



BENEFITS SUMMARY[†]

Effective January 1, 2014

[†]The plan document defines and controls the terms of the benefits provided.

Medicare Supplement Retiree Healthcare Plan

The Medicare Supplement Retiree Healthcare Plan pays the percentages listed below after you Medicare and any annual deductibles. The maximum amount that the Plan will pay is based on the Medicare allowable charge.* Services must be medically necessary.

Medical Benefits	Coverage
Lifetime Maximum	\$1.5 million per person for medical and prescription drug benefits ¹
Plan Deductible ²	\$100 per person each calendar year (separate from Medicare Part B deductible)
Hospitalization	
Days 1 – 60	You pay \$50 of the Medicare Part A Inpatient Deductible for the first hospital stay in each calendar year. Plan pays all but \$50 of Medicare Part A Inpatient Deductible for the first hospital stay each calendar year.
Days 61 – 90	You pay 0. Plan pays 100% of the Medicare daily copayment, which is 25% of the Medicare Part A Inpatient Deductible.
Days 91 – 150	You pay 0. Plan pays 100% of the Medicare daily copayment, which is 50% of the Medicare Part A Inpatient Deductible.
Additional Days	Additional days may be covered under Medicare Part A and/or the Plan.
Skilled Nursing Facility	
Days 1 – 20	You pay 0. Medicare pays 100% of first 20 days each Medicare Benefit Period.
Days 21 – 100	You pay 0. Plan pays 100% of the Medicare daily copayment, which is 1/8 of the Medicare Part A Inpatient Deductible.
Additional Days	You pay 100%. No Medicare or Plan benefits are paid after 100 days in a Medicare Benefit Period.
Other Covered Services	Plan pays 20% of Medicare approved amount after Part B deductible and Plan deductible.
Out-of-Country Services	If you are in a foreign country and are hospitalized due to an emergency, the Plan pays 80% of eligible charges for medically necessary services during the first 60 days of your hospitalization. Benefits are subject to a \$250 calendar year deductible. The total lifetime maximum that the City's Plan pays is limited to \$50,000
Diabetic Supplies	Medicare Part B covers diabetic supplies such as glucose testing monitors, blood glucose test strips, lancets, and glucose control solutions. There may be limits on supplies or how to get them. Ask your pharmacy or supplier if they are enrolled in the Medicare program. If they are not, Medicare will not pay and neither will the City's Plan because the City's Plan is only a supplement to Medicare. If you have paid the yearly Part B deductible as well as the City's \$100 annual deductible, the City will pay 20% of the Medicare approved amount.

¹ The lifetime maximum includes expenses paid under both the Non-Medicare and Medicare plans combined.

² Medicare Part A and Medicare Part B: **No expense is covered by the Plan if Medicare does not cover it unless otherwise specified.** If you are only enrolled in Medicare Part A, the Plan will pay benefits as though you are enrolled in both Medicare Part A and Medicare Part B.

Prescription Drug Benefits	Coverage
Caremark Retail Pharmacy – up to a 30 day supply or 100 unit dose (whichever is less)	<p>After you've met the separate \$100 annual prescription drug deductible (does not apply to Means Test Eligible Retirees),*** for each prescription, you pay:</p> <ul style="list-style-type: none"> • 20% of the contracted cost for generic drugs • 20% of the contracted cost for formulary brand name drugs*** when no generic is available • 20% of the contracted cost plus \$15 for non-formulary brand name drugs**** when no generic is available
Mail Order Program - Up to a 90 day supply	<p>For each prescription, you pay:</p> <ul style="list-style-type: none"> • \$25 for 2014 (\$7 for Means Test Eligible Retirees) for generic drugs • \$65 for 2014 (\$20 for Means Test Eligible Retirees) for formulary brand name drugs when no generic is available <p>Note: non-formulary brand name medications are not available through the mail order program.</p>
Restrictions: Why choose a generic?	<p>If a brand name drug is dispensed when a generic alternative is available, you pay the difference in cost between the generic and the brand name as well as the generic copayment. The Plan will not pay more than it would pay for the generic medication, if you buy a brand name drug when a generic alternative is available.</p>
Generic Step Therapy Program for generics available in the therapeutic class	<p>If you elect to purchase a brand medication without trying an appropriate generic medication in the same therapeutic class, you will pay the full cost of the medication. If you try the generic medication and your physician finds that the generic medication is not effective in treating your condition, you will be able to receive the brand medication at the copayment applicable to non-formulary or formulary.</p>
Specialty Medications	<p>If you do not try the preferred medication for the therapeutic class, you will pay the full cost of the medication. If you try the preferred specialty medication and it is not effective in treating your condition, you will be able to receive a non-preferred formulary drug.</p>
Mandatory Mail Order	<p>Requiring the use of mail order will reduce costs for the City and Retirees. After 2 fills of your generic or formulary brand medication at a retail pharmacy, you will be required to use mail order for any additional fills through CVS-Caremark in Mount Prospect, IL. If you do not use the mail order program for your 3rd or any subsequent fills, you will pay the full cost of the prescription. If your medication is non-formulary, however, you must continue to use the retail pharmacy.</p>
Out-of-network pharmacy reimbursement	<p>If you do not go to a network retail pharmacy, you pay the full amount when you pick up your prescription. You must then submit a receipt for reimbursement. The Plan will pay 60% of the Plan's cost, after you've met the deductible (if applicable). There is no formulary list if you go to an out-of-network pharmacy.</p>

* **MEDICARE ALLOWABLE CHARGE** – THE AMOUNT THAT MEDICARE DETERMINES A PARTICULAR SERVICE OR SUPPLY SHOULD COST. THE MEDICARE SUPPLEMENT RETIREE HEALTHCARE PLAN BASES PAYMENT ON THE MEDICARE ALLOWABLE CHARGE.

** **MEANS TEST ELIGIBLE RETIREE** – GENERALLY, THE COMBINED HOUSEHOLD ADJUSTED GROSS INCOME, AS REPORTED TO THE INTERNAL REVENUE SERVICE IN THE IMMEDIATELY PRECEDING TAX YEAR, MUST BE AT OR BELOW 200% OF FEDERAL POVERTY GUIDELINES FOR YOUR FAMILY SIZE THAT YEAR. THIS DOES NOT APPLY TO ALL INDIVIDUALS; FOR EXAMPLE, FORMER CITY OF CHICAGO EMPLOYEES WHO RETIRE AND/OR BEGIN RECEIVING AN ANNUITY ON OR AFTER JULY 1, 2005, BASED ON LESS THAN 10 YEARS OF SERVICE CREDITS, ARE NOT ELIGIBLE FOR THE MEANS TEST.

*** **FORMULARY BRAND NAME DRUGS** – A FORMULARY DRUG IS A BRAND NAME DRUG THAT HAS BEEN DESIGNATED AS A PREFERRED DRUG BY CVS CAREMARK. THE PREFERRED DRUG (FORMULARY) LIST MAY CHANGE PERIODICALLY AT THE DISCRETION OF THE PHARMACY BENEFITS MANAGER.

**** **NON-FORMULARY BRAND NAME DRUG** – A NON-FORMULARY BRAND NAME DRUG IS A BRAND NAME DRUG THAT IS NOT ON THE PREFERRED LIST OF FORMULARY DRUGS.