

TOWN OF NORTH READING

HEALTH REIMBURSEMENT ACCOUNT FOR MEDICARE ELIGIBLE RETIREES

The Insurance Advisory Committee has voted to adopt a NEW medical plan for Medicare Eligible Retirees to replace the existing Harvard Pilgrim Health Care Medicare Enhance Plan. The only difference between the new HPHC Medicare Enhance plan and the existing HPHC Medicare Enhance plan is how prescription drugs are handled. The new HPHC Medicare Enhance plan uses Aetna as the prescription drug vendor. The new prescription drug co-pays are to be:

Retail Prescription Drugs (30 day supply): Tier 1 - \$5 / Tier 2 - \$10 / Tier 3 - \$25 / Tier 4 - \$25
Mail Order Prescription Drugs (90 day supply): Tier 1 - \$5 / Tier 2 - \$10 / Tier 3 - \$25 / Tier 4 - \$25

The annual premium savings per person enrolled in the HPHC Medicare Enhance plan will equal \$1,063.44 per year.

The Insurance Advisory Committee recommended that the Town offer some sort of protection for high utilizers of prescription drugs in the form of a Health Reimbursement Account. The Town has agreed to provide this benefit through the Human Resource Office. The program will be administered as follows:

1. The City will begin to reimburse current retirees from a Health Reimbursement Account after the retiree has documented out-of-pocket prescription drug co-pay expenses that exceed his or her base year calculation, as defined below. This savings is per subscriber, not per employee.
2. For the period January 1, 2016 through December 31, 2016, the base year calculation will be \$1,063.44. For retirees whose spouse was also covered through the Town's HPHC Medicare Enhance plan the base year calculation will be \$2,126.88) before they may access the HRA.
3. The retiree will make the request for reimbursement using the Claim Form attached to this document and available on the Town's website.
4. The Town has agreed to fund this program from January 1, 2016 through December 31, 2016 with a \$60,000 contribution from the Town's savings realized from this change. If the claims under this program exceed this amount the program will end.

