

October 1, 2013

Dear Colleague,

Enclosed is your annual Medicare Part D Notice of Creditable Coverage. **THIS NOTICE IS BASED UPON THE AMERICAN AIRLINES RETIREE HEALTH COVERAGE (OR TWA RETIREE HEALTH COVERAGE) YOU HAVE AS OF OCTOBER, 2013.** You might wonder why you've received this notice and what it means.

As the sponsor and administrator of group health plans offering prescription drug coverage, American Airlines ("American") is required by law to provide notices stating whether this prescription drug coverage is creditable or noncreditable—that is, whether, on average, it is at least as good as standard Medicare Part D prescription benefits. The enclosed notice indicates the prescription drug coverage available through your American retiree health coverage (or TWA retiree health coverage) is creditable.

We send this notice to all employees and retirees so everyone who needs this information receives it.

On the back of this letter, we have included some Frequently Asked Questions about Medicare Part D Creditable Coverage and what it may mean for you.

Keep in mind, however, that your American-sponsored health coverage coordinates benefits with Medicare Parts A, B, C and/or D. If you are under age 65 and Medicare eligible, Medicare is your primary coverage and your American-sponsored coverage is secondary to Medicare. Please review your American or TWA Retiree Benefit Guide for more information surrounding Medicare eligibility and your American-sponsored plan.

More information about Medicare Part D is available online at [www.medicare.gov](http://www.medicare.gov). For questions about your prescription drug benefit, you can Chat with HR Services from the Benefits and Planning page on new Jetnet.

Sincerely,

American Airlines  
HR Services

Enclosures

## FREQUENTLY ASKED QUESTIONS ABOUT MEDICARE PART D CREDITABLE COVERAGE NOTICES

**Q: Why did I receive this notice?**

A: Medicare is primarily for retirees age 65 and older. However, Medicare benefits are also available to individuals under age 65 who have certain disabilities, and for those persons of any age who have end-stage renal disease. American doesn't know whether someone in your household falls into one of these categories, so notices must be sent to all employees—regardless of age.

**If you or your covered family members are not currently covered by Medicare and won't become covered by Medicare within the next 12 months, there is nothing in this notice that applies to you, and you need not take action.**

**Q: What is the purpose of this notice?**

A: As a sponsor of the group and health plan, American is required by law to provide notice stating whether your American-sponsored retiree plan prescription coverage is creditable or noncreditable.

**Q: What does it mean when a prescription drug plan has creditable coverage?**

A: If you are Medicare-eligible due to age or disability, Medicare Part D is the primary prescription coverage for most conditions and your retiree health coverage is secondary. Creditable coverage means your current American retiree or TWA retiree health coverage likely offers you the same or better benefits than what is offered in the standard Medicare Part D coverage. However, you may have a richer benefit if you have coverage under both Medicare D and your retiree prescription coverage, (provided that you are eligible).

**Q: Why does it matter if my prescription drug plan has creditable coverage?**

A: It matters because you may have to pay a penalty to enroll for Medicare Part D coverage if you don't enroll when you're first eligible.

**Q: What action do I need to take?**

A: Unless you or your spouse are turning age 65 or becoming Medicare eligible due to a disability, NO ACTION is required on your part.

If you or your spouse are turning age 65 or have Medicare due to a disability, your American retiree coverage is secondary to Medicare Parts A, B, C and D. Per American retiree provisions, if you elect not to enroll in Medicare the plan will pay as if you have enrolled.

**Q: Where can I find more information about Medicare Part D?**

A: Visit [www.medicare.gov](http://www.medicare.gov) for more information. You can also call 1-800-MEDICARE (1-800-633-4227). TTY users should call 1-877-486-2048.

## **MEDICARE PART D—NOTICE OF CREDITABLE COVERAGE**

**October 1, 2013**

### **Important Notice from American Airlines About Your Prescription Drug Coverage and Medicare**

This notice applies to Under Age 65 health coverage under the

- **Group Life and Health Benefits Plan for Retirees of Participating AMR Corporation Subsidiaries (“American retiree health coverage”),**

and/or the

- **Supplemental Medical Plan for Employees of Participating AMR Corporation Subsidiaries (“American retiree health coverage”)**

or the

- **TWA Retiree Health and Life Benefits Plan (“TWA retiree health coverage”).**

You and your eligible dependents may or may not be eligible/enrolled in one or more of these plans; therefore, you should check your personal benefit enrollment records to determine your eligibility and in which of these plans you are enrolled.

**THIS NOTICE DESCRIBES YOUR American Airlines (“American”)/TWA RETIREE PLANS’ COVERAGE AS OF OCTOBER, 2013. Please read this notice carefully and keep it where you can find it. This notice has information about your current prescription drug coverage with American retiree health coverage or TWA retiree health coverage, and about your options under Medicare’s prescription drug coverage. 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. Information about where you can get help to make decisions about your prescription drug coverage is at the end of this notice.**

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

- 1. 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.

2. American has determined that the prescription drug coverage offered by American health plans and TWA retiree health plan is, on average for all plan participants, expected to pay out as much as standard Medicare prescription drug coverage pays and is therefore considered *Creditable Coverage*. Because your existing coverage is *Creditable Coverage*, you can keep this coverage and not pay a higher premium (a penalty) if you later decide to join a Medicare drug plan.

## When Can You Join A Medicare Drug Plan?

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

However, if you lose your current creditable prescription drug coverage, through no fault of your own, you will also be eligible for a two (2) month Special Enrollment Period (SEP) to join a Medicare drug plan.

## 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 American retiree health coverage or TWA retiree health coverage will be affected, since it will become secondary to Medicare Part D. You may keep your American/TWA retiree health coverage, even if you elect Medicare Part D; however, your American/TWA retiree health coverage will coordinate benefits with Part D coverage.

## When Will You Pay A Higher Premium (Penalty) To Join A Medicare Drug Plan?

You should also know that if you drop or lose your current American/TWA retiree health coverage and don't join a Medicare drug plan within 63 continuous days after your current coverage ends, you may pay a higher premium (a penalty) to join a Medicare drug plan later.

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 nineteen months without creditable coverage, your premium may consistently be at least 19% higher than the Medicare base beneficiary premium. You may have to pay this higher premium (a penalty) as long as you have Medicare prescription drug coverage. In addition, you may have to wait until the following November to join.

## **For More Information About This Notice Or Your Current Prescription Drug Coverage...**

For further information, Chat with HR Services on the Benefits and Planning page of new Jetnet.

**NOTE:** You'll get this notice each year. You will also get it before the next period you can join a Medicare drug plan, and if this American/TWA retiree health coverage changes. You also may request a copy of this notice at any time.

## **For More Information About Your Options Under Medicare Prescription Drug Coverage...**

More detailed information about Medicare plans that offer prescription drug coverage is in the "Medicare & You" handbook. You'll get a copy of the handbook in the mail every year from Medicare. You may also be contacted directly by Medicare drug plans.

For more information about Medicare prescription drug coverage:

- Visit [www.medicare.gov](http://www.medicare.gov)
- Call your State Health Insurance Assistance Program (see the inside back cover of your copy of the "Medicare & You" handbook for their telephone number) for personalized help
- Call 1-800-MEDICARE (1-800-633-4227). TTY users should call 1-877-486-2048.

If you have limited income and resources, extra help paying for Medicare prescription drug coverage is available. For information about this extra help, visit Social Security on the web at [www.socialsecurity.gov](http://www.socialsecurity.gov), or call them at 1-800-772-1213 (TTY 1-800-325-0778).

**Remember: Keep this Creditable Coverage notice. If you decide to join one of the Medicare drug plans, you may be required to provide a copy of this notice when you join to show whether or not you have maintained creditable coverage and, therefore, whether or not you are required to pay a higher premium (a penalty).**