

Important Notice from the City of Chesapeake About Your Prescription Drug Coverage and Medicare

*****If you or one of your family members are not currently covered by Medicare and will not become covered by Medicare in the next 12 months, this notice does not apply to you.*****

The purpose of this notice is to advise you that the prescription drug coverage listed below under the City of Chesapeake's medical plan is expected to pay out, on average, at least as much as the standard Medicare prescription drug coverage will pay in 2025. This is known as "creditable coverage."

Why is this important? If you or a covered dependent are enrolled in any prescription drug coverage during 2025 listed in this notice, and are or become covered by Medicare, you may decide to enroll in a Medicare prescription drug plan later and not be subject to a late enrollment if you had creditable coverage within 63 days of your Medicare prescription drug plan enrollment. Please keep this notice with your important records.

Please read this notice carefully. This notice has information about your current prescription drug coverage with City of Chesapeake Plans 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 Medicare Advantage Plan (like an HMO or PPO) 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 Chesapeake has determined that the prescription drug coverage offered by the City of Chesapeake Employee Benefits Plan is, on average for all plan participants, is 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.

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 through 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 enroll in a Medicare prescription drug plan and you are an active employee or covered member of an active employee, you may also continue employer coverage. In this case, the employer plan will continue to pay primary or secondary as it had before you enrolled in a Medicare prescription drug plan. If you waive and drop City of Chesapeake coverage, Medicare will be your only payor. You can re-enroll in the employer plan at an annual open enrollment or if you have a special enrollment event for the City of Chesapeake plan.

If you do decide to join a Medicare drug plan and drop your current City of Chesapeake coverage, and then retire with no City of Chesapeake coverage at the time of retirement, you or your dependents will not be eligible to re-enroll in coverage with the City.

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 Chesapeake and do not 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 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 person or office listed below for further information. NOTE: You will receive 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 Chesapeake 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 will receive a copy of the handbook in the mail every year from Medicare once you are covered. You may also be contacted directly by Medicare drug plans.

For more information about Medicare prescription drug coverage:

- Visit 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, 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).

PLAN	Sentara Health PPO	Sentara Health POS	Sentara Health HMO	Sentara Health CDHP
General Deductible (individual/family)	\$750/\$1,500	\$750/\$1,500	\$750/\$1,500	\$3,400/\$6,800
Out of Pocket Maximum (individual/family)	\$4,000/\$8,000*	\$4,000/\$8,000*	\$4,000/\$8,000*	\$3,500/\$7,000*
PCP visit	\$25	\$25	\$25	\$0 AD
Specialist visit	\$70	\$50	\$50	\$0 AD
Inpatient Care	25% co-insurance ^{AD}	15% co-insurance ^{AD}	20% co-insurance ^{AD}	\$0 AD
Outpatient Surgery	25% co-insurance ^{AD}	15% co-insurance ^{AD}	20% co-insurance ^{AD}	\$0 AD
Emergency Room	25% co-insurance ^{AD}	15% co-insurance ^{AD}	20% co-insurance ^{AD}	\$0 AD
Urgent Care Center	\$70 copay	\$50 copay	\$50 copay	\$0 AD
Prescription Drugs	\$10/30/50/20%	\$10/30/50/20%	\$10/30/50/20% up to \$250	\$10/30/50/20% up to \$250 AD
Preventative Vision**	\$0 copay	\$0 copay	\$0 copay	\$0 copay
OON OOP Maximum	\$5,000/\$10,000	\$6,500/\$13,000	N/A	\$6,000/\$12,000

^{AD}=After Deductible

* = Includes medical and prescriptions

**Once every 12 months when performed by a participating VSP provider. For more information about participating providers, call 800-877-7198.

Date: September 15, 2025
Name of Entity: City of Chesapeake
Contact: Human Resources
Address: 306 Cedar Road, Chesapeake, VA 23322
Phone Number: 757-382-8956