

Creditable Coverage

To: All New Employees
From: Katherine Christopher
Human Resources
Date: April 12, 2010
Re: Medicare Part D
Notice of Creditable Coverage

In December of 2003, President George W. Bush signed into law the Medicare Prescription Drug, Improvement and Modernization Act. One of the benefits of this law is to give all Medicare eligible individuals the right and availability to participate in a government sponsored prescription drug plan. The prescription drug plan is known as Medicare Part D. The effective date for Medicare Part D was January 1, 2006.

One of the requirements of this legislation is that an employer must inform its Medicare eligible employees whether the prescription drug coverage they have available under the employer's health plan or prescription drug plan is creditable coverage or non-creditable coverage. This requirement is met by an employer providing a specific Notice of Creditable Coverage or Notice of Non-Creditable Coverage.

- Creditable coverage is prescription drug coverage which is expected to pay out as much as the Medicare Part D prescription drug plan will pay.
- Non-creditable coverage is prescription drug coverage which is NOT expected to pay out as much as the Medicare Part D prescription drug plan will pay.

The difference between creditable coverage and non-creditable coverage is very important to you. If you are covered under a prescription drug plan which has non-creditable coverage and are eligible to enroll in Medicare Part D and choose not to do so, you will be charged a 1% premium surcharge for every month you were eligible to enroll in Part D, but did not enroll. However, if you can show that you were covered by a prescription drug plan that had creditable coverage, then this premium surcharge would be waived.

This is to inform you that as a participant in the Town of Montville's prescription plan, it has been determined that you have creditable prescription drug coverage. This information is not only important to you, but also to your spouse and or dependents covered under the Town of Montville's prescription plan who may be Medicare eligible.

Attached is Anthem's Notice of Creditable Coverage. This is a very important document and should be kept in a secure place. It contains more information about your creditable coverage and Medicare Part D.

For more information on the Medicare Part D program and or your eligibility for coverage, visit www.medicare.gov for personalized help or call 1-800-MEDICARE (1-800-633-4227). TTY users should call 1-877-486-2048.

If you have questions regarding this communication, please do not hesitate to contact Katherine Christopher at 860-848-3030 extension 354.