

Important Information on Medicare and your coverage in the City of Miami Beach Retiree Medical Plan

There is considerable amount of uncertainty and confusion among both our active and retiree population around Medicare and how it coordinates with this Plan. This notice should help to answer the following questions:

- **What are the basic components of Medicare?**
- **How do I receive/qualify for Medicare coverage?**
- **How does this Plan coordinate with Medicare coverage?**

What are the basic components of Medicare?

Medicare provides coverage of basic medical services including care in hospitals and other settings, physician services, diagnostic tests, preventive services and an outpatient prescription drug benefit.

Part A helps pay for inpatient care in hospitals and short-term stays in skilled nursing facilities, and also covers hospice care, post-acute home health care, and pints of blood received at a hospital or skilled nursing facility.

Part B helps pay for outpatient services, such as outpatient hospital care, physician visits, and other medical services, including preventive services such as mammography and colorectal screening. Part B also covers ambulance services, clinical laboratory services, durable medical equipment, kidney supplies and services, outpatient mental health care, and diagnostic tests, such as x-rays and magnetic resonance imaging.

Part D helps pay for outpatient prescription drug coverage through private health plans.

Despite the protections described above, there are significant gaps, deductibles and coinsurance requirements under Medicare. As a retiree, you may continue your Humana Medical Plan coverage to provide secondary coverage to Medicare to help fill in these gaps in coverage.

How do I receive/qualify for Medicare coverage?

You can qualify for Medicare in one of three ways:

1. You are an individual age 65 or older and earned 40 quarters of Medicare-covered employment during your working lifetime, you will be automatically enrolled in Medicare Part A at no cost to you.
2. You are under age 65 with permanent disabilities receiving Social Security Disability Insurance. After 24 months of receiving Social Security Disability Insurance payments, you will be automatically enrolled in Medicare Part A at no cost to you.

3. You are under age 65 with End Stage Renal Disease (ESRD). If you meet Medicare's guidelines for coverage, you will be automatically enrolled in Medicare Part A at no cost to you.

While Medicare Part A is free for those that qualify, Medicare Part B and D are not free. For 2012 the standard Medicare Part B monthly premium is \$115.40. Based on your income, this premium could be higher or lower. The Medicare Part D premium can range from \$30 to \$50 a month depending on which private plan you select.

We understand that many of you upon reaching age 65 do not have forty (40) quarters of Medicare-covered employment. For those retirees and dependents who upon attaining age 65 are not eligible to purchase Medicare Part B, you will be required to provide the City of Miami Beach with proof of your coverage denial by Medicare. Typically, you will be provided a letter from Medicare indicating that you are not eligible to enroll in Medicare Part B. Claims processed by Humana will be paid as secondary until the City receives proof you or your enrolled dependent is not eligible for Medicare coverage.

How does this Plan coordinate with Medicare coverage?

If you are entitled to Medicare and

- (1) are 65 and older and covered under this plan as a retiree or
- (2) under 65, Social Security disabled and was the subscriber or
- (3) over 30 months of eligibility due to End Stage Renal Failure

you must enroll in Medicare and purchase Medicare Part B coverage. Your Medicare will be your primary coverage and will pay first. The Humana Medical Plan assumes you purchased Part B coverage and will pay accordingly, typically only 20% of the expenses that Part B covers. It is not necessary to buy Part D coverage as the coverage provided by the Humana Medical Plan has been deemed creditable by Medicare, providing you with comprehensive prescription coverage for a copayment.

Does the City contribute to the cost of my Medicare Part B coverage?

For those retirees enrolled in Medicare Part B, the City will provide assistance with your Medicare Part B premium. Beginning January 1, 2012, the City's contribution to your Medicare Part B coverage will be frozen at \$48.20 from the current contribution of 50% of the total Medicare Part B premium. As in the past, the City will continue to reduce your contribution to the Humana Medical Plan by this Medicare Part B rebate.