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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

Distribution of Funds

CalPERS distributed \$16.8 million in Medicare Retiree Drug Subsidy (RDS) funds to 823 contracting agencies that made contributions toward health care premiums for their Medicare eligible retirees and dependents in calendar year 2009. These funds were disbursed on May 26, 2011.

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 2009). RDS subsidy dollars are based on eligibility information from CalPERS and claims information from CalPERS health plans.

Questions

If you have any questions, please call our Employer Contact Center at **888 CalPERS** (or **888-225-7377**).

Sincerely,

DARRYL WATSON, CHIEF
Customer Account Services Division