

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

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

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 prescription 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.

- **If you and/or your family members are not now eligible for Medicare, and will not be eligible during the next 12 months, you may disregard this Notice.**
- **If, however, you and/or your family members are now eligible for Medicare or may become eligible for Medicare in the next 12 months, you should read this Notice very carefully and keep a copy of this Notice.**

This announcement is required by law whether the group health plan's coverage is primary or secondary to Medicare. **Because it is not possible for our Plan to always know when a Plan participant or their eligible spouse or children have Medicare coverage or will soon become eligible for Medicare, we have decided to provide this Notice to all plan participants.**

Prescription drug coverage for Medicare-eligible people is available through Medicare prescription drug plans (PDPs) and Medicare Advantage Plans (like an HMO or PPO) that offer prescription drug coverage. All Medicare prescription drug plans provide at least a standard level of coverage set by Medicare. Some plans may also offer more drug coverage for a higher monthly premium.

The City of Tucson has determined that the prescription drug coverage is "creditable" under the City of Tucson's Network (HMO) and HRA medical plans. "Creditable" means that the value of this Plan's prescription drug benefit is, on average for all plan participants, expected to pay out as much as or more than the standard Medicare prescription drug coverage will pay.

Active Employees: Because the City's Network (HMO) and HRA plan provide drug coverage that is considered "creditable", you can elect or keep prescription drug coverage under these City of Tucson plans, and you should not pay a higher premium (a late enrollment fee penalty) if you later decide to enroll in Medicare prescription drug coverage. However, we encourage you to discuss your personal situation with the Social Security Administration (800-772-1213) to confirm that this applies to you.

Retirees: In general, retirees age 65+ may not remain on a 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 must enroll in Medicare (Parts A & B) when they become eligible and notify the City Benefits team within 31 days of Medicare eligibility in order to remain on the City's group medical and prescription drug plan; the City's group plan will pay secondary to Medicare. These retirees may be eligible for a reduced City plan premium. Be aware that if you decide to join a Medicare drug plan and drop your City of Tucson coverage, re-enrollment in the City's plan is limited to the annual open enrollment period, or within 31 days of a special enrollment event (60 days for a birth/adoption special enrollment), provided that you still qualify. See the Insurance Handbook and Retiree Health Benefits Continuation Administrative Directive at www.tucsonaz.gov/insurance for details. Contact the Benefits Office at (520) 791-4597 with questions.

Retirees age 65+ with fewer than 40 Medicare/Social Security quarters: A handful of public safety employees were not permitted to pay into Medicare while working for City of Tucson and thus may not be eligible for premium-free Medicare Part A coverage. These individuals may have an option to remain enrolled in a City medical and prescription drug plan upon reaching age 65. Contact the Benefits Office at (520) 791-4597 to verify your status. **If an individual in this category chooses to remain enrolled in a City plan and later qualifies for Medicare through a spouse or former spouse who has the requisite quarters, City coverage will end, and Medicare penalties may apply.** It is important that you discuss your personal situation with the Social Security Administration (800-772-1213) and the City Benefits team (520-791-4597) so you understand your options and potential for Medicare penalties.

When Can You Join A Medicare Drug Plan?

Medicare-eligible people can enroll in a Medicare prescription drug plan at one of the following 3 times:

- when they first become eligible for Medicare; or
- during Medicare's annual election period (from October 15th through December 7th); or
- for beneficiaries leaving employer/union coverage, you may be eligible for a two-month Special Enrollment Period (SEP) in which to sign up for a Medicare prescription drug plan.

When you make your decision whether to enroll in a Medicare prescription drug plan, you should also compare your current prescription drug coverage, (including which drugs are covered and at what cost) with the coverage and cost of the plans offering Medicare prescription drug coverage in your area.

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

Your Choices:	What you can do:	What this option means to you:
Option 1	If you are eligible to do so (see above in this Notice), you can select or keep your current medical and prescription drug coverage with a City of Tucson creditable plan and not enroll in a Medicare prescription drug plan.	You will continue to be able to use your prescription drug benefits through City of Tucson creditable plans. <ul style="list-style-type: none"> You may, in the future, enroll in a Medicare prescription drug plan during Medicare's annual enrollment period (during October 15th through December 7th of each year). As long as you are an active employee or a retiree under age 65 and enrolled in creditable drug coverage, you should not have to pay a higher premium (a late enrollment fee) to Medicare when you do choose, at a later date, to sign up for a Medicare prescription drug plan. <u>Discuss your personal situation with the Social Security Administration (800-772-1213) to confirm that this is true for your situation.</u>
Option 2	If you are eligible to do so (see above in this Notice), you can select or keep your current medical and prescription drug coverage with the City of Tucson creditable plan and also enroll in a Medicare prescription drug plan. If you enroll in a Medicare prescription drug plan, you will need to pay the Medicare Part D premium out of your own pocket.	Your creditable City plan pays for certain other health expenses in addition to prescription drugs. If you enroll in a Medicare prescription drug plan, you and your eligible dependents will still be eligible to receive all of your current health and prescription drug benefits. Having dual prescription drug coverage under this Plan and Medicare means that this Plan will coordinate its drug payments with Medicare, as follows: <ul style="list-style-type: none"> for Medicare eligible Retirees and their Medicare eligible Dependents, Medicare Part D coverage pays primary and the group health plan pays secondary. for Medicare eligible Active Employees and their Medicare eligible Dependents, the group health plan pays primary and Medicare Part D coverage pays secondary. Note that you may not drop just the prescription drug coverage under the City of Tucson creditable plan because prescription drug coverage is part of the entire medical plan. Generally, you may drop medical plan coverage only during this Plan's next Open Enrollment period. However, retirees may drop City medical the first of any given month, with proper notification to City Benefits. Note that each Medicare prescription drug plan (PDP) may differ. Compare coverage, such as: <ul style="list-style-type: none"> PDPs may have different premium amounts; PDPs cover different brand name drugs at different costs to you; PDPs may have different prescription drug deductibles and different drug copayments; PDPs may have different networks for retail pharmacies and mail order services.

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

You should also know that if you drop or lose your current coverage with City of Tucson and don't join a Medicare drug plan within 63 continuous days after your current coverage ends, you may pay a higher premium (a penalty) to join a Medicare drug plan later.

If you go 63 continuous days or longer without creditable prescription drug coverage, 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 (a penalty) as long as you have Medicare prescription drug coverage. In addition, you may have to wait until the following October to join.

For More Information About This Notice or Your Current Prescription Drug Coverage

Contact the City or Tucson Insurance 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-approved prescription drug plans.

For more information about Medicare prescription drug coverage:

- Visit 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 (800-633-4227). TTY users should call (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, or call them at (800) 772-1213 (TTY 800-325-0778).

Keep this Creditable Coverage notice. If you decide to join one of the Medicare drug plans, you may be required to provide a copy of this notice 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, 2020
Name of Entity/Sender: City of Tucson
Contact: Employee/Retiree Benefits, 255 W Alameda, 3rd Fl, Tucson, AZ 85726, benefitquestions@tucsonaz.gov, (520) 791-4597
If you would like to visit us in person, please make an appointment.