

## Important Notice from the City of Tucson About Your Prescription Drug Coverage and Medicare

This is a required federal notice. The information in this Notice applies to the City of Tucson **HSA (not HMO or HRA) medical plan** for 7/1/2018 – 6/30/2019.

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Please take this Notice home and share it with your family members who are currently eligible for Medicare or who may become eligible for Medicare within the next 12 months.

Please read this notice carefully and keep it where you can find it. This notice has information about your current prescription drug coverage with the City of Tucson and about your options under Medicare's prescription drug coverage. This information can help you decide whether or not you want to join a Medicare drug plan. If you are considering joining, you should compare your current coverage, including which drugs are covered at what cost, with the coverage and costs of the plans offering Medicare prescription drug coverage in your area. Information about where you can get help to make decisions about your prescription drug coverage is at the end of this notice.

There are three important things you need to know about your current coverage and Medicare's prescription drug coverage:

1. Medicare prescription drug coverage became available in 2006 to everyone with Medicare. You can get this coverage if you join a Medicare Prescription Drug Plan or join a Medicare Advantage Plan (like an HMO or PPO) that offers prescription drug coverage. All Medicare drug plans provide at least a standard level of coverage set by Medicare. Some plans may also offer more coverage for a higher monthly premium.
2. The City of Tucson has determined that the prescription drug coverage offered under Cigna's HSA plan is, on average for all plan participants, **NOT** expected to pay out as much as standard Medicare prescription drug coverage pays. Therefore, your coverage is considered Non-Creditable Coverage. This is important because, most likely, you will get more help with your drug costs if you join a Medicare drug plan, than if you only have prescription drug coverage from City of Tucson. This also is important because it may mean that you may pay a higher premium (a penalty) if you do not join a Medicare drug plan when you first become eligible.
3. You can keep your current Cigna HSA coverage. However, because this coverage is non-creditable, you have decisions to make about Medicare prescription drug coverage that may affect how much you pay for that coverage, depending on if and when you join a drug plan. When you make your decision, you should compare your current coverage, including what drugs are covered, with the coverage and cost of the plans offering Medicare prescription drug coverage in your area. Read this notice carefully - it explains your options.

**IMPORTANT NOTE:** *In accordance with IRS regulations, individuals who are enrolled in any part of Medicare (example, A, B or D) may not make personal contributions or receive employer contributions into an HSA bank account. Please see the Insurance Handbook and HSA Terms and conditions at [www.tucsonaz.gov/insurance](http://www.tucsonaz.gov/insurance).*

### When Can You Join A Medicare Drug Plan?

You can join a Medicare drug plan when you first become eligible for Medicare and each year from October 15<sup>th</sup> to December 7<sup>th</sup>. However, if you decide to drop your current coverage with City of Tucson, since it is employer sponsored group coverage, you will be eligible for a two (2) month Special Enrollment Period (SEP) to join a Medicare drug plan; however, you also may pay a higher premium (a penalty) because you did not have creditable coverage under City of Tucson.

### When Will You Pay A Higher Premium (Penalty) To Join A Medicare Drug Plan?

Since the coverage under Cigna's HSA plan is not creditable, depending on how long you go without creditable prescription drug coverage you may pay a penalty to join a Medicare drug plan. Starting with the end of the last month that you were first eligible to join a Medicare drug plan but didn't join, if you go 63 continuous days or longer without prescription drug coverage that's creditable, your monthly premium may go up by at least 1% of the Medicare base beneficiary premium per month for every month that you did not have that coverage. For example, if you go nineteen months without creditable coverage, your premium may consistently be at least 19% higher than the Medicare base beneficiary premium. You may have to pay this higher premium (penalty) as long as you have Medicare prescription drug coverage. In addition, you may have to wait until the following October to join.

## What Happens To Your Current Coverage If You Decide to Join A Medicare Drug Plan?

If you decide to join a Medicare drug plan, your current City of Tucson Cigna coverage will not be affected.

**Special Note to Retirees:** In general, retirees age 65+ may not remain on the City of Tucson medical/prescription plan. Also, Medicare-eligible dependents of retirees, regardless of age, are **not** eligible to continue on the City's group medical and prescription drug plan. Medicare-eligible retirees who are *under* age 65 are eligible to continue on the City's CIGNA group medical and prescription drug program at a reduced rate. However, in order to do so, the City of Tucson Benefits Office must receive your proof of Medicare eligibility. In order to ensure a smooth transition and to avoid claim payment disruption, the City of Tucson Benefits Office must receive your proof within 31 days of the date you become eligible for Medicare. Retirees under age 65 who are eligible for Medicare must enroll in Medicare (Parts A & B) when they become eligible in order to remain on the City's group medical and prescription drug plan, and the City's group plan will pay secondary to Medicare. Contact the Benefits Office at 520-791-4597 for details. See the Retiree Health Benefits Continuation Administrative Directive and the Insurance Handbook posted at [www.tucsonaz.gov/insurance](http://www.tucsonaz.gov/insurance) for full rules surrounding Medicare eligibility and retirees.

If you do decide to join a Medicare drug plan and drop your City of Tucson coverage, be aware that you and your eligible dependents will be able to get this coverage back only during the City's annual open enrollment or within 31 days of a qualifying life event (60 days for birth/adoption), if you still qualify. See the Insurance Handbook posted at [www.tucsonaz.gov/insurance](http://www.tucsonaz.gov/insurance) for full rules.

## For More Information about This Notice or Your Current Prescription Drug Coverage...

Contact the City of Tucson Benefits Office if you would like more information. Contact information is included at the end of this Notice. **NOTE:** You'll get this notice each year. You will also get it before the next period you can join a Medicare drug plan, and if this coverage through City of Tucson changes. You also may request a copy of this notice at any time.

## For More Information about Your Options under Medicare Prescription Drug Coverage...

More detailed information about Medicare plans that offer prescription drug coverage is in the "Medicare & You" handbook. You'll get a copy of the handbook in the mail every year from Medicare. You may also be contacted directly by Medicare drug plans. For more information about Medicare prescription drug coverage:

- Visit [www.medicare.gov](http://www.medicare.gov)
- Call your State Health Insurance Assistance Program (see the inside back cover of your copy of the "Medicare & You" handbook for their telephone number) for personalized help
- Call 1-800-MEDICARE (1-800-633-4227). TTY users should call 1-877-486-2048.

If you have limited income and resources, extra help paying for Medicare prescription drug coverage is available. For information about this extra help, visit Social Security on the web at [www.socialsecurity.gov](http://www.socialsecurity.gov), or call them at 1-800-772-1213 (TTY 1-800-325-0778).

**Remember: Keep this notice. If you decide to join one of the Medicare drug plans, you may be required to provide a copy of this notice when you join to show whether or not you have maintained creditable coverage and, therefore, whether or not you are required to pay a higher premium (a penalty).**

Date:	May 1, 2018
Name of Entity/Sender:	City of Tucson
Contact--Position/Office:	Employee/Retiree Insurance Benefits Office
Address:	255 West Alameda, 3 <sup>rd</sup> Floor, Tucson, AZ 85726-7210
Phone Number:	520-791-4597, E-mail: <a href="mailto:benefitquestions@tucsonaz.gov">benefitquestions@tucsonaz.gov</a>

***If you would like to visit us in person, please make an appointment.***