PLAN AHEAD FOR 2015

RETIREMENT HEALTHCARE BENEFITS

In May 2013, you received a letter informing you that, in light of the evolving landscape of national healthcare and challenges faced by Chicago taxpayers, changes to the City of Chicago’s retiree healthcare benefits would be implemented starting in 2014. The relevant information regarding these changes for 2015, as well as expanded healthcare options, is summarized here and further described in the documents provided in this mailing.

For City retirees who retired prior to August 23, 1989, in 2015 and beyond, the City will continue to substantially subsidize your health benefits at the same level that it does today. In short, the City will provide a healthcare plan with a contribution from the City of up to 55% of the cost of that plan for your lifetime.

For City retirees who retired on or after August 23, 1989, in 2015, the City will provide a subsidy towards the cost of your health benefits if you have at least 10 years of City service, but there will be some changes to that subsidy. It is important to note that the 2015 healthcare plan will include*:

- No increase in the co-pays, deductibles, or out-of-pocket cost other than the same small percentage increases that occurred annually in the prior plan.
- Blue Cross Blue Shield PPO network and prescription coverage.
- Additional lower cost network and plan options for non-Medicare eligible retirees.
- Generous Medicare supplemental coverage for Medicare recipients, including prescription drugs.
- The additional City premium subsidy available to low-income retirees at or below 250% of the Federal Poverty Level.

For 2015, the City is offering four plan options (the current plan and three new plan options) for retirees who are not Medicare eligible. These four plan options will allow non-Medicare eligible retirees to select a plan that best meets their needs for access to providers, out-of-pocket expense and premium cost. See the enclosed materials for descriptions of the new plan options and enrollment information.

For 2015, the City will continue to provide those who are Medicare eligible the same plan that is offered today.

With the changes taking place in the national healthcare market, we will assist both Medicare and non-Medicare eligible retirees in obtaining the information needed to navigate their available healthcare options.

Please note – State law, which was supported by the City, provides for a pension fund subsidy for a City of Chicago Retiree Medical Plan of $95 per month for non-Medicare eligible retirees and $65 per month for retirees eligible for Medicare through 2016, saving retirees thousands of dollars in healthcare costs.

*The Plan Document defines and controls the terms of the benefits provided.
The City will continue to provide you relevant updates on retiree healthcare going forward.

For information about plan changes, call 1-877-299-5111

or visit www.cityofchicago.org/benefits
Notice of Prescription Drug Creditable Coverage
City of Chicago Retiree Healthcare Plan

The City of Chicago has determined that Retiree Healthcare Plans prescription drug benefits are, on average, “creditable coverage,” which means the City’s coverage is expected to pay as much (or more in some cases) as standard Medicare Prescription Drug Coverage.

Because the City’s prescription drug benefits are creditable coverage, you can choose to stay covered under the City’s Plan and join a Medicare plan later and not be subject to the Medicare premium penalty.

Keep this Notice. If you enroll for Medicare Prescription Drug Coverage, you may need a copy of this Notice when you enroll. This Notice verifies that you have creditable coverage and that you are not required to pay the premium penalty.

Your Choices and the Consequences

You should compare your current coverage with the coverage and cost of the Medicare plans in your area. Regardless of whether or not you or a dependent enroll for Medicare Prescription Drug Coverage, you will continue to receive your current prescription drug benefits under the City’s Plan (as long as you or your dependent are otherwise eligible to continue the City’s coverage). Remember that the City’s Plan also covers medical benefits, in addition to prescription drug benefits. The premium you pay for coverage under the City’s Plan will not be affected by whether or not you enroll in Medicare Prescription Drug Coverage.

However, if you or a dependent are eligible and enroll for Medicare Prescription Drug Coverage, your or your dependent’s prescription drug benefits under the City’s Plan will be secondary to, and will be coordinated with, your Medicare Prescription Drug Coverage. Also, remember that for most people there is a monthly premium for Medicare Prescription Drug Coverage.

Important Note: If you or a dependent are eligible for Medicare and drop or lose your coverage with the City, and do not enroll for Medicare Prescription Drug Coverage after your current coverage ends, you may pay more for Medicare Prescription Drug Coverage later. If you go 63 days or longer without prescription drug coverage that is at least as good as Medicare Prescription Drug Coverage, your monthly premium for Medicare Prescription Drug Coverage will increase. The increase will be 1% per month for every month that you were eligible for but did not have coverage. For example, if you go 19 months without coverage, your monthly premium will always be 19% higher than what most other people pay. You will have to pay the premium penalty as long as you have Medicare Prescription Drug Coverage. In addition, you may have to wait until the next open enrollment period (October 15 through December 7 each year) to enroll.

Eligible individuals who are entitled to Medicare Part A or enrolled in Part B can enroll for Medicare Prescription Drug Coverage when they are first eligible or during the annual Medicare enrollment period (October 15 through December 7 each year). Medicare eligible individuals who lose or drop creditable prescription drug benefits may be eligible for a two month Special Enrollment Period to sign up for Medicare Prescription Drug Coverage. Detailed information about Special Enrollment Periods is included in the Medicare & You handbook sent to Medicare eligible individuals each fall.

(TURN THIS PAGE OVER FOR MORE INFORMATION)
For More Information About Medicare Prescription Drug Coverage

More information about Medicare Prescription Drug Coverage is available in the “Medicare & You” handbook that Medicare publishes and sends to Medicare beneficiaries each fall. You may also be contacted directly by Medicare prescription drug plans.

To get more information, you can:

- Call your State Health Insurance Assistance Program (the telephone number is in the “Medicare & You” handbook).
- Call 1-800-MEDICARE (1-800-633-4227). TTY users should call 1-877-486-2048.

For people with limited income and assets, extra help paying for a Medicare Prescription Drug Coverage is available. Additional information is available from the Social Security Administration by:

- Visiting www.socialsecurity.gov/prescriptionhelp.
- Calling 1-800-772-1213 (TTY users should call 1-800-325-0778).

For More Information About this Notice or the City’s Prescription Drug Benefits

If you have any questions about this Notice or would like more information about your prescription drug benefits under the City’s Plan, please call the Benefits Management Office.

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 or if the City’s coverage changes. You also may request a copy at any time from the Benefits Management Office.

Date of Notice: September 2014
Entity/Sender: The City of Chicago
Contact: Benefits Management Office
Address: 333 South State Street, Room 400, Chicago, Illinois 60604-3978
Telephone Number: 1-877-299-5111
Web Site: www.cityofchicago.org/benefits

MEDICARE PART D ENROLLMENT

Medicare provides the City of Chicago enrollment information on Medicare Part D participants who also have City of Chicago coverage. If you or a covered dependent enroll in a Part D plan, or are defaulted into a Part D plan because of eligibility for a State or Federal program, and you want to disenroll, you must call Medicare. They will provide you with the necessary information to disenroll. You must then notify the Benefits Management Office so we can update our records.

Benefits under the City of Chicago Retiree Healthcare Plan may be modified, reduced, or terminated as specified in the legal documents that establish the Plan. The City expressly reserves all rights to make amendments or terminate the Plan as allowed by the legal documents that establish the Plan.