effective January 1, 2016

Specialty Pharmacy – Specialty medications often require special storage and handling, and because participants who take specialty medications may have special conditions, they may need more than just a medication. The UnitedHealthcare Specialty Pharmacy program provides a comprehensive care system where patients with complex illness can receive therapy management and support tailored to their individual needs.

As part of providing this support and care management for participants, UnitedHealthcare may require that the specialty medications be filled through a UnitedHealthcare Specialty Pharmacy. A list of UnitedHealthcare Specialty Pharmacies is available at www.UHCSpecialtyRx.com. About half of the specialty medications filled by participants in the Plan are already filled through a UnitedHealthcare Specialty Pharmacy.

Supply Limit – Certain medications will have limits on the quantity that can be dispensed per prescription fill or during a certain period of time, based on clinical protocols and best care practices. These limits are called “supply limits.”

Prior Authorization (sometimes referred to as Notification) – Certain medications will require a prior authorization by UnitedHealthcare before being filled at the pharmacy.

Step Therapy – Step therapy is a clinical program that, working with your physician, requires participants to try a lower-cost medication before a higher-cost medication may be covered. Many medical conditions have multiple medication options that may work in a similar way, but with costs that may vary widely.

Excluded Medications – Excluded medications may include certain medications when they are first launched after FDA approval. The exclusion is often temporary, to allow UnitedHealthcare time to review the FDA guidelines, establish its internal clinical protocols for coverage, and to negotiate pricing with the manufacturer. In addition, certain prescription drugs may be excluded generally from coverage by UnitedHealthcare. Drugs may be excluded from coverage for various reasons, including when the drug is available over-the-counter, or if it is a drug made up of two or more over the counter drugs or drugs that are significantly less expensive when not combined, or if several prescription medications work the same way, but one or more of them is significantly more expensive.

You may contact the Plan Administrator or UnitedHealthcare for information on the list of excluded drugs and/or access the list through myuhc.com.

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More information about these drug management programs will be provided in the Plan Guide that you will receive shortly and the Welcome Kit that you will receive in December. Please review this material carefully and call UnitedHealthcare at 1-866-691-8209 (TTY is 711) with any questions that you have about the benefits.



UnitedHealthcare[®] MedicareRx for Groups (PDP) Plan

Frequently Asked Questions & Answers

1. Do I need Original Medicare (Part A and Part B)?

Yes, in order to be eligible for the UnitedHealthcare MedicareRx for Groups (PDP) plan, you must be entitled to Part A and/or purchase Part B. If you have Part B, you must continue to pay your Medicare Part B monthly premium to the government.

2. Is the plan nationwide?

Yes, this plan offers nationwide coverage.

3. Do I need to get new mail order prescriptions?

Your Preferred Mail Order Provider will continue to be OptumRx, a UnitedHealth Group company. Any current open refills that you have on file will carry over other than for certain drugs that OptumRx is legally restricted from transferring (e.g. certain narcotic drugs) The Welcome Kit that you receive following your enrollment in the plan, will include an OptumRx Mail Order Brochure containing OptumRx contact information.

4. Explain the stages of prescription drug payments. Is there a “donut hole”?

Medicare Part D plans have different stages of drug coverage – the Initial Coverage stage, the Coverage Gap (or “donut hole”) and the Catastrophic Coverage stage. When you fill a prescription, the amount you pay depends on the stage you’re in.

- In the initial coverage stage, you pay a co-pay, then the plan pays the rest. Your co-pay will depend on what tier the drug belongs to. You stay in this stage until your total drug costs reach \$3,310. The total drug cost combines the amount you pay and the plan pays for prescription drugs.
- When your total drug costs reach \$3,310, you have reached the Coverage Gap – **however**, your Plan provides additional drug coverage which means that if you reach the Coverage Gap, you will continue to pay the same co-pay as during the initial coverage stage. **There is no coverage gap or “donut hole” with this Plan.**
- After your total out-of-pocket costs reach \$4,850, you enter the Catastrophic Coverage stage. In this stage, you will pay a co-pay that is similar to or lower than you were paying in the earlier stages. You stay in this stage for the rest of the plan year.

5. What is the most I will have to spend out-of-pocket for prescription drugs?

There is no actual limit on how much you can spend out of pocket on prescription drugs. However, once you have spent \$4,850 out of your pocket in drug expenses, you will reach the catastrophic drug phase of your coverage. At that point you will pay a co-pay that is similar to or lower than you were paying in the earlier stages. You stay in this stage for the rest of the plan year.

6. What national retail pharmacies are in the plan?

The UnitedHealthcare MedicareRx Plan for Groups includes over 65,000 regional and local pharmacies in its network including major national retail pharmacies. Some examples include: Walgreens, Duane Reade, Target and many others.

7. What happens to my under 65 spouse's coverage?

Dependents that are not Medicare-eligible will remain on their current coverage plan.

8. What is Medicare Part D IRMAA and does it apply to me?

IRMAA stands for Income Related Monthly Adjustment Amount. Similar to Medicare Part B, high income earners will pay more for their Medicare Part D coverage. Any Medicare Part D plan member whose Modified Adjusted Gross Income as reported on your IRS tax return, is above \$85,000 for an individual or \$170,000 for a couple, may pay an additional amount for Medicare Part D coverage. The extra amount is paid directly to Medicare, not to your plan. If you are subject to IRMAA, Social Security will send you a letter. The letter will explain how they determined the amount you must pay and the actual IRMAA amount. Neither your employer group nor your health plan determines who will be subject to IRMAA. Therefore, if you disagree with the amount you must pay, you must contact the Social Security Administration. You can:

- Go online to www.ssa.gov
- Call Social Security at 1-800-772-1213, TTY 1-800-325-0778
- Visit your local Social Security office.

9. What if I have trouble paying for my prescription drugs?

If you have trouble paying for your prescription drugs, you may qualify for Medicare's Extra Help program. Another name for this is Medicare's Low Income Subsidy. If you have limited income, you may qualify. If you qualify, Medicare will help pay for the cost of your prescriptions. If you are interested and want to find out if you qualify, you can

- Go online to www.ssa.gov
- Call Social Security at 1-800-772-1213, TTY 1-800-325-0778
- Visit your local Social Security office.

You are not required to use OptumRx home delivery for a 90- or 100-day supply of your maintenance medication. If you have not used OptumRx home delivery, you must approve the first prescription order sent directly from your doctor to OptumRx before it can be filled. New prescriptions from OptumRx should arrive within ten business days from the date the completed order is received, and refill orders should arrive in about seven business days. Contact OptumRx anytime at 1-888-279-1828. OptumRx is an affiliate of UnitedHealthcare Insurance Company.

Member may use any pharmacy in the network but may not receive preferred retail pharmacy pricing. Pharmacies in the Preferred Retail Pharmacy Network may not be available in all areas.

The formulary, pharmacy network, and/or provider network may change at any time. You will receive notice when necessary. Other Pharmacies, Physicians, Providers are available in our network.

This information is not a complete description of benefits. Contact the plan for more information. Limitations, co-payments, and restrictions may apply. Benefits, premium and/or co-payments/co-insurance may change each plan/benefit year.

Plans are insured through UnitedHealthcare Insurance Company or one of its affiliated companies, a Medicare Advantage organization with a Medicare contract and a Medicare-approved Part D sponsor. Enrollment in the plan depends on the plan's contract renewal with Medicare.

November 2015