



Dear Retirees,

We are pleased to announce that the 2025 Open Enrollment period for Medicare will take place from November 1 to November 29, 2024. Please review the 2025 Enrollment Guide, which highlights some important changes to the United Healthcare and Kaiser Medicare Advantage Plans. If you wish to enroll or make any changes, you can:

- Return your forms by US Mail, postmarked by November 29, 2024
- Email copies of your forms to DHR.Benefits@alexandriava.gov, or fax at (703)838-3850.
- Submit your forms to the City of Alexandria Department of Human Resources at City Hall between the hours of 9 a.m. and 5 p.m. Monday through Friday.

As always, our Benefits Team within the Department of Human Resources is here to assist you.

As a City of Alexandria retiree, you and/or your eligible dependents have the option of choosing from Medicare Advantage plans offered by one of our two healthcare providers: Kaiser Permanente® or UnitedHealthcare®. You may also choose to join the Aetna Vital Savings Discount Program.

Please note that there are significant changes regarding the Medicare Part D drug benefits that will take effect in 2025. Please read below to learn how these changes impact your insurance costs.

**** Key Federal Changes from the Inflation Reduction Act that are beneficial to you: ****

- **Reduction to Out-of-Pocket Maximum**—If your out-of-pocket spending on covered drugs reaches \$2,000 (including certain payments made on your behalf, such as through the Extra Help program), you will automatically get “catastrophic coverage.” You will not have to pay out-of-pocket for covered Part D drugs for the rest of the calendar year.
- **Flexible Repayment Options**—All plans with drug coverage now offer the ability to make monthly payments toward your medications instead of paying the full amount at one time. This will not reduce drug costs but may help you spread out payments over the year to manage them more easily.
- **Removal of the Coverage Gap (Donut Hole)**—In previous editions of Medicare Advantage, there was a gap between what most Part D plans would cover for medications and catastrophic coverage, often referred to as the “donut hole”. Once you reached the initial coverage limit of \$5,030, you were responsible for 25% of your drug costs until catastrophic coverage began (after the \$8,000 limit was reached). The new \$2,000 out-of-pocket cap eliminates this “donut hole.” Once you spend \$2,000 on drugs, you’ll pay nothing for covered Part D medications for the rest of the year.
- **Negotiated Drug Costs**—Medicare has targeted its costliest drugs for price negotiation and has already negotiated lower prices for some medications that are among the costliest and most used Part D drugs. More information is available here:
<https://www.cms.gov/newsroom/fact-sheets/medicare-drug-price-negotiation-program-negotiated-prices-initial-price-applicability-year-2026>



****Important Federal Changes from the Inflation Reduction Act that increase plan costs: ****

A reduction in the federal government's contributions to drug costs for catastrophic coverage has increased costs to the plans. For 2025, the federal government's cost-sharing for these drugs is dropping from 80 percent to 20 percent. As a result, costs have increased to 60 percent of catastrophic drug coverage, up from 20 percent in 2024. This change has increased costs nationwide for most Medicare Advantage and Medicare Part D programs effective January 1, 2025.

Due to these adjustments, the Kaiser Permanente Medicare Advantage Plan monthly premium will increase by \$15.67 per month, and the United Healthcare Medicare Advantage Plan monthly premium will increase by \$112.87 per month.

Moving forward, we are actively exploring additional ways to minimize our shared health care costs and ensure that our benefits remain market competitive. As we prepare to renegotiate our Medicare Advantage plans for 2026 and beyond, your needs will remain at the forefront of our discussions.

Please review your benefits guide, which outlines the various options the City of Alexandria offers to you – our valued retirees. It contains information about what's new, what's being updated, and what's staying the same. For further details, please visit our benefits website. If you have any questions or concerns, we encourage you to attend one of our in-person or virtual meetings offered for retiree open enrollment, or to contact our HR team at 703.746.3777 or DHR.Benefits@alexandriava.gov.

Thank you for your dedication and years of service to the City of Alexandria. We are committed to continuing to support your health and well-being through our offerings.

Warm regards,

James Parajon
City Manager

Alyssa Williamson
Chief Human Resources Officer