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Aetna 80/20 Plan for Retirees

Some Illustrative Claim Examples

80/20 Plan for Retirees

If you are a retiree aged 65 or over, or an individual who is on long-term disability and has been receiving Social Security disability benefits for 24 months, then you and your covered dependents are covered under the 80/20 Plan for Retirees. We get frequent questions on how this plan works and the method for determining payments. We have put together this brochure with the highlights of the plan and some claim examples in an attempt to simplify the plan for you. The claim examples are illustrative only.

Highlights

- \$400 annual deductible;
- Deductible is included in the \$3,000 out-of-pocket maximum;
- Three Tier Prescription Drug Plan (30-day supply with copayment applicable to Tier);
- 90-day supply of maintenance drugs purchased through home delivery with copayment applicable to Tier;
- No pre-certification requirements when Medicare is primary;
- No referrals needed;
- Plan is good in any state or country;
- Routine hearing exams will be covered once every 24 months for all members at 80% after the deductible, subject to Reasonable and Customary (R&C);
- Hearing aid equipment will be covered at 80% after deductible, subject to R&C as follows:
 - Adults and children age 13 and older: \$1,500 per hearing aid per ear, once every four years.
 - Children age 12 and younger: \$1,500 per hearing aid per ear, once every two years.

Annual Deductible

The annual deductible is currently \$400 for an individual, or a maximum of \$800 for a family. This means that you must pay the first \$400 or \$800 of eligible medical expenses before the plan reimburses.

Out-of-Pocket Maximum

The out-of-pocket maximum is the most that you will personally have to pay for eligible medical expenses in a calendar year (*currently \$3,000 for an individual or 6,000 for a family*). When your share of the expenses reaches the out-of-pocket maximum, the plan pays 100% of eligible covered expenses for the rest of the calendar year. Your deductible is included in this maximum.

Low Monthly Premium

Cornell contributes 90% of the cost for individual coverage and 75% of the cost for family coverage. In addition, you are able to apply your unused sick leave credit to offset up to one-half of the retiree premium for individual coverage.

Prescription Drug Coverage at a Retail Pharmacy

Your prescription drug coverage is better than many of the Medicare Part D plans. You are not required to enroll in Medicare Part D. If you do enroll in Medicare Part D, your coverage through Medco will be secondary to Medicare Part D. You will be required to file a paper claim to Medco for reimbursement.

Note: some people with limited income and resources may qualify for extra help and should contact the Social Security Administration at (800) 772-1213 or via the web at <www.socialsecurity.gov>

The prescription drug plan is a Three Tier Plan administered through Medco. The copayment that you pay depends on the Tier that your drug falls in. You can call Medco Member Services at (800) 230-0508 or log on to <www.medco.com> to find out if your pharmacy participates or if your medication is on the formulary.

You pay just a \$5 copayment for covered generic drugs under Tier One, \$20 for covered brand-name drugs on Medco's formulary under Tier Two, and \$40 for covered brand-name drugs not on Medco's formulary under Tier Three. You can receive up to a 30-day supply at a retail pharmacy.

Medco by Mail

You are able to purchase a 90-day supply of a maintenance medication and have it conveniently mailed to your home. You will pay a \$10 copayment for covered generic drugs under Tier One, \$40 for drugs in Medco's formulary and \$60 for drugs not on Medco's formulary. Be sure to have your physician write your prescription for a 90-day supply plus refills for up to one year.

Precertification Requirements

Under the 80/20 Plan for Retirees, there is no need to pre-certify your hospital stay or upcoming medical procedure when Medicare is primary. Dependents who are not Medicare primary, still are required to pre-certify by calling Aetna at (877) 371-2007.

No Referral Needed

There is no need to go through your family doctor in order to get a referral to see a specialist. You can make the appointment yourself. Eligible services just need to be medically necessary and covered by the Plan.

Coverage is Good Anywhere

Benefits for covered services are available worldwide. If you are out of the country, Medicare does not cover you, but the 80/20 Plan will. You will be required to pay the provider and then submit the bill (in English) to Aetna.

Questions

An Aetna representative is readily available to help you with your medical coverage or claim questions. Just contact

Customer Service at (877) 371-2007. A Medco representative is readily available to help you with your prescription drug coverage or claim questions. You can call Medco's Member Services at (800) 230-0508. If you cannot resolve your concerns through Aetna or Medco, call Benefit Services at (607) 255-3936 and a resource specialist will be happy to assist you.

Processing of 80/20 Plan for Retiree Claims

Medicare normally reimburses 80% of the allowable amount after you have satisfied the Medicare deductible. If your doctor takes Medicare assignment, you are responsible for the remaining 20% plus the deductible. For example, let's say the total bill was \$125 and Medicare allows \$100. Assuming the deductible was already satisfied, Medicare will pay \$80 and you pay the balance of \$20. The doctor cannot collect any part of the excess \$25 from you in a separate billing.

If your doctor does not take Medicare assignment, he or she cannot charge more than 15% above the Medicare allowable charge. In the example above, the doctor charged \$125, Medicare allowed \$100 and paid 80% or \$80. This calculation remains the same regardless of whether your doctor takes assignment or not. What changes is the patient responsibility since your doctor can bill you the difference between what Medicare approves and 115% of the approved amount, or \$115 using the example above. If you have met your deductible through Aetna, then this difference may be covered at 80% by the Plan. If you have not met your deductible, then your responsibility will be the difference between what Medicare paid (\$80) and what your doctor can charge (\$115), or \$35. Medicare will determine when the 115% limit is applicable, as it does not apply to all types of services.

In the examples that follow, we have provided you with more detailed illustrations of the way the 80/20 Plan reimburses claims.

Example 1: Surgery

Ed is a retiree with family coverage. He is age 66 and has Medicare. His wife, Carol, is 63 and a dependent on Ed's policy. Ed falls and breaks his leg, requiring surgery and a prescription. This is the first medical expense that Ed has incurred for this year. The following provides an example of how the expenses would be covered under the 80/20 Plan for Retirees.

1A: Assigned Surgery

Orthopedic surgeon's charge:	\$5,500
Medicare allowable:	\$4,500
Medicare deductible:	<u>\$ 100</u>
Medicare balance:	\$4,400
Medicare coinsurance:	80%
Medicare pays:	\$3,520

Aetna Plan Benefit Calculation

Covered charge:	\$4,500
Less Aetna deductible:	<u>400</u>
Balance:	\$4,100
Coinsurance:	80%
Aetna normal plan benefit:	\$3,280
Less Medicare payment:	<u>\$3,520</u>
Aetna plan pays:	\$ 0
Ed pays:	\$ 980
(\$4,500 Medicare allowable - \$3,520 Medicare payment)	

Under the 80/20 Plan for Retirees, the \$980 that Ed pays is credited toward the \$3,000 out-of-pocket maximum. Prescription drugs are reimbursed in the same manner without regard to the physician taking Medicare assignment.

1B: Unassigned Surgery

Orthopedic surgeon's charge:	\$5,500
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Medicare allowable:	\$4,500
Medicare deductible:	<u>\$ 100</u>
Medicare balance:	\$4,400
Medicare coinsurance:	80%
Medicare pays:	\$3,520

Aetna Plan Benefit Calculation

115% of Medicare allowable amount:	\$5,175 (\$4,500 x 115%)
Less Aetna deductible:	<u>400</u>
Balance:	\$4,775
Coinsurance:	80%
Aetna normal plan benefit:	\$3,820
Less Medicare payment:	<u>\$3,520</u>
Aetna plan pays:	\$ 300
Ed pays:	\$1,355
(\$5,175 Medicare allowable	
-\$3,520 Medicare payment	
-\$ 300 Aetna payment)	

Because Medicare's payment of \$3,520 does not equal the normal plan payment of \$3,860, the plan pays \$300 in the above example. The amount that Ed pays for surgery (\$1,355) is credited toward his \$3,000 out-of-pocket maximum. Once Ed's out-of-pocket maximum has reached \$3,000 in a calendar year, eligible medical expenses are reimbursed at 100% under the 80/20 Plan for Retirees for the remainder of that plan year.

Example 2: Surgery with deductible already met

The following examples show the same surgery, but after Ed had satisfied both his Medicare Deductible (\$100) and 80/20 Plan for Retirees Deductible for the year (\$400).

2A: Assigned Surgery

Orthopedic surgeon's charge:	\$5,500
Medicare allowable:	\$4,500
Medicare coinsurance:	80%
Medicare pays:	\$3,600

Aetna Plan Benefit Calculation

Covered charge:	\$4,500
Coinsurance:	80%
Aetna normal plan benefit:	\$3,600
Less Medicare payment:	<u>\$3,600</u>
Aetna plan pays:	\$ 0
Ed pays:	\$ 900
(\$4,500 Medicare allowable - \$3,600 Medicare payment)	

2B: Unassigned Surgery

Orthopedic surgeon's charge:	\$5,500
Medicare allowable:	\$4,500
Medicare coinsurance:	80%
Medicare pays:	\$3,600

Aetna Plan Benefit Calculation

115% of Medicare allowable amount:	\$5,175 (\$4,500 x 115%)
Coinsurance:	80%
Aetna normal plan benefit:	\$4,140
Less Medicare payment:	<u>\$3,600</u>
Aetna plan pays:	\$ 540
Ed pays:	\$1,035
(\$5,175 Medicare allowable -\$3,600 Medicare payment -\$ 540 Aetna payment)	

Example 3: Surgery with deductible and coinsurance already met

The following examples show the same surgery, but after Ed had satisfied both his Medicare Deductible (\$100) and 80/20 Plan for Retirees Deductible for the year (\$400), and his out-of-pocket maximum (\$3,000) under the 80/20 Plan.

3A: Assigned Surgery

Orthopedic surgeon's charge:	\$5,500
Medicare allowable:	\$4,500
Medicare coinsurance:	80%
Medicare pays:	\$3,600

Aetna Plan Benefit Calculation

Covered charge:	\$4,500
Coinsurance:	100%
Aetna normal plan benefit:	\$4,500
Less Medicare payment:	<u>\$3,600</u>
Aetna plan pays:	\$ 900
Ed pays:	\$ 0

(\$4,500 Medicare allowable
-\$3,600 Medicare payment
- \$900 Aetna payment)

3B: Unassigned Surgery

Orthopedic surgeon's charge:	\$5,500
Medicare allowable:	\$4,500
Medicare coinsurance:	80%
Medicare pays:	\$3,600

Aetna Plan Benefit Calculation

115% of Medicare allowable amount:	\$5,175 (\$4,500 x 115%)
Coinsurance:	100%
Aetna normal plan benefit:	\$5,175
Less Medicare payment:	<u>\$3,600</u>
Aetna plan pays:	\$1,575
Ed pays:	\$ 0
(\$5,175 Medicare allowance -\$3,600 Medicare payment -\$1,575 Aetna payment)	

Example 3: Surgery When 80/20 Plan is Primary

For the following example, we will use Ed's wife Carol as the patient. Remember that Carol is 63 years old and not on Medicare. The following, based on example 2A, shows how the 80/20 Plan would reimburse if Carol were the one to fracture her leg, instead of Ed.

Aetna plan benefit calculation

Covered charge:	\$5,500
Less Aetna deductible	<u>\$ 400</u>
Balance	\$5,100
Coinsurance:	80%
Aetna plan pays:	\$4,080
Carol pays:	\$1,420
(\$5,500 covered charge -\$4,080 Aetna payment)	

This assumes that Carol's physician's charges were within reasonable and customary as determined by Aetna.

Example 4: Office Visit

Ed is routinely monitored by his physician for his high blood pressure. Examples below represent reimbursement for both an assigned and an unassigned claim.

4A: Assigned Physician Office Visit

Physician's charge:	\$50
Medicare allowable:	\$45
Medicare coinsurance:	80%
Medicare pays:	\$36

Aetna plan benefit calculation

Covered charge:	\$45
Coinsurance:	80%
Aetna normal plan benefit:	\$36
Less Medicare benefit:	<u>\$36</u>
Plan pays:	\$ 0
Ed pays:	\$ 9

The \$9 is credited toward the out-of-pocket max.

4B: Unassigned Physician Office Visit

Physician's charge:	\$50
Medicare allowable:	\$45
Medicare coinsurance:	80%
Medicare pays:	\$36

Aetna plan benefit calculation

Covered charge:	\$50
Coinsurance:	80%
Aetna normal plan benefit:	\$40
Less Medicare benefit:	<u>\$36</u>
Aetna plan pays:	\$ 4
Ed pays:	\$10

The \$10 is credited towards the out-of-pocket max.

Example 5: Office Visit for Carol

This last example represents a physician's office visit for Carol, who is not covered by Medicare.

Aetna plan benefit calculation

Covered charge:	\$50
Coinsurance:	80%
Aetna normal plan benefit:	\$40
Carol pays:	\$10

The \$10 is credited toward the out of pocket max.

This brochure highlights benefits provided under the 80/20 Plan for Retirees. The complete terms of this plan are contained in the official plan documents, which govern in case of discrepancy.

Although Cornell University expects and intends to continue offering health coverage to retirees, it reserves the right to modify, suspend, or terminate the plan at any time by action of the Board of Trustees.