



## Creditable Coverage

### Employers Prepare to Notify Medicare-Eligible Participants by Nov. 15

**U**NDER PART D of the Medicare Prescription Drug, Improvement, and Modernization Act of 2003 (MMA), employers have the opportunity to reduce their future retiree prescription drug liability by 20% or more as a result of the government subsidies offered under Medicare Part D, according to Milliman.



In addition, employers that provide a prescription drug benefit under a group health plan covering active and/or retired

employees are affected by MMA's new Notice of Creditable Coverage.

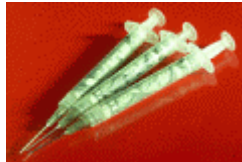
Employers have several options under Part D, but doing nothing is not one of them, according to Troy M. Filipek, Milliman Associate Actuary. These options include:

- ◆ Keeping existing coverage and applying for a 28% tax-free federal subsidy;
- ◆ Offering a wrap-around plan and making Part D coverage primary;
- ◆ Sponsoring a Medicare Advantage or stand-alone prescription drug plan (PD plan);
- ◆ Contracting directly with a PD plan to offer a private label plan; and

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## 2005 Specialty Pharmacy Costs

### Cutting-Edge Medicines to Rise 22.5%



"EMPLOYERS SHOULD LOOK to implement cost-management strategies for dealing with rising specialty pharmacy costs," says Randy Vogenberg, senior vice president, Aon life sciences practice. Aon's 2005 healthcare trend survey

found that specialty pharmacy costs are expected to increase at nearly double the rate of total pharmacy costs this year.

Specialty drugs—priced drugs that require injection and refrigeration or special handling, such as those used to treat cancer, multiple sclerosis, and rheumatoid arthritis—represent about 5% of overall pharmacy spending for employers. However, they are expected to grow as the workforce ages and medicine advances. Annual costs can range from \$10,000 to \$250,000 per patient.

Express Scripts projects that overall prescription costs will increase about 12% this year. Brian Kolling, Express Scripts' senior director, says that employers should continue to see similar price increases over time.

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## Meet Diverse Employee Needs

### Worksite Benefits Help Small Businesses

WITH NO END IN SIGHT to rising healthcare trends, worksite and voluntary benefits that leverage the buying power of the employer at no additional cost will continue to be the most popular add-ons in this environment for large and small employers.



According to MetLife's Employee Benefits Trend study, nearly half (45%) of all employers see voluntary benefits as an economic solution to a critical challenge—meeting the diverse needs of employees. "Voluntary benefits are a perfect fit for the small business markets," says Ben Colvin, vice president, Institutional Marketing, MetLife. "While they give employers a cost-effective way to increase the diversity of their benefits offerings, they also give employees a convenient way to purchase additional savings and protection products from their desktop."

Nearly two-thirds of employers (60%) believe that payroll deductions make voluntary benefits convenient for employees, while one-half (50%) note that voluntary benefits offer employees better rates. ■

