

MEMORANDUM

TO: All Group Accounts

FROM: MESSA Group Services

DATE: October 2, 2020

RE: Medicare Prescription Drug Improvement and Modernization Act

The Medicare Prescription Drug Improvement and Modernization Act (MMA) requires that plan sponsors notify all active and retired plan participants who may be eligible for Medicare Part D prescription drug coverage whether or not their prescription drug coverage is “creditable” or “not creditable.” “Creditable coverage” means that the prescription drug benefit under the employer’s plan is equal to or better than Medicare Part D coverage.

MESSA’s actuaries, Willis Towers Watson, have reviewed our prescription drug coverage and determined that the prescription drug coverage provided to your employees under MESSA’s prescription drug benefit option is “creditable.”

Because the Disclosure Notice requirement applies to Medicare beneficiaries who are active employees, disabled, on COBRA, or retired, as well as Medicare beneficiaries who are covered as spouses or dependents (including those spouses or dependents that may be disabled or on COBRA) under active employee coverage and retiree coverage, most employers choose to notify all plan participants annually as part of open enrollment or by including the disclosure notice in a payroll notice.

This memo is not intended to be, nor should it be construed as, legal advice. For specific information regarding your organization and the Medicare Prescription Drug, Improvement, and Modernization Act (MMA) contact your benefits consultant and/or legal counsel.

Important notice from Berrien Springs Public Schools regarding 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 Berrien Springs Public Schools 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. MESSA's actuaries, Willis Towers Watson, have determined that the prescription drug coverage offered by the Berrien Springs Public Schools 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.**
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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 15 through December 7.

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 Berrien Springs Public Schools coverage will be affected.

If you do decide to join a Medicare drug plan and drop your current Berrien Springs Public Schools 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?

You should also know that if you drop or lose your current coverage with Berrien Springs Public Schools 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 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 join.

For more information about this notice or your current prescription drug coverage:

Contact the person listed below for further information. **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 Berrien Springs Public Schools changes. You also may request a copy of this notice at any time.

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. 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 1-800-MEDICARE (1-800-633-4227), TTY users should call 1-877-486-2048.
- Call your State Health Insurance Assistance Program (see page 125 of your copy of the "Medicare & You" handbook for their telephone number) for personalized help.

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).

Date:	October 2, 2020
Name of Entity/Sender:	Berrien Springs Public Schools
Contact--Position/Office:	Jennifer Thies, Central Office
Address:	285 Sylvester Ave, Berrien Springs, MI 49103
Phone Number:	(269) 473-0737