

SAWS Active Employees and Dependents
Important Notice from San Antonio Water System
About Your 2020 Prescription Drug Coverage and Medicare Prescription Drug Coverage

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 San Antonio Water System (“SAWS”) through a non-Medicare plan and information about prescription drug coverage for people with Medicare. It also tells you where to find more information to help you make decisions about your prescription drug coverage and can help you decide whether you want to enroll in Medicare prescription drug coverage.

1. Medicare prescription drug coverage became available in 2006 to everyone with Medicare through Medicare prescription drug plans and Medicare Advantage Plans that offer prescription drug coverage. This coverage is sometimes referred to as Medicare Part D prescription drug coverage. Generally speaking, Medicare Part D provides coverage for prescription drugs not covered by Medicare Parts A and B. All Medicare prescription drug plans provide at least a standard level of coverage set by Medicare. Some Medicare plans may also offer more coverage for a higher monthly premium .
2. SAWS has determined that the prescription drug coverage offered by SAWS through Express Scripts is, on the average for all plan participants, expected to pay out as much as, or more than, what the standard Medicare prescription drug coverage will pay and is considered Creditable Coverage under Medicare .

There is a penalty for late enrollment in a Medicare prescription plan. However, because your existing coverage from SAWS is, on the average, better than the standard Medicare prescription drug coverage, you can keep the SAWS coverage and not pay extra for Medicare prescription drug coverage .

When Can You Join A Medicare Drug Plan?

People with Medicare can enroll in a Medicare prescription drug plan when they first become eligible for Medicare and each year from October 15th through December 7th. Participants leaving employer coverage may be eligible for a Special Enrollment Period to sign up for a Medicare prescription drug plan. However, because you have existing prescription drug coverage that, on the average for all plan participants, is as good as or better than Medicare coverage, you can choose to join a Medicare prescription drug plan later and without penalty for late enrollment .

You should compare your current coverage, including which drugs are covered, with coverage of the plans offering Medicare prescription drug coverage in your area .

Most SAWS employees and their dependents will choose to have only SAWS prescription coverage to avoid additional costs in Medicare Part D. It is important to make an informed and deliberate decision, based on your individual situation. Do not enroll in Medicare Part D “just in case.”

What are your Prescription Coverage Options?

Under the SAWS Group Health Plan, you have the following three options concerning prescription drug coverage :

1. You may stay with the SAWS prescription drug coverage and not enroll in Medicare prescription drug coverage at this time. You will be able to enroll in the Medicare prescription drug coverage at a later date without penalty, either (1) during a Medicare open enrollment period; or (2) if you drop your coverage under the SAWS prescription drug plan .
2. You may stay in the SAWS Group Health Plan, including SAWS prescription drug coverage, and also enroll in Medicare Part D prescription drug coverage at this time. Your current coverage under the SAWS Plan, which pays for other health benefits as well as prescription drugs, will not change if you choose to enroll in Medicare Part D prescription drug coverage. The SAWS Group Health Plan will pay prescription drug benefits as the primary payer, and thus the value of your Medicare Part D prescription drug coverage will be greatly reduced.
3. You may reject all coverage under the SAWS Group Health Plan and choose coverage under Medicare as your primary and only payer for all medical and prescription drug expenses. If you reject coverage under the SAWS Group Health Plan, you will be able to receive coverage under the SAWS Group Health Plan, including the Plan’s prescription drug coverage, at a later date, as long as your are still a SAWS employee in a benefits-eligible position, and you re-enroll during an open enrollment period or are eligible for special enrollment in the SAWS plan. If you reject coverage under the SAWS Group Health Plan, and cease to be a SAWS employee in a benefits-eligible position, you will not be able to regain coverage under the SAWS Plan.

Here is some information to help you compare the benefits under the SAWS Prescription Drug Plan and Medicare prescription drug plan. In doing this comparison, you also should compare the premiums charged for each plan .

The SAWS prescription drug plan with Express Scripts has the following features:

Standard retail pharmacy prescription co-pays (up to 30 day supply) of:	Convenient mail order prescription drugs (up to 90 day supply) of:
No Annual Deductible No Cost – Generic & Brand Diabetic Medications \$10.00 – Other Generic 30% (\$25.00 min, \$50.00 max) – Preferred Brand 45% (\$40.00 min, \$75.00 max) – Non-Preferred Brand \$80.00 – Specialty 4 th Tier	No Annual Deductible No Cost – Generic & Brand Diabetic Medications \$25.00 – Other Generic \$62.50 – Preferred Brand \$100.00 – Non-Preferred Brand \$150.00 – Specialty 4 th Tier

SAWS does not charge a separate premium for its prescription drug plan. You will pay the same premium to participate in the SAWS group health plan whether or not you elect to receive prescription drug coverage through Express Scripts .

The standard Medicare prescription drug plan has the following features. The threshold amounts are subject to annual adjustments by the Centers for Medicare and Medicaid Services. The thresholds for 2020 are shown below.

- Annual Deductible of \$435 (*Initial Deductible*).
- After you have met the annual deductible, Medicare pays 75% of the next \$3,585 and you will be responsible for paying 25% coinsurance .
- Together, these add up to \$4,020 (*Initial Coverage Limit, also referred to as the beginning of the Donut Hole or Coverage Gap*). While in the Donut Hole, you will pay a maximum of 25% of the cost of generic medications, and your Medicare Part D plan will pay the remaining amount. For brand name medications, you will pay approximately 25%, your Medicare Part D plan will pay approximately 5%, and drug manufacturer discounts will account for the remaining 70%. You will be in the Donut Hole until your costs reach the *Out-of-pocket Threshold (or TrOOP)* of \$6,350 .
- After you have reached the \$6,350 TrOOP, you will be covered under Catastrophic Coverage where Medicare pays approximately 95% of your costs for drugs covered by the plan and you pay 5% .
- Your coinsurance for both generic and brand-name drugs is 25% after you meet the Initial Coverage Limit and until your costs reach the TrOOP. That means the Medicare Part D Donut Hole is essentially closed.
- Premiums are expected to be approximately \$30-\$40 per month for standard Medicare prescription drug plans. You should consult the Medicare prescription drug plan for the exact premium amounts.

Although SAWS cannot state that in all cases the SAWS prescription drug coverage will be more advantageous than the Medicare prescription drug coverage, in most cases you will have better and less expensive prescription drug coverage under the SAWS prescription drug coverage .

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 coverage with SAWS and don't enroll in Medicare prescription drug coverage after your current 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 good as Medicare's prescription drug coverage, your monthly premium will go up at least 1% per month for every month that you did not have that coverage. For example, if you go nineteen months without coverage, your premium will always be at least 19% higher than what most other people pay. You'll have to pay this higher premium for as long as you have Medicare prescription drug coverage. In addition, you may have to wait until the following October to enroll.

For More Information About This Notice Or Your Current Prescription Drug Coverage...

Contact our office for further information at (210) 233-2025. NOTE: You may receive this notice annually and 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.

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 (available at <http://www.medicare.gov/publications/pubs/pdf/10050.pdf>). You'll get a copy of the handbook in the mail every year from Medicare. You may also be contacted directly by Medicare prescription drug plans. For more information about Medicare prescription drug plans:

- Visit [medicare.gov](http://www.medicare.gov).
- Call your State Health Insurance Assistance Program (see your copy of the Medicare & You handbook for their telephone number).
- 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. 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).

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).

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