



JIM STRICKLAND
MAYOR

DIVISION OF HUMAN RESOURCES

TENNESSEE

March 27, 2017

Re: City of Memphis Donut Hole Coverage Benefit

As a City of Memphis retiree or spouse who purchased Medicare prescription drug coverage (Part D) through OneExchange, we want to provide you information about the additional benefit being provided by the City when participants enter the coverage gap, also known as the donut hole.

A Medicare Part D participant enters the donut hole when he/she and his/her insurance plan pay \$3,700 for drugs in 2017. Once in the donut hole, the participant is responsible for paying anywhere from 40%-51% of the cost of the prescriptions, depending on whether the drugs are name-brand or generic. Participants get out of the donut hole once they have paid \$4,950 out of pocket for covered drugs during the plan year. Upon exiting the donut hole, the participant enters catastrophic coverage and is required to pay only a small coinsurance or copayment for covered drugs for the rest of the year.

THE CITY OF MEMPHIS'S ADDITIONAL BENEFIT

Once an eligible participant enters the donut hole, he/she will return a Coverage Gap Reimbursement form and acceptable documentation to the City of Memphis confirming he/she has entered the donut hole. Acceptable documentation is an Explanation of Benefits (EOB) from your Part D insurance company or a statement from Medicare showing you entered the donut hole.

Once the City of Memphis receives the required documentation, we will make an additional contribution to the participant's Health Reimbursement Arrangement (HRA) for the amount the participant is responsible for while in the donut hole. The participant can then get reimbursed from the HRA managed by OneExchange for future eligible expenses. This amount is in addition to the HRA funding provided when coverage became effective. Participants should note that this will advance their true out of pocket expenses through the donut hole and is considered taxable.

CATASTROPHIC COVERAGE

Participants entering catastrophic coverage will receive additional funds to cover their out of pocket costs and can continue to submit reimbursement requests to OneExchange to get reimbursed for those expenses. The catastrophic coverage plan is administered by OneExchange and is included with this letter.

For any questions concerning this, please contact us at benefitsquestions@memphistn.gov or (901) 636-6800.