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September 1, 2019

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**THE PLANS DESCRIBED BELOW ARE SUBJECT TO THE OUTCOME OF
FITCH v. STATE OF MARYLAND, Case No. 1:18CV0287-PM (D. Md.), CURRENTLY PENDING
BEFORE THE U.S. DISTRICT COURT FOR THE DISTRICT OF MARYLAND**

Dear Maryland State Employee/Retiree:

You are receiving this letter because you may be eligible to try to participate in new State prescription drug reimbursement programs. Please note that the availability of these new programs is dependent upon the outcome of the court case identified above. The current prescription drug benefit plan for State retirees is not being discontinued at this time. Once the court case is resolved, DBM will inform you about the status of the new prescription drug reimbursement programs for State retirees, as well as the status of the current prescription drug benefit plan for State retirees. Please read below for further details.

The new State prescription drug reimbursement programs are for Medicare-eligible retirees, Medicare-eligible spouses and surviving spouses, and Medicare-eligible dependent children and surviving children. The new programs were created by a recently enacted State law, Senate Bill 946, which can be found at <http://dbm.maryland.gov/SB946>. Senate Bill 946 establishes three prescription drug reimbursement programs, which are summarized below.

1) Maryland State Retiree Prescription Drug Coverage Program

- Participants: A Medicare-eligible State retiree, Medicare-eligible spouse or surviving spouse, and Medicare-eligible dependent child or surviving dependent child, may be qualified to participate.
- Eligibility Requirements:
 - The retiree must have retired on or before December 31, 2019 (last day worked is on or before 12/31/19). If you are an active State employee who is eligible for retirement, you may want to consider the December 31, 2019 retirement deadline for this Program as one of the factors to evaluate in making any retirement decisions.
 - A participant must be enrolled in a prescription drug benefit plan under Medicare.
 - The retiree must be eligible under State law to enroll and participate in the health insurance benefit options under the State Employee and Retiree Health and Welfare Benefits Program.

- Benefits:
 - If a retiree qualifies for the maximum State subsidy, the State will reimburse a participant for out of pocket costs that exceed \$1500.00 for an individual, and \$2,000.00 for a family.
 - If a retiree qualifies for a partial State subsidy, the out of pocket costs identified above may be higher.
- Please note: Retiring on or before 12/31/19 is one of the prerequisites for participation in the Maryland State Retiree Prescription Drug Coverage Program established by Senate Bill 946. Retiring by that date does not entitle an individual to remain in the current retiree prescription drug benefit program, if that program is eventually discontinued for Medicare-eligible retirees, Medicare-eligible spouses and surviving spouses, and Medicare-eligible dependent children and surviving dependent children.

2) Maryland State Retiree Catastrophic Prescription Drug Assistance Program

- Participants: A Medicare-eligible State retiree, Medicare-eligible spouse or surviving spouse, and Medicare-eligible dependent child or surviving dependent child, may be qualified to participate.
- Eligibility Requirements:
 - The retiree must have begun State service on or before June 30, 2011.
 - The retiree must have retired on or after January 1, 2020 (last day worked must be on or after January 1, 2020).
 - A participant must be enrolled in a prescription drug benefit plan under Medicare.
 - The retiree must be eligible under State law to enroll and participate in the health insurance benefit options under the State Employee and Retiree Health and Welfare Benefits Program.
- Benefits:
 - Reimburses a participant for out-of-pocket costs after the participant enters the catastrophic coverage phase under a prescription drug benefit plan under Medicare.
 - If a Retiree qualifies for a partial state subsidy, there may be a maximum reimbursement amount.

3) Maryland State Retiree Life-Sustaining Prescription Drug Assistance Program

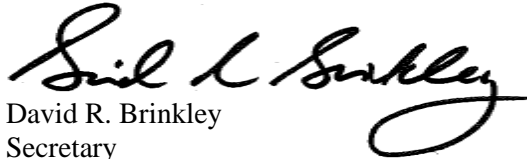
- Participants: A Medicare-eligible State retiree, Medicare-eligible spouse or surviving spouse, and Medicare-eligible dependent child or surviving dependent child may be qualified to participate.
- Eligibility Requirements:
 - A participant must be enrolled in the Maryland State Retiree Prescription Drug Coverage Program or the Maryland State Retiree Catastrophic Prescription Drug Assistance Program.
 - The retiree must be eligible under State law to enroll and participate in the health insurance benefit options under the State Employee and Retiree Health and Welfare Benefits Program.
 - An individual will be automatically enrolled in the Maryland State Retiree Life-Sustaining Prescription Drug Assistance Program upon enrollment in the Maryland State Retiree Prescription Drug Coverage Program or the Maryland State Retiree Catastrophic Prescription Drug Assistance Program.

- Benefits:
 - Reimburses a participant for out-of-pocket costs for a life-sustaining prescription drug that is covered by the current State prescription drug benefit plan and is not covered under the Medicare prescription drug benefit plan in which the participant is enrolled.
 - If a Retiree qualifies for a partial state subsidy, there may be a maximum reimbursement amount.

Again, please note that discontinuation of the current prescription drug benefit plan for State retirees, and availability of the new prescription drug reimbursement programs established by Senate Bill 946, are dependent upon the outcome of *Fitch v. State of Maryland*. The timing for a resolution of that lawsuit is not currently known. As required by Senate Bill 946, none of the three new programs can take effect any earlier than January 1, 2021, so the current Medicare-eligible retiree prescription drug benefit program will remain in effect until at least December 31, 2020.

More information will be sent to you and posted on the Department of Budget and Management's website (<http://dbm.maryland.gov>) as it becomes available.

Sincerely,



David R. Brinkley
Secretary

For questions regarding this letter, please contact the
Employee Benefits Division at 410-767-4775