

Important Notice from Iowa State University to Retirees About Your Prescription Drug Coverage and Medicare

Please read this notice carefully and keep it in your records. This notice has information about your current prescription drug coverage with Iowa State University and about your options under Medicare's Part D prescription drug coverage which became available January 1, 2006 for people with Medicare. This information may help you make decisions about your prescription drug coverage. In brief:

- 1. Medicare prescription drug coverage became available in 2006 to everyone with Medicare Part B. 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. Iowa State University and its benefit advisors have determined that the prescription drug coverage offered through Iowa State University's retiree medical plan is, on average for all plan participants, expected to pay out as much as the standard Medicare prescription drug coverage will pay and is considered Creditable Coverage.**
- 3. Read this notice carefully—it explains the options you have (or will have if you are soon to be Medicare eligible) under Medicare prescription drug plans, and can help you decide whether you want to enroll. This notice applies to you if you are currently (or soon to be) Medicare eligible and/or if your covered family members are eligible for Medicare.**

Why Creditable Coverage is Important to You

Because Iowa State University coverage is on average at least as good as standard Medicare prescription drug coverage, you or your Medicare eligible dependents can keep your Iowa State University prescription drug coverage as your Part D plan; you don't need to enroll in separate Medicare Part D and pay additional premium.

If you later decide to end your ISU Plan participation and enroll in a different Medicare prescription drug program, you will not be asked by Medicare to pay a penalty, as long as you can show you have had creditable coverage as described in this notice.

You may join a Medicare prescription drug plan when you first become eligible for Medicare and each year from November 15th through December 31st. This may mean that you have to wait to join a Medicare drug plan and that you may

pay a higher premium (a penalty) if you join later. You may pay that higher premium (penalty) as long as you have Medicare prescription drug coverage. However if you lose creditable prescription drug coverage, through no fault of your own, you will be eligible for a sixty day Special Enrollment Period (SEP) because you lost creditable coverage to join a Part D plan. In addition, if you lose or decide to leave ISU sponsored coverage, you will be eligible to join a Part D plan at that time using an Employer Group Special Enrollment Period.

What Happens If You Enroll in Medicare Part D (other than the Medicare Part D that is part of your ISU Plan medical coverage)?

You should compare your current coverage (including which drugs are covered, at what cost) provided in the Iowa State University plan to the Medicare Part D plans being offered in your area to determine if enrolling in a different Medicare Part D plan is a good decision for you. **Remember, that you must remain in the Iowa State University medical plan in order to receive coverage for other medical expenses including physicians' visits, hospitalization, laboratory exams and other important health care benefits. If you choose to enroll in a different Medicare Part D plan, you must also shop for a new medical supplement to Medicare. Once you drop your ISU Plan you may not reenroll.**

Warning: You should also know that if you drop or lose your coverage with Iowa State University and don't enroll in Medicare prescription drug coverage within a certain amount of time after your current ISU coverage ends; you may pay more to enroll in Medicare prescription drug coverage later.

If you go 63 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 19 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 (penalty) as long as you have Medicare coverage. In addition, you may have to wait until the next November to enroll.

For more information about this notice or your current Iowa State University prescription drug coverage...

Please call Iowa State University Benefits at 515-294-7680, Monday through Friday to speak with a Benefits Representative. **Note:** You may receive this notice at other times in the future, such as before the next period you can enroll in Medicare prescription drug coverage, and if this coverage changes. You also may request a copy of this notice.

**For more information about your options under
Medicare prescription drug coverage...**

More detailed information about Medicare plans that offer prescription drug coverage is available in the **Medicare & You** handbook. You'll get a copy of the handbook in the mail from Medicare every year. You may also be contacted directly by Medicare-approved prescription drug plans in your area. You can also get this handbook and more information about Medicare prescription drug plans from the following:

- Visit www.medicare.gov
- Call your State Health Insurance Assistance Program (see 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.

For people with limited income and resources, extra help paying for a Medicare prescription drug plan is available (see the special note at the end of this notice). Information about this extra help is available from the Social Security Administration (SSA). For more information about this extra help, visit SSA online at www.socialsecurity.gov, or call them at 1-800-772-1213 (TTY 1-800-325-0778).

Date:	October 16, 2007
Sender:	Iowa State University
Contact Office:	Human Resource Services
Address:	3770 Beardshear Hall Ames, IA 50011-2033
Phone Number:	515-294-7680

Right to Change Benefits – Required Statement

Iowa State University reserves the right to amend, modify, revoke or terminate any of the benefit plans, in whole or in part, at any time. The authority to make any such changes to the plans rests with the University Administration and the Iowa Board of Regents. Should such changes be made, you will be notified prior to those changes.

Special Note to “Low Income” Beneficiaries

You may be able to get extra help paying for prescription drugs. If you have a low income and limited assets, you can get help paying for your deductible, monthly premiums and copayments under Medicare Part D. Low income will be determined by a combination of income and assets as follows:

- Your current income as a single retiree is below \$14,355, and you have assets of \$10,000 or less; or
- You and your spouse’s combined income is below \$19,245, and you have assets of \$20,000 or less.

Note: Assets include things such as bank accounts, stocks and bonds. Houses and cars are not considered assets. Medicare has mailed an application and worksheet to people whom they identified as having limited income and resources. If you received or receive an application from Social Security, be sure to complete and return it. This is the way to find out whether you are eligible for this special assistance. Please contact Social Security at 1-800-772-1213 (TTY 1-800-325-0778) or visit www.socialsecurity.gov for more information.