Local 734 Welfare Fund / Pension Fund

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Important Notice from the Local 734 Welfare Fund about Your Prescription Drug Coverage and Medicare

This notice is for all persons eligible for Medicare, even if Medicare is not the person's primary health plan. The information in this notice applies only to participants who are eligible for Medicare, or who become eligible for Medicare during 2011.

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 Local 734 Welfare Fund (the Fund) 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 (also called Medicare Part D) 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 Local 734 Welfare Fund has determined that the prescription drug coverage offered by the Fund 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 Part D 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 also 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 Part D Drug Plan?

You will still be eligible to receive all of your current health and prescription drug benefits from the Fund if you also choose to enroll in a Medicare prescription drug plan. However, having both drug coverages does not mean that you will have better benefits than you currently have, or that you will not have out-of-pocket prescription drug expenses.

Since this Plan is primary to Medicare, this Plan will pay its normal benefits and your Medicare plan's duplicate coverage rules will determine its benefit level. Various Medicare prescription drug plans may have different rules.

You should be aware that having two prescription drug plans could have an effect on whether you reach the Medicare plan's catastrophic coverage level. That is because standard Medicare prescription drug plans are only required to count your actual out-of-pocket costs when determining when you reach the catastrophic coverage level. Drug costs that are paid by this Plan do not qualify as out-of-pocket expenses.

If Medicare is or will become your primary plan, the Local 734 Welfare Fund will coordinate benefits with your Medicare Part D drug plan. You will have to submit the claim and an EOB from your Part D drug plan to the Fund. Contact the Fund Office if you have any questions about coordination of benefits.

What Happens if You Do Not Join a Medicare Part D Drug Plan

You do not have to enroll in a Medicare drug plan. If you choose not to join a Medicare Part D drug plan, your benefits, including prescription drug benefits, under the Local 734 Welfare Fund will continue.

When Will You Pay a Higher Premium (Penalty) to Join a Medicare Part D Drug Plan?

You should also know that if you drop or lose your current coverage with the Local 734 Welfare Fund and don't join a Medicare drug plan within 63 continuous days after your current coverage ends, you may pay a higher premium (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% of the Medicare base beneficiary premium per month for every month that you did not have that coverage. For example, if you go nineteen 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 (a penalty) 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 the Fund Office for further information at 773-594-2810. NOTE: You'll get this notice each year. You will also get it before the next period you can join a Medicare drug plan, and if this coverage through the Fund changes. You also may request a copy of this notice 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 (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 Creditable Coverage notice. 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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