

Medicare Part D Notice of Creditable Coverage

Please review this important notice for Medicare-eligible participants, spouses and dependents from the AFTRA Health Plan regarding your prescription drug coverage, other AFTRA Health Plan coverage and Medicare.

The annual enrollment period for Medicare's prescription drug coverage – Medicare Part D – is from Oct. 15 through Dec. 7, 2011. 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 prescription drug plan, or to keep your AFTRA Health Plan coverage (provided you pay your AFTRA Health Plan premiums on time and, if you are an active participant, provided you remain qualified for coverage under the AFTRA Health Plan).

Please read this notice carefully before you make your decision, and keep the notice where you can find it. This notice contains important 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 provides you with some of the sources where you may find more information about the Medicare program and the options that are available to you. If you are considering joining a Medicare drug plan, 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 contained in this notice.

It is important to note that if you choose to enroll in a Medicare prescription drug plan, the AFTRA Health Plan's Senior Citizen Health Program will not provide you with prescription drug coverage. However, it will continue to provide your other hospital and medical benefits in accordance with the Senior Program benefits under the Health Plan. Therefore, if you qualify for the Senior Program under the AFTRA Health Plan and want prescription drug coverage under the Senior Program, you must **not enroll** in a Medicare Part D plan. If you are currently enrolled in a Part D plan, in order for you to receive prescription drug coverage under the Senior Program effective Jan. 1, 2012, you must terminate your enrollment in your Part D plan at the end of the calendar year by contacting your current plan or by calling (800) 633-4227 (800-MEDICARE).

Medicare Part D prescription drug plans

There are two important things you need to know about your current coverage and Medicare's prescription drug coverage:

- In 2006, Medicare prescription drug (Part D) coverage became available to everyone with Medicare. You can get Part D coverage if you join a Medicare prescription drug plan or a Medicare Advantage Plan (Part C) that offers 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 Health 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. Because this Plan's coverage is "Creditable Coverage," if you are satisfied with the AFTRA Health Plan coverage, you may choose to keep your AFTRA Health Plan coverage and not enroll in a Medicare prescription drug plan at this time. If you later decide to join a Medicare drug plan, you will not pay a higher premium (a penalty).**

People can enroll in a Medicare prescription drug plan when they first become eligible and during this year's annual open enrollment period from Oct. 15, 2011 through Dec. 7, 2011. **Please note that this open enrollment period begins and ends earlier than in past years.** If you decide to enroll in Medicare prescription drug coverage in a future year, you may do so during any subsequent Medicare Part D annual open enrollment period from Oct. 15 through Dec. 7 each year going forward. Also, if you lose your current creditable prescription drug coverage under the AFTRA Health Plan 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. **But remember, as stated above, the AFTRA Health Plan's Senior Citizen Health Program will not provide prescription drug coverage if you enroll in a Medicare prescription drug plan.**

What happens to your current coverage if you decide to join a Medicare prescription drug plan?

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.

If you are covered under the AFTRA Health Plan's Senior Citizen Health Program and choose to enroll in a Medicare Part D Plan, you will no longer have prescription drug coverage through the AFTRA Health Plan effective Jan. 1, 2012.

Medicare will provide your sole prescription drug coverage, although you will maintain the AFTRA Health 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 decide to join a Medicare prescription drug plan and you lose your prescription drug coverage under the Senior Program, be aware that you and your dependents will be able to get your prescription drug coverage back (at the beginning of any future calendar year) once you drop your Part D coverage. In addition, if you decide to join a Medicare prescription drug plan and you drop your Senior Program coverage entirely, you will be eligible to re-enroll in the Senior Program effective Jan. 1 of any year provided you pay the required premium.

If you are not covered under the Senior Citizen Health Program but you are covered as an active participant under the AFTRA Health Plan and you choose to enroll in a Medicare Part D Plan, your coverage under the AFTRA Health Plan will not be affected. For participants with active coverage under the Health Plan, the Plan, by law, will always pay before Medicare. Therefore, if you elect a Medicare Part D Plan in addition to the AFTRA Health 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 Health Plan. As an alternative, you may drop AFTRA Health Plan coverage entirely, enroll in a Medicare Part D plan and rely solely on your Medicare health benefits and your Medicare Part D plan's prescription drug benefits. (However, you should note that included with active coverage under the Health Plan are other benefits – such as preventive dental benefits, a life insurance benefit, accidental death & personal loss benefits and a loss of voice benefit – which Medicare does not provide.)

If you are a participant with active coverage under the AFTRA Health Plan and you elect to drop your coverage under the Health Plan (or you no longer qualify for coverage), you will be able to re-enroll in the AFTRA Health Plan as of the beginning of your next Coverage Period, but only if you once again meet the Health Plan's earnings requirements and pay the required premium.

When will you pay a higher premium (penalty) to join a Medicare prescription drug 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.

If your AFTRA Health Plan coverage ends and you go 63 continuous days or longer without **creditable coverage** (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 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% (1% x 19 months) higher than the Medicare base beneficiary premium. You may 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 October to enroll in another Medicare Part D plan.

For more information about your Medicare prescription drug plan options

More detailed information about Medicare plans that offer prescription drug coverage is available in the “Medicare & You” handbook. You should receive a copy 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 websites:

- www.medicare.gov
- www.aarp.org
- www.medicarerights.org

In addition, you may:

- Call your State Health Insurance Assistance Program (the telephone number for your state’s program will be found in the inside back cover of the “Medicare & You” handbook) for personalized help;
- Call (800) 633-4227 (1-800-MEDICARE). Teletype (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 additional help, visit the Social Security Administration (SSA) online at www.socialsecurity.gov, or call them at (800) 772-1213. TTY users should call the SSA at (800) 325-0778.

For more information about this notice or AFTRA Health Plan prescription drug coverage

If you have questions about this notice or your current AFTRA Health Plan prescription drug coverage, you may call Participant Services at (800) 562-4690 for further information. You can also visit our website 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 creditable coverage status changes. You may also request a copy of this notice at any time.

Save this notice

Remember: Keep this Creditable Coverage notice. If you decide to enroll in one of the Medicare prescription 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, therefore, whether or not you are required to pay a higher premium (a penalty).

Special note:

While this notice is intended to provide 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.

Please refer to the AFTRA Health Plan Summary Plan Description (SPD) for more complete information about the AFTRA Health Plan prescription drug and other benefits. If any conflict should arise between this notice and the terms of the SPD, the terms of the SPD will govern in all cases. The Board of Trustees of the AFTRA Health & Retirement Funds or its duly authorized designee reserves the right, in its sole and absolute discretion, to interpret and decide all matters under the Plan. The Trustees also reserve the right, in their sole and absolute discretion, to amend, modify or eliminate the Plan or any benefits provided under the Plan (and the eligibility requirements for benefits, including the Senior Citizen Health Program coverage) in whole or in part, at any time and for any reason (including with respect to retirees and with respect to benefits already earned). The premiums for the AFTRA Health Plan may also change from time to time. No benefits are guaranteed.

Date: October 2011

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