

Medicare and your prescription drug coverage

Please read this notice about Medicare and your prescription drug coverage carefully and keep it where you can find it. This notice has information about your current prescription drug coverage under the Associates' Health and Welfare Plan (the Plan) and your prescription drug coverage option under Medicare. 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. It also tells you where to find more information to help you make decisions about your prescription drug coverage.

There are important things you need to know about your current coverage and Medicare's prescription drug coverage:

- 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.
- Some of the Walmart prescription drug plans (as described later in this notice under the heading **Which Walmart plans are considered creditable coverage?**) are, on average for all Plan participants, expected to pay out as much as the standard Medicare prescription drug coverage will pay and are therefore considered creditable coverage. If you are a participant in one of these plans, you may keep your current coverage and not pay a higher premium (a penalty) if you later decide to join a Medicare drug plan.
- Other Walmart plan options (as described later in this notice under the heading **Which Walmart plans are considered non-creditable coverage?**) are, on average for all Plan participants, not expected to pay out as much as the standard Medicare prescription drug coverage will pay. If you are a participant in one of these plans, your coverage is non-creditable coverage. This is important because for most people enrolled in these plan options, enrolling in Medicare prescription drug coverage means you will get more help with drug costs than if you had prescription drug coverage exclusively through the Plan. This is also important because it may mean that you pay a higher premium (a penalty) if you do not join a Medicare drug plan when you first become eligible.

If you have non-creditable coverage under the Plan, it may affect how much you pay for Medicare D drug coverage in the future. When you become eligible for Medicare D, you should compare your current coverage, including what drugs are covered, with the coverage and cost of the plans offered by Medicare prescription drug coverage in your area. Read this notice carefully — it explains your options.

CREDITABLE AND NON-CREDITABLE COVERAGE

What is the meaning of the term "creditable coverage"? Creditable coverage means that your current prescription drug coverage is, on average for all Plan participants, expected to pay out as much as the standard Medicare prescription drug coverage will pay. Prescription drug coverage that does not satisfy this requirement is not creditable coverage.

WHICH WALMART PLANS ARE CONSIDERED CREDITABLE COVERAGE?

Walmart has determined that the following Plans' prescription drug coverages are considered creditable according to Medicare guidelines:

- Premier Plan
- Contribution Plan
- Local Plan
- HMO
- eComm PPO Plan

If your coverage is creditable, you can keep your existing coverage and not pay extra if you later decide to enroll in Medicare coverage.

If you are enrolled in any of the Plans listed above, you can choose to join a Medicare prescription drug plan later without paying extra because you have existing prescription drug coverage that, on average, is as good as Medicare's coverage.

If you are enrolled in Medicare Part D, you are not eligible to enroll in any of the Plans listed above. If your dependent is enrolled in Medicare Part D and you are not, you are eligible to enroll in a Walmart medical or HMO plan, but your dependent would not be eligible for coverage.

If you drop your medical coverage with Walmart and enroll in a Medicare prescription drug plan, you and your eligible dependents will have the option of re-enrolling in the Walmart Plan during annual enrollment or with a valid status change event. You should compare your current coverage, including which drugs are covered, with the coverage and cost of the plans offering Medicare prescription drug coverage in your area.

WHICH WALMART PLANS ARE CONSIDERED NON-CREDITABLE COVERAGE?

The following Plan's prescription drug coverage is considered non-creditable according to Medicare guidelines:

- Saver Plan

If your coverage is non-creditable, you might want to consider enrolling in Medicare prescription drug coverage.

If you are enrolled in the HSA Plan, you may want to consider switching to a Medicare prescription drug coverage because the coverage you have is, on average for all participants, not expected to pay out as much as the standard Medicare prescription drug coverage will pay.

WHEN CAN I ENROLL FOR MEDICARE PRESCRIPTION DRUG COVERAGE?

You can join a Medicare drug plan when you first become eligible for Medicare and each year from October 15 through December 7.

If you have creditable prescription drug coverage and you lose it through no fault of your own, you will be eligible for a two-month Special Enrollment Period (SEP) to join a Medicare drug plan.

If you have non-creditable prescription drug coverage and you drop coverage under the Plan, because your coverage is employer-sponsored group coverage, you will be eligible for a two-month SEP to join a Medicare drug plan. However, you may pay a higher premium (a penalty) because you did not have creditable coverage under the Plan.

WHEN WILL I PAY A HIGHER PREMIUM (A PENALTY) TO JOIN A MEDICARE DRUG PLAN?

If you have creditable coverage and drop or lose your coverage under the Plan 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 the Medicare drug plan later.

If you have non-creditable coverage, depending on how long you go without creditable prescription drug coverage, you may pay a penalty to join a Medicare drug plan.

Starting with the end of the last month that you were first eligible to join a Medicare drug plan but didn't join, 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 19 months without creditable coverage, your premium may always be at least 19% higher than the Medicare base beneficiary premium. You may have to pay this premium (a penalty) as long as you have Medicare prescription drug coverage. In addition, you may have to wait until the following Medicare annual enrollment period beginning in October to join.

WHAT HAPPENS TO YOUR CURRENT COVERAGE IF YOU DECIDE TO JOIN A MEDICARE DRUG PLAN?

If you decide to join a Medicare drug plan, your current coverage under the Associates' Medical Plan (AMP) will be affected. Plan guidelines restrict you from enrolling in the AMP if you are enrolled in Medicare Part D. If your dependent is enrolled in Medicare Part D and you are not, you are able to enroll in the AMP, but your dependent would not be eligible for coverage.

If you decide to join a Medicare drug plan and drop your coverage under the Walmart AMP, be aware that you and your dependents will be able to get your AMP coverage back, but only during annual enrollment or due to a status change event.

If you enroll in a Medicare Part D plan and decide within 60 days to switch back to a plan under the Walmart AMP, you will automatically be re-enrolled for the same coverage you had prior to the status change event. See the Eligibility and enrollment chapter for further details.

FOR MORE INFORMATION ABOUT MEDICARE AND YOUR PRESCRIPTION DRUG COVERAGE

- You will get this notice each year before your Medicare enrollment period.
- If we make a plan change that affects your creditable coverage, you will receive another notice.
- If you need a copy of this notice, you can request one from People Services at **800- 421-1362**.

ADDITIONAL INFORMATION AVAILABLE

More detailed information about Medicare plans that offer prescription drug coverage is available through the “Medicare & You” handbook from Medicare. You may also be contacted directly by Medicare-approved prescription drug plans. You will get a copy of the handbook in the mail every year from Medicare. You can also get more information about Medicare prescription drug plans from these sources:

- Visit [medicare.gov](https://www.medicare.gov)
- Call your state health insurance assistance program for personalized help. (See your copy of the “Medicare & You” handbook for its telephone number.)
- Call **800-MEDICARE (800-633-4227)**. TTY users should call **877-486-2048**.

For people with limited income and resources, extra help paying for the Medicare prescription drug plan is available. For more information about this resource, visit the Social Security Administration online at [socialsecurity.gov](https://www.socialsecurity.gov), or call **800-772-1213** (TTY **800-325-0778**).

REMEMBER

Keep this notice. If you enroll in one of the Medicare prescription drug plans, you may need to provide a copy of this notice when you join to show whether or not you have creditable coverage and therefore whether or not you are required to pay a higher premium (a penalty).