



# CITY OF HOUSTON

Human Resources Department

**Sylvester Turner**

Mayor

City of Houston  
Human Resources  
Benefits Division  
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October 9, 2020

RE: Medicare Part D – Notice of Creditable Coverage

Dear Medicare-Eligible City of Houston Employee or Retiree:

### **Why am I getting this letter?**

Medicare requires that we send this very important letter to advise you that your existing prescription drug coverage is at least as good as Medicare Part D or better – the City of Houston is providing you with “creditable prescription drug coverage”. Retain this Notice of Creditable Coverage in a safe place. If someone else helps you with important benefit decisions, provide a copy to that person.

### **Should I enroll in a separate Part D program if I am in the City of Houston’s Plans?**

Here are some facts you should consider in making that decision:

1. The City of Houston’s Medicare plans all include a Part D prescription drug benefit.
2. We strongly urge you to **not** enroll in a separate Part D plan if you intend to remain in one of the City of Houston plans. You do not need to pay an extra premium to retain your prescription drug coverage.
3. Medicare will not allow you to enroll in a Part D plan and a City of Houston Medicare plan at the same time. If you try to do this, Medicare will automatically drop your coverage in the City of Houston plan, and you will not be able to re-enroll in a City of Houston plan in the future.

### **What is a Notice of Creditable Coverage?**

It is a notice from the City of Houston stating that Medicare has designed a way for you to avoid the penalty for late enrollment in a Medicare Part D program. If you decide to enroll in Medicare Part D after your initial enrollment period during which you were eligible to enroll, Medicare will not charge you a late enrollment premium BECAUSE YOU HAVE THE ATTACHED Notice of Creditable Coverage, showing that you have had equivalent prescription drug coverage. If you provide a Notice of Creditable Coverage, you will not have to pay a late penalty if you decide to enroll in a Medicare Part D program within 63 calendar days after your coverage ends. If you go for 63 continuous days or longer without coverage that is, on average, at least as good as Medicare’s prescription drug coverage, your monthly premium under a Medicare plan will increase at least 1% for each month that you did not have coverage. This increase will be effective for as long as you have Medicare prescription coverage.

For your convenience, you will be able to access this document online at [www.cityofhoustonbenefits.org](http://www.cityofhoustonbenefits.org).

Kindest regards,

HR Benefits Division



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## Important Notice from the City of Houston 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 the City of Houston 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 city-sponsored Medicare Advantage Plan 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 City of Houston has determined that the prescription drug coverage offered by City-sponsored Medicare Plans, 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 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 City of Houston coverage will be affected. The City's prescription plan is four-tiers, with different copayments in each tier. Drugs are assigned to the tiers based on the health plan formulary. There is also a mail-order pharmacy component, for most plans, where plan members can order a 90-day supply of most medications for the price of a 60-day supply. Because your existing coverage is, at least, as good as standard Medicare prescription drug coverage, you can keep this coverage and not pay a higher premium (a penalty) if you later decide to join a Medicare drug plan. In addition, if you decide to leave the City of Houston sponsored coverage or lose this coverage option, you will be eligible to join a Part D plan at that

**time. You should compare your current coverage, including which drugs are covered at what cost, with the coverage and costs of plans offering Medicare prescription drug coverage in your area.**

**If you decide to join a Medicare drug plan and opt out of your City Medicare Plan, you can enroll in a City Medicare plan in the future. However, if you waive your current City coverage, 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 the City of Houston 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 prescription drug 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 City of Houston Benefits Division at 832-393-6000 or 888-205-9266. **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 the City of Houston 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](http://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](http://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 whether or not you are required to pay a higher premium (a penalty).**

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