



Employee Benefits  
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[www.uky.edu/HR/benefits](http://www.uky.edu/HR/benefits)

September 23, 2009

Dear UK Retiree Health Plan Participant:

I am writing to let you know the University of Kentucky will be replacing the UK Medicare Advantage health plan with a different health plan effective January 1, 2010. As of that date, **current Medicare Advantage plan members will move automatically to the new UK Medicare Carveout plan.**

**No action will be required on your part when this change takes place.**

**Medicare-eligible retirees (age 65 and over):** In December, you will receive new health benefit ID cards for use in the plan year beginning January 1, 2010. You may continue to use your current prescription ID card for 2010.

**Retirees/spouses under age 65 currently enrolled in a UK health plan:** Your current coverage will continue, so this change will not affect you at this time (Upon reaching age 65, you will need to enroll in Medicare Parts A and B, as well as the UK Medicare Carveout Plan)

I am writing today to briefly explain the reason for this change and **invite you to attend one of three UK Medicare Carveout information sessions in Lexington on October 1 or October 2 (see following pages for details).**

## **UK MEDICARE CARVEOUT FEATURES**

As you will see in the coming year, the UK Medicare Carveout plan offers some unique advantages, including the option to receive care from any doctor or medical professional who provides covered benefits. As you may be aware, the Medicare Carveout plan was last offered in 2006. The plan has been greatly enhanced for the 2010 plan year:

- The plan deductible will be on a calendar-year basis (starting January 1) to align with your regular Medicare deductibles. This makes it simpler to understand when your deductibles will be reached.
- In addition, the Medicare Carveout Plan deductible has been reduced to \$250 per calendar year (compared to \$500 with the previous version of this plan). This means you will see UK Medicare Carveout benefits take effect sooner and at a lower out-of-pocket cost. For more information on how the plan works, see the enclosed "Summary of Benefits".

I am also pleased to say the popular "Silver Sneakers" program (which provides free gym/fitness center memberships) offered with your current plan will remain available in 2010. For information, see the enclosed Silver Sneakers document.

## **BACKGROUND**

I would also like to provide some brief background on this change. The University decided not to renew the Medicare Advantage Plan with Humana due to dramatic cost increases and a potential disruption in the provider network. It is important to note the federal government is reducing funding for certain Medicare Advantage plans (such as the one offered by Humana). As a result, we learned recently the monthly cost of the current UK Medicare Advantage plan would be more than **300 percent** greater in 2010 if we continued with the plan.

## **2010 UK MEDICARE CARVEOUT MONTHLY PREMIUMS**

The move to the Carveout plan is an effort to off-set the increasing cost of health care as much as possible. But even under this new plan, costs will go up. The University is increasing the recurring budget for retiree health benefits in Fiscal Year 2009-10 by \$9.25 million (or more than 65%). But this substantial increase is not enough to avoid increases in retiree premiums.

Listed below are the monthly premiums for the Medicare Carveout (and prescription benefit) for 2010. Although the monthly premium is increasing slightly for Retiree Only coverage (10% of total premium, per Human Resources Policy and Procedure 94), premiums for retiree + spouse coverage and surviving spouse coverage are increasing significantly compared to 2009. But even with these increases, the rates for 2010 remain below the 2006 total monthly premium.

Coverage Tier	Total Monthly Premium*	UK Health Credit (for Retirees and Surviving Spouse)	Retiree and or Spouse Monthly Premium (Amount Paid by Plan Member)
Retiree or Spouse Only	\$284	\$256	\$28
Retiree + Spouse	\$568	\$256	\$312
Surviving Spouse	\$284	\$128	\$156

*\*Spouse only coverage pays the Total Monthly Premium*

*A special note for retirees and/or spouses on government health plans (such as Veterans Administration, Tricare, etc.): Retirees on these plans may elect UK medical or prescription benefit only. Medical-only premiums are \$138 per month (\$14 per month with credit). Prescription-only premiums are \$146 per month (\$14 per month with credit).*

## **UK MEDICARE CARVEOUT PLAN INFORMATION SESSIONS**

I invite you to join us for one of several information sessions on October 1<sup>st</sup> and 2<sup>nd</sup> at the **Double Tree Hotel, 2601 Richmond Road**. Meeting times are listed on the back of this page.

**Please contact us by phone to reserve your place** and to help us ensure ample seating. You may reach UK Employee Benefits Office at **(859) 257-9519, option 3**, or toll-free at **1-800-999-2183, option 3**, to confirm your plans to attend one of the following sessions. Directions to the hotel are enclosed.

<b>Place</b>	<b>Date</b>	<b>Time</b>
Double Tree Hotel	10/1/09	1:00 PM
Double Tree Hotel	10/2/09	9:00 AM
Double Tree Hotel	10/2/09	1:00PM

**Note: Parking is available behind the hotel.**

In closing, please recognize the University is dramatically increasing funding for retiree health benefits in a challenging economic environment - and at a time when UK employees have not received salary increases in two years. We take pride in the University's commitment to supporting retiree health benefits in this manner.

Sincerely,



Joey Payne  
UK Director of Employee Benefits & Self-Funded Plans