

Important Notice About Your Prescription Drug Coverage and Medicare from the Heat and Frost Insulators Local 34 Health and Welfare Plan

Please read this notice carefully and keep it where you can find it. This notice has information about your current prescription drug coverage with Heat and Frost Insulators Local 34 Health and Welfare Plan (the “Plan”) 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 three important things you need to know about your current coverage and Medicare’s prescription drug coverage:

1. Medicare prescription drug coverage is available 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. The Plan has determined that the prescription drug coverage offered by the Plan 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.
3. If you, your spouse or dependents are not covered by Medicare, this notice is not applicable to you.

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 current Plan coverage will not be affected. However, if you do decide to enroll in a Medicare prescription drug plan and drop your coverage under the Plan, be aware that you and your dependents may not be able to get this coverage back.

The Plan's Prescription Drug Benefit

As noted above, the Plan's prescription drug coverage is considered creditable coverage and therefore you can maintain your coverage under the Plan and you will not pay a penalty in the form of a higher premium when you ultimately enroll in Medicare Part D coverage.

Your benefits for prescription drugs under the Plan vary based on use of the Retail Pharmacy or Mail Order Program. If you use a Retail Pharmacy, generic drugs have a \$5 co-pay and brand name drugs have a \$20 (formulary) or \$35 (non-formulary) benefit. You may also receive up to a 90-day supply generically available medication at your local retail pharmacy with a \$10 co-pay. If you use the Mail Order Program, you can order a 90-day supply of maintenance prescription drugs. A 90-day supply of generic drugs has a \$10 co-pay and a 90-day supply of brand-name drugs has either a \$40 co-pay (formulary) or \$70 co-pay (non-formulary).

Ultimately, based upon your individual prescription drug needs, you must determine which plan (Medicare Part D or this Plan) provides the best overall coverage for you.

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 current coverage with the Plan 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 November to join.

For More Information About This Notice or Your Current Prescription Drug Coverage...

For further information, contact the Plan Administrator at (952) 854-0795. 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 the Plan 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. 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, therefore, whether or not you are required to pay a higher premium (a penalty).

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