

Notice of Medicare Part D Creditable Coverage – October 2016

To: All of our Active, Retired, and Disabled Participants, eligible Spouses and covered Children (including those on COBRA) who are eligible for Medicare Parts A or B or D and for Health Fund prescription drug coverage.

Important Notice from Connecticut Carpenters Health Fund 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 the Connecticut Carpenters Health Fund (the “Health Fund”) and prescription drug coverage available for people with Medicare. It also explains the options you have for Medicare prescription drug coverage and can help you decide whether or not you want to enroll in a Medicare prescription drug plan. If you are considering joining Medicare prescription drug coverage, you should compare the Health Fund’s coverage, including which drugs are covered at what cost, with the coverage and cost of the plans offering Medicare prescription drug coverage. 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 Fund prescription drug 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 enroll in a Medicare prescription drug plan or a Medicare Advantage Plan (like an HMO or a PPO) that offers 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. The Health Fund has determined that the prescription drug coverage offered by the Connecticut Carpenters Health Plan is, on average for all plan participants, expected to pay out at least as much as the standard Medicare prescription drug coverage will pay. This means that your Health Fund prescription drug coverage is considered Creditable Coverage under Medicare’s rules. Because your existing coverage is Creditable Coverage, you can keep your Health Fund prescription drug coverage and not pay a higher premium (or a penalty) if you later decide to enroll in Medicare prescription drug coverage.**

WHEN CAN YOU ENROLL IN A MEDICARE DRUG PLAN?

You can enroll in a Medicare prescription drug plan when you first become eligible for Medicare and each year from October 15th through December 7th.

In certain limited situations, such as if you lose your current Health Fund coverage through no fault of your own, under Medicare’s rules you may be eligible for a two (2) month Special Enrollment Period (SEP) to enroll in a Medicare prescription drug plan.

However, because you have existing prescription drug coverage that, on average, is as good as standard Medicare prescription drug coverage, you can choose to maintain your current Health Fund coverage and join a Medicare prescription drug plan later, generally without any penalty.

WHAT HAPPENS TO YOUR CURRENT COVERAGE IF YOU DECIDE TO ENROLL IN A MEDICARE DRUG PLAN?

If you are covered under the Health Fund's Retiree plan and you do decide to enroll in a Medicare prescription drug plan, your Health Fund prescription drug coverage will end. After it ends, you will only have one opportunity to get back the Health Fund's prescription drug coverage.

If you are eligible for Medicare while covered in the Health Fund's Retiree Plan and you enroll in a Medicare prescription drug plan but elect to keep your Health Fund medical coverage, your Health Fund prescription drug coverage will end. However, you will have a once-in-a-lifetime opportunity to get back the Health Fund's prescription drug coverage, but only if you have kept paying monthly to maintain the Health Fund's other benefits continuously (meaning all other benefits except prescription drug coverage). So, before you make a decision about enrolling in any Medicare prescription drug plan, you should compare your current Health Fund prescription drug coverage with the coverage of the plans offering Medicare prescription drug coverage in your area. You should consider and compare, for the Health Fund and for each Medicare prescription drug plan available to you:

- which drugs will be covered,
- which retail and mail-order pharmacies you can use, and
- what the costs of each are (such as monthly costs, co-payments, deductibles, doughnut holes).

Your current Health Fund coverage pays for other health expenses, as well as prescription drugs. If you choose to enroll in a Medicare prescription drug plan, you will still be able to continue receiving medical benefits and life insurance, except prescription drug benefits, provided that you remain eligible and pay the applicable monthly cost on time.

Here are your options, using rates in effect as of July 1, 2016:

- If you DO NOT enroll in a Medicare Part D prescription drug plan, you may keep the Health Fund's medical and prescription drug plan. You have to remain eligible and pay the monthly cost on time. Currently, the cost is \$365. You do not need to take any action to keep Health Fund coverage as long as you are already covered by it. But if you drop or lose your Health Fund coverage, you cannot reinstate it. If you are nearing retirement, you should contact the Fund Office for information and the appropriate enrollment forms.
- If you DO enroll in a Medicare Part D prescription drug plan,
 - you may not stay covered by the Health Fund's prescription drug plan unless you are enrolled in the Active Plan*. **Note** that some injectables, medications and equipment are covered by Medicare Part B. If these expenses are processed through and covered by Medicare Part B, the Health Fund will continue to offer all members, including those in the Retiree plan, secondary coverage on those medical items even if you enroll in Medicare Part D.

* You may maintain dual coverage – where the Health Fund is your primary drug coverage and Medicare Part D is your secondary coverage – **only** if you are covered by the Health Fund's drug plan for Active Members and by Medicare Part D. One way to tell which plan covers you is by what it costs. If you are paying the COBRA rates (\$1,375 monthly) or you are a spouse/dependent of a working carpenter whose employer is contributing \$9.59 per hour beginning 05/02/16, then you're covered by the Active Plan. If you are paying the Retiree plan rates (\$365 or \$755 monthly), then you're covered by the Retiree plan and cannot enroll in Medicare Part D without losing your Health Fund prescription drug coverage.

- you may stay covered by the Health Fund's other benefits (medical and life insurance) as long as you remain eligible and pay the monthly cost on time. ***Your monthly cost (currently \$365) will not be reduced.***
- if you later change your mind and want to drop Medicare's drug coverage and re-start the Health Fund's drug coverage, you may do so ONCE, as of any March 1st, as long as you have kept paying the monthly cost to maintain the Health Fund's other benefits continuously. (Remember that if you drop or lose all your Health Fund coverage, you cannot reinstate it.) You will have to give written notice to the Health Fund by the February 1st before you want your Health Fund drug coverage to re-start.
- if your Health Fund coverage applies to your eligible spouse and/or covered children who are not yet eligible for Medicare, the Health Fund's prescription drug coverage will remain in effect for them as long as (1) they remain eligible and the monthly cost (currently \$755) is paid on time, and (2) you have kept paying monthly to maintain the Health Fund's other benefits for yourself.
- if your spouse is eligible for Medicare and covered by the Health Fund, you and your spouse may make different choices. One of you may enroll in Medicare Part D and the other may stay in the Health Fund's prescription drug plan. So, if your spouse elects to enroll in Medicare Part D prescription drug coverage, s/he will be dropped from the Health Fund's prescription drug coverage but will be allowed to maintain all other Fund benefits as long as the monthly cost (currently \$755) is paid on time for you and for him/her. Alternatively, if your spouse elects to maintain the Health Fund's prescription drug coverage (as well as all other Fund benefits), s/he may do so as long as the monthly cost (currently \$755) is paid on time for you and for him/her.

NOTE: Assuming you are still covered by the Health Fund and the monthly cost was paid to maintain the Fund's other benefits continuously for your spouse, if your spouse enrolls in Medicare prescription drug coverage and then changes his/her mind, your spouse will be permitted to drop Medicare prescription drug coverage (subject to Medicare's rules) and re-start the Health Fund's prescription drug coverage. The once-in-a-lifetime re-start rules outlined above will also apply to your spouse.

The Health Fund will receive a subsidy because it provides prescription drug benefits that are at least as good as the standard Medicare drug plan. This subsidy will help us keep the Health Fund stable and help us keep retirees' costs under control.

The Health Fund Trustees will review the monthly costs periodically and adjust them as necessary. They also have the right to change or terminate coverage at any time, to the extent permitted by law.

WHEN WILL YOU PAY A HIGHER PREMIUM (PENALTY) TO ENROLL IN A MEDICARE DRUG PLAN?

Here are rules you should be aware of if you drop or lose your Health Fund coverage (including your prescription drug coverage).

If you drop or lose your coverage with the Health Fund and don't enroll in a Medicare prescription drug plan within 63 continuous days after your current Health Fund coverage ends, you may pay more (a penalty) to enroll in a Medicare prescription drug plan later.

Specifically, if you go 63 continuous days or longer without prescription drug coverage that's at least as good as Medicare's prescription drug coverage (so-called Creditable Coverage), your monthly premium for Medicare's prescription drug coverage may go up by at least 1% of the "base beneficiary premium" (a national benchmark premium determined by the Centers for Medicare & Medicaid Services) 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 be consistently at least 19% higher than the base beneficiary premium. You may 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 October to enroll.

FOR MORE INFORMATION ABOUT THIS NOTICE OR YOUR CURRENT PRESCRIPTION DRUG COVERAGE...

Contact the person listed below for further information about the Health Fund's prescription drug coverage. NOTE: You will receive this notice annually. You will also receive it before the next period in which you can enroll in a Medicare prescription drug plan, and if the Health Fund prescription drug coverage changes so that it ceases to be Creditable. You also may request a copy of this notice at any time by contacting the Fund Office.

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, and you'll see a number of mailings and advertisements about Medicare prescription drug benefits. For more information about Medicare prescription drug plans:

- Visit www.medicare.gov,
- Call the Connecticut Program for Health Insurance Assistance, Outreach, Information and Referral, Counseling and Eligibility Screening (CHOICES) (1-800-994-9422 or see your copy of the Medicare & You handbook for telephone numbers for other States),
- 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 call them at 1-800-772-1213 (TTY 1-800-325-0778).

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).

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