



AFTRA Health & Retirement Funds

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**IMPORTANT NOTICE FROM THE AFTRA HEALTH PLAN
REGARDING YOUR PRESCRIPTION DRUG
COVERAGE, OTHER AFTRA HEALTH PLAN COVERAGE
AND MEDICARE**

NOTICE OF CREDITABLE COVERAGE

Dear Medicare Eligible Participant and Medicare Eligible Spouse/Dependent:

The annual enrollment period for Medicare's prescription drug coverage – Medicare Part D – is from November 15 through December 31, 2009. Therefore, it is time for you to consider whether you want to make any changes in your current prescription drug plan coverage.

During the upcoming enrollment period, you have the opportunity to enroll in a Medicare Part D plan, or to keep your AFTRA Health Plan coverage provided you pay your premiums on a timely basis and, if you are an active participant, provided you remain eligible for coverage under the AFTRA Health Plan.

It is important to note that if you choose to enroll in a Medicare prescription drug plan, the AFTRA Health Plan's Senior Citizen Program will not provide secondary prescription drug coverage. However, it will continue to provide your other hospital and medical benefits in accordance with the Plan. Therefore, if you qualify for the Senior Citizen Program and want prescription drug coverage under the Senior Citizen Program, you must **not enroll** in a Part D plan. If you are currently enrolled in a Part D plan, in order for you to be covered under the Senior Citizen Program prescription drug coverage, you must terminate your enrollment in your Part D plan by contacting your current plan or by calling 1-800-MEDICARE.

Read this notice carefully before you make your decision, and keep this notice where you can find it. This notice contains information about the Medicare prescription drug coverage and the current prescription drug coverage offered under the AFTRA Health Plan. This information can help you decide whether or not you want to join a Medicare drug plan. This Notice also tells you where to find more information about the Medicare program and the options that are available to you.

Medicare Part D Prescription Drug Plan

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 might also offer more coverage for a higher monthly premium.) It is important for you to understand that the AFTRA Health Plan has determined that its prescription drug coverage provides “Creditable Coverage”. **That means the AFTRA Plan is, on average for all plan participants, expected to pay out as much as, or even more than, the standard Medicare prescription drug coverage will pay. Therefore, if you are satisfied with the AFTRA Health Plan coverage, you may choose not to enroll in a Medicare prescription drug plan at this time and you will not pay a higher premium (a penalty) if you later decide to join a Medicare drug plan.**

People can enroll in a Medicare prescription drug plan when they first become eligible and during this year’s annual open enrollment period from November 15, 2009 through December 31, 2009. If you decide to enroll in Medicare prescription drug coverage at a later date, you may do so during the Medicare Part D annual open enrollment period each November 15 through December 31. **But remember, as stated above, the AFTRA Health Plan Senior Citizen Program will not provide prescription drug coverage if you enroll in a Medicare drug plan.**

Before You Make Your Decision

Before you make your decision, you should compare your current coverage and premiums under the AFTRA Health Plan, including which drugs are covered, with the coverage and cost of the plans offering Medicare prescription drug coverage in your area.

Remember, your current AFTRA Health Plan coverage pays for health expenses, in addition to prescription drugs, some of which may not be covered by Medicare. **Note that if you are covered under the AFTRA Health Plan’s Senior Citizen Program and choose to enroll in a Medicare Part D Plan, you will no longer have prescription drug coverage through the AFTRA Plan effective January 1, 2010.** Medicare will provide your sole prescription drug coverage although you will maintain the AFTRA Plan medical and hospital coverage. Please note that the premium under the AFTRA Health Plan will not be reduced to reflect the termination of the prescription drug coverage.

If you are covered under the AFTRA Health Plan for active participants, that Plan, by law, will always pay before Medicare. Therefore, if you want to elect a Medicare Part D Plan in addition to the AFTRA Plan, you will have to pay the Part D plan premium in addition to the AFTRA Health Plan premium, though it is unlikely that there will be any benefits payable by the Medicare Plan because it will always be secondary to the AFTRA Plan. As an alternative, you can drop the entire AFTRA Plan and be covered only by Medicare.

If you are an active participant in the AFTRA Health Plan and elect to drop your coverage under the Health Plan (or your coverage is otherwise terminated), you will be able to re-enroll in the AFTRA Health Plan as of the beginning of your next eligibility period, provided you once again meet the Health Plan's earnings requirements and pay the required premium. If you choose to drop your coverage under the AFTRA Health Plan's Senior Citizen Health Program (or your coverage is otherwise terminated), you will be eligible to re-enroll in the Senior Citizen Program at the beginning of the quarter following the anniversary of when you first enrolled in the Program provided you pay the required premium. If you lose or decide to drop your AFTRA Health Plan coverage, you will be eligible for a 60-day Special Enrollment Period to enroll in a Part D plan.

You should also know that if you drop or lose coverage under the AFTRA Health Plan and don't enroll in a Medicare prescription drug plan **within 63 continuous days** after your AFTRA Health Plan coverage ends, you may be required to pay a higher premium (a penalty) to enroll in a Medicare prescription drug plan later on.

For example, if, after December 31, 2009, your AFTRA Health Plan coverage ends and you have a 63-day or longer gap without prescription drug coverage that is at least as good as Medicare's, you will pay more to enroll in Medicare prescription drug coverage. Your monthly premium for Medicare Part D coverage will go up at least **1% per month** for every month after December 31, 2009 that you did not have that coverage. For example, if you do not have coverage for 19 months, your premium will always be at least 19% (1% x 19 months) higher than what most other people would pay. And, you will have to pay this higher premium (a penalty) for as long as you have Medicare prescription drug coverage. Finally, you may have to wait until the following November to enroll in another Medicare Part D plan, and your Part D coverage under the program will not be effective until January 1 of the next year.

More Information Available

More detailed information about Medicare plans that offer prescription drug coverage will be available in the "Medicare & You 2010" handbook. You will receive a new edition of the handbook in the mail every year from Medicare. You may also be contacted directly by Medicare prescription drug plans. More information about Medicare prescription drug plans can be found on the following Web sites:

- www.medicare.gov
- www.aarp.org
- www.medicarerights.org
- www.cms.hhs.gov/medicarerereform

In addition, you can:

- Call your State Health Insurance Assistance Program (their telephone number will be found in the "Medicare & You" handbook) for personalized help;
- Call 1-800-MEDICARE (1-800-633-4227). TTY users should call 1-877-486-2048.

Further information is available from the Social Security Administration (SSA) for those with limited income and resources. For information about additional help paying for a Medicare prescription drug plan, visit SSA online at www.socialsecurity.gov, or call them at 1-800-772-1213 (TTY 1-800-325-0778).

If you have additional questions about this notice or your current AFTRA Health Plan prescription drug coverage, you can call the AFTRA H&R office Participant Services Department at 1-800-562-4690. You can also visit our Web site at www.aftrahr.com. You will receive this notice each year prior to the annual enrollment period, or if the AFTRA Health Plan's prescription drug coverage changes. You may also request a copy of this notice at any time.

Save This Notice

After December 31, 2009, if you enroll in one of the plans approved by Medicare which offers prescription drug coverage, and your AFTRA Health Plan coverage is still in effect or ended less than 63 days before your enrollment in the Medicare prescription drug coverage, you may need to provide a copy of this notice to show that you are **not** required to pay a higher premium amount (a penalty).

Medicare Part C and the AFTRA Health Plan's Senior Citizen Health Program

As you may know, the federal Medicare program is divided into four parts:

- ❑ Part A is free to eligible recipients and helps to pay for inpatient hospital care;
- ❑ Part B is optional, requires premium payments and helps pay for outpatient medical care (e.g., doctors' bills, X-rays, lab tests, etc.);
- ❑ Part D is optional and, if elected, requires premium payments for prescription drug coverage; and
- ❑ Medicare Part C is an option that Medicare beneficiaries can choose as an alternative to Parts A and B (and sometimes Part D). Under Part C, called Medicare Advantage, private health insurance companies contract with the federal government to offer Medicare benefits – and sometimes additional benefits — through their own policies. These include:
 - managed care plans such as health maintenance organizations (HMOs);
 - preferred provider organizations (PPOs); and
 - fee-for-service plans.

If you meet the requirements of the Senior Citizen Health Program and you enroll or are enrolled in a Medicare Advantage Plan, you cannot enroll in, nor receive coverage under the AFTRA Health Plan's Senior Citizen Health Program. If you join a Medicare Advantage Plan, you can choose to terminate your coverage under the Medicare Advantage Plan at any time for any reason.

If you decide to drop coverage in a Medicare Advantage Plan, you can enroll in the AFTRA Health Plan's Senior Citizen Health Program as of the first of the month after you notify AFTRA H&R provided that:

- ❑ you never activated the Senior Citizen Health Program coverage before;
- ❑ you meet all the qualification requirements for eligibility under the Senior Citizen Health Program; and
- ❑ you pay the required premium for coverage under the Program.

If you were at any time previously enrolled in the Senior Citizen Health Program but dropped or were terminated from that coverage, you may not enroll again until the beginning of your next Qualification Period. Be sure to advise AFTRA H&R of your intention to re-enroll at your next Qualification Period.

Special Note:

While we have attempted to provide you with some basic answers about Medicare Part D and other Medicare benefits, this brief document is not a full description of the Medicare Part D program or other Medicare programs or benefits. You should review this notice, as well as other Medicare information, very carefully and consider how it will affect your particular circumstances. No one at the AFTRA H&R office can advise you as to what decision to make. Whether to enroll in a Medicare Part C or Part D program and which program is best for you is your decision.

The AFTRA H&R Trustees may modify or eliminate (without prior notice to you) any benefits and the eligibility requirements for benefits, including the Senior Citizen coverage, provided by the AFTRA Health Plan as described in this notice. The premiums for the AFTRA Health Plan may also change from time to time. The AFTRA H&R Trustees have the authority and discretion to interpret the plan of benefits and make final determinations regarding them. No benefits are guaranteed.

Date:	November 2009	
Name of Entity/Sender:	AFTRA Health Plan	
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