Important notice from the University of Idaho 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 University of Idaho and about your options under Medicare's prescription drug coverage. It is intended only for Tier II and Tier III retirees enrolled in Plan A who have an HRA that can be used for prescription drug expenses. It does not apply to retirees in Tier I or Tier IV, and it does not apply to retirees in Plan B who have no University-sponsored prescription drug coverage. This information can help you decide whether or not you want to join a Medicare drug plan. Information about where you can get help to make decisions about your prescription drug coverage is at the end of this notice.

There are three 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. Although the reimbursement funds provided to Tier II and Tier III Medicare-eligible retirees electing Plan A does not resemble traditional prescription drug coverage, it is technically considered coverage by Medicare, since the funds CAN be used to pay for actual prescription drug costs. The University of Idaho has determined that the reimbursement arrangement, which technically qualifies as prescription drug coverage offered by the University Retiree Tier II and Tier III Plan A option is, on average for all plan participants, NOT expected to pay out as much as standard Medicare prescription drug coverage pays. Therefore, your coverage is considered Non-Creditable Coverage. This is important because, most likely, you will get more help with your drug costs if you join a Medicare drug plan than if you only have prescription drug coverage from the University Retiree Tier II and Tier III Plan A option. This also is important because you may pay a higher premium (a penalty) if you do not join a Medicare drug plan when you first become eligible.

3. You can keep your current coverage from the University. However, because your coverage is non-creditable, you have decisions to make about Medicare prescription drug coverage that may affect how much you pay for that coverage, depending on if and when you join a drug plan. When you make your decision, you should compare your current coverage, including what drugs are covered, with the coverage and cost of the plans offering Medicare prescription drug coverage in your area. Read this notice carefully—it explains your options.

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 to December 7th.
When will you pay a higher premium (penalty) to join a Medicare drug plan?

Since the coverage under the University 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 percent 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 be at least 19 percent 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.

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 University coverage will not be affected. If you enroll in Plan A, you may use HRA money to pay for a Medicare Part D plan.

For more information about this notice or your current prescription drug coverage with the University of Idaho, please contact:

University of Idaho
Benefit Services
875 Perimeter Drive, MS 4332
Moscow, ID 83844
1-800-646-6174 or 1-208-885-3697

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 2019” handbook. You'll get a copy of the 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](http://www.medicare.gov)
- Call your State Health Insurance Assistance Program (see the inside back cover of your copy of the “Medicare & You 2019” handbook for their telephone number) for personalized help
- Call [1-800-MEDICARE](1-800-633-4227). TTY users should call [1-877-486-2048](1-877-486-2048).

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 the University changes. You also may request a copy of this notice at any time.