

September 20, 2005

Alderman Michael Murphy, Chair  
Finance and Personnel Committee  
200 East Wells Street  
Milwaukee, WI 53202

RE: MEDICARE PART D SUBSIDY

Dear Alderman Murphy:

Please introduce a resolution that authorizes the Department of Employee Relations to contract with Willis of Wisconsin to complete a Medicare Part D Subsidy application.

As part of the Medicare Modernization Act of 2003, Medicare Part D, the prescription drug benefit effective in 2006, was created by Congress. Individual retirees can apply for one of multiple drug plans to be offered. Employers, like the City of Milwaukee, that provide a drug benefit as part of their Medicare supplement health insurance plans, are eligible to apply for a Retiree Drug Subsidy. The application process requires the use of an actuary and others to verify that the employer's plan is actuarially equivalent to the Medicare Part D plan, then to determine if the employer is eligible for up to a 28% subsidy.

The Department of Employee Relations recommends the Common Council authorize up to \$5,000 in SPA Cost Control funds to contract with Willis of Wisconsin to complete the application process. The Centers for Medicare and Medicaid Services (CMS) are still preparing the final application process.

Sincerely,

Michael Brady  
Employee Benefits

Cc: Maria Monteagudo  
Ellen Tangen  
Anne Bahr

