



City of Montgomery – Medicare Notice of Creditable Coverage

Dear City of Montgomery Group Health Plan Participant,

This notice is for informational purposes only and you are not required to do anything. Keep this notice in a safe place. If you decide to enroll in a Medicare prescription drug plan you may need to give a copy of this notice when you join to show you maintained creditable coverage and; therefore, are not required to pay a higher premium.

This notice has information about your current prescription drug coverage with the City of Montgomery and Medicare Part D prescription drug coverage. We are required to provide all Medicare-eligible members with this notice as a way to help you make informed decisions about whether to remain in the City's current prescription drug program or enroll in Medicare Part D. You should compare your current coverage, including which drugs are covered at what cost, with the coverage and costs of the plans offering Medicare Part D in your area.

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

1. Effective January 1, 2006, Medicare prescription drug coverage became available 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 Montgomery has determined that the prescription drug coverage offered by Employer Health Options (EHO) is, on average for all plan participants, expected to pay out as much as the standard Medicare prescription drug coverage pays and is therefore considered Creditable Coverage. Because your existing coverage is Creditable Coverage, you can keep this coverage and not pay a higher premium (a penalty) if you later decide to join a Medicare drug plan.

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 15th through December 7th.

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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 (SEP) to join a Medicare drug plan.

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

If you decide to enroll in a Medicare Part D drug plan, your current EHO coverage will be affected. EHO will not coordinate benefits with a Medicare Part D plan. Your Medicare drug plan will become your Primary prescription drug carrier.

When Will You Pay a Higher Premium (Penalty) to Join a Medicare Part D Plan?

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

If you go more than 63 continuous days 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 enroll.

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

Contact the City of Montgomery at (334) 625-3692 or visit the Benefits Division webpage www.montgomeryal.gov/work/city-employee-resources/benefits.

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 and You 2019" handbook. You can get a copy of the handbook in the mail from Medicare. 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 for personalized help
- Call your State Health Insurance Assistant Program
- Call 1-800-MEDICARE (1-800-633-4227) TTY users should call 1-877-486-2048

Sincerely,

Risk Management Dept. | Benefits Division
City of Montgomery, AL