



RETIREE HEALTH CARE

**A Seminar for Retirees of Legacy Pfizer, Pharmacia and Upjohn,
Warner Lambert, Monsanto, Parke-Davis and NutraSweet/Searle**



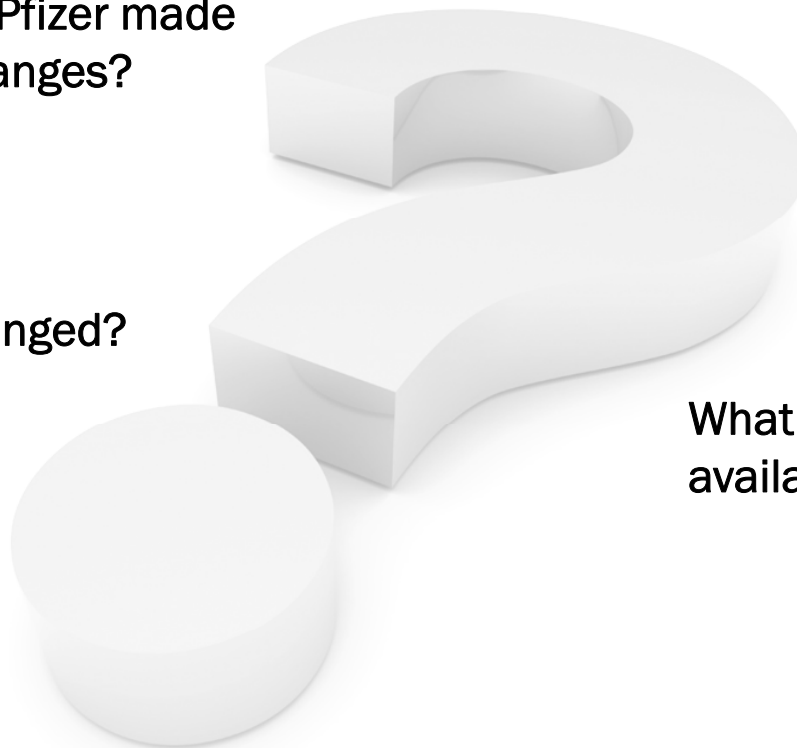
Agenda

Why has Pfizer made these changes?

What happens before/after age 65?

What may have changed?

What resources do I have available?





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One of the nation's leading providers of comprehensive financial education

Our Financial Related Services division offers professional financial education and counseling services through one-on-one, group and Web-based platforms, and does not work on a commission basis

Investment advisor – registered with the SEC

Partnering with Pfizer since 1979

“To help people make decisions and take actions that improve their financial well-being”



WHY HAS PFIZER MADE THESE CHANGES?



Why Has Pfizer Made These Changes?

Reacting to retiree feedback: concerns over annual increases to retiree contributions

Harmonizing to create a sustainable and competitive retiree medical benefit plan for pre-2010 and post 2009 retirees

Pfizer had been administering 33 plans with 4 administrators



Facts and Realities of Health Care



What % of 550 large U.S. employers subsidize retiree health care?

10%

33%

45%

Not sure

**23% provide access only
(retiree pays full cost)**

Source: Towers Perrin 2010 Retiree Health Care Cost Survey, CCH.



WHAT MAY HAVE CHANGED?



What May Have Changed?

One medical plan administrator

UnitedHealthcare

One option for retirees under age 65

Retiree PPO Plan

Two options for retirees 65 or over

Medicare Carve-Out

Post-65 Rx Only

Preventive care

100% coverage for preventive care

Coinsurance instead of copays

Prescription drug coverage

Lifetime benefit maximum eliminated

Medicare coordination method

Refer to your *Summary of Your Retiree Healthcare Benefits* brochure to see what changes impact you



What Has Not Changed?

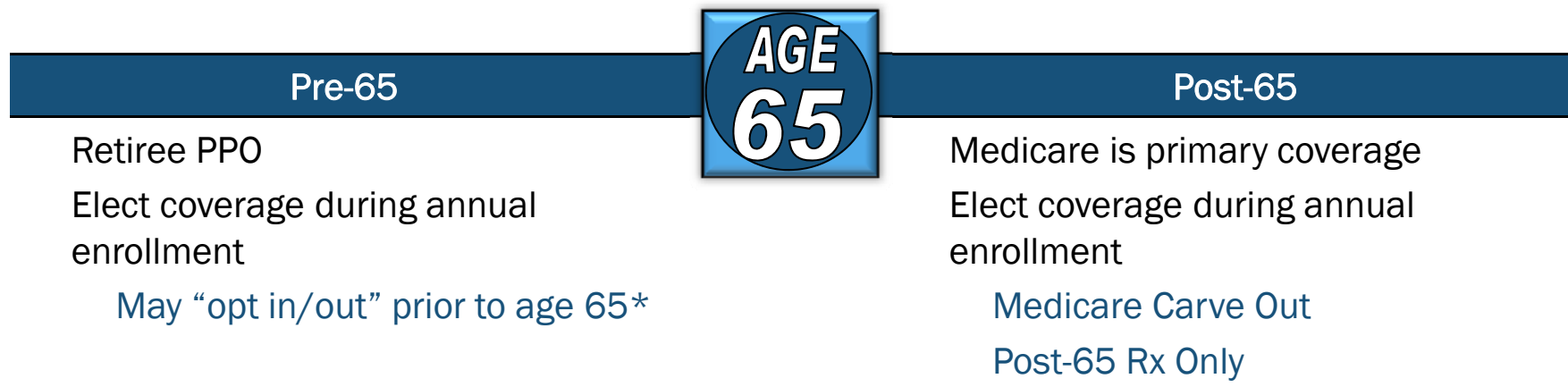
Medical options provide comprehensive coverage

100% coverage for Pfizer prescription drugs

Retiree Life Insurance



Pfizer Medical Coverage in Retirement Before and After Age 65



* Must have continuous coverage to opt back in to Pfizer Retiree PPO Option.



Terms at a Glance

Term	Definition
Network	In-network: Group of providers who have agreed to accept specified reimbursement rates Out-of-network: Allows access to any provider but may be at higher costs
Coinsurance	The amount the Plan pays for a particular service after you pay your portion
Deductible	The amount you must pay each year before the Plan begins to reimburse you for covered services
Lifetime Benefit Maximum	The maximum amount some medical plans will pay in care for one individual during their lifetime
Out-of-Pocket Maximum	The most you will be required to pay in a calendar year for healthcare services. Certain charges, such as amounts over reasonable & customary do not apply to the out-of-pocket maximum.

Your Medical Coverage Option For Retirees Under Age 65



	Annual Deductible (Person/Family)	Coinsurance (Plan Pays After Deductible)	Annual Family Out-of-Pocket Maximum*
Retiree PPO	In-Network: \$700/\$1,750	80%	\$5,000
	Out of Network: \$1,400/\$3,500	60%	\$10,000

	Pfizer Drugs	Non-Pfizer Drugs
Prescription Drug	100% Covered	80% covered Subject to \$5 minimum and \$100 maximum charge per 30-day prescription with a \$5,000 family maximum out-of-pocket annual limit

Plan Administrators
Medical: UnitedHealthCare
Prescription Drug: CVS/Caremark

* Does not include deductible, amounts above reasonable & customary charges or charges for prescription drugs.

Your Medical Coverage Options For Retirees Age 65 and Over



	Annual Deductible (Person/Family)	Coinsurance (Plan Pays After Deductible)*	Annual Family Out-of-Pocket Maximum**
Medicare Carve-Out	\$500/\$1,000	80%	\$4,000
Post-65 Rx Only	N/A	N/A	N/A

	Pfizer Drugs	Non-Pfizer Drugs
Prescription Drug	100% Covered	80% covered Subject to \$5 minimum and \$100 maximum charge per 30-day prescription with a \$5,000 family maximum out-of-pocket annual limit

Plan Administrators
Medical: UnitedHealthCare
Prescription Drug: CVS/Caremark

* Pfizer's share of coinsurance is paid based on the Medicare-approved amount, less amounts payable by Medicare.

** Does not include deductible, amounts above reasonable & customary charges or charges for prescription drugs.



Pfizer Retiree Dental Coverage

	Option 1 (Low Plan)		Option 2 (High Plan)	
	In-Network	Out-of-Network	In-Network	Out-of-Network
Basis of Reimbursement	Negotiated PDP Fee	80% of R&C	Negotiated PDP Fee	80% of R&C
Preventive Services	100%	100%	100%	100%
Basic Services	70%	70%	70%	70%
Major Services	0%	0%	50%	50%
Annual Deductible	\$75 Individual / \$225 Family	\$75 Individual / \$225 Family	\$75 Individual / \$225 Family	\$75 Individual / \$225 Family
Plan Year Maximum	\$750	\$750	\$1,500	\$1,500
Orthodontic	N/A	N/A	N/A	N/A

Note: Annual deductible applies to Basic and Major services.



MEDICARE





What About Medicare?

Available to people age 65 or older

Available at any age if on Social Security disability for two years and/or have chronic kidney disease

Medicare provides primary coverage starting at age 65

Any company coverage would become secondary

Medicare is NOT free – monthly premiums may apply

Medicare does NOT cover all your retiree medical costs

Medicare – Part A

Pays some of the cost for:

Hospitalization

Skilled nursing facilities

Home health services

2010 highlights:

\$1,100 deductible applies for first 60 consecutive days

\$275 co-insurance per day for next 30 days

61 – 90 consecutive days

\$550 co-insurance per day for next 60 days

91 – 150 consecutive days





Medicare – Part B

Pays reasonable and customary expenses for

Doctors' fees

Most outpatient hospital services

Certain related services

After \$155 deductible Medicare pays 80%, you pay 20% and excess over reasonable and customary fees

Monthly premium based on Modified Adjusted Gross Income (MAGI)

2010 premiums range from \$111 - \$354

Note: Monthly premiums are subject to change annually. Numbers have been rounded.

Gaps in Medicare

Costs of Part A and B

Preventive care

Dental care

Eye glasses/hearing aids

Custodial care





FINANCIAL PLANNING CONSIDERATIONS



Financial Planning Considerations

What types of medical expenses do I currently have?

How often do I go to the doctor?

Preventive care vs. regular office visits

What are my prescription needs?

What are my other options for health insurance?

Outside policy

Coverage through spouse/partner

If I'm older than 65, do I need the Medicare Carve-Out Option or Prescription Drug only?





Example – Pre Age-65 Retiree

- Mr. Smith is retired, age 61 and in relatively good health
- Mr. Smith has unplanned outpatient surgery in 2010
- Mr. Smith has elected individual coverage

Type of Care	Cost of Procedure (Retail)	Your Cost
Preventive Care Office Visit	\$200	\$0
Cost of Surgery	\$2,400	N/A
Annual In-Network Deductible	N/A	\$700
Coinsurance	N/A	\$340 (Plan pays 80% of \$1,700)
3 Regular Office/Specialist Visits	\$300	\$60 (Plan pays 80% of \$300)
6 Pfizer Prescription Drugs 2 Non-Pfizer Drugs	\$600 \$200	\$40 (Plan pays 100% for Pfizer drugs and 80% for non-Pfizer drugs)
Total Costs	\$3,700	\$1,140

Note: Examples are for illustration purposes only. Actual costs for medical care services may vary.



Example One – Age 65+ Retiree

- Retiree has a short hospital stay payable under Medicare Part A
- Retiree has not yet experienced any charges that could be applied to either the Pfizer Plan deductible or Medicare Part A deductible

Step 1: Determine amount Pfizer Plan would pay without Medicare (Amount X):

Billed Charges	\$3,000
Pfizer Plan Allowable (Based on Medicare allowable)	\$3,000
Annual Plan Deductible	(\$500)
Balance	\$2,500
X: Amount the Plan would pay without Medicare (80% of \$2,500)	\$2,000

Step 2: Determine amount paid by Medicare (Amount Y):

Billed Charges	\$3,000
Medicare Allowable	\$3,000
Medicare Part A Deductible	(\$1,100)
Y: Medicare Payment	\$1,900

Note: Examples are for illustration purposes only. Actual costs for medical care services may vary. In-network care is assumed.



Example One – Age 65+ Retiree *cont.*

Step 3: Determine if a benefit is due from the Pfizer Plan:

Benefit due from Pfizer Plan: X-Y (\$2,000 - \$1,900)	\$100
Amount paid by the retiree (\$500 deductible + \$500 coinsurance)	\$1,000

In this case, because X-Y is a positive number, the \$100 difference is paid by the Pfizer Plan

Note: Examples are for illustration purposes only. Actual costs for medical care services may vary. In-network care is assumed.

Example Two – Age 65+ Retiree

- Retiree has outpatient charges at the doctor’s office, payable under Medicare Part B
- Retiree has not yet experienced any charges that could be applied to either the Pfizer Plan deductible or Medicare Part B deductible

Step 1: Determine amount Pfizer Plan would pay without Medicare (Amount X):

Billed Charges	\$2,000
Pfizer Plan Allowable (based on Medicare Allowable)	\$2,000
Annual Plan Deductible	(\$500)
Balance	\$1,500
X: Amount the Plan would pay without Medicare (80% of \$1,500)	\$1,200

Step 2: Determine amount paid by Medicare (Amount Y):

Billed Charges	\$2,000
Medicare Allowable	\$2,000
Medicare Part B Deductible	(\$155)
Y: Medicare Payment (80% of \$1,845)	\$1,476

Note: Examples are for illustration purposes only. Actual costs for medical care services may vary. In-network care is assumed.



Example Two – Age 65+ Retiree *cont.*

Step 3: Determine if a benefit is due from the Pfizer Plan:

Benefit due from Pfizer Plan: X-Y (\$1,200 - \$1,476)	\$0
Amount paid by the retiree (\$500 deductible +\$24 coinsurance)	\$524

In this case, because X-Y is a negative number, meaning that Medicare paid more than the Pfizer Plan would have paid, no additional benefit is payable from the Pfizer Plan.

Note: Examples are for illustration purposes only. Actual costs for medical care services may vary. In-network care is assumed.



You're Not Alone – Your Resource Team

<p>hrSource For current benefit options or questions about Pfizer Retiree Medical Plan</p>	<p>www.hrSourcebenefits.pfizer.com or 866-4 SOURCE</p>
<p>UnitedHealthcare For information about Medical Coverage</p>	<p>www.myuhc.com/groups/pfizer or 800-638-8010</p>
<p>United Behavioral Health For information about mental health/substance abuse</p>	<p>www.liveandworkwell.com or 800-638-8010 (access code: 61550)</p>
<p>Caremark For information about prescription drug coverage</p>	<p>www.caremark.com or 866-804-5881</p>
<p>MetLife For information about dental coverage</p>	<p>www.metlife.com/dental or 800-Get Met8</p>
<p>Social Security</p>	<p>www.ssa.gov or 800-772-1213</p>
<p>Medicare</p>	<p>www.medicare.gov or 800-633-4227</p>

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