NOTICE OF CREDITABLE COVERAGE

Important Notice from the Department of Defense Nonappropriated Fund Health Benefits Program 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 the Department of Defense (DoD) Nonappropriated Fund Health Benefits Program (NAF HBP) and about 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 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. **The Department of Defense NAF employers have determined that the prescription drug coverage offered by the DoD NAF HBP 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.**

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 15th through December 31st. However, if you lose your current creditable prescription drug coverage, through no fault of your own, you will be eligible for a two (2) 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 DoD NAF HBP coverage will not be affected. See below for more information about what happens to your current coverage if you join a Medicare drug plan. Your options include:

1. **You can continue enrollment in the DoD NAF HBP coverage and not enroll in the new Medicare prescription drug coverage.**

Because your DoD NAF HBP prescription drug coverage is on average at least as good as standard Medicare prescription drug coverage, if you do not join a Medicare prescription drug plan now, you can choose to join one later without any penalty for late enrollment.

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 coverage with the DoD NAF HBP and don't enroll in Medicare prescription drug coverage after your current coverage ends, you may pay a higher premium (a penalty) to enroll in Medicare prescription drug coverage later.

If you go 63 continuous days or longer without prescription drug coverage that's at least as good as Medicare's prescription drug coverage, your monthly premium may 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 may consistently be at least 19% higher than the Medicare base beneficiary premium. You'll 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 November to enroll.

2. **You can continue enrollment in the DoD NAF HBP and also enroll in the new Medicare prescription drug coverage. However, you will not receive reimbursement from both programs for the same prescription drug expenditure.**

If you are considering remaining in the DoD NAF HBP and also enrolling in the new Medicare prescription drug coverage, you should be aware that the DoD NAF HBP cannot coordinate benefits with Medicare for prescription drugs in plan year 2009. Therefore, you will not be able to receive payment from both Medicare and the DoD NAF HBP for your prescription drug expenses. If you carry both the DoD NAF HBP and Medicare Part D coverage, you may only submit a prescription drug claim to one of the programs, not both.

The DoD NAF HBP pays for preventive health care, medical care, and hospital services, as well as prescription drugs. If you choose to continue DoD NAF HBP coverage and enroll in a Medicare prescription drug plan, you will still be eligible to receive all of your current NAF medical insurance coverage.

3. **You can drop your DoD NAF HBP medical plan and prescription drug coverage and enroll in a Medicare prescription drug plan.**

If you do decide to enroll in a Medicare prescription drug plan and drop your DoD NAF HBP prescription drug coverage, be aware that you and your dependents may not be able to get this coverage back.

For More Information About This Notice Or Your Current Prescription Drug Coverage...

Contact our office for more information using the contact information provided at the end of this notice. **NOTE**: You will receive this notice annually. You will also get it before the next period you can join a Medicare drug plan, and if this coverage through the DoD NAF HBP 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 prescription drug plans.

For more information about Medicare prescription drug coverage:

- Visit 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, or call them at 1-800-772-1213 (TTY 1-800-325-0778).

Remember: Keep this Notice of Creditable Coverage. 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 or not you have maintained creditable coverage and, therefore, whether or not you are required to pay a higher premium (a penalty).

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