



Lambert & Carney Benefits Group, LLC
 Newsletter Brief

**Revised Medicare Part D
 Creditable/Non-Creditable Coverage Model Notices**

May 5, 2006

The Centers for Medicare & Medicaid Services (CMS) recently posted revised model notices for employers to use to notify their insureds as to whether their plans were Creditable or Non-Creditable with regards to Medicare Part D. These revised models are to be used to notify Medicare eligible plan participants who begin coverage on or after May 15, 2006.

Creditable Coverage Disclosure Requirement

As you recall, The Medicare Prescription Drug, Improvement, and Modernization Act of 2003 added Part D to Medicare to provide prescription drug coverage to eligible retirees. This law required employee benefit plan sponsors with prescription drug benefits to advise their participants whether the coverage they sponsored was Creditable. The initial notice included language about the initial Medicare Part D open enrollment period which extended through May 15, 2006. Since this initial open enrollment period is expiring, the revised model removes reference to this time period.

If you want assistance preparing the revised creditable prescription drug coverage participant notices, please contact us at (800) 357-1840 or by email to plambert@lcbenefits.com.

The following are two model notices. The first should be used if the participant's prescription drug plan through your company is Creditable and the second should be used if it is Non-Creditable.

Notice #1

MODEL BENEFICIARY **CREDITABLE** COVERAGE DISCLOSURE NOTICE LANGUAGE
 FOR USE ON OR AFTER MAY 15, 2006 BY ALL ENTITIES

OMB 0938-0990

**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 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. **[Insert Name of Entity] has determined that the prescription drug coverage offered by the [Insert Name of Plan] 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 15th through December 31st. 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 [Insert Name of Entity] prescription drug coverage, be aware that you and your dependents may not be able to [Medigap issuers must replace “may not be able to” with “cannot “] 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.

RECOMMENDED INSERT: *CMS recommends that the entity providing this disclosure notice insert here an explanation of the prescription drug coverage plan provisions/options under the entity's plan that Medicare eligible individuals have available to them when they become eligible for Medicare Part D. See pages 7- 9 of the Disclosure of Creditable Coverage To Medicare Part D Eligible Individuals Guidance, which explains the prescription drug plan provisions/options under the 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.).*

You should also know that if you drop or lose your coverage with [Insert Name of Entity] 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 our office for further information [or call [Insert Alternative Contact] at [(XXX) XXX-XXXX]. 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 [Name of Entity] 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 prescription drug plans. For more information about Medicare prescription drug plans:

- Visit 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, 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.

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 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.

- 3. 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.**
- 4. [Insert Name of Entity] has determined that the prescription drug coverage offered in the [Insert Name of Plan] 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 [Insert Name of Entity's 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 [Insert Name of Entity's Plan].**
- 5. 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.**

Consider enrolling in Medicare prescription drug coverage.

Because the coverage you have with [Insert Name of Plan] 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 15th through December 31st. 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.

RECOMMENDED INSERT: *CMS recommends that the entity providing this disclosure notice insert here an explanation of the prescription drug coverage plan provisions/options under the entity's plan that Medicare eligible individuals have available to them when they become eligible for Medicare Part D. See pages 9 - 11 of the Disclosure of Creditable Coverage To Medicare Part D Eligible Individuals Guidance, which explains the prescription drug plan provisions/options under the 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.).*

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 our office for further information [or call [Insert Alternative Contact] at [(XXX) XXX-XXXX]. 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 [Insert Name of Entity] 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. 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
- 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, or you call them at 1-800-772-1213 (TTY 1-800-325-0778).

If you would like further information regarding the issues raised in this News Letter Brief, please contact Paul Lambert at plambert@lcbenefits.com. Our website is www.lcbenefits.com.