

WHAT YOU NEED TO KNOW ABOUT MEDICARE

When you or a **covered dependent** become eligible for **Medicare**, it may affect:

- The options available to you under the Medical Plan,
- Whether or not the Medical Plan is primary,
- How you access services and file claims, and
- Your premiums.

Also, if some members of your family are **Medicare**-eligible and others are not, you may have different processes for your family.

How Medicare Eligibility Affects Benefits Under the Medical Plan

When you or a dependent becomes **Medicare**-eligible (regardless of age), Medicare takes over as the primary benefit plan. Your coverage under the Medical Plan continues, but becomes secondary to Medicare (except for prescription drug coverage, in most cases) and is processed up to the **Salaried Retiree Indemnity** benefit levels, even for those **covered** under the Standard **POS** option. This means that **Medicare** becomes the primary payor and the Medical Plan becomes the secondary payor. The Medical Plan will continue to be the primary payor for prescription drug coverage unless you enroll in **Medicare** Part D. If you elect to participate in **Medicare** Part D, the Medical Plan will be the secondary payor. You will be enrolled in the **Salaried Retiree Indemnity** option if you and your dependents are **Medicare**-eligible.

The exception to this rule is when a **Medicare**-eligible retired employee has an actively employed spouse in a company other than a **Participating Company** in the Medical Plan. In such cases, the actively employed spouse's medical plan is primary (pays first), **Medicare** pays second and the Medical Plan pays third. This same rule applies to your **Medicare**-eligible **Class I dependents covered** under the Medical Plan. **Medicare** is generally the primary plan for **Class II** and **domestic partners** age 65 and over.

However, if both the retired employee and eligible spouse are **Medicare**-eligible and retired, then the following applies:

Plan Rank	Retired Employee	Spouse
Primary Plan	Medicare	Medicare
Secondary Plan	Medical Plan	Spouse's Medical Plan
Tertiary Plan	Spouse's Medical Plan	Medical Plan

This assumes that the spouse of the retired employee is not employed by or retired from a **Participating Company**. If your spouse is an active or retired employee of a **Participating Company**, different rules apply. See "Avaya Inc. Families."

Determining Your Eligibility for Medicare

Generally, you and your **eligible dependents** are eligible for **Medicare** if you and your eligible dependents:

- Are at least age 65,
- Have had end stage renal disease, regardless of age, or
- Are eligible for **Medicare** due to disability, regardless of age.

There are times when **Class II dependents** are ineligible for **Medicare**, such as when they are not citizens and have not lived in the United States for five or more years. In these circumstances, **Aetna** needs to confirm that **Medicare** is not primary for these dependents. If this is determined, the Medical Plan will assume primary coverage for these **Class II dependents** until they become **Medicare**-eligible.

When **Medicare**-eligible, you and your **eligible dependents** will have the option to enroll in **Medicare** (Part A -- Hospitalization and Part B -- General Physician Services). Regardless of whether you elect to purchase **Medicare** Part B, **Aetna** will apply **Medicare carve-out** to your claims as if you had purchased **Medicare** Part B coverage.

Enrolling for Medicare

For maximum benefits, you should enroll for **Medicare** Part A and Part B as soon as you or a **covered dependent** become eligible as previously outlined. To enroll, contact your Social Security office for information on the timeframe for enrollment. It is generally recommended that individuals under age 65 contact Social Security three months before their 65th birthday, whether retired or actively employed. Keep in mind,

however, that **Medicare** is the secondary payor for most **Medicare**-eligible individuals age 65 and older who are actively employed.

Individuals who are eligible for **Medicare** due to disability should enroll for **Medicare** (Parts A and B) as soon as possible, regardless of age.

If you are eligible for primary coverage under **Medicare** (regardless of whether you have actually enrolled), the Medical Plan will reduce its benefits as if you were enrolled for **Medicare** Parts A and B. See “How Medicare Eligibility Affects Benefits Under the Medical Plan.”

The Medical Plan will continue to be the primary payor for prescription drug coverage unless you enroll in **Medicare** Part D.

Medicare Part B

Avaya Inc. will reimburse up to \$46 per month for **Medicare** Part B premiums for **Medicare**-eligible retired employees who are eligible for a service or disability pension under The Avaya Inc. Pension Plan for Salaried Employees and are participants in the Medical Plan. This reimbursement is for retirees only (it does not apply to **Medicare**-eligible dependents or to those with access to purchase retiree health), and will be processed annually as designated by Avaya Inc. The reimbursement is non-taxable if you provide proof (copy of your **Medicare** card, or a copy of a payment stub showing payment for your **Medicare** Part B premiums) that you are currently receiving **Medicare** Part B benefits. If proof of **Medicare** Part B premium payment is not provided, your reimbursement will be deemed taxable income. Contact the **Avaya Health and Benefits Decision Center** (see “Important Contacts”) for more information.

Medicare Part D

Medicare prescription drug plans are available to persons with **Medicare** coverage through **Medicare** Part D Prescription Drug Coverage. Prescription drug coverage continues to be available through the Medical Plan as the primary payor as long as you are not enrolled in **Medicare** Part D. The prescription drug coverage under the Medical Plan is currently deemed ‘creditable,’ meaning that the coverage is, on average, at least as good as the standard plan provided by **Medicare** Part D; covered retirees will be notified if that status should change. Annually, in the fall, Avaya Inc. will determine if the prescription drug coverage is creditable or not. If you enroll in **Medicare** Part D, you will be required to pay your pharmacist in accordance with your **Medicare** Part D prescription drug coverage schedule. To claim the benefit as a secondary payor under the Medical Plan, you will be required to submit your claim to **Aetna** with a statement of benefits from your pharmacist. Any benefits paid by the Medical Plan will not count against the **Medicare** Part D out-of-pocket spending.

Avaya Inc. will not reimburse any **Medicare** Part D premiums for **Medicare**-eligible retired employees or dependents.

Medical Benefits When You or a Dependent Become Medicare-Eligible

When you or an **eligible dependent** become eligible for **Medicare** (regardless of age), you need to notify the **Avaya Health and Benefits Decision Center**. Coverage under the Medical Plan will continue but becomes secondary to **Medicare**. This means that **Medicare** becomes the primary payor and the Medical Plan becomes the secondary payor.

When **Medicare** is the primary payor, depending on your Medical Plan option, your benefits will be determined as follows:

Salaried Retiree Indemnity	Standard POS	HMO
<p>Medicare will be the primary payor and the Medical Plan will be the secondary payor. Benefits are reduced by Medicare payment levels and processed up to Salaried Retiree Indemnity benefit levels.</p>	<p>Aetna will administer benefits for the Medicare-eligible person(s) up to Salaried Retiree Indemnity benefit levels. Standard POS benefits continue for all non-Medicare individuals enrolled in the Standard POS option (see “Overview of Coverage Options”).</p> <p>The exception to this is an actively employed Medicare-eligible dependent, aged 65 or older. In such cases, until the person ceases to be actively employed, the Medical Plan will pay benefits before Medicare.</p>	<p>You are not eligible to participate in the HMO option once you or any dependent(s) become Medicare-eligible.</p>

If you or your **eligible dependents** are eligible for primary coverage under **Medicare**, the Medical Plan will reduce its benefits by the amount **Medicare** would have paid for the same expenses, even if:

- The **Medicare**-eligible person is *not* enrolled in **Medicare**. **Medicare** benefits are determined as if the person were enrolled in **Medicare** Parts A and B.

- The person is enrolled in a Medicare+Choice (**Medicare** Part C) plan and receives non-covered services because the person did not follow the rules of that plan or the services were not **covered**. **Medicare** benefits are determined as if the person were enrolled in **Medicare** Parts A and B.
- The person receives services from a **provider** who has elected to opt out of **Medicare**. **Medicare** benefits are determined as if the services were **covered** under **Medicare** Parts A and B and the **provider** had agreed to limit the charges to the amount allowed under **Medicare** rules.
- The person is enrolled under a plan with a **Medicare** Medical Savings Account. **Medicare** benefits are determined as if the person were **covered** under **Medicare** Parts A and B.

Medical Plan Options

If You Are Medicare-Eligible

If you live in a **POS** area and are **Medicare**-eligible with at least one **eligible dependent** that is not **Medicare**-eligible, you will be assigned Standard **POS** coverage. This will be the only option available to you. **Salaried Retiree Indemnity** benefits will apply to you or any dependents that are **Medicare**-eligible.

If you live in a **POS** area, are **Medicare**-eligible and elect individual coverage or your **eligible dependents** are **Medicare**-eligible, you will be assigned **Salaried Retiree Indemnity** coverage. This will be the only option available to you.

If you do not live in a **POS** area and are **Medicare**-eligible, you will be assigned **Salaried Retiree Indemnity** coverage and this will be the only option available to you. If you cover non-Medicare-eligible dependents, you may wish to “opt-in” to Standard **POS** coverage offered in a nearby **POS** area. If you “opt-in” to Standard **POS** coverage, **Salaried Retiree Indemnity** benefits will apply to you and any dependents who are **Medicare**-eligible.

Prescription Drug Program Benefits When You or a Dependent Become Medicare-Eligible

Your eligibility for **Medicare** does not affect your benefits under the **Prescription Drug Program**.

Medicare prescription drug plans are available to persons with **Medicare** coverage through **Medicare** Part D Prescription Drug Coverage. Prescription drug coverage continues to be available through the Medical Plan as the primary payor as long as you

are not enrolled in **Medicare** Part D. The prescription drug coverage under the Medical Plan is currently deemed 'creditable,' meaning, the coverage is, on average, at least as good as the standard plan provided by **Medicare** Part D. Annually, in the fall, Avaya Inc. will determine if the prescription drug coverage is creditable or not, and covered retirees will be notified of any changes.

If you enroll in **Medicare** Part D, you will be required to pay your pharmacist in accordance with your **Medicare** Part D prescription drug coverage schedule. To claim the benefit as a secondary payor under the Medical Plan, you will be required to submit your claim to **Aetna** with a statement of benefits from your pharmacist. Any benefits paid by the Medical Plan will not count against the **Medicare** Part D out-of-pocket spending. You will not be reimbursed for the monthly Part D premium.

Mental Health and Chemical Dependency Program Benefits When You or a Dependent Become Medicare-Eligible

If you and/or your **eligible dependents** are **Medicare-eligible**, your **Mental Health and Chemical Dependency Program** benefits under the Medical Plan will continue to be administered by **Aetna** but will become secondary to **Medicare** and will be processed up to **Salaried Retiree Indemnity** benefit levels. You will not be eligible for **in-network** benefits.

Coverage Amounts

Mental health and **chemical dependency** benefits under the Medical Plan for **Medicare-eligible** retired employees and their **Medicare-eligible** dependents are secondary to **Medicare** and are payable up to **Salaried Retiree Indemnity** benefit levels. In addition, any payments made by **Medicare** are deducted from the benefits payable under the **Mental Health and Chemical Dependency Program**. **Coinsurance** percentages are based on the **allowable amount**.

The following conditions apply to mental health and **chemical dependency** benefits for **Medicare-eligible** retired employees and **Medicare-eligible** dependents:

- The annual **deductible** does not apply,
- Amounts you pay in **coinsurance** do not apply toward meeting your annual medical **out-of-pocket maximum**, and
- If you reach your annual **out-of-pocket maximum** through your medical option payments, the 100% payment rate that applies to medical expenses after that point will not apply to these mental health and **chemical dependency** benefits.

The following charts show the coverage amounts under the **Mental Health and Chemical Dependency Program** for **Medicare-eligible** retired employees and their **Medicare-eligible** dependents.

Treatment of Mental Health Conditions for Medicare-Eligible Retirees and Dependents

Service	Deductible (\$400 per person)	Co-payment	Co-insurance	Amount Above Allowable Amount	Pre-certification Penalty	Benefit Limits
Out-patient Care	Does not apply	None	50%*	You pay, if any	Not applicable	None
In-patient Hospital Care	Does not apply	None	100%*	You pay, if any	20% reduction (\$400 maximum per occurrence)	None

* Percentage paid by the Medical Plan applies to the **Medicare**-approved amount and is secondary to any benefits payable by **Medicare**. With **coordination of benefits**, the Medical Plan will pay up to the indicated percentage of the **Medicare**-approved amount (see "Coordination of Benefits When Medicare Is Primary").

Treatment of Chemical Dependency for Medicare-Eligible Retirees and Dependents

Service	Deductible (\$400 per person)	Co-payment	Co-insurance	Amount Above Allowable Amount	Pre-certification Penalty	Benefit Limits
Out-patient Care	Does not apply	None	80%*	You pay, if any	Not applicable	30 visits/year
In-patient Hospital Care	Does not apply	None	100%*	You pay, if any	20% reduction (\$400 maximum per occurrence)	30 days/ confinement; two confinements per lifetime**

*Percentage paid by the Medical Plan applies to the **Medicare**-approved amount and is secondary to any benefits payable by **Medicare**. With **coordination of benefits**, the Medical Plan will pay up to the indicated percentage of the **Medicare**-approved amount (see "Coordination of Benefits When Medicare Is Primary").

** Admissions separated by less than 180 days are considered one confinement.

Coordination of Benefits When Medicare Is Primary

When **Medicare** is primary, all **COB** claims with the Medical Plan are processed up to **Salaried Retiree Indemnity** benefit levels. The Company will only pay up to what it would have paid had it been the primary plan.

In addition, there are times when **Class II dependents** are ineligible for **Medicare**, such as when they are not citizens and have not lived in the United States for five or more years. In these circumstances, **Aetna** needs to confirm that they do not have **Medicare**

as primary payor. If this is determined, the Medical Plan will assume primary coverage for these **Class II dependents** until they become **Medicare**-eligible.

When **Medicare**-eligible, you and your **eligible dependents** will have the option to enroll in **Medicare** (Part A -- Hospitalization and Part B -- Physician Services). Whether or not you elect to purchase **Medicare** Part B, **Aetna** will apply **Medicare carve-out** to your claims. The Medical Plan will continue to be the primary payor for prescription drug coverage unless you enroll in **Medicare** Part D. If you elect to participate in **Medicare** Part D, the Medical Plan will be the secondary payor.