

To:

Subject: Important Notice from The Local Choice Health Benefits Program about your Prescription Drug Coverage and Medicare

This Notice is being provided at your request. Please read it carefully and keep it where you can find it. It includes information about your current prescription drug coverage with The Local Choice Health Benefits Program and prescription drug coverage available for people with Medicare.

The Local Choice Health Benefits Program has determined that the prescription drug coverage offered by the 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.

Because your existing coverage is on average at least as good as standard Medicare prescription drug coverage, you can keep this coverage and you will not pay extra if you later decide to enroll in Medicare prescription drug coverage.

If you do decide to enroll in a Medicare prescription drug plan and drop your The Local Choice Health Benefits Program coverage as an active employee (based on the policies and procedures of the Department of Human Resource Management, The Local Choice and applicable law), be aware that you and your dependents will not be able to return to this coverage except with the occurrence of a consistent qualifying midyear event or at open enrollment. The Local Choice Health Benefits Program does not offer a medical plan to active employees that excludes prescription drug coverage. Consequently, you must either maintain full coverage under the available plans (including prescription drug coverage) or terminate coverage completely. You do not have the option of terminating only the prescription drug benefit under your The Local Choice plan. Please contact your Group Benefits Administrator if you need additional information.

At the time an Enrollee and/or covered dependent becomes eligible for Medicare, he/she/they may keep their The Local Choice plan coverage based on active employment or may terminate coverage under The Local Choice Health Benefits Program based on that event if termination is completed within 31 days of eligibility for Medicare. However, once coverage has been terminated, neither the employee nor the dependent may re-enroll in The Local Choice program except upon the occurrence of a consistent qualifying midyear event (for example, loss of Medicare coverage) or at open enrollment. An eligible dependent may not enroll unless the eligible employee is enrolled. If an active employee or the covered dependent of an active employee has both The Local Choice coverage and Medicare, except in limited circumstances, The Local Choice plan will pay primary to Medicare.

Individuals can enroll in a Medicare prescription drug plan when they first become eligible for Medicare and each year from November 15th through December 31st. Beneficiaries leaving coverage based on current active employment (for example, at the time of retirement) may be eligible for a Special Enrollment Period to sign up for a Medicare prescription drug plan.

In order to make the best health plan coverage decision for you and any covered dependents, you should compare your The Local Choice coverage with the coverage and cost of the plans offering Medicare prescription drug coverage in your area (including which drugs are covered on the Medicare plans' formularies).

You should also know that if you drop or lose your coverage with The Local Choice Health Benefits Program and do not enroll in Medicare prescription drug coverage after The Local Choice coverage ends, you may pay more (a penalty) to enroll in Medicare prescription drug coverage later.

If you are eligible for Medicare and you go 63 days or longer without prescription drug coverage that is at least as good as Medicare's prescription drug coverage, your monthly Medicare Part D 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.

Date:

Medicare Eligible Individual's Name:

Individual's SSN or HIC#:

This individual has been covered under Prescription Drug Coverage that is creditable.

If applicable, date ranges of creditable coverage that occurred after May 15, 2006:

From: To:

From: To:

From: To:

From: To:

Name of Entity:

Contact Name and Position/Office:

Address:

Phone Number:

For more information about this Notice or your current prescription drug coverage, contact the Group Benefits Administrator listed above.

NOTE: You will receive a Notice annually prior to the Medicare Part D Annual Coordinated Election Period and at any time there is a change in The Local Choice Health Benefits Program's prescription drug coverage. You also may request a copy from your Group Benefits Administrator.

More detailed information about your options under Medicare prescription drug coverage is available in the "Medicare & You" handbook. You will 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 prescription drug plans approved by Medicare, you may be required to provide a copy of this notice when you join.