

Important Notice About Your Prescription Drug Coverage and Medicare

Re: Your Prescription Drug Coverage Is NOT Creditable for Medicare Part D

Please read this notice carefully and keep it where you can find it. This notice has information about your current prescription drug coverage and 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 three 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 (such as 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. It has been determined that the prescription drug coverage offered by your employer's health plan is, on average for all plan participants, NOT expected to pay out as much as standard Medicare prescription drug coverage pays. Therefore, your coverage is considered **Non-Creditable Coverage. This is important because, most likely, you will get more help with your drug costs if you join a Medicare drug plan, than if you only have prescription drug coverage from your employer's health plan. This also is important because it may mean that you may pay a higher premium (a penalty) if you do not join a Medicare drug plan when you first become eligible.**
3. You can keep your current coverage. However, because your coverage is non-creditable, you have decisions to make about Medicare prescription drug coverage that may affect how much you pay for that coverage, depending on if and when you join a drug plan. When you make your decision, you should compare your current coverage, including what drugs are covered, with the coverage and cost of the plans offering Medicare prescription drug coverage in your area. Read this notice carefully. It explains your options.

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 to December 7.

However, if you decide to drop your current coverage, since it is employer sponsored group coverage, you will be eligible for a two month Special Enrollment Period (SEP) to join a Medicare drug plan; however you also may pay a higher premium (penalty) because you did not have creditable coverage under your employer's health plan.

If your prescription drug plan was previously creditable and you are losing creditable prescription drug coverage under your employer's health plan, you are also eligible for a two (2) month Special Enrollment Period (SEP) to join a Medicare drug plan.

When Will You Pay a Higher Premium (Penalty) to Join a Medicare Drug Plan?

Since the coverage under your employer's health plan is not creditable, depending on how long you go without creditable prescription drug coverage, you may pay a penalty to join a Medicare drug plan. Starting with the end of the last month that you were first eligible to join a Medicare drug plan but didn't join, if you go 63 continuous days or longer without prescription drug coverage that's creditable, 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 19 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 (penalty) as long as you have Medicare prescription drug coverage. In addition, you may have to wait until the following October to join.

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 coverage will not be affected. Your current coverage pays for other health expenses in addition to prescription drugs. You will still be eligible to receive all of your current health and prescription benefits if you choose to enroll in a Medicare prescription drug plan. The two plans combined will never pay more than 100% of your prescription drug costs.

You should compare your current coverage with Medicare prescription drug coverage in your area. The cost of the plans and which drugs are covered should be taken into consideration.

If you do decide to join a Medicare drug plan and drop your current coverage, be aware that you and your dependents will be able to get this coverage back.

For More Information About This Notice or Your Current Prescription Drug Coverage

Contact your group plan administrator as indicated below.

Name of Plan Sponsor: Fern Ridge School District 28J

Name of Group Health Plan: PacificSource Health Plans - \$2500 HDHP (HSA)

Name of Group Administrator: Payroll

Address: 88834 Territorial Road Elmira, OR 97437

Phone Number: 541-935-2253

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 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 available in the *Medicare and You* handbook. Medicare will mail a copy of the handbook to you. They may also contact you directly regarding their prescription drug plans.

For More Information About Medicare Prescription Drug Coverage

- Visit the Medicare website at www.Medicare.gov.

- Call your State Health Insurance Assistance Program. (See the inside back cover of *Medicare & You* for its telephone number.)
- Call (800) MEDICARE [(800) 633-4227]. TTY users should call (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 [SocialSecurity.gov](https://www.SocialSecurity.gov), or call them at (800) 772-1213 (TTY [800] 325-0778).