

Raytheon Retirees Newsletter

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Published as a means of exchanging information and opinion among retirees of Raytheon Company throughout the U.S. and the world, recording their experiences both before and after retirement. The Association of Raytheon Retirees is not affiliated with, nor does it receive any support from the Raytheon Company.

ASSOCIATION OF RAYTHEON RETIREES, INC. 336 Baker Avenue, Concord, MA 01742 978-369-8410

BOARD OF DIRECTORS

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THE CURRENT STATE OF THE ASSOCIATION OF RAYTHEON RETIREES

Over the past several months, three members of our Board of Directors have resigned because of health or other personal reasons: ARR's President Walter S. Justice, John H. Fullerton, and Fred E. Churchill. These resignations left the Association with only four volunteer Directors and three other volunteers helping out with support systems.

The Directors met on October 24, 2006, to consider whether the Association could remain viable under the circumstances. As many of you know, we have tried unsuccessfully to attract new volunteers willing to serve as Directors or to help with a myriad of other ongoing projects as well as maintaining the office and website. After considering the major challenges facing ARR, particularly the need to increase membership, and to participate in local and national political activity in support of retiree issues, we have reluctantly concluded that we simply don't have the resources necessary to continue the Association. At this meeting, the Directors agreed to dissolve the Association and to proceed with an orderly closing of all business activities.

In addition, the Directors decided to call a special meeting of the members to discuss our situation and to take a formal vote to dissolve the Association as of the end of 2006. ARR was formed under Chapter 180 of the Massachusetts General Laws. This particular legislation requires that we file a formal petition with the Massachusetts Courts to process the dissolution of the Corporation.

NOTICE OF SPECIAL MEETING OF MEMBERS

December 13, 2006

TLC Best Western, Waltham Massachusetts

Therefore, we have arranged for a meeting of members to be held at the TLC Best Western, 477 Totten Pond Road in Waltham, Massachusetts, at 10:00 a.m. on Wednesday, December 13, 2006. The main purpose of the meeting will be to provide an opportunity for members to vote, in person or by proxy, in support of decisions made by the Board. Your vote is very important. For our planning purposes, please advise by email, telephone or US mail if you plan to attend. Our contact information is shown above. **Regardless of whether you plan to attend in person, it is important that each eligible member complete the proxy form included on the last page of this newsletter and forward it as soon as possible to the Concord office.**

We will close the office in Concord, Massachusetts, by year-end, shut down the web site www.raytheonretirees.org, and cancel email service. This will be our last newsletter to ARR members. To ensure delivery, the newsletter is being sent to all members via First Class U.S. mail.

ARR was formed by a small group of Raytheon engineering leaders in 2001, and many of our members have been supporters of the Association from its earliest days. Over the years, a number of former Raytheon employees contributed their time and expertise in order to support and further ARR's goals. Whether the assignment was meeting with Raytheon management on the complex status of pension funding and COLA needs...or analyzing and reporting on a myriad of retiree medical coverage changes...or representing ARR with the National Retiree Legislative Network...or dealing with all the

legalities and standards necessary to ARR...or answering the office telephone and addressing envelopes – many individuals have worked enthusiastically on behalf of all retirees. Past newsletters have included notice of these efforts; we are sure that there are others who have not been thanked publicly. On behalf of current and past ARR directors and members, we offer our sincere thanks and appreciation to all.

We believe that work must continue on a national basis to safeguard and secure pension benefits that were earned over the course of our working years. In addition, Congress must be brought to focus on the crises in retiree health coverage that are the result of corporate cutbacks and the current disorganization in federal Medicare programs. We hope each of you will stay informed on these issues and contact your local representatives when appropriate and possible.

In recent weeks, we have received some advance payments for 2007 dues from current members and also new membership applications. All such payments received by ARR since the beginning of October will be returned to the retirees within the next few weeks.

We are also in the process of completing all required filings and processing final payments for office rent, telephone, web site, etc. Any funds remaining after all outstanding bills are paid will be donated to recognized charities or other non-profit organizations as may be allowed under the Internal Revenue Code and the by-laws.

We wish you all a happy and healthy future!

PLEASE SUPPORT NATIONAL RETIREE LEGISLATIVE NETWORK (NRLN)

We, as Raytheon retirees, know first hand that to preserve our promised benefits, and to minimize negative changes to benefits pledged to us at retirement, it is critical that Federal legislation concerning these matters be strengthened and expanded. Corporate interests are working overtime to decrease pension and/or healthcare benefits for retirees. NRLN is one of the few organizations that have gained respect in Congress and that are having an impact on promoting legislation that will secure promised retiree benefits.

With the forthcoming dissolution of ARR, all members are encouraged to join NRLN as a means of continuing to make your voice heard in support of ensuring the security of pension and healthcare benefits. NRLN is on the web at www.nrln.org where a membership application may be found. You may also write the NRLN at P.O. Box 18757, Washington, DC 20036-8757. Please join as a way of continuing your support for this much needed effort.

IN MEMORIAM

2006: Dieter Bartels, Alice Battista, Albert E. Bernier, Gerald Botti, Josephine T Brittain, Constance Brown, Kenneth T. Buck, Irene P. Ciras, Gerald Cobleigh, Russell Cook, John J. Curley, Claire Dery, John T "Red" Donovan, Blanche Flemings, Clarence Genge, Yvonne Girard, William B. Graves, Robert Heinlein, William E. Holmes, William S. Jackson, Genevieve M Langlois, Norman Leblanc, Kevin F McCarthy, Marie M McQuiggan, Alice I Menard, Russell B Palmer, Alice Peavy, Norma Jane Reidy, Clement Saulis, William B. Stevens, Florence A. Taylor, Bernard J. (Tommy) Thompson, Paul Travers, Katherine Tsakopoulos, George Varanoske, Helen M. Waites, Mildred A Walters, Brian S Wellman, Raymond H Willard, Donald E. Wilson, Vera Wolfgang,

2005: George T. Barrett, Robert H. Fiske, Marilyn S Kimball, Charles Rehrig, Barry S Salkovitz, Alan J Wildman

2004: Clifford Miller

RAYTHEON MEDICAL PLANS

WHERE IS THE 80% RAYTHEON DRUG BENEFIT?

By Bruce Nogueira, VP-Benefits, ARR

The so-called gap coverage under Raytheon's Medicare Plus plan has been a nightmare. Retirees are required to pay 100% of the Rx costs, and spend many hours pulling together paperwork to prove that their 2006 drug costs have exceeded \$2250. You would think that Raytheon would communicate to retirees about this problem with coordination of benefits with Medicare D plans, and advise retirees how to provide the acceptable paperwork—including the “national drug code” for each prescription.

But all we got from Raytheon was silence – even though they knew of the coordination problems last March when I called Ched Miller on behalf of a couple of retirees who had already reached the \$2250 point. Our retirees had to contact Innoviant when their Medicare D plan began charging 100% once their total Rx costs exceeded \$2250. Many retirees waited several months to get reimbursed the 80% from Raytheon's Medicare Plus plan.

Coordination of benefits is not all Raytheon's problem. The Medicare D carriers and CMS (Centers for Medicare Services) failed to implement the electronic system required to handle the coordination of benefits with a private insurer such as Raytheon.

We understand that Raytheon has worked closely with some of the major Medicare D plans, and has arranged for coordination of benefits with Humana and United Healthcare at this point in time. Several other Medicare D plans, including MEDCO's YourRx Plan mail-order, have refused to coordinate benefits with Raytheon. **(Note: just as we were going to press, Raytheon informed me that MEDCO is now cooperating on coordination of benefits by “building an interface with Innoviant”).**

As you review your options for enrolling in a Medicare D plan for 2007, consider the plan's willingness to coordinate benefits with

Raytheon—if your total drug costs will exceed \$2400 (new limit) in 2007. See related article on 2007 Medicare D plan selections.

Hopefully, 2007 will bring a smoother implementation of coordination of benefits between the Medicare D plans and Raytheon's Medicare Plus Rx benefit.

2007 MEDICARE PART D

By Bruce Nogueira, VP-Benefits for ARR

Reports from retirees

For 2006, most retirees reported fairly good experience with their Medicare D insurer—when their drug costs were under \$2250. But here are a few comments about carriers that our readers have sent to us:

Many retirees who were with MEDCO in 2005, selected MEDCO's YourRx Plan for 2006. Several retirees said it was like a different company. Some had enrollment issues, but the most frequent complaint was MEDCO's refusal to coordinate benefits with Raytheon's Medicare Plus plan—once their drug costs exceeded \$2250.

One retiree who chose Aetna for Medicare D, says that Aetna dropped coverage on two of her prescriptions, and says “I chose the wrong insurer.”

Another retiree said: “I would like to warn any Raytheon people away from Wellcare for their coverage.”

Another retiree said that she “joined AdvantraRx mail order to get 3 months of drugs for the price of 2.” However, on an Rx that costs about \$1300/month, AdvantraRx informed her that drug was an exception to the 3 for 2 rule!

General information on 2007 enrollment

Medicare D enrollment period: 11/15/06 to 12/31/06.

Medicare D Providers:

In the Medicare & You 2007 booklet there is a section that lists the Prescription Drug Providers (PDP's), and their toll free telephone

numbers, available to you in the state of residence listed for your Social Security.

Enrollment process:

- 1) if you stay in the same plan you have for 2006, you do nothing;
- 2) if you sign up with a different Medicare D insurer, you will be automatically dropped from your old plan on December 31. (Medicare suggests you sign up by **December 8**, to make sure you are in the system by January 1);
- 3) If you want to discontinue your Medicare D coverage entirely, you must write or send a fax to your current Medicare D Plan advising them to end your coverage on December 31, 2006.

Medicare changes:

Some of the cutoff points have been indexed: the \$250 deductible becomes \$265; the \$2250 total drug cost before the gap in coverage becomes \$2400; and the out of pocket maximum before the catastrophic benefit level changes from \$3600 to \$3850.

Price comparisons 2006 vs. 2007

Here are the monthly premiums for some selected plans that we reviewed during the 2006 enrollment compared to the 2007 prices. Please remember that these figures are Mass. Prices which are the only ones available to me.

| <u>Plan Name</u> | <u>2006 premium</u> | <u>2007 premium</u> |
|-----------------------------|---------------------|---------------------|
| AARP Medicare Rx | \$23.69 | \$28.60 |
| Humana Standard | \$ 7.32 | \$16.90 |
| Humana Enhanced | \$13.92 | \$25.80 |
| YourRx MEDCO mail order | \$30.47 | \$35.40 |
| Blue Medicare Rx Value Plus | \$28.64 | \$30.30 |
| AdvantraRx Premier | \$29.74 | \$35.00 |
| AdvantraRx Premium Plus | \$42.89 | \$48.40 |

Most of the Medicare D providers raised their premiums for 2007—some by substantial

amounts. I'm sure there were a few insurers who used a low premium in 2006 to attract subscribers in the hope of retaining them in the future.

There were some changes in the co-pays for some plans as well as the deductible. For example, for Your Rx Plan mail order, the deductible dropped from \$250 to \$100 for brand drugs, but the co-pay for brand drugs went from \$34 to \$85 for a 90 day supply.

Analyzing the plans for 2007

Well, at least we know a little more about Medicare D than we did at this time last year. But the complexity is still there. You can start your review of the 2007 offerings by using your 2006 Rx reports from your current Medicare D provider.

First, make a list of your drugs by category: generic, preferred brand, non-preferred brand, and any specialty drugs. Beside each drug list the total cost per month for that Rx.

Now you can use your list to calculate the monthly and annual cost of 2-3 plans you are interested in joining. If you use the internet, some plans, e.g. Humana, have Rx calculators that determine your annual cost under their Standard Plan versus their Enhanced Plan.

It is vitally important to find out from each Medicare D provider what category your brand name drugs fall into. The difference between preferred brand category and non-preferred could be a significant cost factor to you.

If your total Rx costs are over \$2400 for the year, please remember that Raytheon's Medicare Plus plan kicks in after \$2400, but you still have to pay the Medicare D premiums for the full year. You may want to consider a low premium plan if you hit \$2400 in 6 months or less.

Some plans, e.g. Your Rx Plan from MEDCO, and AdvantraRx, offer mail order features for most drugs. This feature provides a 3 month supply of Rx's at the cost of a 2 month supply. This may prove to be a cost savings to some retirees.

AdvantraRx Premium Plus at \$48.40/month is too pricey in my opinion. Otherwise, any of the plans listed above—ranging from \$17 to \$35 a month—should provide a good value for your premium dollars in 2007. My personal favorite is still Humana Standard Plan, even at the higher premium.

Best wishes for a healthy and happy 2007!

Clip & Save...

Retiree Benefits Contacts for 2007:

Raytheon Benefit Center 1-800-358-1231
<https://raytheon.benefitcenter.com>

Fiserv(Wausau) 1-877-559-4244
Innoviant 1-877-559-2955

If you have contacted the above & believe that you still do not have a satisfactory answer, you may appeal in writing or by phone to:

Ched Miller, Manager Retirement Programs
Raytheon Company
235 Wyman St.
Waltham, MA 02451 1-781-768-5257
Ched_D_Miller@raytheon.com

FORM OF PROXY

ASSOCIATION OF RAYTHEON RETIREES, INC.

Special Meeting of Members

December 13, 2006

The undersigned, being a member in good standing of the Association of Raytheon Retirees, Inc. (the "Corporation") hereby appoints the Board of Directors, consisting of volunteers Jane E. Arsenault, Morton L. Brond, Thomas DiPaolo, Jr., and Bruce D. Nogueira, or any of them, as proxyholder of the undersigned, with full power of substitution, to attend, act, and vote for the undersigned in respect of the dissolution of the Corporation as proposed by the Board of Directors at their meeting on October 24, 2006, and with respect to any other matters that may come before the Special Meeting of the Corporation to be held on December 13, 2006, and at every adjournment thereof.

Name of Member (please print) _____

Signature _____

Date _____

MEMBERS ARE REQUESTED TO SIGN, DATE AND RETURN THIS FORM OF PROXY AS SOON AS POSSIBLE TO:

Association of Raytheon Retirees, Inc.
336 Baker Avenue
Concord, MA 01742