

Date: October 10, 2013

To: Faculty and Staff Insured on the Grinnell College
Active Group Medical Plan

From: Jim Mulholland

Please read this notice carefully and keep it where you can find it. It has information about your current prescription drug coverage under the Grinnell College Active Group Medical Plan compared to Medicare Part D prescription drug coverage if you or a dependent of yours is eligible for Medicare coverage. To comply with Federal regulations, we are sending this notice to all employees who have insurance under Grinnell College's Active Group Medical Plan.

Enrollment in Medicare Part D prescription drug coverage will begin October 15th and conclude on December 7th, 2013. After the initial enrollment period, new participants will be allowed to enroll in Part D when they first become eligible for Medicare, when they lose creditable coverage from another plan, or annually during the open enrollment period from October 15th through December 7th. A break in creditable prescription drug coverage of 63 days or more may subject participants to higher Part D prescription drug premiums. The premium is permanently increased by one percent (1%) for each month you are without creditable coverage. Coverage is creditable if the actuarial value of the coverage equals or exceeds the actuarial value of Medicare Part D prescription drug coverage. **Grinnell's plan provides creditable coverage.** The penalty premium for declining enrollment in Medicare Part D does not apply as long as you remain on the College's Plan and it provides creditable coverage. As required by the Medicare Modernization Act, the College will notify you annually about the creditable coverage status of the Grinnell College Medical Plan prior to the Part D open enrollment period (October 15th through December 7th).

The minimum benefit structure for Medicare Part D or any private plan offered as a Prescription Drug Plan (PDP) or Medicare Advantage Prescription Drug Plan (MA-PD) will offer no less than the following coverage:

- \$310 deductible followed by coinsurance of 25% on the next \$2,540 in drug expenses
- Donut hole - after participant's drug expenses reach \$2,850, brand name and generic drugs will be covered at 52.5% and 28%, respectively, of the negotiated price until participant drug expenses reach \$6,455.
- Catastrophic coverage – participants pay the greater of 5% coinsurance of incurred cost or a copay of \$2.55 for Generics/Preferred Multi Source Drugs and \$6.35 for all other covered drugs, for the remainder of the calendar year.

The prescription drug benefit structure detailed below will remain in effect through calendar year 2014. The structure is as follows:

- \$10.00 copay or 10% coinsurance for generics or \$100 deductible followed by \$20.00 copay or 20% coinsurance for brand name, whichever is greater
- after participant pays out-of-pocket maximum of \$1,000 per person per calendar year or \$2,000 for employee+1 or more coverage, the plan pays 100% of the prescription cost for the remainder of the year.

Because you are an active employee and you have creditable coverage through an employer plan you or your dependents should decline coverage under Medicare Part D if eligible. If you or a dependent of yours is eligible for Medicare coverage you should retain this notice as proof of creditable coverage.

You should recognize that while the College strives to provide stability in its benefit programs, the College must reserve the right to change the programs from time to time to meet changing conditions.

Please contact me at (641)269-9600 if you have any questions regarding this letter or any other matter regarding your health insurance benefits through the College.