

Creditable Coverage Disclosure

Important notice from SCOE 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 SCOE and 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 making decisions about your prescription drug coverage is provided in this notice.

There are two important things you need to know about your current coverage and Medicare's prescription drug coverage:

- 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 Medicare Advantage Plan (through 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 higher monthly premiums.
- SCOE has determined that the prescription drug coverage offered by SISC (Blue Shield) and Kaiser Permanente is, on average for all plan participants, expected to pay out as much as standard Medicare prescription drug coverage pays, and is considered "creditable coverage." Because your existing coverage is creditable coverage, you can keep this coverage and not pay a higher premium (penalty) if you later decide to join a Medicare drug plan. *If you are happy with your current coverage under the SCOE group medical plan, do not sign up for a Medicare plan. If you sign up for a Medicare plan, you will lose your prescription coverage under the SCOE group plan.*

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 November 15 through December 31.

However, if you lose your current creditable prescription drug coverage through no fault of your own, you will also be eligible for a two-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 SISC (Blue Shield) or Kaiser Permanente coverage will be affected. If you drop drug coverage with SISC (Blue Shield) or Kaiser Permanente, SISC (Blue Shield) or Kaiser Permanente will cease to provide medical coverage to you.

SCOE-provided prescription plans are creditable and Medicare-eligible individuals are allowed to purchase additional prescription drug coverage through Medicare. See pages 7-9 of the Centers for Medicare & Medicaid Services' *Disclosure of Creditable Coverage to Medicare Part D Eligible Individuals Guidance*, available at www.cms.gov/CreditableCoverage/, which outlines the prescription drug plan provisions/options that Medicare-eligible individuals may have available to them when they become eligible for Medicare Part D.

If you do decide to join a Medicare drug plan and drop your current SCOE coverage, be aware that you and your dependents will not 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 SCOE and don't join a Medicare drug plan within 63 continuous days after your current coverage ends, you may pay a higher premium (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 19 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 (penalty) as long as you have Medicare prescription drug coverage. In addition, you may have to wait until the following November to join.