

# Spotlight on **BENEFITS**



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Fall 2005

## Health Plan Changes Announced

- Effective August 12, 2005, the Health Plan will extend coverage for an additional 120 days for full-time students, following the last day of class as a full-time student. This creates a COBRA qualifying event on the 121st day following the last day of classes. This does not apply to graduating students.
- Effective August 12, 2005, the following paragraph (1) and sentence (2) were added to the Retiree Carry-Over section of the Health Plan booklet:

(1) *If you continue your health coverage through Retiree Carry-Over credits, and also qualify for Certified Retiree coverage, you must enroll in Certified Retiree coverage at the time of your retirement. After your coverage through Retiree Carry-Over credits ends, you will be automatically covered under Certified Retiree coverage and responsible for paying the monthly premium rates in effect for Certified Retiree Coverage at the time your Certified Retiree coverage begins.*

(2) *If you are eligible for Retiree Carry-Over coverage and fail to elect such coverage, or if your*

*coverage ends before the maximum duration of coverage for any of the reasons listed above, you will lose all accumulated Retiree Carry-Over credits.*

- The sentence on page 20 of the Health Plan booklet that reads:

*If you have a lapse in coverage, you and your spouse or domestic partner may become permanently ineligible for Certified Retiree coverage.*

was amended, as of August 12, 2005, to state:

*If you have a lapse in coverage, after becoming eligible for Certified Retiree coverage, you and your spouse or domestic partner will become permanently ineligible for Certified Retiree coverage.*

- Effective January 1, 2006, the minimum threshold for earned active health coverage under the Choice Plan will be \$30,400.
- Effective January 1, 2006, the minimum threshold for earned active health coverage under the Premier Choice Plan will be \$95,100.

- Unlicensed nursing care or home health care is not covered by the Health Plan, whether or not the care is considered to be medically necessary.

- The Health Plan has adopted guidelines for determining the medical necessity of gastric bypass surgery. The Plan's guidelines are available in writing from the Health Plan office.

- The Health Plan's procedures for determining a disabled dependent child's total disability is as follows:

For disabled dependent children under age 18, the dependent child's medical documentation will be submitted to the Plan's medical review firm for a determination of total disability.

When a disabled dependent reaches age 18, a notice of Social Security Disability Award on behalf of the dependent must be provided. The Plan will then require an updated notice of Social Security Disability Award on an annual basis to confirm that the dependent child continues to be disabled.

# Medicare Part D Coming

***Health Plan participants do not have to enroll in the new Medicare***



Effective November 15, 2005, all Medicare-eligible beneficiaries will be able to enroll in a Medicare prescription drug plan. The Medicare prescription drug benefit will go into effect on January 1, 2006.

If you are covered under the DGA-PPHP's prescription drug plan, you do not have to enroll in a Medicare prescription drug plan.

If you are Medicare-eligible, but have not received any of the Health Plan's Medicare Part D correspondence, please contact the Health Plan at **(323) 866-2200, Option 1** or toll-free outside the Los Angeles area at **(877) 866-2200, Option 1**.

A Notice of Creditable Coverage is enclosed with this newsletter. The Health Plan is required to send this notice to all Medicare-eligible participants. If you are not eligible for Medicare, you can disregard the notice.

The following is a list of frequently asked questions regarding the Medicare prescription drug benefit:

## **Do I need to do anything right now?**

If you plan to keep your current coverage with the DGA-PPHP plan, there is nothing that you need to do.

## **What will be the cost of the new Medicare drug benefit?**

The new Medicare benefit will cost approximately \$30-\$35 per month in the first year. In addition, there is a \$250 deductible and once you reach a total of \$2,250 in drug costs, you will assume 100% of your drug costs, until you reach a total cost of \$5,100. Once you reach \$5,100, the Medicare D Plan will provide additional coverage.

## **How does the DGA-PPHP prescription drug benefit compare to the Medicare benefit?**

An actuary hired by the Health Plan has certified that our Health Plan is as good as or better than the Medicare D Plan. Our plan has no deductible, no co-insurance and no formulary (*i.e.* a list of approved drugs) – all of which are part of the Medicare D Plan.

## **Can I use both the DGA-PPHP drug benefit and the Medicare D benefit?**

If you enroll in the Medicare prescription drug benefit, you will be dropped from the DGA-PPHP's drug benefit, with the exception of participants on earned coverage. The Health Plan will coordinate benefits with the Medicare prescription drug plan only in the case of a Medicare-eligible participant that is covered under active coverage and

also enrolled in the Medicare prescription drug plan.

## **If I choose to go with the Medicare prescription drug benefit, will my DGA-PPHP Certified Retiree premium be lower?**

No. There will be no change in your DGA-PPHP Certified Retiree premium.

## **If I enroll in the Medicare D benefit, will the DGA-PPHP reimburse my monthly Medicare D premium?**

No. The DGA-PPHP will not reimburse your monthly Medicare D premium.

## **Is limited-income assistance available for prescription drug coverage?**

Limited-income assistance is not available for the DGA-PPHP plan, but it is available for the Medicare benefit. If your income is less than \$14,000 for individuals or \$19,000 for couples, you may be eligible to apply for limited-income assistance. If you qualify, the Medicare D benefit may provide you with better coverage than you currently have. You may apply for assistance by filling out an application online at [www.socialsecurity.gov](http://www.socialsecurity.gov) or by calling the Social Security Administration at **(800) 772-1213**. But remember: You can only

# Soon

## re drug benefit

receive assistance if you enroll in a Medicare prescription drug plan.

**If I keep my current coverage, will I still be able to switch to a Medicare D plan later?**

Yes. After the initial enrollment period between November 15, 2005, and May 15, 2006, open enrollment for Medicare coverage will be held between November 15 and December 31 every year. You will need a Notice of Creditable Coverage from the Health Plan to show that you have had continuous Rx coverage, and thus you will avoid any late entrant penalty.

**Where can I get more information about the Medicare prescription drug plan?**

You can call Medicare directly at **(800) MEDICARE (800-633-4227)** or at **(877) 486-2048 (TTY)** for the hearing impaired. Or visit the Medicare Web site at [www.medicare.gov](http://www.medicare.gov).

**I am about to turn 65. Does this mean that I don't have to enroll in Medicare?**

No. It is important that all Medicare-eligible Health Plan participants enroll in Medicare Parts A and B, covering hospital and professional claims. You do not have to enroll in Medicare Part D, covering prescription drugs.

# MYTH BUSTED



## The Myth

*If you have years when you do not work in a DGA capacity, your Basic Plan retirement benefit will go down.*



## The Truth

Unless an audit or some type of an adjustment to reported earnings occurs, an accrued benefit under the Basic Plan will not decrease.

It is important to note that, in 2005, the earnings required to earn one Credited Service Month ("CSM") is \$2,500. In addition, the maximum number of CSMs that can be earned in a single calendar year is 12.

On January 1, 1994, the Career Average Earnings ("CAE") formula went into effect. This formula takes into account your annual earnings and accumulated CSMs. If you earn no CSMs in a year, the earnings for that year are not considered when your Basic Plan accrued benefit is calculated – only years in which you earn one CSM or more are considered. Therefore, in years where your earnings may be below your career average, the fact that you are accumulating CSMs insures that your accrued benefit will not decrease.

Let's look at a sample participant from 1980 -1998:

At the end of 1998, this participant, at the age of 55, had accrued an age 65 monthly benefit of \$2,373, based on CAE of \$67,247 and 192 CSMs. Over the next few years his earnings fluctuated, and included a year in which his annual earnings of \$535 didn't earn a single CSM. His CAE steadily decreased from 2002 to 2004 (\$68,631 in 2002, \$67,585 in 2003, and \$66,715 in 2004) but because he earned additional CSMs between 1998 and 2004 (CSM totals of 206 in 2002, 212 in 2003, and 217 in 2004) his accrued benefit increased (to \$2,582 in 2002, \$2,630 in 2003, and \$2,668 in 2004). As you can see, even though his average earnings steadily decreased from 2002-2004, his Basic Plan benefit increased.

In contrast, the balance in your Supplemental Plan account can fluctuate. This is because your Supplemental Plan account is a defined contribution account which increases or decreases relative to the investment performance of the Plan's assets.



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# Medco and You

## *Important information regarding the Health Plan's prescription drug coverage*

Prescriptions obtained through Medco by Mail will be charged the full mail order co-payment, regardless of the amount of the prescription. For example, a 90-day supply of a generic drug obtained through Medco by Mail has the same co-payment (\$25) as a 30-day supply. The same 30-day prescription obtained at a Medco-participating pharmacy only carries a \$10 co-payment. For prescriptions under 90 days, you should consider filling your prescription at a Medco-participating pharmacy. If your doctor believes that you will be needing a drug for 90 days or longer, ask your doctor to write at least a 90-day prescription. Certain drugs are limited to a 30-day supply regardless of prescription.

Also, please remember that unless your doctor specifies that a prescription must be Dispensed As Written ("DAW"), Medco will automatically dispense a the generic alternative of a prescribed drug.

## REMINDER

PacifiCare Behavioral Health is processing all of the Health Plan's mental health and substance abuse claims. The Health Plan office can no longer accept mental health and substance abuse claims. These claims should be mailed directly to PacifiCare at:

**PacifiCare Behavioral Health**  
**P.O. Box 31053**  
**Laguna Hills, CA 92654**

## HIPAA Authorizations Have Default Expiration Date

As of June 27, 2005, HIPAA authorizations received by the DGA-PHP that do not contain an expiration date and/or event will automatically have a default expiration date of one year. If you do not list an expiration date or event on your HIPAA authorization, it will remain in effect for one year. This requirement will not apply to authorizations received prior to June 27, 2005.

If you would like to request a new authorization form, please contact a Health Plan Participants Services Representative at **(323) 866-2200, Option 1** or toll-free outside the Los Angeles area at **(877) 866-2200, Option 1**.