

Important Notice to Associates from the Navy Exchange Service Command (NEXCOM) About Creditable Prescription Drug Coverage and Medicare

NEXCOM has determined that the prescription drug coverage provided under each of the following NEXCOM-sponsored HMO options is **creditable coverage for 2027**:

Kaiser Permanente Mid-Atlantic, Kaiser Permanente Washington, Kaiser Permanente California, Kaiser Permanente Hawaii, HMSA Hawaii, and TakeCare Asia.

Creditable coverage means that the prescription drug coverage provided under these plans is expected to pay, on average, at least as much as standard Medicare prescription drug coverage.

Why this is important. If you or your covered dependent(s) are enrolled in one of these plans and are or become eligible for Medicare, you may generally enroll in Medicare prescription drug coverage later without a late enrollment penalty, as long as you do not go **63 continuous days or longer** without creditable prescription drug coverage after your applicable Medicare enrollment period ends.

Keep this notice for your records, even if you or your covered family members are not currently eligible for Medicare.

Please read this notice carefully and keep it where you can find it. It has information about your prescription drug coverage with NEXCOM and prescription drug coverage available for people with Medicare. It also tells you where to find more information to help you make decisions about your prescription drug coverage.

Notice of creditable coverage

Prescription drug coverage is available to everyone with Medicare through Medicare prescription drug plans and Medicare Advantage plans that offer prescription drug coverage. All Medicare drug plans provide at least a standard level of coverage set by Medicare. Some plans also offer more coverage for a higher monthly premium.

If you are covered by one of the NEXCOM-sponsored HMO plans listed above, NEXCOM has determined that your prescription drug coverage is creditable for 2027. In this notice, “your NEXCOM-sponsored HMO coverage” means the HMO option in which you and/or your eligible dependents are enrolled.

When can you enroll in Medicare prescription drug coverage?

You can enroll when you first become eligible for Medicare and each year from October 15 through December 7. If you lose your current creditable prescription drug coverage through no fault of your own, you may also qualify for a Special Enrollment Period. Contact Medicare for the enrollment deadline that applies to your circumstances.

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What happens to your NEXCOM coverage if you enroll in Part D?

If you decide to enroll in a Medicare prescription drug plan and you are an active employee or family member of an active employee, you may also continue your NEXCOM-sponsored HMO coverage. The NEXCOM plan will continue to pay primary or secondary as it had before you enrolled in a Medicare prescription drug plan. If you waive or drop NEXCOM coverage, Medicare will be your only payer. You can re-enroll in the employer plan at annual enrollment or if you have a special enrollment or other qualifying event, or otherwise become newly eligible to enroll in the NEXCOM plan mid-year, assuming you remain eligible.

When could you owe a late enrollment penalty?

If you drop or lose your NEXCOM-sponsored HMO coverage and go 63 continuous days or longer without Medicare prescription drug coverage or other creditable prescription drug coverage after your applicable Medicare enrollment period ends, you may owe a Part D late enrollment penalty.

The penalty is calculated by multiplying 1% of the national base beneficiary premium by the number of full, uncovered months you were eligible for Part D but did not have Part D or other creditable prescription drug coverage. For example, 19 full, uncovered months would result in a penalty equal to 19% of the national base beneficiary premium, added to your monthly Part D premium. The penalty amount may change each year and generally applies for as long as you have Medicare prescription drug coverage. You may also have to wait until the next annual enrollment period to enroll unless you qualify for a Special Enrollment Period.

For more information

You will receive this notice each year. You will also receive a notice if your NEXCOM prescription drug coverage changes in a way that affects its creditable status. You may request a copy at any time from the NEXCOM contact listed below.

More detailed information about Medicare plans that offer prescription drug coverage is in the *Medicare & You* handbook. Medicare sends a copy to beneficiaries each year. You may also be contacted directly by Medicare prescription drug plans.

- Visit www.medicare.gov.
- Contact your State Health Insurance Assistance Program; see the *Medicare & You* handbook or visit www.shiptacenter.org.
- Call **1-800-MEDICARE (1-800-633-4227)**. TTY: **1-877-486-2048**.

If you have limited income and resources, Extra Help paying for Medicare prescription drug coverage is available. Visit www.ssa.gov or call **1-800-772-1213** (TTY: **1-800-325-0778**) for more information.

Remember: Keep this notice. If you enroll in Medicare prescription drug coverage later, you may need to provide a copy to show that you maintained creditable coverage and are not required to pay a late enrollment penalty.

For more information about this notice or your prescription drug coverage, contact:

Maria Martone / Employee Benefits Manager

Navy Exchange Service Command

3280 Virginia Beach Boulevard

Virginia Beach VA, 23452

1-888-639-2363

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