

# Living Power

For all who have made a living and now wish to make a life

## Legislative Summary for 2005 Session

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### INTRODUCTION

The General Assembly concluded the regular 2005 session on September 2 following a busy week of efforts by the Senate and House to reach agreement on several bills, including two of interest to retirees. In the end, the General Assembly adjourned without approving bills to authorize interim legislative studies and to make technical corrections affecting the State Health Plan. However, the primary goals of our Association were addressed in the Appropriations Act for the 2005-07 biennium. The last issue of *Living Power* featured the details of the state budget pertaining to COLAs and State Health Plan changes. These items are presented here in a summary recap.

### STUDY BILL STALLED

Usually, the General Assembly establishes a host of study committees that meet between sessions to examine important public policy issues and to recommend legislation that will address these issues. This year, the studies bill (House Bill 413) included authorization for two retirement-

related studies. House-Senate differences on several sections of the study bill could not be resolved and the bill remained in committee at the end of the session.

The first of these studies would have examined the feasibility of establishing a statutory mandate requiring an annual Cost-Of-Living Adjustment for retired teachers and state employees. The mandatory COLA would be pegged to the annual growth rate of the Consumer Price Index (CPI).

The proposal to establish a mandatory COLA was introduced earlier in this session as a free-standing bill (House Bill 1653) sponsored by Rep. Bernard Allen. The bill was converted to a study proposal because there were questions raised about the actuarial costs to the Teachers' and State Employees' Retirement System.

The second study involved the N.C. National Guard Pension Fund. This year, the General Assembly approved the increase in monthly pension benefits for retired Guard personnel. This is the first

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## NCRGEA News & Views

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WeSave, Inc., a North Carolina Company with offices in North Carolina and West Virginia is seeking retired state and local government retirees to work on a part time basis. Account representatives are needed to call on merchants across the state that may be interested in providing discounts for active and retired public employees. Merchants may join this nationally competitive discount savings program for no charge and no hidden fees.

Operated under a contract with the Office of State Personnel, this exclusive discount savings program is scheduled to launch in mid November and will be available to active and retired public employees across North Carolina.

The pay for the representatives is based on the number of merchant contracts signed. If you are interested in a position with WeSave, please contact Linda Loehr at 304-344-1794 or Lavonda Van Benthuisen at 919-459-2758.

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## State Treasurer Announces New Service for Retirees

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Retired public servants from North Carolina will soon have easier access to information about their retirement accounts. ORBIT, an acronym for Online

Retirement Benefits through Integrated Technology, is a state of the art computer system that will provide retirees with unprecedented access to services and information at the Retirement Systems Division of the N.C. Department of State Treasurer.

“This new, secure Internet-based system will improve the efficiency of the Retirement Systems Division and help the State prepare for the expected wave of baby boomers headed toward retirement,” said State Treasurer Richard Moore. “ORBIT is one more way that we are using the latest technology to enhance customer service for North Carolina’s dedicated retired public servants.”

The Division will continue to answer calls and letters, but starting in January 2006 it will also offer retirees the opportunity to conduct common transactions, such as changing their address, changing tax withholding information, and requesting a duplicate 1099R, on the Internet in a self-service fashion. Retirees will be able to view information about their accounts online with a secure password.

Details on accessing ORBIT will be available in the January 2006 edition of *The Retirement Report*, a publication distributed to retirees by the Division.



*Living Power* is published to provide current information for NCRGEA’s membership. Newsletters are printed bimonthly and mailed to all members of NCRGEA. Your comments are welcome.

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## Brush Up on the MetLife Dental Plan

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Since it is the enrollment period for the NCRGEA MetLife Dental Plan, we have had many questions from members trying to compare the MetLife plan to other available plans recently mailed to state and local government retirees. Here are some of the items you may want to pay special attention.

**Deductibles** - Does the plan have a Deductible? Plans with an annual deductible result in higher out-of-pocket expenses. The NCRGEA MetLife plan contains no deductibles.

**Coinsurance Levels** - Coinsurance levels (the percentage of the cost of a procedure that the patient is responsible for versus the percentage the insurance company pays) dictate the out-of-pocket costs paid by the insured so be sure that similar procedures are being reimbursed at the same coinsurance level. For example, an \$800 root canal reimbursed at 60% means the patient only pays \$320.00 where a 50% reimbursement for the same \$800 root canal would mean the patient would pay \$400.00.

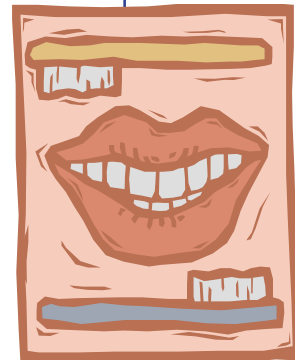
**Network vs. Non-Network Plans** - Since many dentists in North Carolina choose not to participate in ANY dental network, a majority of claims are paid on an Out-of-Network basis. Because

MetLife bases their Usual & Customary reimbursement rate on what 9 out of 10 dentists in a given area charge for a procedure, theirs is the highest reimbursement rate in the industry for Out-of-Network claims. Plans that reimburse Out-of-Network claims based on a Schedule or Maximum Allowable basis can considerably reduce your reimbursement level, thus increasing your out-of-pocket expense.

**Claim Responsibility** – Since MetLife will accept the billing from any dentist even if you go to a nonparticipating dentist, you are never required to pay more than your co-insurance portion up front if your dentist will file the claim for you. Many companies require that patients who see nonparticipating dentists pay the entire charge at the time of service, file the claim, and be reimbursed later for the covered portion of their charges.

Open enrollment is going on now through November 18, 2005. If you choose to enroll, please make sure to fill out the enrollment form completely, including checking the necessary authorization option to allow us to deduct the dental premium and membership dues from your retirement account. Also, don't forget to sign and date the bottom of the enrollment form.

If you have any questions, please do not hesitate to call us at 1-800-356-1190.



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## Retired Local Governmental Employees and The New Medicare Prescription Drug Benefit

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*Editor's Note: This is the second of a series of articles being presented in Living Power addressing the new Medicare Prescription Drug Program known as Part D.*

*In the July-August edition of Living Power, we informed you that if you were a **state** retiree who has the State Health Plan, then you did not need to enroll in the Medicare Part D program since the State Health Plan has a much richer prescription drug benefit than the Medicare Part D program.*

*This article focuses on the decisions facing **local government retirees** in North Carolina.*

### INTRODUCTION

The Medicare Part D Prescription Drug Program (PDP) will begin on January 1, 2006. Retirees who are covered by Medicare will be receiving information in the next several weeks from companies authorized by the Centers for Medicare & Medicaid Services to offer the PDP. The initial enrollment period runs from November 15, 2005 to May 15, 2006.

We have received many questions from our members who retired from **local governments** regarding the new PDP and the process for enrollment. Unlike retired teachers and state employees, local government retirees generally do not have access to the prescription drug benefits of the State Health Plan. Furthermore, very

few local governments provide health insurance and prescription drug coverage for retirees beyond age 65. As a result, the new Medicare prescription drug program probably will be an attractive option for many retired local government employees.

We have summarized several of the questions most frequently asked by local retirees and provided answers to assist members in their decisions regarding the Medicare PDP.

**Q.: As a retired local government employee who is Medicare eligible, do I need to enroll in the new Medicare Part D Prescription Drug Program (PDP)?**

**A.:** It depends on whether or not you currently have prescription drug coverage that is equal to or better than the basic Medicare PDP. Local government retirees who have drug coverage through their former employer or who have coverage through an individual insurance policy should receive a Notice of Creditable Coverage from their current provider. If the Notice indicates that your current coverage is equal to or better than the new Medicare PDP, you may not want to enroll since the Medicare PDP will require payment of a monthly premium that is expected to average \$35 in North Carolina and will not provide you with any additional benefit.

If you currently do not have any form of prescription drug coverage, you should seriously consider enrolling in the Medicare Prescription Drug Program. Also, if you currently have coverage that

is not equal to or better than the Medicare benefit, you should consider the Medicare PDP.

**Q.: How many different plans will be available under the Medicare PDP and how do I obtain information on these plans?**

A.: The Centers for Medicare & Medicaid Services have contracted with a number of private insurance companies to provide the PDP. We expect as many as 16 companies to offer Medicare PDP plans in North Carolina. Each company must at least offer the Medicare standard outline of coverage but may provide enhanced benefits at higher premiums.

The companies selected to offer PDP plans will begin marketing in October. You can expect to receive enrollment information from these companies if you currently receive Medicare Part A and/or Part B. In addition, comparative information about the different plans will be available by mid-October through the Medicare website ([www.medicare.gov](http://www.medicare.gov)) and the Medicare toll free line (1-800-633-4227). Finally, the Seniors Health Insurance Information Program (SHIIP), a division of the N.C. Department of Insurance, will have

comparative information available and assist consumers with enrollment in a PDP. SHIIP can be accessed on line at [www.ncshiip.com](http://www.ncshiip.com) and by telephone at 1-800-443-9354.

**Q.: How will the PDP plans differ?**

A.: Individual companies may offer a more extensive formulary (list of approved drugs) than the standard list required by Medicare. Also, monthly premiums charged by the companies may vary based on the extent of drug coverage, co-pays, deductibles, etc.. The range of monthly

premiums in North Carolina is expected to be from \$20 to \$60.

**Q.: What happens if I decide not to enroll during**

**this initial enrollment period and change my mind next year?**

A.: The Medicare Prescription Drug Program is voluntary. You are not required to enroll. If you are eligible and do not enroll during the November 15, 2005 – May 15, 2006 enrollment period, you may not enroll in a plan until November 15, 2006 – December 31, 2006 for coverage effective January 1, 2007. However, if you do not currently have prescription drug coverage deemed as creditable coverage and decide

*(Continued on next page)*



## **Retired Local Government and Part D**

*(Continued from page 5)*

to enroll in the Medicare PDP next year or later, a penalty of 1% per month is applied to the monthly premium. For example, if the premium for a particular PDP plan was \$30 during the November, 2005 to May, 2006 enrollment period and you waited until November, 2006 to enroll, your monthly premium would be \$33.60 rather than \$30.

**Q.: What happens if I enroll this year in a Medicare PDP plan and find out next year that I need to take a prescription drug that is not covered by my plan?**

A.: You will have the option each year of switching to a different Medicare PDP plan that better meets your prescription drug needs. You can switch from one Medicare PDP plan to another without any penalty during the annual enrollment period (November of every year).

**Q.: Can the premiums and the drug formularies of the Medicare PDP plans be changed over time?**

A.: Yes, the private insurance companies providing the Medicare PDP under contract may change on an annual basis and the lists of approved drugs may change with the approval of the Centers for Medicare & Medicaid Services.

**Q.: When can I enroll in the Medicare Prescription Drug Program if I am not yet eligible for Medicare Part A and Part B?**

A.: You can enroll in the Medicare PDP 3 months prior to your Medicare eligibility date, during the month that you become eligible, and up to 3 months after you become eligible.

### **CONCLUSION**

The new Medicare Prescription Drug Program can be of real benefit to our members who are eligible for Medicare Part A and Part B. You should carefully evaluate the various Medicare PDP plans that will be offered in North Carolina if you currently do not have any drug coverage. Here are a few points to remember.

Ø There is no rush to enroll. The initial enrollment period begins on November 15, 2005 and extends to May 15, 2006. You have time to make your decision.

Ø There are resources at the State and Federal levels that can assist you in your evaluation of the best options for your needs.

Ø The Seniors Health Insurance Information Program a division of the N.C. Department of Insurance has counselors to answer questions at the toll-free number (1-800-443-9354) and will have helpful information posted on the agency web page ([www.ncshipp.com](http://www.ncshipp.com)).

The Centers for Medicare & Medicaid Services have a wealth of information about the new Medicare benefit. The agency toll-free number is 1-800-MEDICARE (1-800-633-4227) and the web page that has specific information is [www.medicare.gov](http://www.medicare.gov).

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## Free Ways to Get the Flu Shot

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Flu season is October through December. Nationwide, flu outbreaks have been responsible for an average of approximately 36,000 deaths per year, and have enormous costs associated with illness and lost time from work. Getting a flu shot is the best way for individuals to protect themselves from the flu.

### SYMPTOMS

Flu can cause fever, chills, headache, dry cough, runny or stuffy nose, sore throat, and muscle aches. Unlike other common respiratory infections such as the common cold, influenza can cause extreme fatigue lasting several days to more than a week. Although nausea, vomiting and diarrhea can sometimes accompany influenza infection, especially in children, gastrointestinal symptoms are rarely prominent. The illness that people often call “stomach flu” is not influenza.

### SPREAD FROM PERSON TO PERSON.

Influenza is spread easily from person to person primarily when an infected person coughs or sneezes. After a person has been infected with the virus, symptoms usually appear within 2 to 4 days. The infection is considered often contagious for another 3 to 4 days after symptoms appear. Each year, an estimated 10% to 20% of the population contracts influenza.

### FREE FLU SHOTS

There are two options in getting a free

flu shot this year.

Blue Cross Blue Shield of North Carolina (BCBSNC) is offering all its members free flu shots. This pertains to both State Health Plan members and BCBSNC health insurance members. To find a clinic near you, please call 1-866-534-7330 or visit [www.findaflushot.com](http://www.findaflushot.com).

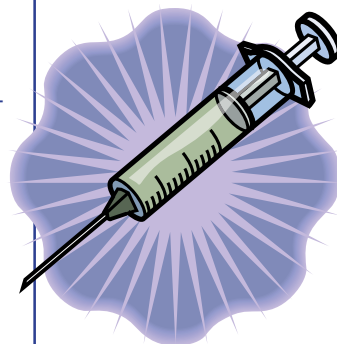
Nonmembers may receive a flu shot for a fee of \$25 (cash or check only). All members must present their member ID card and a photo ID to receive a free flu shot. A parent or guardian must accompany members between the ages of 9 and 17. Children under the age of 9 must get their flu shot from their physician.

In most cases, members with preventive care benefits won't be charged for receiving a flu shot from their physician. Some members may be charged an office visit copayment, depending on their specific benefits.

Medicare pays for flu shots and other preventive services. If you have Medicare, you have two options.

**Option 1:** Call your regular doctor to get a flu shot. If your doctor doesn't have flu shots available, you can go to any other doctor or provider who bills Medicare to get the flu shot. Your doctor will bill Medicare and you will pay nothing for the shot.

**Option 2:** Get a flu shot from a doctor or provider who doesn't bill Medicare. You will have to pay for the shot when you get it, and Medicare will pay you back (about \$18). Just follow these simple steps: *(Continued on next page)*



**Step 1:** Pay for your flu shot and get a receipt. The receipt must show the Doctor/ Provider Name, the Doctor Provider Address, the Service Provided (“Flu Shot”), the Date Service Provided, and the Amount Paid.

**Step 2:** Fill out Medicare’s form #CMS-1490S, called “Patient’s Request for Medical Payment.” Mail the completed form and your original receipt to the Medicare Carrier in your state. (In North Carolina, the carrier is Cigna and the address is Cigna, PO Box 671, Nashville, TN 37202.)

- Fill out Boxes 1, 2, 3: your name, Medicare number, mailing address and phone number.

- Skip Boxes 4 and 5.

- Box 6: Sign and date the form.

Mail the completed form and your original receipt to the Medicare Carrier in your State.

You can get a copy at [www.cms.hhs.gov/forms](http://www.cms.hhs.gov/forms) on the web, by calling your Medicare Carrier, or by calling 1-800-MEDICARE (1-800-633-4227). TTY users should call 1-877-486-2048.

**Step 3:** Medicare will mail you a payment in about six weeks. The amount of Medicare’s payment varies by State, but is generally about \$18. Please note that Medicare’s payment could be less than what the doctor or provider charged you for the flu shot.

Any questions? You can call your Medicare Carrier or 1-800-MEDICARE (1-800-633-4227) for answers to your flu shot questions.

## Legislative Summary for 2005 Session

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such increase in more than 20 years. The study, first proposed by Sen. Bob Atwater in a separate bill (Senate Bill 573), was intended to complement the benefit increase by examining steps that might be taken to put the National Guard Pension Fund on a sound long term actuarial footing.

It is not clear at this point if either of these issues will be examined before the General Assembly returns in May. There is a possibility that these issues could be referred to one of the several standing legislative study committees.

### **PENSION BENEFIT INCREASES FOR 2005**

The Cost-Of-Living Adjustments listed below became effective on July 1, 2005. These increases were included in the August pension payments, along with the retroactive payment for July.

- Ø Teachers and State Employees’ Retirement System: 2.0% increase

- Ø Local Governmental Employees’ Retirement System: 2.5% increase

- Ø Consolidated Judicial Retirement System: 2.0% increase

- Ø Legislative Retirement System: 2.0% increase

- Ø National Guard Pension Fund: Increase in minimum monthly benefit from \$50 to \$75 and increase in maximum monthly benefit from \$100 to \$150

- Ø Firemen’s and Rescue Squad Workers’ Pension Fund: Increase in monthly benefit from \$161 to \$163

### STATE HEALTH PLAN CHANGES

The General Assembly appropriated an additional \$251.3 million to the State Health Plan for the 2005-07 biennium to partially offset rising medical costs. Additionally, the Legislature approved increases in the premium for dependent coverage and in several co-payments that are listed below.

- Ø A 12.3% increase in the monthly premium for dependent coverage (effective on October 1, 2005)
- Ø Out-of-pocket charge for emergency room visits not related to hospital admission increase from \$100 to \$200
- Ø Out-of-pocket charge for first day of hospital stays increases from \$100 to \$150
- Ø Out-of-pocket charge for outpatient service fees increases from \$50 to \$75
- Ø Maximum annual out-of-pocket increases from \$1,500 to \$2,000 for individuals and from \$4,500 to \$6,000 for members with dependent/family coverage
- Ø Co-pay for branded prescription drugs with generic equivalents increases from \$35 to \$40
- Ø Co-pay for branded prescription drugs not on the approved state formulary increases from \$40 to \$50

### ELIGIBLE LEGISLATION FOR 2006

Bills that were approved by one chamber of the General Assembly during the 2005 Session are eligible for consideration when the Legislature reconvenes in May, 2006. One bill worth noting that meets this requirement is Senate Bill 837: State

Health Plan/10-Year Vesting. This bill would increase the vesting period for lifetime Health Plan benefits from the current 5 years to 10 years of service for members hired on and after October 1, 2005. The bill was approved by the Senate and sent to the House on August 18 where it was referred to the Committee on Health.



Also, this year's adjournment resolution allows new legislation affecting the state budget and the retirement systems to be introduced when the General Assembly returns to Raleigh on May 9. We expect bills that will provide COLAs and other pension benefit changes in 2006 to be introduced early in the Session. Usually, this legislation is offered as an "agency bill" by the Department of the State Treasurer with the support of retiree and employee organizations. Our Association will be working with our partner organizations and the Retirement Systems Board of Trustees between now and May to establish consensus legislative goals for 2006.

- Ed Regan

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## SHIIP to Host Medicare Prescription Drug Plan Expo

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### *Statewide Event Provides Answers to Seniors' Medicare Questions*

Beginning Nov. 15, if you have Medicare Part A and/or Part B, you will have the option to sign up for new prescription drug coverage, regardless of income level and resources, pre-existing conditions or current prescription expenses. Also, if you are enrolled in a Medicare Advantage Plan — such as HMO, PPO or private-fee-for-service plans — your plan may also offer drug coverage.

Unfortunately, there has been much confusion surrounding the Medicare Prescription Drug Plans (PDPs), so if you're confused about your options or what you should do, you are not alone. The Department of Insurance's Seniors' Health Insurance Information Program (SHIIP) can help you understand your options and what PDPs are available to you.

To reduce confusion and help seniors with enrollment, SHIIP is hosting a Medicare Prescription Drug Plan Expo at the Greensboro Coliseum Special Events Center on Tuesday, Nov. 15, 2005, from 10 a.m. to 2 p.m. The Expo will provide people with Medicare from across North Carolina a "one-stop-shop" for their Medicare PDP needs. Seniors can attend an educational workshop presented by a trained SHIIP staff member that explains

the Medicare Prescription Drug Program, in addition to meeting with trained Volunteer Counselors will be on hand to answer questions for beneficiaries or family members on the extra help assistance and the particular prescription drug plans. The beneficiary may also enroll in his or her chosen Medicare PDP with the help of SHIIP staff and volunteer counselors.

Keep in mind, the Medicare PDPs are meant to help you. They may save you money on the prescription drugs that you already take or that you will need to take in the future. A typical person enrolled in Medicare could see his or her total drug expenses decrease by 50 percent, and some limited-income seniors who qualify will pay almost no prescription drug expense. The PDPs will work like most other health insurance plans, covering a large portion of your prescription drug expenses.

Medicare PDPs are similar to other insurance products in that they are insurance plans that are provided by private insurance companies. North Carolina has 16 companies that are able to sell the Medicare PDPs, and each company has different options available to you.

It's important that you look at each plan carefully and choose the one that covers the medicines you take, as well as the pharmacy that you use, unless you are willing to change pharmacies. After you choose the best PDP for you, then you will pay a monthly premium and Medicare will help pay the bill. *Your Medicare & You*

2006 handbook outlines all of North Carolina's approved plans.

Because every company's PDP is different, premiums and coverage will vary. In 2006, the monthly premiums for PDPs in North Carolina will range from less than \$20 up to \$68 and may have a yearly deductible of up to \$250. You will also pay for part of the cost for your prescriptions, including a copayment or coinsurance.

If you have limited income and resources, you may qualify to receive extra help to pay for prescription drugs through the Medicare prescription drug assistance program. To see if you qualify for this extra help, call SHIIP at 1-800-443-9354. You may also contact your local Social Security Administration office or visit their national website at [www.socialsecurity.gov](http://www.socialsecurity.gov).

Although anyone who has Medicare Part A and/or Part B is eligible, the Medicare PDP might not be the best fit for everyone. If you do not have any other prescription drug coverage, then you will need it. However, if you currently have prescription drug insurance coverage that is as good or better than the Medicare PDP coverage, then you do not need to purchase a Medicare PDP. Also, if you have creditable prescription drug coverage through an employer group plan, TRICARE, or the Veteran's Administration you should not need a Medicare PDP. You will receive a letter verifying the creditability of your current coverage.

If you do choose to sign up for a Medicare PDP, you can join from Nov. 15, 2005 to May 15, 2006. If you sign up before Dec. 31, 2005, your Medicare PDP coverage will begin Jan. 1, 2006, so you won't miss a day of coverage. While you are not required to enroll in a Medicare PDP, keep in mind that if you're eligible to do so, but choose not to enroll by May 15, 2006, then you may have to pay a one percent penalty for each month that is past the deadline. The only exception to this penalty is if you were enrolled in another prescription drug plan that had coverage equal to or better than Medicare's PDP.

If you have any questions about Medicare PDPs or are confused about what your prescription drug coverage options are, please call SHIIP at 1-800-443-9354 or (919) 733-0111.

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## **Board Member Honored with Section of I-40 Dedicated to Him**

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NCRGEA Board of Directors member and former State Senator Robert D. "Bob" Warren was recently honored in a ceremony in which a stretch of Interstate 40 was officially named for him.

Warren introduced the mandatory seat belt usage bill that is credited with saving thousands of lives, is credited with helping establish Johnston Community College, and served as chairman of the Senate Transportation Committee.

The five mile section of I-40 extends 2.5 miles each side of the Johnston-Sampson County line.

**New Long Term Care Insurance Option**

Retired state employees now have another option for obtaining long term care insurance. In August, the State Employees' Association of North Carolina (SEANC) announced it had reached an agreement with Southeastern Senior Strategies to provide long term care insurance at discounted rates for SEANC members.

State retirees now have three long term care insurance options available. In addition to the SEANC program, state retirees have access to the group long-term care plan sponsored by the State Health Plan and several individual long term care insurance policies included under the Employee Perks program of the Office of State Personnel.

More information on the new SEANC program can be obtained from Southeastern Senior Strategies by calling 1-800-582-5260 or on the internet at [www.ssslte.com](http://www.ssslte.com).

**Important Phone Numbers to Remember**

NCRGEA .....	1-800-356-1190
NC Retirement System .....	1-877-733-4191 (questions about your retirement check, to get direct deposit, change of address, to report a death)
CIGNA (Medicare Administrator) .....	1-800-633-4227
NC State Health Plan .....	1-919-881-2300
Seniors' Health Insurance Information Program .	1-800-443-9354
Medical Review of North Carolina .....	1-800-722-0468
MetLife Dental .....	1-888-466-9073
Blue Cross/Blue Shield .....	1-800-672-7897 (State Health Plan Administrator)
Social Security Administration .....	1-800-772-1213