

Important Notice from [Insert Name of Entity] 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 [Insert Name of Entity] 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. [Insert Name of Entity] has determined that the prescription drug coverage offered by the Texas Association of Counties Health Employee Benefits Pool (TAC HEBP) 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 [Insert Name of Entity] coverage will [or will not] be affected. [The entity providing the Disclosure Notice should insert an explanation of the prescription drug coverage plan provisions/options under the particular entity's plan that Medicare eligible individuals have available to them when they become eligible for Medicare part D (e.g., they can keep this coverage if they elect part D and this plan will coordinate with Part D coverage; for those individuals who elect Part D coverage, coverage under the entity's plan will end for the individual and all covered dependents, etc.). See pages 7-9 of the CMS Disclosure of Creditable Coverage To Medicare Part D Eligible Individuals Guidance (available at <http://www.cms.hhs.gov/CreditableCoverage/>), which outlines the prescription drug plan provisions/options that Medicare eligible individuals may have available to them when they become eligible for Medicare Part D.]

If you do decide to join a Medicare drug plan and drop your [Insert Name of Entity] prescription drug coverage, be aware that you and your dependents will [or will not] [Medigap issuers must insert "will not "] be able to get this coverage back.

NOTE: This blue section pertains only to those groups that allow retirees to remain on the regular group health plan. If your group does not allow age 65+ retirees to remain on the group plan you may delete this section.

For Retirees with Medicare...

Effective January 1, 2006 <<Insert Group Name>> Retirees have the following options available:

* You may remain on the <<Insert Group Name>> medical and prescription drug plan instead of enrolling in Medicare D. If you select this option, you will continue to receive the same benefits at the same cost for the remainder of this plan year. Your coverage under <<Insert Group Name>> is *creditable coverage*, so you will not be subject to any penalties or additional costs for Medicare D if you decide to enroll at a later date.

OR

* You may terminate your medical and prescription drug coverage with <<Insert Group Name>> and enroll in Medicare D. If you select this option, you will have only the benefits offered by Medicare. Once you terminate your retiree coverage with <<Insert Group Name>>, you will not be eligible to enroll in the plan at a later date. If you select this option, you may also wish to enroll in a Medicare Supplement or Medigap policy to cover your out-of-pocket expenses for hospital and doctor visits.

OR

* You may remain on the <<Insert Group Name>> medical and prescription drug plan, and also enroll in Medicare D. If you select this option, you will still have the same benefits for hospital and doctor visits as you do today, but you will only be able to file your prescription drug claims under Medicare D. For retirees, Medicare will be the primary payer, however the <<Insert Group Name>> prescription drug plan does not coordinate benefits with Medicare or other payers. This option would primarily be attractive to those retirees that are eligible for the low-income subsidy for Medicare D, which may provide richer benefits than the <<Insert Group Name>> plan.

For Active Employees with Medicare...

When you are an active employee, generally the <<Insert Group Name>> health care plan will be the primary coverage for you and any dependent(s) that you cover, even if you or your dependent also has Medicare. The <<Insert Group Name>> plan requires all active, eligible employees to participate in the medical and prescription plan.

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 coverage with [Insert Name of Entity] 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...

Contact the person listed below for further information. [or call [Insert Alternative Contact] at [(XXX) XXX-XXXX]. **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 [Insert Name of Entity] changes. You also may request a copy of this notice at any time.

CMS Form 10182-CC

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According to the Paperwork Reduction Act of 1995, no persons are required to respond to a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0938-0990. The time required to complete this information collection is estimated to average 8 hours per response initially, including the time to review instructions, search existing data resources, gather the data needed, and complete and review the information collection. If you have comments concerning the accuracy of the time estimate(s) or suggestions for improving this form, please write to: CMS, 7500 Security Boulevard, Attn: PRA Reports Clearance Officer, Mail Stop C4-26-05, Baltimore, Maryland 21244-1850.

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 whether or not you are required to pay a higher premium (a penalty).

Date: [Insert MM/DD/YY]
Name of Entity/Sender: [Insert Name of Entity]
Contact--Position/Office: [Insert Position/Office]
Address: [Insert Street Address, City, State & Zip Code of Entity]
Phone Number: [Insert Entity Phone Number]