Important Notice from the Commonwealth of Virginia Health Benefits Program About Your Prescription Drug Coverage and Medicare

This notice is being provided to all Commonwealth of Virginia Health Benefits Program active employee participants who have been identified as:

- **entitled to or eligible for Medicare, or who will be eligible for Medicare before the end of 2020**

  AND/OR

- **covering family members who are entitled to or eligible for Medicare, or who will be eligible for Medicare by the end of 2020.**

Please read this notice carefully and keep it where you and any Medicare-eligible covered family members can find it. This notice has information about your current prescription drug coverage with the Commonwealth of Virginia Health Benefits Program 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 to the 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 provided at the end of this notice.

There are two 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 Commonwealth of Virginia Health Benefits Program has determined that the prescription drug coverage offered by the COVA Care Plans, the COVA HealthAware Plans, the COVA HDHP (High Deductible Health Plans), the Kaiser Permanente HMO, and the Optima Health Vantage HMO (all plans offered to eligible active employees) is, on average for all plan participants, expected to pay out as much as 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.

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 join a Medicare drug plan, your current Commonwealth of Virginia Health Benefits Program coverage for active employees will usually not be affected since your active employee coverage is generally primary to Medicare. However, coordination of benefits rules related to Medicare eligibility due to end stage renal disease will apply. Your current coverage pays for other health expenses in addition to prescription drugs. If you enroll in a Medicare prescription drug plan, you and your eligible family members will still be eligible to receive your current health and prescription drug benefits coordinated with Medicare.

If you do decide to join a Medicare drug plan and drop your current Commonwealth of Virginia Health Benefits Program coverage (per the policies and procedures of the Department of Human Resource Management and applicable law), you should be aware that you and/or your family member(s) will not be able to return to this coverage except with the occurrence of a qualifying midyear event that would be consistent with re-enrollment or at open enrollment. The Commonwealth of Virginia Health Benefits Program does not offer to active employees a medical plan that excludes prescription drug coverage. Consequently, you must either maintain full coverage under

an available Commonwealth of Virginia plan (including prescription drug coverage) or terminate coverage completely. You do not have the option of terminating only the prescription drug benefit under your Commonwealth of Virginia plan. Your employing agency's Benefits Administrator can provide additional information about making plan/membership changes or terminating coverage.

If, as an active employee/family member who is eligible for Medicare, you decide not to enroll in a Medicare drug plan, there will be no impact on your coverage in the Commonwealth of Virginia Health Benefits Program (unless eligibility is due to end stage renal disease).

At the time a participant and/or covered family member becomes eligible for Medicare, he/she may keep his/her state plan coverage based on current/active employment or may terminate coverage under the Commonwealth of Virginia Health Benefits Program based on that event if termination is requested within 60 days of eligibility for Medicare. However, once coverage has been terminated, neither the employee nor the family member may re-enroll in the state program except upon the occurrence of a consistent qualifying midyear event (for example, loss of eligibility for Medicare) or at open enrollment. An otherwise eligible family member may not enroll unless the employee is enrolled. If an active employee or the covered family member of an active employee has both the state program's coverage and Medicare, the state plan coverage will be primary and Medicare will be secondary except in limited circumstances.

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 the Commonwealth of Virginia Health Benefits Program 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 19 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 your agency Benefits Administrator (see below) for further information. **NOTE:** You will get this notice each year in conjunction with the annual coordinated election period from October 15th to December 7th (when you can join a Medicare drug plan). You would also receive notice if your Commonwealth of Virginia Health Benefits Program prescription drug coverage ceased to be creditable. You may request a personalized disclosure notice of creditable coverage from your agency Benefits Administrator at any time. This notice is also included in your Member Handbook.

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. Medicare beneficiaries will get a copy of this 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
- Call your State Health Insurance Assistance Program (see your copy of the "Medicare & You" handbook for a 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, or call 1-800-772-1213 (TTY 1-800-325-0778).

Remember: 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 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).

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