



Date: October 2013
To: All Participants in the Pensioned Operating Engineers Health and Welfare Trust Fund
From: Board of Trustees

Important Notice About Prescription Drug Coverage for People with Medicare. This document is intended to serve as your Notice of Creditable Prescription Drug Coverage, as required by law.

**This notice is for people with 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 Pensioned Operating Engineers Health and Welfare Trust Fund and the prescription drug coverage available for people with Medicare. It also explains the options you have under Medicare's prescription drug coverage and can help you decide whether or not you want to enroll in that Medicare prescription drug coverage. At the end of this notice is information on where you can get help to make a decision about Medicare's prescription drug coverage.

Note: If you are currently enrolled in a HMO Medicare Advantage Plan (Kaiser Senior Advantage, Health Net or United Healthcare) through Pensioned Operating Engineers Health and Welfare Trust Fund, please see the last page of this notice addressing your Medicare Advantage Plan.

- **If you and/or your family members are not now eligible for Medicare, and will not be eligible during the next 12 months, you may disregard this Notice.**
- **If, however, you and/or your family members are now eligible for Medicare or may become eligible for Medicare in the next 12 months, you should read this Notice very carefully.**

This announcement is required by law whether the group health plan's coverage is primary or secondary to Medicare. Because it is not possible for our Plan to always know when a Plan participant or their eligible spouse or children have Medicare coverage or will soon become eligible for Medicare we have decided to provide this Notice to all plan participants.

Prescription drug coverage for Medicare-eligible people is available through Medicare prescription drug plans (PDPs) and Medicare Advantage Plans (like an HMO or PPO) 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 drug coverage for a higher monthly premium.

Pensioned Operating Engineers Health and Welfare Trust Fund has determined that the following prescription drug coverage is “creditable”.

- **The self-funded prescription drug plan (administered by Optum Rx); and**
- **The fully insured prescription drug coverage under the Kaiser California and Kaiser Hawaii Non-Medicare and Medicare Cost plans.***

“Creditable” means that the value of this Plan’s prescription drug benefit is, on average for all plan participants, expected to pay out as much as or more than the standard Medicare prescription drug coverage will pay.

Because the plan options noted above are, on average, at least as good as the standard Medicare prescription drug coverage, **you can elect or keep prescription drug coverage under the Trust Fund’s self-funded plan and you will not pay extra if you later decide to enroll in Medicare prescription drug coverage.** You may enroll in Medicare prescription drug coverage at a later time, and because you maintain creditable coverage, you will not have to pay a higher premium (a late enrollment fee penalty).

***Note:** The Kaiser Senior Advantage, Health Net and United Healthcare plans are Medicare Advantage plans. If you are enrolled in one of these plans, you are already in a Medicare plan and you do not need to keep this notice. See the box on the last page of this notice regarding these Medicare Advantage Plans.

REMEMBER TO KEEP THIS 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).

WHEN CAN YOU JOIN A MEDICARE DRUG PLAN?

Medicare-eligible people can enroll in a Medicare prescription drug plan at one of the following 3 times:

- when they first become eligible for Medicare; or
- during Medicare’s annual election period (from October 15th through December 7th); or
- for beneficiaries leaving employer/union coverage, you may be eligible for a Special Enrollment Period (SEP) in which to sign up for a Medicare prescription drug plan.

When you make your decision whether to enroll in a Medicare prescription drug plan, you should also compare your current prescription drug coverage, (including which drugs are covered and at what cost) with the coverage and cost of the plans offering Medicare prescription drug coverage in your area.

YOUR RIGHT TO RECEIVE A NOTICE

You will receive this notice at least every 12 months and at other times in the future such as if the creditable/non-creditable status of the prescription drug coverage through this plan changes. You may also request a copy of a Notice at any time.

WHY CREDITABLE COVERAGE IS IMPORTANT (When you will pay a higher premium (penalty) to join a Medicare drug plan)

If you do not have creditable prescription drug coverage when you are first eligible to enroll in a Medicare prescription drug plan and you elect or continue prescription drug coverage under a **non-creditable** prescription drug plan, then at a later date when you decide to elect Medicare prescription drug coverage you may pay a higher premium (a penalty) for that Medicare prescription drug coverage for as long as you have that Medicare coverage.

Maintaining creditable prescription drug coverage will help you avoid Medicare's late enrollment penalty. This **late enrollment penalty** is described below:

If you go 63 continuous days or longer without creditable prescription drug coverage (meaning drug coverage that is at least as good as Medicare's 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 either Medicare prescription drug coverage or coverage under a creditable prescription drug plan. You may have to pay this higher premium (the penalty) as long as you have Medicare prescription drug coverage.

For example, if 19 months pass where you do not have creditable prescription drug coverage, when you decide to join Medicare's drug coverage your monthly premium will always be at least 19% higher than the Medicare base beneficiary premium. Additionally, if you go 63 days or longer without prescription drug coverage you may also have to wait until the next November to enroll for Medicare prescription drug coverage.

YOUR CHOICES:

You can choose any **one** of the following options:

Your Choices:	What you can do:	What this option means to you:
Option 1	You can select or keep your current medical and prescription drug coverage with one of the plan options offered by the Pensioned Operating Engineers Health and Welfare Trust Fund, and you do <u>not</u> have to enroll in a Medicare prescription drug plan.	You will continue to be able to use your prescription drug benefits through one of the plan options offered by Pensioned Operating Engineers Health and Welfare Trust Fund. <ul style="list-style-type: none">You may, in the future, enroll in a Medicare prescription drug plan during Medicare's annual enrollment period (during October 15-December 7 of each year).As long as you are enrolled in creditable drug coverage you will not have to pay a higher premium (a late enrollment fee) to Medicare when you do choose, at a later date, to sign up for a Medicare prescription drug plan.

Your Choices:	What you can do:	What this option means to you:
<p>Option 2</p>	<p>You can keep your current medical and prescription drug coverage with Pensioned Operating Engineers Health and Welfare Trust Fund and also enroll in a Medicare prescription drug plan.</p> <p>If you enroll in a Medicare prescription drug plan you will need to pay the Medicare Part D premium out of your own pocket. There will be no reduction in the charge for your Trust Fund medical and prescription drug coverage.</p>	<p>Your current coverage pays for other health expenses in addition to prescription drugs. If you enroll in a Medicare prescription drug plan, you and your eligible dependents will still be eligible to receive all of your current health and prescription drug benefits.</p> <p>Having dual prescription drug coverage under this Plan and Medicare means that you will still be able to receive all your current health coverage and this Plan will coordinate its drug payments with Medicare as follows:</p> <ul style="list-style-type: none"> • For Medicare eligible Retirees and their Medicare eligible dependents, Medicare Part D coverage pays primary and the Trust Fund plan may pay secondary. <p>Note that each Medicare prescription drug plan (PDP) may differ. Compare coverage, such as:</p> <ul style="list-style-type: none"> • PDPs may have different premium amounts; • PDPs cover different brand name drugs at different costs to you; • PDPs may have different prescription drug deductibles and different drug copayments; • PDPs may have different networks for retail pharmacies and mail order services.
<p>Option 3</p>	<p>You can drop your current medical and prescription drug coverage with Pensioned Operating Engineers Health and Welfare Trust Fund and instead enroll in a Medicare prescription drug plan.</p>	<ul style="list-style-type: none"> • If you drop coverage for yourself, you will lose coverage for your spouse and dependents. • If you drop coverage, you can never come back into this plan unless you qualify under the Special Late Enrollment provisions (e.g., if you had continuous other health coverage but lost it, or you acquire a new eligible dependent spouse or child.) • Note that you may not drop just the prescription drug coverage under this Pensioned Operating Engineers Health and Welfare Trust Fund plan. That is because prescription drug coverage is part of the entire medical plan.

FOR MORE INFORMATION ABOUT YOUR OPTIONS UNDER MEDICARE’S PRESCRIPTION DRUG COVERAGE

More detailed information about Medicare plans that offer prescription drug coverage is available in the “Medicare & You” handbook. A person enrolled in Medicare (a “beneficiary”) will get a copy of this handbook in the mail each year from Medicare. A Medicare beneficiary may also be contacted directly by Medicare-approved prescription drug plans. For more information about Medicare prescription drug coverage:

- 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.

Para más información sobre sus opciones bajo la cobertura de Medicare para recetas médicas.

Revise el manual “Medicare Y Usted” para información más detallada sobre los planes de Medicare que ofrecen cobertura para recetas médicas. Visite www.medicare.gov por el Internet o llame GRATIS al 1 800 MEDICARE (1-800-633-4227). Los usuarios con teléfono de texto (TTY) deben llamar al 1-877-486-2048. Para más información sobre la ayuda adicional, visite la SSA en línea en www.socialsecurity.gov por Internet, o llámeles al 1-800-772-1213 (Los usuarios con teléfono de texto (TTY) deberán llamar al 1-800-325-0778).

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

This information applies only to Retirees and Spouses who are currently enrolled in an HMO Medicare Advantage Plan through Kaiser Senior Advantage, Health Net or United Healthcare:

If you are enrolled in **Kaiser Senior Advantage, Health Net or United Healthcare** and you also enroll in a Medicare prescription drug plan, you will be automatically disenrolled from your HMO. This would jeopardize your medical coverage with your HMO.

If you are disenrolled from your HMO because you enrolled in a Medicare prescription drug plan, you will be moved to the Trust Fund’s Indemnity medical and prescription drug plan (unless you file an appeal with Kaiser, Health Net or United Healthcare to be re-enrolled in their Medicare Advantage plan).

For more information about this notice or your current prescription drug coverage contact:

Contact: Billing & Eligibility Department

Pensioned Operating Engineers Health and Welfare Trust Fund

Address: 1640 South Loop Road, Alameda, CA 94502

Phone Number: 1-800-251-5014

As in all cases, the Pensioned Operating Engineers Health and Welfare Trust Fund reserves the right to modify benefits at any time, in accordance with applicable law. This document dated **October 2013** is intended to serve as your Medicare Notice of Creditable Coverage, as required by law.