

Subject: Pharmacy benefit for retired state workers
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Montpelier, VT – Secretary of Administration Jeb Spaulding and VSEA President Shelley Martin Announce the State Will Implement an Employer Group Waiver Plus Wrap Program for State Retirees

MONTPELIER -- Secretary of Administration Jeb Spaulding and Vermont State Employees' Association President Shelley Martin announced today that the Administration will implement an Employer Group Waiver Plus Wrap Program for State retirees. The Employer Group Waiver Plan (EGWP), often called "Eggwhip," is a federal subsidy program for Medicare primary retirees that creates significant savings for the State's health plans.

The "Wrap" portion of the EGWP allows the State benefit plan to supplement the Medicare Part D formulary so that the total set of drugs available to these retirees mirrors the benefit plan for active employees in the types of drugs available. The deductible, co-insurance, and maximum out-of-pocket limits will be the same as those for active State employees.

EGWP will increase the savings to the medical plan for a total savings of approximately \$2.1 to \$2.6 million dollars annually. The medical plan will credit these savings to retiree premiums for Medicare-eligible retirees, estimated to be approximately 10 to 15%, as well as to the State. Even more importantly, with a minor change to state law, the State will be able to directly reduce the State's Other Post Employment Benefit (OPEB) future liabilities using standards set by the Governmental Accounting Standards Board (GASB). It is anticipated that the projected savings from EGWP Plus Wrap could result in a reduction of the State's OPEB liability by well over \$100 million.

President Shelley Martin expressed satisfaction that the parties will be able to reduce premiums for Medicare eligible retirees and the plan overall. "VSEA is very pleased that, after much discussion and clarification, we will be able to move retirees into an EGWP plus Wrap plan that will help the State lower its costs and guarantee retirees access to the same prescription drugs as active employees. VSEA retirees are comforted by language that creates a procedure to return VSEA retirees to our active members' current prescription drug plan if the federal government changes EGWP in a way that forces the State to discontinue the Wrap, a critical point for the VSEA."

Secretary Spaulding also expressed satisfaction, stating "The implementation of an EGWP Plus Wrap plan will enhance the State's ability to keep its promise to retirees to provide health benefits in the future by reducing the total costs the State will have to pay in the future for those benefits. That is a win-win for retirees, active employees and the State."