

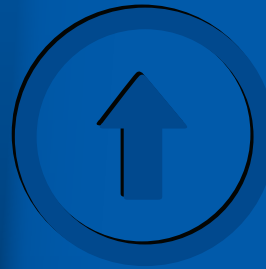
Four Advantages of the Retiree Drug Subsidy Program for Plan Sponsors

Under the Retiree Drug Subsidy (RDS) program, the Centers for Medicare and Medicaid Services (CMS) reimburses Plan Sponsors the equivalent of 28% of all Allowable Retiree Drug Expenses that fall between the federally designated Cost Threshold amount and the Cost Limit after Actual Cost Adjustments are removed. This amount is limited per individual, which, like the cost threshold and cost limit, varies from year to year. While Plan Sponsors have other options when it comes to retiree healthcare benefits, below are just a sampling of the benefits they gain from participating in the RDS program.



RECEIVE ADDITIONAL MONTHLY CASH FLOW

Receive subsidy payments directly from CMS on a monthly basis. Subsidy can boost general revenue and does not come with spending restrictions.



BENEFIT FROM RECENTLY INCREASED COST LIMITS

Recent increases to the Retiree Drug Subsidy cost limit mean up to \$241 additional dollars for each qualifying retiree.



KEEP YOUR MEMBERS & RETIREES HAPPY

Plans avoid negative reactions from their Retirees and/or union representatives who are happy with and wish to keep their current Plan and would oppose changes to their benefits.



AVOID CHANGES TO YOUR FORMULARY

Switching from the Retiree Drug Subsidy program to an Employer Group Waiver Plan can require significant changes to your formulary.