



VERIZON BENEFITS AND YOU

Understanding the Value. Making the Right Choices.

With Anytime Enrollment, you have the freedom to change your healthcare choices anytime during the year. It's a good idea to take time at least once a year to review your current benefit elections, and consider whether your current choices are still right for you. Verizon spent over \$3 billion on healthcare costs last year. That amounts to nearly \$8,000 for each employee and retiree. While you may not have incurred that large of an expense recently, it's important to know this protection is available when you need it. Likewise, **it's important that you carefully select the medical option that best fits your current situation** so you'll have the right coverage at the right cost when you need it.

To make the best use of your Verizon benefits, you need to take the initiative and do the planning. This issue of **Verizon Benefits and You** will help you:

- **Assess:** Understand your current and future healthcare needs.
- **Aspire:** Define your goals and develop a framework for your healthcare and other benefits choices.
- **Analyze:** Understand what you can do now to prepare for benefits renewal and learn about Verizon resources available to help you make the best healthcare decisions.
- **Act:** Take the specific steps that will take you toward your healthcare goals.

The rest of this newsletter describes the detailed information you should gather in each area to create your personalized plan and be better prepared to make benefits decisions.

Medicare Is Making Some Changes

No doubt you've been hearing about the big changes Medicare is making. Starting in January 2006, Medicare prescription plans (sometimes referred to as "Medicare Part D") will cover all or part of the cost for many types of prescription drugs. If you or a family member is currently eligible for Medicare, or soon will be, it's important to understand how these Medicare prescription plans compare to your Verizon retiree medical plan. See page 5 for important information about Verizon prescription benefits – and why they may be a better value for you than a Medicare prescription drug plan.

Sincerely,

Donna Chiffreller
Vice President, Benefits Strategy and Design

Anytime Enrollment: Your Chance to Make Changes at Any Time

Last year, Verizon introduced Anytime Enrollment for retirees. And we've received a lot of positive feedback – about how you appreciate being able to make benefits changes as often as you need to, instead of just once a year during benefits renewal.

To change your benefits elections at any time throughout the year, log on to *Your Benefits Resources*™ Web site at <http://resources.hewitt.com/verizon> or call the Verizon Benefits Center at 1-877-Ask-VzHR (1-877-275-8947). Your changes generally will be effective the first of the month following a 31-day waiting period. However, certain changes due to qualifying life events are effective as of the date of the event.

More Information Coming in January

In January, you will receive a confirmation of coverage statement in your home mail. This statement will show your current medical plan election and the cost (if any) for this option effective March 1, 2006. If you want to continue the coverage shown on your confirmation of coverage, you don't need to do anything. If you want to change your coverage effective March 1, 2006, you'll need to do so by the deadline indicated on the confirmation of coverage statement.

Please note: If you change options during the year, you'll be responsible for the full amount of any deductible and/or out-of-pocket maximum under the new option. Amounts you paid toward the deductible and/or out-of-pocket maximum under your former option will not carry over to your new option.

Action Required if Your Current Option Will Not Be Available in 2006

If your medical option will not be offered in 2006:

- **In September**, you received a letter in your home mail alerting you that you'll need to make a new choice to be effective January 1, 2006.
- **In October**, you'll receive a benefits renewal kit that will show all of your available options and their costs (if any).
- **Between October 20 and November 2**, you must make a medical option election to have medical coverage in the option you prefer as of January 1, 2006. If you do not make a medical option election between October 20 and November 2, you and your covered dependents will be assigned default medical coverage effective January 1, 2006 – which you can then change at any time.

1. Assess: What's Your Current Situation?

How you and your family use medical services is a good way to estimate what medical coverage will make the most sense for you. While there is always the possibility of an unexpected medical need, for most people medical expenses are fairly predictable from year to year.

Assessment Step	What to Consider
Review the services that you and your family used over the last 12 – 18 months	Record the number and type of visits that you and your family members have had and the cost for each visit. Think about routine and preventive visits, unexpected needs, and prescription usage. The explanation of benefits (EOB) you receive from your health plan after your claims are processed are a good place to find information about your 2005 services. Many health plans offer online EOBs – visit your plan's Web site for details.
Consider the medical services you expect to need for the coming year	Are you managing a chronic condition? Or, are you relatively healthy and just planning preventive visits? Your answer to these questions will help determine if your needs might be different for 2006.
Review other coverage available to you; for example, through your spouse or domestic partner's employee or retiree plan	In many cases, a company subsidizes more of the cost for the person who is the employee or retiree, so it could make sense for you or your dependents to enroll in coverage under that plan.
Balance your expected healthcare needs for 2006 against the option coverage and cost	Once you have a pretty good sense of your actual medical usage in the past and what might be different for 2006, refer to your health plan comparison chart on <i>Your Benefits Resources</i> Web site for coverage details about the medical options available to you.

Steps That Can Make a Difference:

Review Expected Out-of-Pocket Costs and Contributions

Once you understand your current and estimated medical usage, weigh the out-of-pocket costs against your contributions, if any.

2. Aspire: What Health Goals Do You and Your Family Have?

As you gather data about your healthcare usage, take time to also think about your overall health goals.

Goal-setting can guide your choice of a medical option. Maybe it's time to start a diet and exercise program, or ask your doctor about generic or less expensive brand-name prescriptions. Here are some examples:

- Know what preventive health services are appropriate for your age (see page 6 for more on preventive care), and then talk to your doctor about getting them scheduled.
- Improve health through diet and exercise – remember that small steps can make a big difference.
- Manage chronic conditions – be sure you're taking all the steps your doctor recommends.
- Choose providers that are high quality and cost-effective – use HealthGrades® on *Your Benefits Resources* Web site to help you find providers based on physician profiles and quality ratings.
- Quit smoking/using tobacco – you can add years to and improve the quality of your life.
- Comply precisely with physician and prescription drug instructions.

3. Analyze: What Options Best Fit Your Needs and Goals?

Consider how your answers to the questions about your healthcare usage and your healthcare goals match up with the options Verizon offers. Is the option you're currently enrolled in still best for you and your family? Does another option better fit your needs? You can find personalized information to help you make these comparisons on *Your Benefits Resources* Web site.

4. Act: Make Changes if Necessary

Now, put your personalized plan into action! Remember, there is no “right” or “wrong” option – it's a matter of what works best for you. See page 2 for information on how to change your benefits elections with Anytime Enrollment.

Steps That Can Make a Difference:

Compare Your Options to Make the Best Choice

You can use the health plan comparison chart on *Your Benefits Resources* Web site to compare healthcare options, including cost and coverage levels. You'll also find important quality scores for each option, helping you to compare factors like preventive care, medical and surgical care, and patient satisfaction.

Medicare Prescription Drug Coverage

Starting January 1, 2006, the new Medicare prescription drug coverage (also known as “Medicare Part D”) will be available. If you’re currently enrolled in Medicare Parts A **and/or** B, you will be eligible for this new coverage alternative. Unlike Medicare Parts A and B, Medicare prescription drug coverage is not provided by the government directly. Instead, it’s provided by private sector companies that have contracted with the government to offer prescription drug plans to people eligible for Medicare.

The cost for Medicare prescription drug plans will typically be about \$32 per month. The actual costs will depend on the benefits offered and where you live.

As a result, you will receive marketing materials in the coming months from private insurers who are offering Medicare prescription drug plans, as well as information from Medicare about the open enrollment period. You also will receive a Notice of Creditable Coverage from the Verizon Benefits Center. The notice is required by law and states, among other things, that the prescription drug coverage you have through your Verizon retiree medical plan is, on average, equal to or better than other Medicare prescription drug plans that may be available to you.

What It Means for Medicare-Eligible Verizon Retirees

If you and/or any of your dependents are Medicare-eligible and participate in Verizon’s retiree medical plan, you already have prescription drug coverage available – **you do not need to enroll in a Medicare prescription drug plan.**

To keep your Verizon prescription drug coverage, you do not have to do anything. Additionally, you will not have to pay the approximately \$32 per month premium that people covered under a Medicare prescription drug plan typically will pay.

Rising Cost of Healthcare

Verizon will continue to offer prescription drug coverage as part of its retiree medical plans for plan year 2006, and will continue to absorb the majority of the associated costs. As you’re aware, healthcare costs have become a national issue, and not all companies offer their retirees healthcare benefits. This year, Verizon will spend more than \$1.5 billion for healthcare benefits for retirees. About one-third of those costs, more than \$500 million, is for prescription drug benefits.

New Web Site Offers More Information

You can log on to the Internet and visit the Your Prescription Drug Coverage Web site at **www.yourvzrx.com** for answers to frequently asked questions about Medicare prescription drug plans and your Verizon coverage. This is a public Web site sponsored by Verizon and the Verizon Benefits Center. Please feel free to let your family and friends know about this valuable resource.

Additional information will be sent by mail to participants eligible for Medicare to help them understand these changes in Medicare.

Your Verizon Prescription Drug Benefits

For more information about your Verizon prescription drug benefits, go to *Your Benefits Resources* Web site at **<http://resources.hewitt.com/verizon>**, or consult your summary plan description (SPD) benefits booklet. To request a copy of your SPD free of charge, call the Verizon Benefits Center at 1-877-Ask-VzHR (1-877-275-8947) and follow the instructions to speak to a representative.

Healthcare Spotlight: Focus on Preventive Care

The Agency for Healthcare Research and Quality (a government agency) has found that preventive care could avert hundreds of thousands of illnesses or premature deaths each year in the United States, from conditions such as heart disease, cancer, pneumonia and influenza.

Preventive care starts with the things you do to avoid illness, injury or medical complications – like managing your nutrition, exercising, being tobacco-free, avoiding environmental hazards, and taking safety precautions (like wearing your seat belt).

Preventive care also includes getting the advice you need about diet, exercise, tobacco, alcohol and drug use, stress and accident prevention, and the following services:

- Tests (also called screenings) to check your general health or the health of certain parts of your body.
- Measurements of weight, cholesterol levels and blood pressure.
- Immunizations (“shots”) for both children and adults.
- Special tests at certain times in your life, such as during pregnancy or after age 50.

Recommended Preventive Services

Exam or test	Age (years)					
	18–19	20–29	30–39	40–49	50–59	60+
Physical exam	Every other year			Every year		
Influenza vaccine	Every year					
Blood chemistry panel	With each exam			Every year		
Cholesterol test	Baseline at ages 18–39, or cover with physical exam				Every 5 years	Every year
Prostate-specific antigen					Baseline at age 50, then annually or every other year	
Pap smear	Every 1–2 years					
Mammography			Baseline at age 35	Every 1–2 years		Every year
Chest X ray	Every 5–10 years (appropriate for smokers)					
Electrocardiogram			Baseline at age 35–40	Every year		
Tetanus/diphtheria booster	Every 10 years					
Pneumococcal vaccine						Once at age 65
Measles, mumps and rubella booster	Once in adulthood					

The chart above was compiled from a variety of sources, including the American Medical Association (AMA) and the American Cancer Society.



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