

## Forecasting Sunny Days for Medicare Part D:

### Communication Planning Considerations

July 2005

**Medicare Part D coverage for prescription drugs begins in 2006, brought to you by the Medicare Modernization Act of 2003. While a potential boon to retiree medical plan sponsors in helping with health care costs, Medicare Part D also presents the possibility of storm clouds of retiree confusion, a rainstorm of phone calls to HR and call center staff (if not also senior leadership), and even a media relations lightning strike.**

*These become even greater concerns in today's climate of fear of benefit takeaways, powered by the winds of changes and cutbacks by many employers. In fact, organizations such as Families USA are publishing commentaries fueling fears about employers' actions, predicting that many employers may require retirees to actually "pay considerably more out of pocket for their drugs than they did in the past." They warn that employers "will also get a subsidy even if they shift drug costs to retirees."*

*Of course, readiness is the best response to any weather forecast — and there are critical steps employers can take to calm the storm through proactive, thoughtful, and targeted communication. Buck's communicators can help.*

### **BUCK'S STRATEGIC, CHANGE MANAGEMENT-ORIENTED APPROACH**

We help employers develop a milestone-based communication strategy that addresses your unique challenges. We build a comprehensive work plan that documents the following:

Communication objectives:

- Target audiences (including profiling their issues and unique needs, plus any barriers to be considered),
- Key messages that build understanding and ensure effective issues management,
- Preferred communication tactics and channels,
- Spokespersons and their roles (in signing communications, answering questions, delivering presentations, etc.),
- Timing (correlating to phases in development of your solution and coordination with CMS milestones), and
- The review and approval process.

### **OBJECTIVES DEPEND ON YOUR RESPONSE**

We know most employers' communication objectives surrounding Medicare Part D will include promoting understanding, reducing potential confusion and even alarm, and encouraging needed action by retirees. Stated even more directly, you want to minimize phone calls and maximize acceptance and desired behaviors/elections, based on the option you choose. The following highlights a few examples of critical objectives and related messaging:

- If you choose the employer subsidy — Retirees need to be encouraged to not enroll in Part D, to thereby avoid "double dipping," i.e., signing up for Part D and also seeking reimbursement through your plan. The consequences of failing to achieve this objective include a reduced subsidy on your part and increased administrative headaches. You also need to defend your choice against retiree questions challenging employers' rights to pocket the subsidy (described as "windfall payments" by one rights group) rather than apply it toward plan costs, such as reducing required premiums.
- If you redesign your plan to supplement or "wrap around" Part D — Retirees need to be required or at least strongly encouraged to enroll in Part D, and you need to decide whether or not you will reimburse their Part D premium. Retirees also need to understand how Medicare will pay versus how the plan pays (in an integrated or un-integrated manner). Retirees must understand that Part D must be primary, and the employer plan benefits will be secondary. Also, Part D specifies that the secondary plan's benefits cannot count towards satisfying their TrOOP (True Out of Pocket).
- If you choose sponsor or subsidize an employer or national prescription drug plan (PDP) — The extensive PDP

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implementation process and considerations could delay your ability to confirm and thus communicate this direction for 2006. In turn, retiree decision time could be compressed and their attentions diverted by the marketing materials sent by other PDPs. Significant education will be needed to get all retirees to enroll in your PDP (or to choose among several PDPs), since Medicare Part D is voluntary. Also, we see many employers leaving this option open as a possibility for 2007. Each of these options necessitates change to your benefit provisions. Plus, many employers may take this opportunity to make other plan updates, such as dropping prescription drug coverage and going to medical-only coverage. These changes will add complexity to the message and will demand clear explanation of their impacts.

## MULTIPLE AUDIENCES AND CONSIDERATIONS

We emphasize an **audience-focused approach**, including all retirees covered by bargained and non-bargained retiree medical benefits.

We profile their unique needs based on factors such as grandfathered plan provisions (and the impact of proposed changes), historical relationship with the plan sponsor, geographic proximity (such as access to retiree clubs and/or communities with large concentrations of retirees), and demographics such as average age, education and income levels, and Web access.

The audience assessment also includes needs of subgroups such as the following, so that we can offer targeted recommendations:

- **Low income subsidy-eligible retirees and beneficiaries** — because they may be eligible for special assistance, and thus may be better off applying for help and Part D (a two-step process). Low-income individuals generally are defined as having income below 150 percent of the federal poverty level and assets of no more than \$10,000 per individual or \$20,000 per couple (not including homes, cars, household furnishings and possessions). From May through August 2005, CMS is mailing applications for low-income assistance. If applicable, retirees must apply separately from Medicare Part D. Medicare and Medicaid dual eligibles will be auto-enrolled by CMS. However, CMS' party line will be: "Don't call us; call your plan sponsor."
- **Bargaining group leadership** — to enable advance notification, reduce the potential sensitivities, and enlist their support and help in the education effort
- **Active employees age 65 and over** — because there will be special implications for their situations

- **Active employees nearing retirement** — because they will be eager to understand the implications for their own future situations, and likely are in contact with some current retirees
- **Former employees and/or dependents on disability** — because they also will be affected by the Part D changes and also require education and engagement
- **The media** — to ensure an action plan to stave off potential confusion and/or negative publicity
- **CMS** — because depending on the action plan you choose, you may have varying levels of contact with CMS (for example, all marketing communications for the employer PDP must be submitted to and remain on file with CMS).

Family members and health advocates also will become indirect, yet important audiences. Many retirees will lean on others for help in interpreting the complexities of Part D and what it will mean to them. In turn, these retirees will undoubtedly share your communications with their intermediaries for assistance — both in reviewing the information and potentially in calling for answers.

Finally, the following constituencies also need briefings on the plan sponsor's decision, including clarification as to the rationale, what it means for retirees, and what (if anything) you are asking of them in the communication process:

- **Senior management** — to ensure their understanding and support; they may receive phone calls and will need coaching and talking points
- **Corporate Communications (Internal Communications, Public Relations)** — to ensure their readiness to support outgoing communications, or at the very least, be proactive in response to incoming inquiries and possible media interest
- **Outsourced/insourced call center staff** — to ensure their readiness to answer phone calls from retirees and possibly their advocates, as well as from some active employees nearing retirement
- **Other HR representatives** — to ensure their understanding of your strategy and timeline, and to ensure their readiness to answer questions
- **Health plan partners** — to ensure joint understanding of their obligations and role in supporting retirees and callers, and providing communications

## MESSAGING CAN BE COMPLEX

**Key messages** should be proactive to build understanding and trust in your organization's chosen response. Key messages are likely to include the following:

- **Basics** of Medicare Part D; this may include referring them to CMS and other trusted sources
- **Your response** to Part D (if known) and the rationale
- **Implications** for retirees and their options, i.e., what they need to do, when, why and how — especially how to choose between the employer plan and Part D, and consequences of alternative actions
- **When they will hear more** specifics; where they can for further information in the meantime
- If applicable, **any changes to your plan** design (must be communicated 60 days prior to the change, per ERISA); common examples will include revising the plan's out-of-pocket maximums, and clarification on coordination of benefits
- Special messages to **low-income retirees** regarding enhanced Medicare benefits

Examples of additional messages include:

- Anticipating a **deluge of direct mailings** to retirees by for-profit PDPs (in October) who will be soliciting their enrollment. Plan sponsors' proactive communication can reduce the inevitable confusion these will generate — and ensure that retirees' actions are not mutually detrimental.
- Further **clarification on key concepts** such as "true out-of-pocket" costs (TrOOP) for Part D drugs that must be paid by the retiree after the \$250 deductible, up until they have paid \$3,600 — the so-called "donut hole" (or coverage gap) in Part D coverage.
- If you have helped retirees pay Medicare Part B **premiums through pension deductions**, it will be new for them to pay Part D premiums directly — explanation will be needed.
- The implications **if they enroll in a national PDP** instead of your plan — especially if your policies make this election irrevocable and prevent them from re-entering your program in the future.

- Given the November 15, 2005 through May 15, 2006 Part D open enrollment period, how much **"switching back and forth"** is allowed both within this period but especially thereafter, and the repercussions.
- If you decide to accept the subsidy, clarification on **what the employer subsidy means** and special emphasis on the government's intention — to increase the likelihood that employers will be able to continue to afford offering retiree medical coverage.
- Reserving the **right to make changes** in the nearer or longer-term future, especially if you are electing a short-term response for 2006 coverage but may make changes for 2007 and thereafter.

## ALIGNING TACTICS AND TIMING

Potential **tactics and channels** for message delivery must be appropriate to the plan sponsor's situation. The regulations specify key elements such as the Certificate of Creditable Coverage (initially by November 15, 2005, annually, upon request, and upon disenrollment) and notices for low-income retirees who may be eligible for assistance. Your proactive communication efforts can help ensure that you — rather than the media, the grapevine, or other sources — efficiently manage the message.

Examples of additional potential tactics include:

- **"Heads up" letter** — This will explain the changes, rationale, and what this means. It should be distributed sufficiently early to forestall unnecessary phone calls. Many clients are using this letter to emphasize availability of the low income subsidy, providing a basic overview and pointing retirees toward CMS and Social Security Administration sources for the application and additional information. This could reduce company costs but also significantly assist a subset of the retiree group.
- **FAQs** (on paper and online) — These should proactively address issues and concerns, and could be distributed with the heads up letter or in follow-up to it. We envision at least two editions. The first should be ready early, as low-income retirees receive CMS notices, and thus "chatter" and confusion start to accelerate across audiences. The second should be ready soon after decisions are finalized and education can begin on the implications for retirees' decisions. Versions for both retirees and HR call center staff may be needed.

Timeframe	Activity	Comments
ASAP	Outline initial communication strategy	Early planning will surface important issues and ensure a thoughtful process with resources dedicated to the effort
July – August	<ul style="list-style-type: none"> <li>• Provide first draft FAQs to HR representatives and call center staff to respond to early questions</li> <li>• Give FYI to leadership, Communications, P.R., etc.</li> </ul> <p>Proactively communicate with all retirees via a “heads up” mailing (letter, newsletter or bulletin) noting:</p> <ul style="list-style-type: none"> <li>• What’s known; what’s not regarding your Part D strategy (may choose to commit, for the near term: “We do not intend to change the plan or eliminate coverage...”)</li> <li>• What it means to them (“You can expect to see further communications from CMS and from prescription drug plans, plus increased media coverage. Don’t do anything yet; we’ll keep you informed.”)</li> <li>• How certain Medicare eligibles of “limited income and resources” may be eligible for special assistance (“extra help”), and how to pursue applying for it to reduce their premiums and co-payments</li> <li>• When you will communicate more (high level timeline, with details in early fall, and enrollment during [dates])</li> <li>• Where they can go with questions through CMS and Social Security Administration websites and phone numbers</li> </ul> <p>Consider contacting union leadership to provide an update and solicit their support and help</p>	<p>Activity will only pick up in the media; calls could escalate over time</p> <p>From May through August, CMS will send notices to low-income retirees; this will precipitate media attention, interest by all retirees, and a potential flood of questions. You can establish a sense of reassurance and clarity as a trusted source on your benefit plan and its relationship to Part D. Your objectives are critical in determining your initial messages. Focused on getting retirees to apply for the low income subsidy? Concerned about giving an early heads up on your planned changes and what retirees will need to do? Needing to secure missing SSNs for your records, or to confirm that addresses on file are correct?</p>
July – August	<p>Refine details of communication plan and begin developing deliverables, such as:</p> <ul style="list-style-type: none"> <li>• Updated FAQs</li> <li>• Education and enrollment kits</li> <li>• PowerPoint presentation and speaker notes for information meetings</li> <li>• SPDs and plan document updates</li> </ul>	As plan decisions are finalized, communications can be prepared and refined
September	Train HR representatives and call center staff to assist with rollout of 2005 benefits information, preparing them to answer questions, conduct meetings, etc. At a minimum, provide updated FAQs as resources	Once your decisions are made, you can update responses to questions

Timeframe	Activity	Comments
September or October	<p>Communicate specifics of upcoming changes to benefits and Medicare, and what retirees need to do. Deliverables could include:</p> <ul style="list-style-type: none"> <li>• Certificates of Creditable Coverage — to all eligibles</li> <li>• Education and enrollment kits</li> <li>• Retiree information meetings</li> <li>• Hotlines (or enhanced readiness of existing call centers)</li> <li>• Web site postings, if applicable</li> <li>• Any other support materials</li> </ul>	<p>Certificates of Creditable Coverage are an absolute — required by November 15, 2005. Many employees are including the Certificates with retiree's annual enrollment materials. Don't forget actives with spouses age 65+ or disabled dependents who are Medicare eligible.</p>
October 13	<p>CMS Web site will be launched to help beneficiaries comparison shop among prescription drug plan options</p>	<p>You can promote it to retirees</p>
Early 2006	<p>May choose to send reinforcing communications, such as postcard reminders (especially critical if you are advising retirees to enroll in Part D)</p>	<p>Whatever works to reduce confusion is worth trying — especially to ensure informed decision-making that benefits the retiree and helps achieve employer goals, such as maximizing the subsidy or promoting retiree enrollment in Part D.</p>
Before May 1, 2006	<p>Send reminder of upcoming end of annual Part D open enrollment period and explain implications (including 1% per month penalty for delayed enrollment in Part D, if coverage is not creditable).</p>	

- Talking points for union representatives and/or others — These could be bulleted points to ensure consistency in formal and information dialogue with various interested parties. It may be advisable to hold dialogue with bargaining representatives at least a couple of times during the education and transition process.
- Newsletters or articles in existing publications — Some of our clients plan to provide periodic updates in existing or special newsletters and/or Web sites. This is especially true for active employees, as a way to give a heads up to those near 65, those with a spouse age 65 or over, or those with a Medicare-eligible disabled dependent. Educational background and notices can be placed in these publications and channels to further ensure receipt of the message and to promote understanding of the process you are following, key upcoming milestones, and appropriate retiree action steps.

- Train-the-trainer support — This will help prepare all HR representatives, call center representatives, and others responsible for speaking with retirees to accurately and consistently explain the Part D strategy and its implications, and answer questions. As is true of the FAQs, we envision two waves of training. The first should be held in the summer before a heads up letter to CMS, in the event this communication precipitates calls to HR. The second and more comprehensive training should be in the fall when all decisions are clear, and before open enrollment and certificate of creditable coverage communications are distributed.
- PowerPoint presentation with detailed speaker notes for consistency — Many plan sponsors have concentrations of retirees in selected locations, and even retiree clubs. We also know face-to-face is the optimal mode to ensure understanding and provide the opportunity for questions to be

resolved. This presentation should explain the decisions to retiree and related groups, where possible.

- **Outbound call scripts** — Some employers are sufficiently concerned about proactively reducing confusion that they may use HR and senior rights groups' staff to reach out to retirees directly. This strategy can help ensure that retirees received and understood your and CMS' communications on Part D and decisions they need to make about their employer plan and enrolling or not enrolling in Part D. (Note: The outbound callers should be further supported by advance training and resources such as FAQs.)

A thoughtfully planned campaign will help reduce confusion from the start and build upon a trusted relationship to reduce risks and build to a smooth decision and enrollment process. Additional components of your plan should include:

- **Spokespersons** are likely to range from HR representatives and call center staff who will need to respond to questions, through HR leadership who may issue communications, up through senior management who may be faced with inquiries and even complaints and concerns.
- **Timing considerations** should be thoughtfully considered in planning common events.

General timeframes follow, focused primarily on employers pursuing the subsidy (opt out) or wrap-around plan options. Nonetheless, it will be important to reach out to retirees to give general notice of what's known and/or when they can expect to receive full clarification of your intent, as well as the implications for their own decision-making.

## HIGH-LEVEL TIMELINE

Your decision in response to Part D will drive many specifics of your messaging, tactics and timeline. The following high-level calendar offers a starting point for a more customized timeline, based on your chosen option and unique circumstances.

Finally, the review and approval process bears special attention because technical, legal and compliance review will be important for accuracy. Yet communications should be written in a very direct and easy-to-understand style.

## CALMING THE STORM

Many employers have been on the watch for potential storm clouds and are making careful preparation for the communication implications of Medicare Part D. Buck Communication can help ensure that you are ready, come rain or shine!

## BUCK'S COMMUNICATION QUALIFICATIONS

We offer strong capabilities in retiree health care communication and insights from collaborating with our health care experts and clients on Medicare Part D issues. In fact, we have a toolkit of resources to leverage in assisting clients with Part D communication needs.

Our experience extends from communicating significant 106-related modifications and cutbacks in retiree medical coverage from the early '90s onward, through communication in support of opportunities enabled by the Medicare Prescription Drug, Modernization and Improvement Act such as Medicare Advantage and Medicare + Choice plans, prescription drug discount cards, and most recently, Medicare Part D.

We leverage our deep benefits and compensation technical expertise to ensure accuracy in interpreting the related issues. Further, we employ a strategic, change management-oriented approach that has been proven highly effective in challenges such as consumer-driven health care. We surface unique needs of targeted audiences, outline effective messages to directly address key issues, define optimal timing for proactive outreach, and complement your internal resources in seamless execution.

In short, we help ensure an honest and direct, clear and proactive communication process so you achieve a win-win in retirees' options for leveraging the new Medicare Part D benefit coverage.

**BUCK CONSULTANTS, AN ACS COMPANY**

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