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# **Circular Letter**

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

**SUBJECT: DISTRIBUTION OF MEDICARE FUNDS TO CONTRACTING AGENCIES**

**ATTENTION: FINANCE / FISCAL SERVICES**

CalPERS has distributed approximately \$15.8 million in Medicare Retiree Drug Subsidy (RDS) funds to contracting agencies that made contributions toward health care premiums for their Medicare eligible retirees and dependents in calendar year 2008. Funds were disbursed on May 27, 2010.

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 the Kaiser Permanente 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 \$275 and \$5,600 for 2008). RDS subsidy dollars are based on eligibility information from CalPERS and claims information from CalPERS health plans.

If you have questions about the information provided in the Circular Letter, please call the CalPERS Employer Contact Center at **888 CalPERS** (or **888-225-7377**).

Sincerely,

HOLLY A. FONG, Chief  
Office of Employer and Member Health Services