

Notice of Creditable Coverage For Medicare-eligible Employees and Dependents

Please read this notice carefully and keep it handy.

As the plan sponsor of the Valparaiso University medical plan, the University is required to provide this notice to Medicare-eligible employees, retirees and dependents. This notice has information about your current prescription drug coverage with the 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 included 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 a 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** The University has determined that the prescription drug coverage offered by the Medical Benefits Plan is, on average for all plan participants, expected to pay out as much as Standard Medicare prescription drug coverage pays and is considered Creditable Coverage. Because your existing coverage is Creditable Coverage, you can keep this coverage and not pay a higher premium 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 through 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 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 University coverage will not be affected. You may be covered by both programs. Your cost for the University's medical plan will not decrease if you enroll in Medicare Part D.

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

When Will You Pay a Higher Premium (Penalty) to Join a Medicare Drug Plan?

If you drop or lose your current coverage with the University and don't join a Medicare drug plan within 63 continuous days after your current coverage ends, you may pay a higher premium (penalty) to join a Medicare drug plan later.

If you go 63 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 19 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 (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 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 each 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 the 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 **1-800-772-1213 (TTY 1-800-325-0778)**.

Questions about This Notice

Contact the University's Office of Human Resource Services for more information about what happens to your coverage if you enroll in a Medicare prescription drug plan.

Note: You will receive a copy of 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 may also request a copy of the notice at any time.

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 (penalty).

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Name of Sender: Valparaiso University
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