# Important Notice From [Employer’s name] Employer Name 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 [Employer’s name] 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. 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 (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. [Employer’s name] has determined that the prescription drug coverage offered by the [Employer’s name] Name Employee Benefit 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 the [Insert Name of 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 from the [Employer’s name] Employee Benefit Plan. 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 15th to December 7th.

However, if you decide to drop your current coverage with [Employer’s name], since it is employer sponsored group coverage, you will be eligible for a two (2) month Special Enrollment Period (SEP) to join a Medicare drug plan; however you also may pay a higher premium (a penalty) because you did not have creditable coverage under the [Employer’s name] Employee Benefit Plan.

***[INCLUDE IF PREVIOUS COVERAGE WAS CREDITABLE COVERAGE:*** *Since you are losing creditable prescription drug coverage under the [Employer’s name] Employee Benefit 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 the [Employer’s name] Employee Benefit 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 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 (penalty) as long as you have Medicare prescription drug coverage. In addition, you may have to wait until the following November 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 under the [Employer’s name] Employee Benefit Plan will remain in effect so long as you continue to be enrolled in and pay for your Plan coverage. Your current Plan coverage pays for other health benefits as well as prescription drugs, and it will not change if you choose to enroll in Medicare prescription drug coverage. *[****Include if there is an HSA-qualified plan offered****:* *However, once you enroll in Medicare, you and [Employer’s name] will not be eligible to make any further contributions to your Health Savings Account. And under the Plan coverage, you must meet the high deductible amounts before the Plan will pay for most prescription drugs*.***]*** At this time, you have the following options:

* You may stay in the Plan and not enroll in the Medicare prescription drug coverage at this time. You will be able to enroll in the Medicare prescription drug coverage at a later date, but you also may pay a higher premium (a penalty) because you did not have creditable coverage under the Plan.
* You may stay in this Plan and also enroll in Medicare prescription drug coverage at this time. Your current coverage under the Plan, which pays for other health benefits as well as prescription drugs, will not change if you choose to enroll in Medicare prescription drug coverage. However, you and [Employer’s name] will not be eligible to make any further contributions to your Health Savings Account once you enroll in Medicare.
* You may reject all coverage under the Plan and choose Medicare as your only payer for all medical and prescription drug expenses. If you do so, you will not be able to receive Plan benefits, including prescription drug coverage, unless and until you are eligible to reenroll at the next enrollment period for which you are eligible, if any. Your current Plan coverage pays for other types of health expenses, in addition to prescription drugs, and you will not be eligible to receive any of your current health and prescription drug benefits if you reject coverage under the Plan and choose to enroll in Medicare, including a Medicare prescription drug plan, as your primary and only payer.

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

Contact the person listed below for further 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 [Employer’s name] 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).

 Date: [Effective Date of plan]

 Name of Entity/Sender: [Employer’s name]

 Contact--Position/Office:

 Address:

 Phone Number: