

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 "NOT CREDITABLE" under the Cigna HSA plan.

"Not Creditable" means that the value of this prescription drug benefit is, on average for all plan participants, NOT expected to pay out as much as the standard Medicare prescription drug coverage will pay.

This means that the Cigna HSA plan is NOT as valuable as the standard Medicare prescription drug coverage. This is important because, for most Medicare-eligible people, enrolling in Medicare prescription drug coverage instead of or in addition to this non-creditable plan means you will get MORE assistance with drug costs than if you had prescription drug coverage exclusively through the Cigna HSA plan. 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 and in future years.

IMPORTANT NOTE: *In accordance with IRS regulations, individuals enrolled in any part of Medicare (A, B, or other parts) 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.*

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.

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.

Special Note to 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. 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.**

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 special enrollment event (60 days for a birth/adoption special enrollment), if you still qualify. See the Insurance Handbook posted at www.tucsonaz.gov/insurance for full rules.

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

Because any Medicare enrollment (A, B, or other parts) conflicts with eligibility for HSA bank account contributions, if you remain enrolled in the City's HSA plan, you will need to consult with your tax specialist regarding any HSA bank account contributions that you make or receive. You have the option to drop your City medical coverage within 31 days of your enrollment in Medicare. Visit www.tucsonaz.gov/insurance or contact your City of Tucson Benefits team for details about how to do so and for additional resources to determine your eligibility under an HSA.

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-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 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, 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.