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Circular Letter

May 4, 2012

**TO: ALL PEMHCA CONTRACTING AGENCIES HEALTH BENEFITS OFFICERS
AND ASSISTANT HEALTH BENEFITS OFFICERS**

SUBJECT: DISTRIBUTION OF MEDICARE FUNDS TO CONTRACTING AGENCIES

**Distribution
of Funds**

CalPERS will be distributing approximately \$19 million in Medicare Retiree Drug Subsidy (RDS) funds to over 800 contracting agencies that made contributions toward health care premiums for their Medicare eligible retirees and dependents in calendar year 2010. Funds will be disbursed approximately June 15, 2012.

**Retiree Drug
Subsidy**

CalPERS collected RDS subsidy dollars from the Centers for Medicare and Medicaid Services (CMS) for providing Medicare prescription drug benefits (Part D) to Medicare eligible members, who were not enrolled in a Medicare Senior Advantage Program. Subsidy payments equal 28 percent of each qualifying retiree's allowable prescription drug costs between the applicable cost threshold and cost limit (e.g., drug spending between \$295 and \$6,000 for 2010). RDS dollars are based on eligibility information from CalPERS and claims information from CalPERS health plans.

Questions

If you have any questions about this Circular Letter, please contact CalPERS at **888 CalPERS** (or **888-225-7377**).

Sincerely,

KAREN DeFRANK, Chief
Customer Account Services Division