

**Washington Metropolitan Area Transportation Authority
Board Action/Information Summary**

<input checked="" type="checkbox"/> Action <input type="checkbox"/> Information	MEAD Number: 99680	Resolution: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
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PURPOSE

To request Board of Directors approval of the resolution to incorporate the required Indemnification and Hold Harmless language in the CareFirst BlueCross/Blue Shield Retiree Drug Subsidy (RDS) Reporting Agreement, to ensure the Authority's compliance with the RDS Program's requirements.

DESCRIPTION

Under the Medicare Prescription Drug, Improvement, and Modernization Act (MMA) of 2003, enacted by Congress on December 8, 2003, Medicare began providing prescription drug benefits in January 2006. To encourage employers to continue providing high quality prescription drug coverage to their Medicare-eligible retirees, Section 1860D-22 of the MMA established the Medicare RDS Program. The RDS Program provides special subsidy payments to sponsors of qualified retiree prescription drug plans effective January 1, 2006.

To participate in the RDS Program, a Plan Sponsor is required to execute a written agreement with its health insurance issuer or group health plan regarding disclosure of information to the Centers for Medicare & Medicaid Services (CMS). In the agreement the issuer or plan must agree to disclose to CMS, on behalf of the Plan Sponsor, the information necessary for the Plan Sponsor to comply with the requirements of the RDS Program.

The health insurance issuer for the WMATA Retiree Medical Insurance Program for Transit Police, CareFirst BlueCross/BlueShield, requires Indemnification and Hold Harmless language be contained in their RDS Reporting Agreement.

FUNDING IMPACT

The Medicare RDS Program will pay a subsidy of 28% of each eligible retiree's drug costs between \$250 and \$5,000 in 2006 (estimated to average about \$500). The

WMATA Retiree Medical Insurance Program has at least 29 eligible Transit Police participants, which would provide a subsidy payment to the Authority of about \$14,500.

RECOMMENDATION

That the Board of Directors approve the resolution to incorporate the required Indemnification and Hold Harmless language in the CareFirst BlueCross/Blue Shield Retiree Drug Subsidy (RDS) Reporting Agreement, to ensure the Authority's compliance with the RDS Program's requirements.

PRESENTED AND ADOPTED:

SUBJECT: Approve Indemnification and Hold Harmless Language in Retiree Drug Subsidy (RDS) Agreement Required by CareFirst BlueCross/BlueShield

**PROPOSED
RESOLUTION
OF THE
BOARD OF DIRECTORS
OF THE
WASHINGTON METROPOLITAN AREA TRANSIT AUTHORITY**

WHEREAS, In order to participate in the Medicare RDS Program, a Plan Sponsor is required to execute a written agreement with its health insurance issuer or group health plan regarding disclosure of information to the Centers for Medicare & Medicaid Services; and

WHEREAS, The Board of Directors approved the Authority's participation in the Medicare RDS Program in September 2005; and

WHEREAS, CareFirst BlueCross/BlueShield, the health insurance issuer for the WMATA Retiree Medical Insurance Program for Transit Police, requires Indemnification and Hold Harmless language be contained in their RDS Reporting Agreement; and

WHEREAS, Board of Directors approval is required for Indemnification and Hold Harmless language to be included in vendor agreements; now, therefore, be it

RESOLVED, That the Board of Directors approves the required Indemnification and Hold Harmless language in the CareFirst BlueCross/Blue Shield RDS Reporting Agreement, to ensure the Authority's compliance with the RDS Program's requirements; and be it finally

RESOLVED, That this Resolution is effective immediately.

Approved as to form and legal sufficiency.



Carol B. O'Keeffe
General Counsel