



THE BOARD OF PENSIONS
OF THE PRESBYTERIAN CHURCH (U.S.A.)

***IMPORTANT NOTICE
from the Board of Pensions
about your prescription drug
coverage and Medicare***

NOTICE OF CREDITABLE COVERAGE

***For active Medical Plan members and spouses age 65 and older
and Medicare Supplement subscribers of all ages***

Regardless of whether you are currently working or already retired, it's important to read this notice carefully and keep it where you can find it.

This notice discusses your prescription drug coverage options under Medicare, the primary source of your healthcare coverage in retirement. It explains **what you must do to avoid having to pay a penalty** for Medicare prescription drug coverage throughout your retirement years.

It also has information about

- your current prescription drug coverage under the Medical Plan of the Presbyterian Church (U.S.A.) (“the Medical Plan”), whether you are active or retired;
- Medicare Part D prescription drug coverage, through either a stand-alone plan or a combination plan, such as the Board’s Medicare Supplement; and
- where to find more information to help you make decisions about your prescription drug coverage.

Note: If you are an active member, or the spouse of an active member, of the Medical Plan administered by the Board of Pensions, you **do not need to do anything about other prescription drug coverage at this time.** You will continue to receive your prescription drug coverage through the Active Medical Plan. Keep in mind, however, that post-retirement healthcare coverage is an issue that deserves your time and attention, and be ready to make decisions regarding this coverage when you retire. One step is to read this notice.

What is Medicare Part D coverage?

Medicare prescription drug coverage — Medicare Part D — was introduced in 2006 to help seniors pay for prescription drugs taken at home. Offered by private insurers and partially subsidized by the federal government and the pharmaceutical industry, Part D plans must provide at least a standard level of coverage established by Medicare. Beyond that, benefits and premiums vary.

The role of Medicare with respect to Part D plans is to set the minimum standards for these plans, determine if a plan meets the standards, and help cover costs. It does not administer Part D plans.

There are two ways to get Part D coverage at retirement: through either a stand-alone Medicare prescription drug plan or a combination medical supplement and prescription drug plan.

Stand-alone Part D prescription drug plans

Offering prescription drug coverage only, a stand-alone Part D plan can be added to other post-65 retirement medical coverage.

Combination plans

These plans provide prescription drug coverage plus supplemental medical. Medicare Advantage plans with prescription drug coverage and Medicare Supplement, administered by the Board of Pensions, are combination plans that include Part D coverage. If you subscribe to either of these, you don't need stand-alone Part D coverage.

What is creditable coverage?

The Board of Pensions and its actuary, Milliman Inc., have determined that your prescription drug coverage under the Medical Plan of the Presbyterian Church (U.S.A.) is creditable coverage. This is because the plan is expected to pay out, on average for all participants covered by the plan this year, as much as — or more than — the standard Medicare prescription drug plan pays.

Maintaining creditable coverage before enrolling in a Part D plan

- allows you to **pay a lower premium** than you would otherwise have to pay; and
- **eliminates the delay in enrollment** you might otherwise experience.

Because your coverage under the Medical Plan is creditable, you can continue to participate in its programs and you won't have to pay a higher premium (penalty) if you decide to enroll in a/another Medicare prescription drug plan at a later date.

Without creditable coverage, you also may have to wait a period of time before you can join a Medicare prescription drug plan. But if you lose creditable prescription drug coverage through no fault of your own (if you are enrolled in a Medicare Advantage plan and it closes, for example), you will be eligible for a two-month Special Enrollment Period (SEP) to join a Medicare prescription drug plan and so avoid interruption to your creditable coverage.

It's a good idea to evaluate your coverage annually and compare it to other plans, as costs and formularies vary considerably from plan to plan. (A formulary is a plan's list of covered drugs.) If your current plan doesn't cover a costly drug that you take for an ongoing condition, for instance, you may want to consider changing plans.

When can you join a Part D plan?

You can join a Medicare prescription drug plan when you first become eligible for Medicare and, after that, each year from **October 15 to December 7**.

Effects of enrolling in another Part D plan while covered under Medicare Supplement

A decision to enroll in a Part D plan other than the one administered by the Board as part of Medicare Supplement will affect your coverage under the Medical Plan.

How it affects you depends on your individual circumstances, as follows:

- If you are an active member of the Medical Plan, you **should not enroll** in Part D coverage until you retire. (Although Medicare does not prohibit your enrollment in a Part D plan when you are actively working and covered by an employer plan, doing so would create a needless duplication of coverage.)
- If you are retired and have been enrolled in a Medicare Advantage plan for 12 months or less, you may enroll — or re-enroll — in Medicare Supplement. Note, however, that this is a one-time opportunity that expires after 12 months of coverage in a Medicare Advantage plan.
- If you are retired and you enroll in another Medicare Part D prescription drug plan, you may continue your enrollment in Medicare Supplement at the same subscription rate as other participants, but you will not be eligible for any drug benefits under Medicare Supplement from the date you enroll in the other Medicare Part D plan.
- If you are retired and are a limited-income Medicare beneficiary, you can participate in Medicare Supplement prescription drug coverage (a Part D plan) and still receive reduced copays.

Effect of gap in coverage after dropped or lost coverage with the Medical Plan

If you drop or lose your coverage with the Medical Plan, including Medicare Supplement, and do not enroll in a Medicare Part D plan **within 63 continuous days** after your coverage ends, you'll likely have to pay a higher premium (penalty) to join a Part D plan later.

If so, your monthly premium may increase by at least 1 percent per month of the Medicare base beneficiary premium per month for every month you did not have that coverage. For example, if you go 19 months without prescription drug coverage, your Medicare prescription drug plan premium may be at least 19 percent higher than the Medicare base beneficiary premium. You may have to pay this penalty for as long as you have a Medicare prescription drug plan. In addition, you may have to wait until next October to enroll.

For more information

Please call the Board of Pensions at 800-773-7752 (800-PRESPLAN) for information about your current prescription drug coverage or this legally required notice of creditable coverage.

You will receive this notice each fall, before the next open enrollment period for Medicare prescription drug plans, and if your coverage through the Medical Plan of the Presbyterian Church (U.S.A.) changes. You may request a copy at any time.

More detailed information about Medicare Part D plans is provided by the *Medicare & You* handbook that Medicare mails to you each year. You also may be contacted by any number of private Medicare Part D plans.

For further information about Medicare prescription drug plans

- go to medicare.gov for information, resources, and personalized help;
- call your State Health Insurance Assistance Program (see your copy of the *Medicare & You* handbook for the telephone number); or
- call 800-MEDICARE (800-633-4227) (TTY users: 877-486-2048).

Note: If you have limited income and resources, you may qualify for help paying for a Medicare prescription drug plan. Contact the Social Security Administration for information about qualifying for this help. Go to socialsecurity.gov or call Social Security at 800-772-1213. (TTY users: 800-325-0778.)

Remember!

Keep this notice of creditable coverage. If you decide to join another Medicare Part D plan, you may be required to give a copy of this notice to that plan to show that you maintained creditable coverage and are exempt from paying a higher premium (penalty).

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