

Important Notice from Michigan State University 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 Michigan State 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. Michigan State University has determined that the prescription drug coverage offered by the MSU CVS/Caremark Plan 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.

Michigan State University strongly urges you (and any of your dependents enrolled in the MSU CVS/Caremark Plan) to consider NOT enrolling in the Medicare Part D plan for 2011. For most people, it is to their financial advantage to remain in the MSU CVS/Caremark Plan and not sign up for Medicare Part D, avoiding paying an additional fee for the Medicare Part D coverage. Also, the MSU CVS/Caremark Plan will usually have lower out-of-pocket expenses than Medicare Part D for most individuals, with the exception of those who meet the Medicare criteria for "low income" with limited assets.

I am an MSU retiree/employee or dependent who is enrolled in Medicare Part A & Part B. Should I enroll in Medicare Part D?

MSU strongly urges Medicare-enrolled employees, retirees, and survivors (and any dependents enrolled in an MSU plan) to consider NOT enrolling in the Medicare Part D Plan for 2011. For most people, it is to their financial advantage to remain in the MSU CVS/Caremark Plan and not sign-up for Medicare Part D, which will require them to pay an additional fee for the Medicare coverage.

What is the difference between creditable coverage and non-creditable coverage?

Creditable coverage means that an employer's coverage is at least as good as Medicare Part D coverage. Non-creditable coverage means that an employer's coverage isn't at least as good as Medicare Part D coverage. MSU's prescription drug coverage is more comprehensive than Medicare Part D coverage and therefore is creditable coverage.

How do I know if I am one of the small percentage of people who would benefit from enrolling in Medicare Part D?

If you have very low income (135% or less of the federal poverty income guideline), you may want to investigate Medicare Part D further. Certain individuals with limited income and with limited assets may be eligible to participate in Medicare Part D at a lower premium and co-pay cost. Information and applications on benefits for low income assistance can be obtained from the Social Security Office at 1-800-772-1213 (TDD/TTY users can call 1-800-325-0778) or visit www.socialsecurity.gov online.

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 Michigan State University Coverage will not be affected.

If you keep your MSU CVS/Caremark coverage and elect Medicare Part D, your MSU CVS/Caremark coverage may coordinate with your Medicare Part D coverage.

If you do decide to join a Medicare drug plan and drop your current MSU CVS/Caremark coverage, be aware that you and your dependents will be able to get this coverage back, provided you meet all eligibility criteria to re-enroll in MSU's health coverage, which includes both medical and prescription drug coverage, at the next open enrollment in the spring or due to a qualifying life event.

See *Things to Think About When You Compare Medicare Drug Coverage* (available at <http://www.medicare.gov/Publications/Pubs/pdf/11163.pdf>), which outlines the prescription drug plan provisions/options that Medicare eligible individuals may have available to them when they become eligible for Medicare Part D.

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 Michigan State University CVS/Caremark 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. . .

For further information contact MSU Human Resources Benefits office at 517-353-4434 (Local) or 800-353-4434 (Toll-free). You may also send an email to benefitsinfo@hr.msu.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 Michigan State University 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 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).

Date: September 2011
Name of Entity/Sender: Michigan State University

Contact--Position/Office: MSU Human Resources Benefits

Address: 1407 S. Harrison Road., Ste. 140 Nisbet Building
East Lansing, MI 48823

Phone Number: 517-353-4434 (Local)
800-353-4434 (toll-free)

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