Effective January 1, 2017, all PEEHIP Medicare-eligible retirees and Medicare-eligible dependents covered on a retiree contract will be automatically enrolled in the new UnitedHealthcare® Group Medicare Advantage (PPO) plan. For these members, this new plan will replace their current PEEHIP BCBS Hospital Medical plan and their Medicare GenerationRx EGWP Prescription Drug plan, which ends December 31, 2016. New coverage under the UnitedHealthcare® Group Medicare Advantage (PPO) plan will begin on January 1, 2017, so there is no break in coverage.

The new plan will be fully insured by UnitedHealthcare®. Members will be able to have all of their Medicare Part A coverage (Hospital Insurance), Part B coverage (Medical Insurance) and Part D coverage (prescription drug coverage) included in one convenient plan. Unless you choose to opt out (see opt-out information on page 4), there is no action required on your part aside from ensuring that you and your eligible dependents are enrolled in both Medicare Part A and Part B.

It is important to know that Medicare-eligible retired members and Medicare-eligible dependents must be enrolled in Part A AND Part B of Medicare to have coverage with the new UnitedHealthcare® Group Medicare Advantage (PPO) plan offered by PEEHIP. If you do not have both Part A and Part B, you will not be eligible for the new Medicare Advantage plan and you will not have hospital medical or prescription drug coverage with PEEHIP.

Medicare-eligible PEEHIP members who have opted out of PEEHIP’s current Medicare GenerationRx EGWP coverage because they currently have TRICARE, another Medicare Part D plan, or other creditable prescription drug coverage will remain opted out of the prescription drug coverage. They will have hospital medical benefits only under the UnitedHealthcare® Group Medicare Advantage (PPO) plan, so that they can continue to use their TRICARE or other creditable prescription coverage.

*Creditable prescription drug coverage means that the coverage is of equal or better quality to what Medicare Part D offers. If you are unsure whether or not your prescription drug coverage outside of PEEHIP is creditable, please contact that plan’s administrator.*

Dependents Who Are Not Yet Medicare Eligible

This change does not affect PEEHIP active members and their covered dependents, non-Medicare-eligible retired members, or non-Medicare-eligible covered dependents of PEEHIP retirees.

The Medicare-eligible retiree’s spouse or other covered dependents who are not Medicare eligible will remain in the PEEHIP (non-Medicare) hospital medical and prescription drug plan. The non-Medicare dependent(s) should continue to use their current PEEHIP ID card and will not be enrolled in the UnitedHealthcare® Group Medicare Advantage (PPO) plan until the dependent(s) becomes Medicare eligible.

Why is PEEHIP making this change?

PEEHIP is pleased to offer this new and robust benefit for Medicare-eligible retirees and covered Medicare-eligible dependents. This change allows PEEHIP to bring together hospital medical and prescription drug coverage under one convenient and comprehensive plan for its Medicare-eligible retired members and their covered Medicare-eligible dependents. This UnitedHealthcare® plan was designed to closely mirror PEEHIP’s current retiree hospital medical and prescription drug coverage so that the effect of this change is minimal. Along with an easy transition, this plan also allows PEEHIP to offer to its Medicare-eligible retired members some additional benefits that go beyond what Original Medicare typically covers. See the “What Does this Plan Include?” section on page 3 for more details.

Not only will this new plan offer new and exciting benefits for our Medicare-eligible members, it will also generate significant cost savings for PEEHIP, meaning it is a win-win for PEEHIP and our members.
What is the new UnitedHealthcare® Group Medicare Advantage (PPO) plan?

As its name suggests, this plan is a Medicare Advantage group plan. Medicare Advantage plans (also known as Medicare Part C) combine all of the benefits of Medicare Part A (hospital coverage) and Medicare Part B (medical coverage) into one plan, and can also be combined with Medicare Part D (prescription drug coverage) to become one comprehensive hospital medical and prescription coverage plan. Medicare Advantage plans are offered by private insurance companies like UnitedHealthcare®. UnitedHealthcare® will be offering a Medicare Advantage Group Plan with Prescription Drug coverage for PEEHIP. Additionally, members who would like to keep their existing TRICARE, other Part D plan, or other creditable prescription coverage, may do so and elect to have hospital medical coverage only through PEEHIP.

This Medicare Advantage plan is a Preferred Provider Group (PPO) plan. Similar to traditional PPO plans, these plans give you access to in-network (contracted) healthcare providers. You can also use out-of-network (non-contracted) healthcare providers anywhere in the United States. However, different from traditional PPO plans, under the UnitedHealthcare® Group Medicare Advantage (PPO) plan, you do not pay any more to use out-of-network providers. Your share of the cost (copay or coinsurance) remains the same as if your visit were in-network.

Finally, this plan is a Group Medicare Advantage plan which means it was created just for PEEHIP. PEEHIP worked closely with UnitedHealthcare® to design the plan just for Medicare-eligible PEEHIP retired members and their Medicare-eligible covered dependents. So unlike other Medicare Advantage plans you may see advertised elsewhere, you can only enroll in this plan through PEEHIP.

How does this plan work?

The UnitedHealthcare® Group Medicare Advantage (PPO) plan will work a little differently than the current PEEHIP BCBS Hospital Medical plan and Medicare GenerationRx EGWP Prescription Drug plan.

♦ One ID card: You will have one ID card from UnitedHealthcare®. Use this ID card for all your hospital and medical service and prescription drug needs. You will no longer need to show your red, white, and blue Medicare card, but keep your Medicare card in a safe place. You will no longer use your Blue Cross Blue Shield PEEHIP ID card or your Medicare GenerationRx ID card. Instead of having three ID cards, you will only have one ID card from UnitedHealthcare®.

♦ Use your new ID card for all hospital and medical service and prescription drugs: It is important to always show your UnitedHealthcare® Group Medicare Advantage (PPO) plan ID card when receiving hospital and medical services or filling prescriptions. This is because your UnitedHealthcare® Group Medicare Advantage (PPO) plan pays directly (primary) for all your hospital and medical and prescription drug services. Showing your UnitedHealthcare® ID card will help make sure that your claims are processed quickly and accurately.

♦ Continue to use your same doctors and hospitals: Under the UnitedHealthcare® Group Medicare Advantage (PPO) plan, retirees can continue to see their same doctors and healthcare providers with no interruption. PEEHIP members have the freedom to use any doctor or hospital that participates in Medicare and accepts the plan on a national basis.

♦ You have the same benefits if you use in-network or out-of-network providers: There is no additional cost share when using an out-of-network provider. Any excess charges (balance billing) are paid by the health plan, not the covered member.

UnitedHealthcare® will be contacting doctors and healthcare providers that PEEHIP retirees are currently utilizing to provide detailed information about the transition to the new plan. Providers will be educated on specific PEEHIP plan benefits and how to file claims on behalf of PEEHIP members.
What does this plan include?

The following chart highlights some of the more common benefits along with your share of the cost.

UnitedHealthcare® Medicare Advantage (PPO) Plan Medical & Prescription Drug

<table>
<thead>
<tr>
<th>Benefit Category</th>
<th>In- and Out-of-Network Benefit</th>
</tr>
</thead>
<tbody>
<tr>
<td>Medical Benefits</td>
<td></td>
</tr>
<tr>
<td>Primary Care Physician Office Visit</td>
<td>$13</td>
</tr>
<tr>
<td>Specialist Office Visit</td>
<td>$18</td>
</tr>
<tr>
<td>Annual Preventive Care</td>
<td>$0</td>
</tr>
</tbody>
</table>

Prescription Drug Benefits (until Catastrophic Coverage begins)

<table>
<thead>
<tr>
<th>Benefit Category</th>
<th>Retail (30 day supply)</th>
<th>Maintenance Drugs (31-60 days supply)</th>
<th>Maintenance Drugs (61-90 days supply)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tier 1</td>
<td>$6</td>
<td>$12</td>
<td>$12</td>
</tr>
<tr>
<td>Tier 2</td>
<td>$40</td>
<td>$80</td>
<td>$120</td>
</tr>
<tr>
<td>Tier 3</td>
<td>$60</td>
<td>$120</td>
<td>$180</td>
</tr>
<tr>
<td>Tier 4 Specialty Drugs</td>
<td>$60</td>
<td>Not Available</td>
<td>Not Available</td>
</tr>
</tbody>
</table>

Additional Plan Highlights

♦ National coverage so PEEHIP retirees and covered dependents are covered anywhere in the United States.
♦ Worldwide emergency coverage.
♦ SilverSneakers® fitness program to help you stay active and fit.
♦ 24/7 nurse line to answer your healthcare questions and concerns when your doctor isn’t available.
♦ Health risk assessments to help you better understand your health and to help connect you with important health programs and services.
♦ Discount on hearing aids at approved facilities to help you save significantly on the cost of hearing aids.
♦ An annual in-home, health and wellness visit to make getting the healthcare you need more convenient.
♦ Renew by UnitedHealthcare which is a program designed to help you take charge of your health through education, useful tools and programs. It also includes rewards for taking specific health actions.

Member Communications You Can Expect from UnitedHealthcare® Group Medicare Advantage (PPO) Plan

UnitedHealthcare® will send detailed information on the UnitedHealthcare® Group Medicare Advantage (PPO) plan directly to you. Below is a summary timeline of what other communications Medicare-eligible retirees and covered Medicare-eligible dependents can expect to be coming:

♦ October 2016: UnitedHealthcare® will send its 2017 Plan Guide containing detailed plan information to PEEHIP Medicare-eligible retirees and their Medicare-eligible covered dependents, which includes an overview of how the plan works, a Summary of Benefits; an Abridged Formulary listing covered drugs; and an opt-out form.
♦ December 2016: UnitedHealthcare® will send you confirmation of enrollment, your new member ID card, and a Welcome Packet with all important plan documents including Evidence of Coverage; an Abridged Formulary; and a Pharmacy Directory based on member’s address.
♦ January 1, 2017: The UnitedHealthcare® Group Medicare Advantage (PPO) plan will become effective for PEEHIP Medicare-eligible retirees and covered Medicare-eligible dependents of PEEHIP retirees.
♦ PEEHIP retirees and their covered dependents who will become eligible for Medicare after January 1, 2017, can expect information approximately 60 days prior to their Medicare effective date or as soon as possible based on the retirement date of new retirees.
What if I want to opt out of the UnitedHealthcare® Group Medicare Advantage (PPO) plan?

Medicare-eligible retirees and covered Medicare-eligible dependents of retirees have the choice to “Opt Out” of the UnitedHealthcare® Medicare Advantage (PPO) plan offered by PEEHIP. All members are mailed a 2017 Plan Guide that includes opt-out instructions. Medicare-eligible retirees and covered Medicare-eligible dependents who are considering opting out should contact PEEHIP to discuss the impact of this important decision. PEEHIP can be reached by calling 334.517.7000 or Toll Free 877.517.0020.

You have 2 options for opting out of coverage
1. You can opt out of the prescription drug coverage and be enrolled in UnitedHealthcare® Group Medicare Advantage (PPO) plan hospital medical coverage only. You will not have prescription drug coverage with PEEHIP.
2. You can opt out of the UnitedHealthcare® Group Medicare Advantage (PPO) plan altogether. You will not have hospital medical or prescription drug coverage with PEEHIP.

IMPORTANT: If you have family coverage and choose to opt out of the UnitedHealthcare® Group Medicare Advantage (PPO) plan altogether, you will disenroll your entire family from any hospital medical and prescription drug coverage and will not be permitted to re-enroll until the next PEEHIP Open Enrollment period of July 1 through August 31 for an October 1 effective date.

Opting Out of Drug Coverage
If you have TRICARE or a different Medicare Part D Prescription Drug plan or other creditable prescription drug coverage and you want to keep that coverage for your prescription drugs, you can choose to opt out of the PEEHIP prescription drug coverage and keep the UnitedHealthcare® Group Medicare Advantage (PPO) plan that only includes hospital medical coverage. You will receive an ID card from UnitedHealthcare® to use for your hospital medical services. In addition, please remember to keep your other prescription drug ID card and use it when getting your prescriptions filled. You are responsible for any premiums and drug costs associated with your separate prescription drug plan as that coverage is outside of what is offered by PEEHIP.

Important reminders:
♦ If you choose to opt out of the prescription drug coverage through PEEHIP’s UnitedHealthcare® Group Medicare Advantage (PPO) plan, make sure you continue to have TRICARE or your other creditable prescription drug coverage. If you do not have continuous prescription drug coverage, you could risk paying a penalty should you choose later to join a plan that has Medicare prescription drug coverage.
♦ Medicare allows you to only have one Medicare Part D prescription drug plan at one time either as a separate (stand-alone) prescription drug plan or included as part of a Medicare Advantage plan. The plan you enroll in last is the plan that Medicare considers to be your final choice. If you enroll in the UnitedHealthcare® Group Medicare Advantage (PPO) plan that already includes prescription drug coverage and then enroll in a separate Medicare prescription drug plan, Medicare will automatically disenroll you from UnitedHealthcare® Group Medicare Advantage (PPO) plan and you will lose your hospital medical coverage with PEEHIP. If you want a separate Medicare Part D prescription drug plan but want to keep the hospital medical coverage, you must first opt out of the prescription drug only portion of the PEEHIP UnitedHealthcare® Group Medicare Advantage (PPO) plan BEFORE you enroll in the separate Part D plan.

Retiree Education Meetings – when and how you can find out more about the new plan

As an added benefit during this transition, UnitedHealthcare® will be hosting at least 95 meetings throughout Alabama for Medicare-eligible PEEHIP members and their Medicare-eligible dependents beginning in August and going through mid-November. Look for more information to be coming soon concerning these educational meetings. There will be two waves of educational meeting invites:
♦ Early August 2016: UnitedHealthcare® will begin sending the first meeting invitations for education meetings to be held in August and early September. Retirees will receive invitations for meetings in their area approximately 2-3 weeks prior to the meeting dates.
♦ August through Mid-November 2016: Ongoing education meeting invites will be sent to retirees approximately 2-3 weeks prior to the meeting dates.


In addition, PEEHIP retirees are welcome to call the UnitedHealthcare® dedicated customer service team. These representatives have been specially trained in PEEHIP’s benefit plans and are available to answer your questions. Beginning July 5, 2016, just call toll-free: 877.298.2341, TTY 711. The hours of operation are Monday - Friday, 8:00 a.m. - 8:00 p.m. CT.

PEEHIP retirees can also find information about this new plan online after July 5 at www.UHCRetiree.com/peehip.