

## **Important Notice from Town of Clarksville About Your Prescription Drug Coverage and Medicare Town of Clarksville Group Medical 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 Town of Clarksville and about your options under Medicare's prescription drug coverage. This information can help you decide whether 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 two important things you need to know about your current 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 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. Town of Clarksville has determined that the prescription drug coverage offered by the company 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.**

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### **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 to 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.

**CMS Form 10182-CC**

**Updated April 1, 2011**

According to the Paperwork Reduction Act of 1995, no persons are required to respond to a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0938-0990. The time required to complete this information collection is estimated to average 8 hours per response initially, including the time to review instructions, search existing data resources, gather the data needed, and complete and review the information collection. If you have comments concerning the accuracy of the time estimate(s) or suggestions for improving this form, please write to: CMS, 7500 Security Boulevard, Attn: PRA Reports Clearance Officer, Mail Stop C4-26-05, Baltimore, Maryland 21244-1850.

## **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 Town of Clarksville coverage may be affected. Medicare and your employer sponsored coverage will coordinate benefits so that you will not receive duplicate benefits.

The Medicare, Who Pays First handbook available from your Medicare representative or online <http://www.medicare.gov/Pubs/pdf/02179.pdf>, has detail on how Medicare coordinates benefits.

Typically, your employer sponsored coverage will pay its benefits without regard to payments that may be made by Medicare. In these cases, your employer sponsored coverage is considered 'primary' and Medicare is 'secondary' coverage. Medicare will only pay after the primary employer sponsored coverage has paid its benefits. Your Medicare coverage will have no effect on your employer sponsored coverage cost sharing such as copayments, deductibles, exclusions or other plan limits.

HOWEVER, there are three instances where Medicare is primary, and your employer sponsored coverage is secondary. In these cases, Medicare will pay its benefits without regard to payments that may be made under the employer sponsored coverage. The employer sponsored coverage will coordinate benefits so that it does not duplicate benefits paid by Medicare. This will reduce the benefits paid by your employer sponsored coverage. These three instances are when:

- your employer employs less than 20 employees
- your coverage is from a former employer, a retiree plan or COBRA coverage
- you are disabled, and the employer sponsored coverage is due to another person working for the employer (examples when allowed – the coverage is under your spouse, your domestic partner, your dependent or grandchild), and the employer has less than 100 employees. When the employer has 100 or more employees then Medicare is secondary.

If you do decide to join a Medicare drug plan and drop your current Town of Clarksville sponsored Health Plan, be aware that you and your dependents will have to wait for the next Open Enrollment period, if any are offered by your Employer, or HIPAA Special Enrollment Right to be able to get this coverage back.

## **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 Town of Clarksville 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 October to join.

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

Contact the Human Resources Department. You also may request a copy of this notice at any

### **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](http://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](http://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 you have maintained creditable coverage and, therefore, whether you are required to pay a higher premium (a penalty).**

FOR USE ON OR AFTER APRIL 1, 2011

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