

## Updated Medicare D Notices Required after May 15<sup>th</sup> 2006

The Medicare Prescription Drug Improvement and Modernization Act of 2003 requires plan sponsors whose plans provide prescription drug coverage to Medicare-eligible active employees and dependents to disclose to their Medicare-eligible plan members whether their prescription plans qualify as "Creditable" or "Non-Creditable" coverage. The model "Creditable" and "Non-Creditable" coverage notices included with our November 2005 Legislative Update will be outdated May 15<sup>th</sup> 2006. You will need to update your notices to either the "Creditable" or "Non-Creditable" versions, samples of which are attached. At a minimum, distribution of the notice should be made at the following times to eligible individuals:

1. Prior to the Medicare Part D Annual Election Period beginning November 15<sup>th</sup> through December 31<sup>st</sup> of each year.
2. Prior to the individual's initial enrollment period for Part D;
3. Prior to the effective date of coverage for any Medicare eligible individual that joins the plan;
4. Whenever the employer no longer offers prescription drug coverage or changes the coverage offered so that it is no longer creditable or becomes creditable; and
5. Upon a beneficiary's request

If the creditable coverage disclosure notice is provided to all plan participants annually, The Centers for Medicare and Medicaid Services (CMS) will consider items 1 and 2 to be met. Since you may not always be aware of when an employee and/or dependent become initially eligible for Medicare, annually to ALL plan participants is the safest approach. In addition, an individual may also request a Personalized Disclosure Notice/Statement. If you have such a request, you may download the sample notice at [www.cms.hhs.gov/creditablecoverage/02\\_CAfterMay15.asp#TopOfPage](http://www.cms.hhs.gov/creditablecoverage/02_CAfterMay15.asp#TopOfPage).

If you would like to review Medicare D compliance in more detail, please refer to our Legislative Updates 2005 06 entitled "Medicare D Compliance Requirements for Everyone" and Legislative Update 2006 01 "Creditable Coverage Disclosure for Employers" located in the News section of our Client Community website at [www.conestoga.clientcommunity.com](http://www.conestoga.clientcommunity.com) your id is your e-mail address and your password is Conestoga.

*The Conestoga Group is an insurance, investment and employee benefits broker and consulting firm based in Frazer, PA. Conestoga specializes in providing financial products and services to small businesses and their owner/executives and other employees. Founder and President Brad Palmer is an Investment Advisory Representative of Commonwealth Financial Network-a registered investment advisor and member firm of the NASD/SIPC. Brad can be reached at 610-889-9500 extension 101 or at [brad.palmer@conestoga.biz](mailto:brad.palmer@conestoga.biz).*

### NOTICE

These legislative descriptions are our interpretations of information provided to us by various legal and other resources as of 5/2/06. It is possible the information was presented incorrectly or that we have misunderstood the presentation. The purpose of this communication is to provide you with basic summary information on the subject matter and assist you in determining whether or not you may need to seek further legal or other assistance. This communication should not be construed as legal, tax, investment, or other advice and does not take into consideration any specific factors that may be unique to the reader's situation.

## **Important Notice from «Employer» 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» and prescription drug coverage available for people with Medicare. It also explains the options you have under Medicare prescription drug coverage and can help you decide whether or not you want to enroll. At the end of this notice is information about where you can get help to make decisions about your prescription drug coverage.**

- 1. Medicare prescription drug coverage became available in 2006 to everyone with Medicare through Medicare prescription drug plans and Medicare Advantage Plans that offer prescription drug coverage. All Medicare prescription 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» has determined that the prescription drug coverage offered by «Insurance Company» is, on average for all plan participants, expected to pay out as much as the standard Medicare prescription drug coverage will pay and is considered Creditable Coverage.**

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**Because your existing coverage is on average at least as good as standard Medicare prescription drug coverage, you can keep this coverage and not pay extra if you later decide to enroll in Medicare prescription drug coverage.**

Individual's can enroll in a Medicare prescription drug plan when they first become eligible for Medicare and each year from November 15<sup>th</sup> through December 31<sup>st</sup>. Beneficiary's leaving employer/union coverage may be eligible for a Special Enrollment Period to sign up for a Medicare prescription drug plan.

You should compare your current coverage, including which drugs are covered, with the coverage and cost of the plans offering Medicare prescription drug coverage in your area.

**If you do decide to enroll in a Medicare prescription drug plan and drop your «Employer» prescription drug coverage, be aware that you and your dependents may not be able to get this coverage back.**

**Please contact us for more information about what happens to your coverage if you enroll in a Medicare prescription drug plan.**

Consult your insurance benefit booklet or summary plan description for an explanation of your current prescription drug coverage with «Employer» through «Insurance Company».

Your current coverage also pays for other health expenses, in addition to prescription drugs. You will still be eligible to receive all of your current health and prescription drug benefits if you choose to enroll in a Medicare prescription drug plan. Coordination of Benefits provisions may apply. You

will not be able to waive just your current prescription drug coverage with «Employer» through «Insurance Company».

You should also know that if you drop or lose your coverage with «Employer» and don't enroll in Medicare prescription drug coverage after your current coverage ends, you may pay more (a penalty) to enroll in Medicare prescription drug coverage later.

If you go 63 days or longer without prescription drug coverage that's at least as good as Medicare's prescription drug coverage, your monthly premium will go up at least 1% per month for every month that you did not have that coverage. For example, if you go nineteen months without coverage, your premium will always be at least 19% higher than what many other people pay. You'll have to pay this higher premium as long as you have Medicare prescription drug coverage. In addition, you may have to wait until the following November to enroll.

**For more information about this notice or your current prescription drug coverage...**

Contact «First\_Name» «Last\_Name» at «Employer» for further information at «Business\_Phone»  
NOTE: You will receive this notice annually and at other times in the future such as before the next period you can enroll in Medicare prescription drug coverage, and if this coverage through «Employer» changes. You also may request a copy.

**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. If you are already enrolled, you'll get a copy of the handbook in the mail every year from Medicare. You may also be contacted directly by Medicare prescription drug plans. For more information about Medicare prescription drug plans:

- Visit [www.medicare.gov](http://www.medicare.gov)
- Call your State Health Insurance Assistance Program (see 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.

For people with limited income and resources, extra help paying for Medicare prescription drug coverage is available. Information about this extra help is available from the Social Security Administration (SSA) online at [www.socialsecurity.gov](http://www.socialsecurity.gov), or you call them at 1-800-772-1213 (TTY 1-800-325-0778).

**Remember: Keep this notice. If you enroll in one of the new plans approved by Medicare which offer prescription drug coverage, you may be required to provide a copy of this notice when you join to show that you are not required to pay a higher premium amount.**

Date:	[Insert MM/DD/YY]
Name of Entity/Sender:	«Employer»
Contact – Position/Office:	«First Name» «Last Name», «Job Title»
Address:	«Business Address»
Phone Number	«Business Phone»

## Important Notice From «Employer» 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» and prescription drug coverage available for people with Medicare. It also explains the options you have under Medicare prescription drug coverage, and can help you decide whether or not you want to enroll. At the end of this notice is information about where you can get help to make decisions about your prescription drug coverage.

1. Medicare prescription drug coverage became available to everyone with Medicare through Medicare prescription drug plans and Medicare Advantage Plans that offer prescription drug coverage in 2006. All Medicare prescription 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» has determined that the prescription drug coverage offered in the plan with our insurer «Insurance Company» is, on average for all plan participants, NOT expected to pay out as much as the standard Medicare prescription drug coverage will pay and is considered Non-Creditable Coverage. This is important, because for most people enrolled in «Employer»'s group health plan, enrolling in Medicare prescription drug coverage means you will get more assistance with drug costs than if you had prescription drug coverage exclusively through «Employer»'s group health plan.
3. 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 enroll. Read this notice carefully - it explains your options.

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### Consider enrolling in Medicare prescription drug coverage.

Because the coverage you have with our insurer «Insurance Company» is on average for all plan participants, NOT expected to pay out as much as the standard Medicare prescription drug coverage will pay, consider enrolling in a Medicare prescription drug plan. Individual's can enroll in a Medicare prescription drug plan when they first become eligible for Medicare and each year from November 15<sup>th</sup> through December 31<sup>st</sup>. Beneficiary's leaving employer/union coverage may be eligible for a Special Enrollment Period to sign up for a Medicare prescription drug plan.

This may mean that you will have to wait to enroll in Medicare prescription drug coverage and that you may pay a higher premium (a penalty) if you join later and you will pay that higher premium as long as you have Medicare prescription drug coverage.

If you go 63 days or longer without prescription drug coverage that is at least as good as Medicare's prescription drug coverage, your premium will go up at least 1% per month for every month after May 15, 2006, that you did not have that coverage. You will have to pay this higher premium as long as you have Medicare prescription drug coverage. For example, if you go

nineteen months without coverage, your premium will always be at least 19% higher than what many other people pay.

Consult your insurance benefit booklet or summary plan description for an explanation of your current prescription drug coverage with «Employer» through «Insurance Company».

Your current coverage also pays for other health expenses, in addition to prescription drugs. You will still be eligible to receive all of your current health and prescription drug benefits if you choose to enroll in a Medicare prescription drug plan. Coordination of Benefits provisions may apply. You will not be able to waive just your current prescription drug coverage with «Employer» through «Insurance Company».

### **You need to make a decision.**

When you make your decision, you should also compare your current coverage, including which drugs are covered, with the coverage and cost of the plans offering Medicare prescription drug coverage in your area.

### **For more information about this notice or your current prescription drug coverage...**

Contact «First Name» «Last Name» at our office for further information at «Business Phone».

NOTE: You will receive this notice annually and at other times in the future such before the next period you can enroll in Medicare prescription drug coverage, and if this coverage through «Employer» changes. You also may request a copy.

### **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 from Medicare. If you are already enrolled, you you'll get a copy of the handbook in the mail every year from Medicare. You may also be contacted directly by Medicare-approved prescription drug plans. For more information about Medicare prescription drug plans:

- Visit [www.medicare.gov](http://www.medicare.gov)
- Call your State Health Insurance Assistance Program (see 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.

For people with limited income and resources, extra help paying for Medicare prescription drug coverage is available. Information about this extra help is available from the Social Security Administration (SSA) online at [www.socialsecurity.gov](http://www.socialsecurity.gov), or you call them at 1-800-772-1213 (TTY 1-800-325-0778).

Date:	[Insert MM/DD/YY]
Name of Entity/Sender:	«Employer»
Contact – Position/Office:	«First Name» «Last Name», «Job Title»
Address:	«Business Address»
Phone Number	«Business Phone»