

LRB-RESEARCH AND ANALYSIS SECTION

FINANCE AND PERSONNEL COMMITTEE

ITEM 6, FILE # 051497

APRIL 6, 2006

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File # 051497 is a communication from the Department of Employee Relations regarding Medicare Retiree Health Insurance and the new Medicare Part "D" Drug Plan.

Background

This file communicates options that the City of Milwaukee Department of Employee Relations wishes to pursue as it evaluates the effect of the Medicare Part "D" Drug Plan upon the City's retirees 65 years of age and older.

Discussion

1. This communication from DER Employee Benefits details the options that have been provided to employers with prescription drug plans for retirees 65 years of age and older as a result of the December 2004 approval of the federal Medicare Part D program.
2. The options for these employers, including the City of Milwaukee, are as follows:
 - Create their own prescription drug benefit program or PBM,
 - Continue providing prescription drug benefits through a Prescription Benefit Manager and apply for a subsidy from Medicare,
 - Create a Medicare Part D wrap around plan with an existing PBM
 - Continue to provide drug benefits without any input from Medicare, or
 - Stop providing drug benefits and allow the retirees to select their own private Medicare D plan.
3. DER believes that the best option for the City of Milwaukee at this time is to create a "wrap around" prescription drug benefit plan for the retiree 65 years of age and older with the existing health plans.
4. It is the intention of DER to study various options that will utilize the federal Part D program and its funding, and provide the City of Milwaukee retirees, age 65 years and older, with a drug plan that will eliminate gaps in prescription coverage.
5. DER intends to work with Willis of Wisconsin (Item 8, File # 051469) to make recommendations regarding utilization of Medicare Part D with over 65 Medicare retirees.

Fiscal Effect

There is no fiscal effect associated with this communication file. Any future action affecting prescription drug benefits for City of Milwaukee retirees will require review by, and approval of, the Common Council.

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