



Jan. 13, 2014

Dear Pfizer Retiree:

As part of Pfizer's ongoing review of the benefits we provide to our colleagues and retirees, we are making changes to retiree medical benefits that will reduce costs for both retirees and Pfizer by moving to Pfizer-sponsored Medicare Advantage plans in **2015 for Medicare-eligible retirees and their covered Medicare-eligible dependents**.

This change will **not** impact:

- Your 2014 retiree medical benefits; this change is effective Jan. 1, 2015. We are communicating this change well in advance so you have time to prepare.
- Prescription drug coverage: Pfizer drugs including Greenstone generic drugs will continue to be covered at 100% under the Pfizer sponsored Medicare Advantage plans.
- Pre-65 Pfizer-sponsored retiree coverage: Pre-65 coverage is not changing. Once you turn age 65 or otherwise become eligible for Medicare, your retiree medical coverage will be provided under a Pfizer-sponsored Medicare Advantage plan.
- The prescription drug-only coverage option currently available to Medicare-eligible retirees: this option will continue to be offered.

**Please note: The Medicare Advantage plans that Pfizer will offer are not related to the retiree or corporate exchanges that you may have heard about in the news, nor are they related to the public health care exchanges that have been recently implemented as part of the Patient Protection and Affordable Care Act. The Medicare Advantage plans that Pfizer will offer are Pfizer-sponsored plans and are not individual insurance policies. Pfizer will be the plan sponsor of these plans and is able to negotiate expanded coverage and broader access than is typically available through individual Medicare Advantage plans.**

Medicare Advantage plans, originally referred to as Medicare Part C, are offered by private insurance companies that are approved by Medicare. When you join one of these plans, you receive your Medicare Part A (hospital insurance) and Medicare Part B (non-hospital medical insurance) coverage from the private insurer rather than directly through Medicare. You will have access to a similar network of providers as you have today.

Moving to Medicare Advantage plans allows Pfizer and you the opportunity to take advantage of Medicare subsidies provided by the federal government for these types of plans. The Pfizer-sponsored Medicare Advantage plans are expected to improve the current Pfizer retiree medical benefits in that:

1. The monthly contribution cost to participate in the Pfizer-sponsored Medicare Advantage plans will generally be less than it would otherwise cost to participate in the current Pfizer retiree medical plan options. While monthly contributions are expected to increase from current rates due to rising health care costs, under the Pfizer-sponsored Medicare Advantage plans, increases are expected to be generally lower than they otherwise would be; and
2. The Pfizer-sponsored Medicare Advantage plans will generally lower retirees' out-of-pocket costs. For office visits, the plan will pay benefits after you pay a per-visit copay. For many other services the plan will pay benefits after a \$50 deductible. Also, with a Medicare Advantage plan, claims will only need to be submitted to the Pfizer plan. You will not be required to submit claims first to Medicare and then to the Pfizer plan. Details on the specific plan provisions will be available later this year.

The Pfizer-sponsored Medicare Advantage plans will continue to provide a choice between two plans: a Base Plan and a Buy-up Plan, as well as the option to choose prescription drug-only coverage. Additionally, if you have a Retiree Medical Subsidy (RMS) balance, you will still use the RMS to pay for Pfizer's portion of the cost of coverage under the Medicare Advantage plans.

In the coming months, and well in advance of the 2015 annual enrollment, you will receive more information on the new Medicare Advantage plans. During the annual enrollment period in the fall, we will provide additional details on the new plans and how they work. You will also have the opportunity to attend an information session to learn more and get answers to any questions you may have. If you have questions now, please review the frequently asked questions (FAQs) included with this letter, or you can also call the *hrSource* Center at **1-877-208-0950**. Representatives are available Monday through Friday from 8:30 a.m. to midnight, Eastern time.

As always, Pfizer is committed to offering quality health care to our colleagues and retirees, and to giving you the information you need to make informed choices for yourselves and your families.

Regards,



Steve First

## FREQUENTLY ASKED QUESTIONS

### 1. Why is Pfizer making this change?

Pfizer took a holistic look at the coverage and costs of the retiree medical benefits we provide and determined that Medicare Advantage plans would generally offer retirees better coverage, at a lower cost to both retirees and the Company, than Pfizer's current post-65 retiree coverage.

### 2. Will the coverage I have today be reduced as a result of this change?

The Pfizer-sponsored Medicare Advantage plans will lower your deductibles and many other out-of-pocket costs when compared to the current post-65 retiree medical plan options. While monthly contribution costs will continue to increase due to rising health care costs, the monthly contribution cost to participate in the Pfizer-sponsored Medicare Advantage plans will generally be less than it would cost to participate in the current Pfizer retiree medical plan options.

### 3. Is this change related in any way to the health care exchanges that have been in the news recently?

No. Medicare Advantage plans have been available for about ten years, and are not related to the following types of health care exchanges that have been in the news:

- Public health care exchanges/marketplace – a marketplace implemented as part of the Patient Protection and Affordable Care Act which is accessed through [www.healthcare.gov](http://www.healthcare.gov).
- Private retiree medical exchanges – a marketplace administered by private organizations offering enrollment into *individual* Medicare products (e.g., Medigap, Prescription Drug Plans (PDPs) and individual Medicare Advantage products).
- Private corporate exchanges – exchanges offered by employers for active employees instead of a traditional employer-sponsored medical plan.

### 4. Will the process with my health care provider be different from the current process for post-65 coverage when using health care services under the Pfizer-sponsored Medicare Advantage plan?

When using health care services under a Medicare Advantage plan, the process will be simpler in that you will only use one ID card – your Medicare Advantage ID card – instead of two, your Medicare ID card and the ID card for the Pfizer Base Plan or Buy-Up Plan. Beginning in 2015, you will need to work with your providers to make sure they submit your claim using your new Medicare Advantage ID number. Note that you will still need your prescription ID card in order to obtain prescriptions and must continue to pay your Medicare Part B premiums. In addition, Medicare Advantage plans may require precertification for certain types of care. One of the ways in which Medicare Advantage plans are able to deliver improved benefits and lower costs is by ensuring that the right level of care is delivered and is appropriately used. For instance, Medicare Advantage insurers contact patients who have recently been discharged from the hospital to see if they are experiencing any complications and are following their discharge instructions.

### 5. Will I still have 100% coverage for my Pfizer and Greenstone prescription drugs?

Yes, this change will not affect your current prescription drug coverage. You will continue to receive 100% coverage for Pfizer and Greenstone prescription drugs.

**6. Will I be required to switch doctors/providers as a result of this change?**

Under the Pfizer-sponsored Medicare Advantage Plan you will have access to all doctors and providers who are in Medicare and are willing to submit a claim to the Medicare Advantage insurer. Providers who have fully opted out of Medicare (and require you to contract with them directly for care) will not be eligible under the Medicare Advantage plan. As long as your doctor or provider accepts payment from Medicare, and is willing to submit a claim on your behalf, you can continue to see that doctor/provider whether or not the doctor/provider is part of the Medicare Advantage insurer's network.

**7. What if my doctor has fully opted out of Medicare?**

If your doctor has fully opted out of Medicare, the services you receive from that doctor will not be covered under the Medicare Advantage plan. Note that Medicare requires doctors who opt out of Medicare to enter into a contract with you in order to provide care.

**8. Will my 2014 coverage be affected by this change?**

No. There is no impact to your 2014 coverage as a result of this change. We are communicating this change to you in advance so you have time to prepare for your 2015 enrollment.

**9. What is a Medicare Advantage Plan?**

A Medicare Advantage plan is a type of Medicare health plan offered by a private insurer that contracts with Medicare to provide you with all of your Part A and Part B benefits. You will continue to pay your Part B premiums while you participate in the Medicare Advantage plan.

**10. What is the difference between the Pfizer-sponsored Medicare Advantage plans and a regular Medicare Advantage plan?**

The Pfizer-sponsored Medicare Advantage plans will be group plans in which the premiums are based on the Pfizer population's use of health care services. In addition, the Pfizer Medicare Advantage plans will provide customized plan provisions and broad access to doctors and providers. This differs from *individual* Medicare Advantage plans that are available to Medicare retirees in specific geographic regions (which you may see advertised in some locations as a \$0 premium plan). These *individual* Medicare Advantage plans are standard medical plans designed by the insurer, often with limited access to doctors and providers.

**11. Will the Pfizer-sponsored Medicare Advantage plan include an HMO?**

No. While Medicare Advantage Plans can include HMOs, the Pfizer-sponsored Medicare Advantage plan will not be an HMO.

**12. Will I still be able to choose between UHC and Horizon Blue Cross Blue Shield as my claims administrator?**

Pfizer is currently evaluating the insurance companies who offer group Medicare Advantage plans, and has not yet decided on a final choice. Additional details will be provided after a decision is made.

**13. I am enrolled in a Medicare Advantage plan offered through another provider. Will I be able to keep that coverage?**

You can only enroll in one Medicare Advantage plan. Therefore, you can enroll in a Pfizer-sponsored Medicare Advantage plan or in your other Medicare Advantage plan, but not both. Also, if you are enrolled in an individual Medigap plan, you will need to choose between that plan or a Pfizer – sponsored Medicare Advantage plan; you cannot be covered under both. Pfizer will continue to offer the prescription drug-only option, which will give retirees with other medical coverage the option to keep their other coverage and access prescription drug benefits through that option under the Pfizer plan.

**14. As a pre-65 retiree who is not eligible for Medicare, will I be eligible for the Medicare Advantage plans in 2015?**

No. Similar to today, you will be eligible to choose from two options (the Retiree PPO and the High-Deductible PPO) as a pre-65 retiree. Once you turn 65 or are otherwise eligible for Medicare, you will be eligible to choose from three options (the Base Medicare Advantage plan, the Buy-up Medicare Advantage plan and the Rx-only option).

**15. I am over age 65 but my spouse is under age 65 and is not eligible for Medicare, so our coverage is currently split between two plans. How will this change impact our split coverage?**

Similar to today, you will be eligible to choose from three post-65 options (the Base Medicare Advantage plan, the Buy-up Medicare Advantage plan or the Rx-only option) and your spouse will be eligible to choose from two pre-65 options (the Retiree PPO and the High-Deductible PPO).

**16. Can I cover my dependent child(ren) under a Medicare Advantage plan?**

You will be able to continue to cover your dependent child(ren) up to age 26 under a Pfizer-sponsored plan. The plan options available will depend on your dependent child(ren)'s Medicare eligibility status.

**17. Does Pfizer intend to eliminate retiree medical coverage altogether in the future?**

Pfizer reviews the benefits it provides to both active and retired colleagues on an annual basis. The decision to move to Medicare Advantage plans is the outcome of such a review and is an example of a change that will make the Pfizer Retiree Medical Plan more sustainable for the future. At this time, there are no plans to eliminate retiree medical coverage in the future.

**18. When will I hear more information about the new Medicare Advantage plans?**

As always, Pfizer remains committed to keeping you informed. We will be communicating more information about the new plans throughout the year, and again at annual enrollment when it comes time to make decisions on your 2015 benefits.