

IMPACT OF HEALTH CARE REFORM ON MEDICARE PART D BENEFITS

A. Medicare Part D Changes

1. One-Time Rebate to Beneficiaries

Applicable beneficiaries who have incurred costs for covered part-D drugs that exceed the initial coverage limit (\$2,830 for plan year ending in 2010) will receive a one-time \$250 payment in 2010.

Applicable beneficiaries are individuals enrolled in an MA-PD plan (not a qualified retiree prescription drug plan) who has reached the coverage gap.

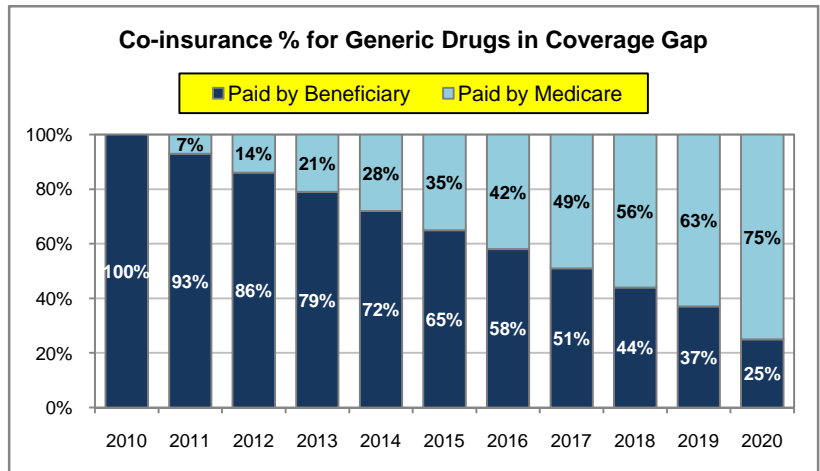
2. Reducing Growth Rate of Out-of-Pocket Cost Threshold

The growth rate of the maximum out-of-pocket cost threshold, that will qualify retirees for catastrophic coverage, will be artificially slowed down in 2014 thru 2019. This will further reduce the out-of-pocket costs for retirees who have relatively high prescription drug expenses. In 2020, the growth rate determination will revert back to the current methodology.

3. Generic Drugs in Coverage Gap

Beneficiary payments (co-insurance) for generic drugs in the coverage gap will be reduced from 100% to 93% beginning on January 1, 2011. This co-insurance will continue to decrease in subsequent years by 7% until it reaches 25% in 2010 as shown below.

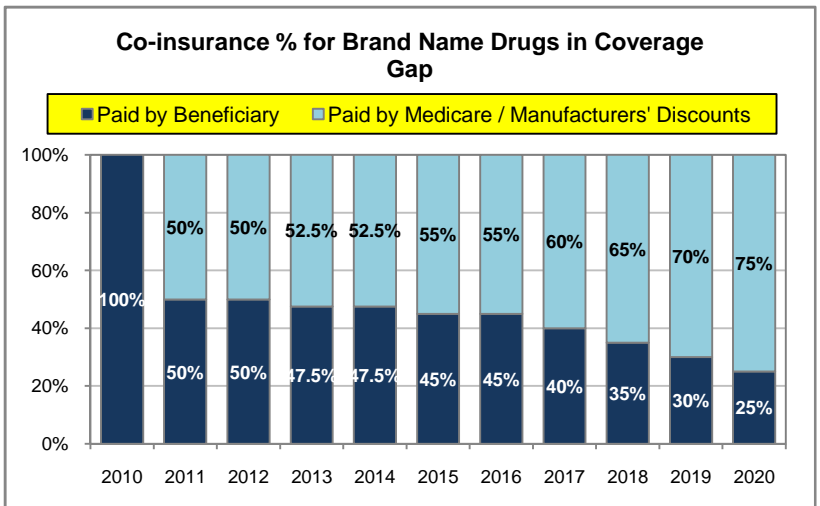
Year	Benef % A	Medicare % B = 1 - A	CY	Benef % A	Medicare % B = 1 - A
2010	100%	0%	2016	58%	42%
2011	93%	7%	2017	51%	49%
2012	86%	14%	2018	44%	56%
2013	79%	21%	2019	37%	63%
2014	72%	28%	2020	25%	75%
2015	65%	35%			



4. Brand Name Drugs in Coverage Gap

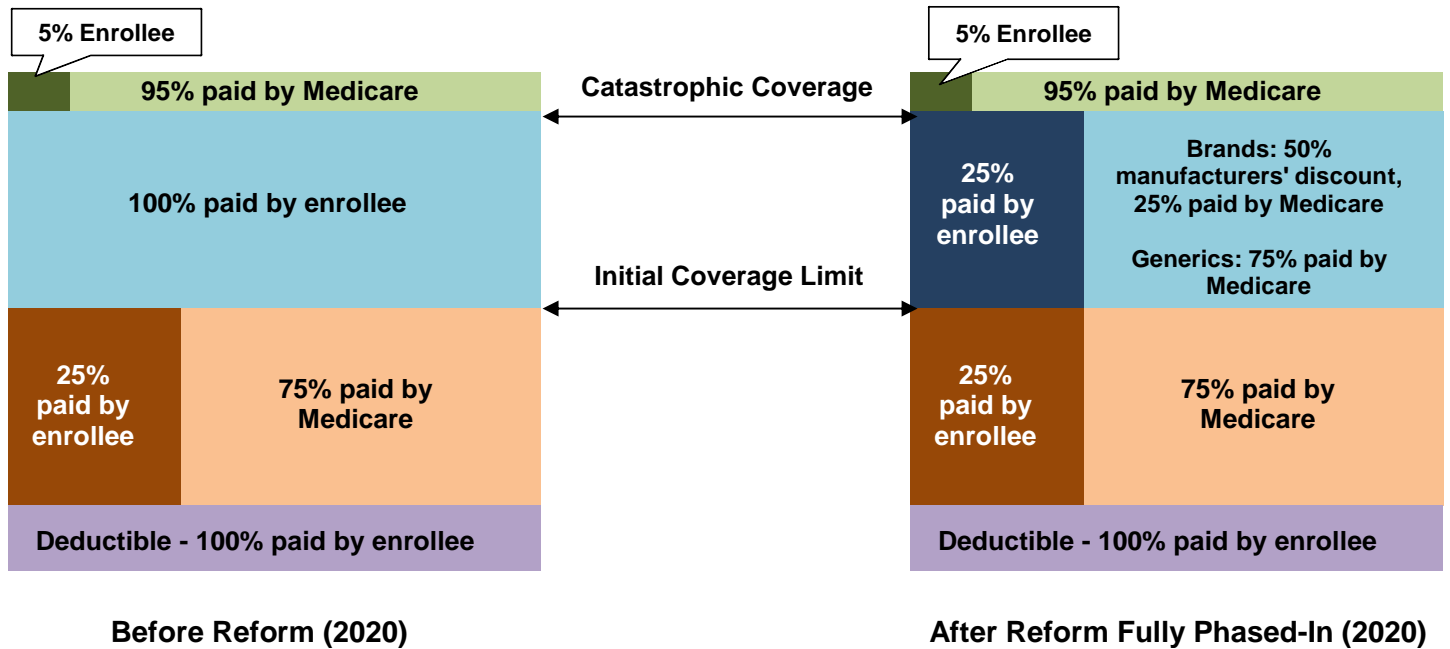
Beneficiary payments (co-insurance) for brand name drugs in the coverage gap will be reduced as a result of a new manufacturers' discount and increased Medicare co-insurance.

Year	Medicare Paid / Manufacturer Discount A	Beneficiary Percentage B = 1 - A
2010	0%	100%
2011 - 2012	50%	50%
2013 - 2014	52.5%	47.5%
2015 - 2016	55%	45%
2017	60%	40%
2018	65%	35%
2019	70%	30%
2020+	75%	25%



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5. The New “Standard” Medicare Part D Coverage



For further information you can contact the following persons:

- Randy Gomez, FSA, MAAA (randy.gomez@nyhart.com)
- Evi Laksana, ASA, MAAA (evi.laksana@nyhart.com)