

IMPORTANT NOTICE FROM BMO FINANCIAL CORP. ABOUT YOUR PRESCRIPTION DRUG COVERAGE AND MEDICARE

Please read this notice carefully and keep it where you can find it. This notice has information about your current prescription drug coverage with BMO Financial Corp., (“BMO”) 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. BMO has determined that the prescription drug coverage offered under the Employee Benefit Program of Bank of Montreal/Harris (the “Group Medical Plan of BMO”) 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 15th through December 7th.

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 BMO coverage will be affected. As you contemplate your decisions around the choices that will be offered to you, consider the following options:

OPTION 1: Because you have existing prescription drug coverage through the Group Medical Plan of BMO that, on average, is as good as Standard Medicare Part D coverage, you can choose to keep your prescription drug coverage through the Group Medical Plan of BMO and join a Medicare prescription drug plan at a later date **without penalty** because your Group Medical Plan of BMO prescription drug coverage is considered creditable. See the section titled “*When Will You Pay A Higher Premium (Penalty) To Join A Medicare Drug Plan*” below for more information about the late enrollment premiums and when they may apply.

OPTION 2: You may elect one of the new Medicare prescription drug plans and drop your coverage under the Group Medical Plan of BMO; however, you will also be waiving your health coverage if you make this decision. If you decide to join a Medicare prescription drug plan and drop your BMO prescription drug coverage, be aware that you and your dependents will not be able to re-enroll in BMO coverage (including medical coverage) at a later date.

LEGACY M&I EMPLOYEES: You may elect one of the new Medicare prescription drug plans and elect to retain your medical coverage under the Group Medical Plan of BMO. If you make this decision, your BMO health coverage will continue; however, your BMO prescription drug coverage will end. If you later decide to cancel your Medicare prescription drug plan, the BMO prescription drug benefit will be reinstated but only if you have retained your BMO health coverage.

Cancellation of your BMO coverage will mean that all of your benefits, including the medical portion under the Group Medical Plan of BMO will be terminated.

If you are an active employee who is Medicare eligible or has a Medicare eligible covered dependent and you waive coverage for yourself and/or your dependent, you may be able to re-enroll you and/or your dependent in the Group Medical Plan of BMO, but only during future annual enrollment opportunities or as a result of a qualified status event that necessitates a mid-year election change.

If you are a retired employee age 65 or older and drop your coverage under the Group Medical Plan of BMO, you will not be able to re-enroll in the Group Medical Plan of BMO. In addition, any dependents that are covered under any Group Medical Plan of BMO as a result of your eligibility would lose coverage and would not be able to re-enroll. If you choose to remain under the Group Medical Plan of BMO and waive coverage for your Medicare eligible dependent, re-enrollment in the Group Medical Plan of BMO may be available to them during future annual enrollment opportunities or as a result of a qualified status event that necessitates a mid-year election change.

For Legacy M&I retirees, if you are an under age 65 retired employee with a covered dependent that is Medicare eligible, and you waive coverage under the Group Medical Plan of BMO for your Medicare eligible covered dependent, re-enrollment in the Group Medical Plan of BMO may be available during future annual enrollment opportunities or as a result of a qualified status event that necessitates a mid-year election change.

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 coverage with BMO 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 October to join.

For More Information about this Notice or Your Current Prescription Drug Coverage

Please contact the Human Resources Centre at 1-888-927-7700 for more information. **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 coverage through BMO 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
- 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, 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).

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