

TI Retiree Health Benefits Bulletin

June 4, 2004

Contents of this Bulletin

- 1) Prescription Drug Cost Information
- 2) Update on Medicare Prescription Drug Discount Card for Those Who Are Medicare-Eligible
- 3) Retiree Focus Groups for Health Benefits

Prescription Drug Cost Information

Over the past several months, we have received many questions from TI retirees about the AdvancePCS Drug Coverage & Pricing online tool, available to those **covered by the Blue Cross Blue Shield (BCBS) PPO Medical Plan**. (*AdvancePCS was recently acquired by Caremark. In future communications, you will see this name change.*)

This bulletin addresses those questions, but it also provides valuable information for ***all TI retirees*** about where and how to find the best prices for medications. The information will be useful whether you have access to a computer or not and regardless of what prescription drug benefit you have. Tools are available to TI retirees either by phone or online. Please read on for more details.

AdvancePCS Drug Coverage and Pricing Online Tool

1. What ***should I expect from*** the AdvancePCS Drug Coverage & Pricing online tool?

The tool provides:

- Estimates of your out-of-pocket expenditures based on your pharmacy benefit plan design.
- Prices that are based on national average drug prices. Therefore, the price for a particular drug will be the same for all pharmacies listed on the tool.
- A list of various drugs in the same drug class to help participants determine alternatives.
- A general idea of generic and low-cost drug alternatives as the starting point before making the decision to purchase drugs at a pharmacy or through mail order.
- A starting point to determine if it is more cost-effective to fill your medication at a local retail pharmacy or through the AdvanceRx.com mail pharmacy.

2. What ***should I NOT expect from*** the AdvancePCS Drug Coverage & Pricing online tool? The tool:

- Does not show current real-time prices. In fact, in any cost-sharing arrangement for prescriptions, it is not possible to obtain an absolute price until the prescription is actually filled due to the variances in the price of a particular drug at any given time. This is true for both mail order and retail. In the case of retail, prices vary daily and many retail pharmacies offer promotional discounts on certain medications (e.g., senior citizens, overstock specials). As a result, the actual drug cost, if purchased at the pharmacy, could be higher or lower than the quoted drug price on the tool.
- ***Should not be used as a replacement*** for shopping around to find the best price for drugs.

3. What other information about the AdvancePCS Drug Coverage & Pricing Tool will help me determine where to purchase my medications at the best price?

- The tool can be used as a starting point to assist you in making decisions about where you will find the drugs you need for the least expensive price.
- The tool can also be used to determine if your drug is generic or brand name. And, if your doctor has recommended a brand name, ask your doctor or pharmacist if a generic is available.
- Most prescriptions filled through mail order are for chronic conditions and are single-source brand medications. Single-source brand medications have no generic equivalents available and tend to be more expensive. Generally, your out-of-pocket expense for single-source brands will be less expensive through mail order because of the volume purchasing discounts available to TI through the mail order. Utilization statistics show that 55% of the drugs that are mail ordered are, in fact, name brand drugs.
- Generic drugs ordered through mail order are not priced using the same methodology as in the retail market. So there can be a difference in retail and mail order prices. In some cases, you may find that retail is the less expensive option for you when purchasing generics.

4. Where can I obtain more details?

- If you would like to see more detail of the value of your benefit offered through your prescription drug benefit, you can do this by clicking on *Your Cost* shown on the tool. By doing this, you will see a comparison of your estimated out-of-pocket cost compared to the estimated cost of your medication if purchased at retail or mail order without the AdvancePCS pharmacy benefit card (*Estimated Retail Cost*). *Your Estimated Savings* shows the value of your pharmacy benefit with Texas Instruments (i.e., *Your Cost* minus *Estimated Retail cost*).

- You can access AdvancePCS through the Your Benefits Resources (YBR) Web site at <http://resources.hewitt.com/ti> and select AdvancePCS or through the TI Alumni Web site at www.tialumni.org
- You can also access AdvancePCS by calling TI SmartLink at (800) 890-2600. Enter the TI Retiree Social Security Number when prompted and follow the voice response menu by saying the following when prompted: “Health Care,” then “Health Plans,” then “Prescription Drugs.” Once in the AdvancePCS phone system, you will select the option for “Drug Cost” and then follow the voice prompts.

Note: If you are covered by the BCBS PPO medical plan, you are receiving the advantage of the AdvancePCS negotiated rates as a Texas Instruments plan participant. See the chart below to determine how much you will pay:


Type	In-Network	Out-of-Network	Mail-Order Program
Generic	You pay 45% of the total cost.	You pay 50% of the total cost.	You pay 40% of the total cost for up to a 90-day supply.
Brand name (generic available)	You pay 45% of the total cost plus the difference between the brand name and generic drug.*	You pay 50% of the total cost, plus the difference between the brand name and generic drug.*	You pay 40% of the total cost for up to a 90-day supply, plus the difference between the brand name and generic drug.*
Brand name (no generic available)	You pay 45% of the total cost.	You pay 50% of the total cost.	You pay 40% of the total cost for up to a 90-day supply.

* The difference does not apply toward the pharmacy out-of-pocket maximum. Annual out-of-pocket maximum is \$5,000 individual/ \$10,000 family. You must pay the difference between the brand name and generic drug costs, even if your pharmacy out-of-pocket minimum has been met.

What *else* can I do to find the best prices on prescription drugs?

- Be a good consumer when it comes to prescription drugs.
- **SHOP AROUND!**
- Contact your pharmacy and ask them what the current price is for your specific prescription. Please be aware that pharmacies might not quote a price over the phone.
- Look for other sources that show drug prices such as the new Medicare Prescription Drug Web site. This Web site is available to anyone (Medicare eligible or not) at www.medicare.gov. From the Medicare Web site, select Prescription Drug and Other Assistance Programs and select the Quick Start tab and follow the directions.

Update on Medicare Prescription Drug Discount Card for Those Who Are Medicare-Eligible

- What does this mean to people who are covered by a company-sponsored plan?
 - Based on the information we have from Medicare, if you are covered by a company-sponsored plan, the drug discount card *may not* be of much benefit to you. However, it is your choice to enroll or not to enroll. We suggest that you do your homework to determine if it will be of benefit to you based on your specific situation.
- The following information comes from AARP and Medicare about the Medicare Prescription Drug Discount Program
 - Those who are Medicare-eligible will receive information about the Medicare Prescription Drug Discount Program in the mail.
 - You must be entitled to or enrolled in Medicare Part A and/or enrolled in Medicare Part B.
 - You cannot use both your AdvancePCS card and a Medicare Prescription Drug Discount Card for the same transaction.
 - Discount drug cards will be offered in 2004 and 2005. In 2006, the Medicare Drug Program will be in place. The discount drug card program is temporary until then.
 - A Medicare approved seal  will be on all official discount cards.
 - The charge for the card is around \$30 per year. Some companies may offer different cards with different levels of benefit and may charge less for less benefit.
 - A Medicare number is available for you to call 24 hours a day (800) MEDICAR (633-4227) or you can access them through their Web site at www.cms.hhs.gov

Retiree Focus Groups for Health Benefits

During the month of May, TI conducted “focus groups” with a random sample of TI retirees in North Dallas, South Dallas, Houston and Attleboro. The purpose of these meetings was to hear from retirees regarding their communication needs as we approach 2005 Annual Enrollment in the fall of 2004. Thank you to those retirees who participated in these sessions. We’ve obtained valuable information that will improve our communications to retirees.

Sincerely,
TI Total Compensation and Benefits