

## **Important Notice from University Health System About Your Prescription Drug Coverage and Medicare**

**TO: All Participants in the University Family Care Plan and the University Family Care Plus Plan Who Have Medicare or Who Will Become Eligible for Medicare in 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 University Health System's University Family Care Plan and the University Family Care Plus Plan ("University Plans") and about your options under Medicare's prescription drug coverage for people with Medicare. This notice also tells you where to find more information to help you make decisions about your prescription drug coverage.

- 1. Medicare prescription drug coverage is available to everyone with Medicare. This coverage is sometimes referred to as Medicare Part D prescription drug coverage. In general, Medicare Part D provides coverage for prescription drugs not covered under Medicare Parts A and B.**
- 2. University Health System has determined that the prescription drug coverage offered by the University Plans is, on average for all plan participants, expected to pay out as much as the standard Medicare Part D prescription drug coverage will pay and is therefore considered Creditable Coverage.**
- 3. Read this notice carefully - it explains the options you have under Medicare Part D prescription drug coverage, and can help you decide whether or not you want to enroll.**

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You may have heard about Medicare's prescription drug coverage, and wondered how it would affect you. University Health System has determined that your prescription drug coverage with University Plans is, on average for all plan participants, expected to pay out as much as the standard Medicare Part D prescription drug coverage will pay and is therefore considered Creditable Coverage.

Prescription drug coverage is available to everyone with Medicare through Medicare Part D prescription drug plans. All Medicare Part D prescription drug plans will provide at least a standard level of coverage set by Medicare. Some Medicare Part D prescription drug plans might also offer more or better coverage for a higher monthly premium than the premium for standard coverage.

**Because your existing coverage under the University Plans is on average at least as good as standard Medicare Part D prescription drug coverage, you**

**can keep this coverage and not pay extra if you later decide to enroll in Medicare Part D prescription drug coverage.**

People can enroll in a Medicare Part D prescription drug plan when they first become eligible for Medicare (three months before the month you turn age 65 until three months after you turn age 65). However, because you have existing prescription drug coverage that, on average, is as good as Medicare Part D prescription drug coverage, you can choose to join a Medicare Part D prescription drug plan later. Each year after that, you will have the opportunity to enroll in a Medicare Part D prescription drug plan during the Medicare open enrollment period, which occurs each year from October 15<sup>th</sup> through December 7<sup>th</sup>. However, if you lose your current creditable prescription drug coverage, through no fault of your own, you will also be eligible for a two (2) month special enrollment period to join a Medicare drug plan.

**FOR RETIREES AND THEIR DEPENDENTS:**

**You are not eligible to remain in the University Plans if you enroll in a Medicare Part D prescription drug plan. If you do decide to enroll in a Medicare Part D prescription drug plan and drop your University Health System coverage, be aware that you will not be able to get University Health System coverage back.**

**For Retirees and Their Dependents:**

Retirees who are eligible for Medicare have two options concerning Medicare Part D prescription drug coverage:

1. You and your dependents may stay in the University Plan in which you are enrolled and not enroll in Medicare Part D prescription drug coverage at this time. You will be able to enroll in Medicare Part D prescription drug coverage at a later date without a Medicare premium penalty if you lose or terminate your coverage under the University Plans, provided that you enroll in the Medicare Part D prescription drug coverage in a timely manner after such loss of coverage.
2. You may reject for yourself and for all your dependents all coverage under the University Plans and choose coverage under Medicare as your primary and only payer of all medical and prescription drug expenses. If you do so, you will not be able to receive any coverage under the health plans of the University Health System, including prescription drug coverage, at a later date. Your current coverage pays for other types of health expenses, in addition to prescription drugs, and you will not be eligible to receive any of your current health and prescription drug benefits if you reject coverage under the University Plans and choose to enroll in a Medicare as your primary and only payer.

You are not eligible to participate as a retiree in the University Plans if you enroll in a Medicare Part D prescription drug plan, including, but not limited to, a prescription drug plan (PDP), a

Medicare Advantage plan that provides qualified prescription drug coverage (MA-PD plan), a PACE plan offering qualified prescription drug coverage, or a cost plan (a plan operated by a Medicare HMO or Competitive Medical Plan) offering qualified prescription drug coverage. Since your current coverage pays for other health expenses, in addition to prescription drugs, and you **will not** be eligible to receive any of your current health and prescription drug benefits if you choose to enroll in a Medicare prescription drug plan, it is not advisable for most retirees to enroll in a Medicare prescription drug plan. **Therefore, do not enroll in a Medicare Part D prescription drug plan “just in case.”**

#### **FOR ACTIVE EMPLOYEES AND THEIR DEPENDENTS:**

**You may stay in the University Plans, whether or not you enroll in Medicare Part D prescription drug coverage. The University Plans, however, pay prescription drug benefits as the primary payer in most instances. Medicare will pay prescription drug benefits as a secondary payer, and thus the value of your Medicare Part D prescription drug coverage will be greatly reduced. Your current coverage under the University Plans, which pay for other health benefits as well as prescription drugs, will not change if you choose to enroll in Medicare Part D prescription drug coverage.**

Active employees and their dependents who are Medicare eligible have three options concerning Medicare Part D prescription drug coverage:

1. You and your dependents may stay in the University Plan in which you are enrolled and not enroll in Medicare Part D prescription drug coverage at this time. You will be able to enroll in Medicare Part D prescription drug coverage at a later date without a Medicare premium penalty, either (1) during a Medicare Part D open enrollment period (October 15<sup>th</sup>-December 7<sup>th</sup> of each year) or (2) if you lose or terminate your coverage under the University Plans, provided that you enroll in the Medicare Part D prescription drug coverage in a timely manner after such loss of coverage.
2. You and your dependents may stay in the University Plan in which you are enrolled and also enroll in Medicare Part D prescription drug coverage at this time. Your current coverage under, and your premiums for, the University Plans, which pay for other health benefits as well as prescription drugs, will not change if you choose to enroll in Medicare Part D prescription drug coverage. The University Plans will pay prescription drug benefits as the primary payer in most instances. Medicare will pay benefits as a secondary payer, and thus the value of your Medicare Part D prescription drug coverage will be greatly reduced, although you may be paying the same Medicare Part D premium as persons who receive greater benefits from their Medicare Part D plans.
3. You may reject all coverage under the plans of the University Health System and choose coverage under Medicare as your primary and only payer all medical and prescription drug expenses. If you do so, you will not be able to receive coverage under any plan of the University Health System, including any prescription drug coverage they may provide, at

a later date. Your current coverage pays for other types of health expenses, in addition to prescription drugs, and you will not be eligible to receive any of your current health and prescription drug benefits if you reject coverage under the plans of the University Health System and choose to enroll in a Medicare, including a Medicare Part D prescription drug plan, as your primary and only payer.

**To All Plan Participants (Retirees and Active Employees):**

You should also know that if you drop or lose your coverage with the University Plans and don't enroll in Medicare Part D prescription drug coverage after your current coverage ends, you may pay more to enroll in Medicare Part D prescription drug coverage later. If you go 63 continuous days or longer without prescription drug coverage that's at least as good as Medicare's Part D prescription drug coverage, your monthly premium will go up at least 1% per month for every month that you do not have that coverage. For example, if you go nineteen months without coverage, your premium will always be at least 19% higher than what most other people pay. You'll have to pay this higher premium as long as you have Medicare Part D prescription drug coverage. In addition, you may have to wait until next October to enroll.

In making your decisions concerning issues in this Notice, you should be aware that the Standard Medicare Part D prescription drug plan for 2023 has the following features:

- Annual Deductible of \$505.
- After you have met the \$505 deductible, Medicare pays 75% of the next \$4,155 and you will be responsible for paying 25% coinsurance.
- After you have incurred \$4,660 in prescription drug costs, Medicare will pay approximately 75% of the cost of *generic medications* and you will pay approximately 25% of the cost of *generic medications*, and Medicare will pay 5% of the cost of *brand name medications* and you will pay 25% of the cost of *brand name medications* until your prescription costs for the year reach \$10,516.25. All *brand name medications* will be offered at a 70% discount, but the pre-discount price will be taken into account for the purpose of determining when the \$10,516.25 threshold is met.

After you have reached the \$10,516.25 threshold, Medicare pays approximately 95% of your costs for drugs covered by the plan and you pay 5%.

You should consult the Medicare Part D prescription drug plans for the amount of premiums they charge. You should also know that providers of Medicare Part D prescription drug plans may provide better benefits than the benefits described above for a higher premium.

**For more information about this notice or your current prescription drug coverage...**

Contact our office for further information at (210) 358-2275. NOTE: You may receive this notice at other times in the future such as before the next period you can enroll in Medicare Part D prescription drug coverage, and if this coverage changes. You also may request a copy.

**For more information about your options under Medicare prescription drug coverage...**

More detailed information about Medicare plans that offer prescription drug coverage is available in the “Medicare & You” handbook (available at: <https://www.medicare.gov/pubs/pdf/10050-Medicare-and-You.pdf>). You may also be contacted directly by Medicare prescription drug plans. You can also get more information about Medicare prescription drug plans from these places:

- Visit [www.medicare.gov](http://www.medicare.gov).
- Call your State Health Insurance Assistance Program (see 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

For people with limited income and resources, extra help paying for a Medicare prescription drug plan is available. Information about this extra help is available from the Social Security Administration (SSA). For more information about this extra help, visit SSA online 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 enroll in one of the plans approved by Medicare which offers prescription drug coverage after your initial enrollment period ends (3 months after you reach age 65), you may need to give a copy of this notice when you join to show that you are not required to pay a higher premium amount.**

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