

Notice—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 **STATE OF ALASKA POLITICAL SUBDIVISION HEALTH PLAN**. 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. You should compare your current coverage, including which drugs are covered at what cost, with the coverage and cost 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 through Medicare prescription drug plans and Medicare Advantage Plans that offer 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 premium. **If you purchase Medicare prescription drug coverage, your STATE OF ALASKA POLITICAL SUBDIVISION HEALTH PLAN will become your secondary prescription drug plan.**
2. The State of Alaska has determined that the prescription drug coverage offered by the **STATE OF ALASKA POLITICAL SUBDIVISION HEALTH PLAN** is, on average for all plan participants, expected to pay out as much as the standard Medicare prescription drug coverage pays and is considered Creditable Coverage.

Because your existing coverage is Creditable Coverage, you can keep your STATE OF ALASKA POLITICAL SUBDIVISION HEALTH PLAN coverage and not pay extra (a penalty) if you later decide to join a Medicare drug plan.

You can join a Medicare prescription drug plan when you first become eligible for Medicare and each year from November 15th through December 31st. Beneficiaries leaving employer coverage may be eligible for a special enrollment period to sign up for a Medicare prescription drug plan.

Please contact us for more information about what happens to your coverage if you enroll in a Medicare prescription drug plan. Medicare drug coverage, if elected, would become your **primary** coverage for prescription drugs and your **STATE OF ALASKA POLITICAL SUBDIVISION HEALTH** drug plan would become your secondary coverage. **There is no additional premium cost for prescription drug coverage if you do not enroll in a Medicare drug plan and are covered only by STATE OF ALASKA POLITICAL SUBDIVISION HEALTH PLAN.**

Benefits Provided by your STATE OF ALASKA POLITICAL SUBDIVISION HEALTH Prescription Drug Plan (active plan):

Plans I-III

Once an individual's pharmacy coinsurance and copayments reach \$1,000 or a family's coinsurance and copayments reach \$3,000, they are no longer subject to copayments on medications that are covered under the plan.

Retail	Up to 30-day supply
Generics	0%
Brand Formulary	20% (minimum of \$15, and a maximum of \$50)
Brand Non-Formulary	30% (minimum of \$30, and a maximum of \$75)

Mail Order	31-90 day supply
Generics	\$10 copay
Brands	\$30 copay

Plan IV

This plan has a combined out of pocket maximum for medical and pharmacy. Once the out of pocket maximum is reached the member is no longer subject to copayments for medications that are covered under the plan.

Retail	Up to 30-day supply
Generics	\$10
Brand Formulary	\$20
Brand Non-Formulary	\$35

Mail Order	31-90 day supply
Generics	\$20
Brand Formulary	\$40
Brand Non-Formulary	\$60

The Medicare Part D prescription drug benefit uses a drug formulary to determine which drugs are covered and at what rate they are paid. The additional premium cost for prescription drug coverage under Medicare Part D will vary based on geographic location and participant prescription drug needs.

You should also know that if you drop or lose your coverage with **STATE OF ALASKA POLITICAL SUBDIVISION HEALTH PLAN** and don't join a Medicare drug plan within 63 continuous days after your current coverage ends, you may pay more (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% per month for every month that you did not have that coverage. For example, if you go 19 months without coverage, your premium may always be at least 19% higher than what many other people pay. 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 November to join.

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

Contact your employer for additional information.

NOTE: You will receive this notice annually and at other times, such as before the next period you can join a Medicare drug plan, and if this coverage through **STATE OF ALASKA POLITICAL SUBDIVISION HEALTH PLAN** changes. You also may request a copy at any time.

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
- Call your State Health Insurance Assistance Program (1-800-478-6065 toll free or in Anchorage at 269-3680) 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 drug coverage is available. For more information about this extra help, visit Social Security on the web www.socialsecurity.gov, or call them at 1-800-772-1213 (TTY 1-800-325-0778).

Remember: Keep this Creditable Coverage notice. If you join a Medicare drug plan, you may be required to provide a copy of this notice to show that you have maintained creditable coverage and, therefore, that you are not required to pay a higher premium (a penalty).