

Important Notice from Baylor University About Your Prescription Drug Coverage and Medicare

Creditable Coverage Disclosure Notice

Please read this notice carefully and keep it where you can find it. This notice has information about your current prescription drug coverage with Baylor University 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, including which drugs are covered at what cost, with the coverage and 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 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. Baylor University has determined that the prescription drug coverage offered by the Baylor University **Medical PPO/Prescription** 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 to 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 Baylor University coverage will not be affected.

About Your Prescription Drug Coverage through Baylor University

Your current prescription drug coverage is under your Baylor University **Medical PPO/Prescription** plan. Baylor University has determined that the prescription drug coverage offered under its health care plan is *creditable*, meaning that it is at least equivalent to the Standard Medicare prescription drug plan. This means that on average, the amount the Baylor University plan expects to pay for prescription drugs for individuals

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covered by the plan is the same or more than what the Standard Medicare prescription drug coverage would be expected to pay on average.

Because your existing coverage is, on average, at least as good as standard Medicare prescription drug coverage, you can keep your coverage under your **Baylor University Medical PPO/Prescription** plan and not pay a higher premium (a penalty) if you later decide to 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, because you have existing prescription drug coverage that, on average, is as good as Medicare's drug plan, you can choose to join a Medicare prescription drug plan later.

If you wish to remain covered by Baylor University's prescription drug plan, **no action is required by you** from Baylor University or from Medicare. Your Baylor University prescription drug coverage will remain in effect. You will be notified if there will be any changes to the Baylor University prescription drug plan that would affect the creditable coverage status.

How Medicare Prescription Drug Coverage Affects Baylor University's Coverage

If you enroll in a Medicare prescription drug plan, you can maintain your coverage under your Baylor University **Medical PPO/Prescription** plan. However, you will be purchasing coverage that overlaps and will be required to pay the premiums required by Baylor University and Medicare. We highly encourage Medicare eligible retirees and dependents with the **Medical PPO/Prescription** plan to select either the Baylor University plan or Medicare, but not both.

If you do decide to join a Medicare drug plan and drop your current Baylor University coverage, be aware that you and your dependents will not be able to get this coverage back.

When Will You Pay A Higher Premium (Penalty) To Join A Medicare Drug Plan?

If you drop or lose your coverage under Baylor University's Medical PPO/Prescription plan and do not enroll in Medicare prescription drug coverage within 63 continuous days after your current coverage ends, you may pay a higher premium (a penalty) to enroll in Medicare 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 prescription drug coverage, your monthly premium may go up at least 1% of the base beneficiary premium per month for every month that you did not have that coverage. For example, if you go nineteen months without coverage, your premium may consistently be at least 19% higher than the 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.

If you lose creditable prescription drug coverage, through no fault of your own, you will be eligible for a sixty (60) day Special Enrollment Period (SEP) because you lost creditable coverage to join a Part D plan. In addition, if you lose or decide to drop your Baylor University Medical PPO/Prescription plan, you will be eligible to join a Part D plan at that time using an Employer Group Special Enrollment Period.

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Baylor University’s Plan or Medicare’s Plan – Making a Decision

If you are trying to decide whether you should continue your Baylor University prescription drug coverage or enroll in a Medicare prescription drug plan, your first step is to do some important research. You should compare your current coverage under the Baylor University medical and prescription drug plan with the coverage and cost of the Medicare medical and prescription drug plans offered in your area. Before you enroll in a Medicare prescription drug plan, you must consider the drugs you are currently taking and find out whether they will be covered. Make a list of your current prescription drugs and closely compare it to the list of drugs covered by the Medicare prescription drug plan you wish to join.

How to Find More Information

For more information, contact Baylor University Human Resources at (254) 710-2000 or by email at askHR@baylor.edu.

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

More detailed information about Medicare plans that offer prescription drug coverage is in the “Medicare & You” 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
- Call your State Health Insurance Assistance Program (see the inside back cover of 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.

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 them at 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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In the future, you will receive a notice similar to this each year. You may also request an additional copy of this notice during our normal office hours by contacting:

Baylor University
Human Resources
One Bear Place #97053
Waco, TX 76798-7053
254.710.2000

This Certificate of Creditable Coverage contains brief, non-technical information about the prescription drug coverage under Baylor University's Health Care Plans and is not intended to be a complete statement of all provisions of the Plan. In all cases, the provisions of the Plan documents will apply. Baylor University reserves the right to modify, amend, or terminate the prescription drug benefits under its Health Care Plans at any time.