

2012 MEDICARE CREDITABLE RX COVERAGE NOTICE

Rx COVERAGE FOR MEDICARE MEMBERS

Please read this notice carefully and keep it where you can find it. This notice has information about your current prescription drug coverage under the above plan and about your options under Medicare's prescription drug coverage once you are Medicare Eligible (first day of the month in which you attain age 65 or first day of the 25th month following your eligibility for Social Security Disability benefits). This information can help you decide whether or not you want to join a Medicare drug plan. Information about where you can get help to make decisions about your prescription drug coverage is at the end of this notice.

1. **NHAI's Prescription Drug Plan is considered "creditable coverage"**. It is, on average, at least as good as standard Medicare prescription drug coverage. You can keep your NHAIRx coverage and not pay a higher premium (a penalty) if you later decide to join a Medicare drug plan.
 - a) **NHAI Does Not Coordinate Rx Coverage – Only One Rx Plan is permitted:** If you join a Medicare drug plan, your NHAIRx coverage will be suspended and you and your dependents may not get this coverage back until the Medicare Part D coverage is terminated. Generally, Part D coverage may only be terminated during the Open Enrollment Period (10/15 to 12/7) with an effective date of the following January 1.
 - b) **Enrollment in Medicare Part A and B is Required:** You are required under NHAIRx Plans to be enrolled in both Medicare Part A and B when you or a covered spouse or dependent no longer has coverage as an employee or dependent under an active employee and is eligible for Medicare. All NHAIRx Plans provide comparable Rx coverage therefore whether or not you enroll in Medicare Part D is up to you.
 - c) **Diabetics Must Get their Diabetic Supplies through Medicare Part B:** Medicare Primary Members must get their diabetic supplies through Medicare Part B and then submit the claims to NHAIRx to reimburse any balance not covered by Medicare.
2. **Medicare Part D Prescription Drugs Coverage:** Anyone who is eligible for Medicare Part A and/or has Medicare Part B can get Medicare Part D Prescription Drug coverage. You get Medicare Part D Drug 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.
 - a) **Open Enrollment for Medicare and Medicare Part D coverage:** October 15 to December 7 as of the 2011 Open Enrollment.
 - b) **Penalty for Failure to Have Creditable Rx Coverage:** 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 base beneficiary premium per month for every month that you did not have that coverage. If you lose creditable prescription drug coverage, through no fault of your own, you will be eligible for a sixty (60) day Special Enrollment Period (SEP) because you lost creditable coverage to join a Part D plan.

If you lose or decide to leave employer/union sponsored coverage; you will be eligible to join a Part D plan at that time using an Employer Group Special Enrollment Period. 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. A surviving spouse of a deceased retired member has the option of continuing their retiree coverage under COBRA rules or electing Medicare coverage if they are Medicare eligible. They may also have a guaranteed issue opportunity for enrollment in a Medigap plan in lieu of continuing their coverage with NHAIRx. All options should be compared carefully.
 - c) **The Part D Late Enrollment Penalty:** is 1% for each month you did not have "creditable coverage".
 - d) **Special Rules apply for Nursing Home Residents:**
 - **Medicaid Residents:** If a member qualifies for Medicaid and is in a nursing home, the facility and Medicaid may automatically enroll the member in Medicare Part D and there may be additional subsidies for Medicare copays and deductibles for special needs patients. ***See the Prescription Schedule of Benefits found In Part A of your Plan.*** Medicaid eligible members are permitted to change their Medicare coverage at any time. (See Help with Medicare Costs below.)

- **Private Pay Residents:** If the nursing home and requires prescriptions be dispensed by a special pharmacy in blister packs, please contact the NHAI Compliance Dept. at (800) 648-1165 for an override that will permit the nursing home to fill the prescriptions locally rather than through mail order.

The basic Medicare Part D Drug Program works as follows. The Medicare deductible and threshold limits are adjusted annually for cost of living. The current Notice of Creditable Coverage will be posted on the NHAI web site at www.nhai.net. To access this site, input your three digit plan ID number found on your NHAI ID Card.

Standard Medicare Part D Benefit Design Parameters		
	2012	2011
Part D Annual Enrollment - Open enrollment from 1/1 to 3/31 was eliminated. Members are only permit 1 change to their Medicare Advantage and/or Part D Plan 1/1 to 2/14.	10/15 to 12/7 starting 10/1/2011.	November 1 to December 31 for years prior to 2011
Medicaid Eligible Individuals (<i>see Resources Limits for Financial Assistance below.</i>)	May change their Medicare Enrollment at any time.	
Deductible – Employee pays 100% of Deductible	\$320	\$310
Initial Coverage Limit* - Employee Pays 25% of the Cost of the Drugs	\$2,930	\$2,830
Out-of-Pocket Threshold - Employee pays 100% of the cost of drugs during the GAP Period until the OOP is met. ** NEW - In 2012 , Part D enrollees will continue receive a 50% discount on the total cost of their brand-name drugs while in the donut hole. The full retail cost of the drugs will still apply to getting out of the donut hole even though 50% was paid for by the pharmaceutical manufacturers. Enrollees will pay a maximum of 86% co-pay on generic drugs while in the coverage gap.	\$4,700	\$4,550
Total Covered Part D Drug Spending (total cost of drugs including your portion of the cost) before Catastrophic Coverage***	\$6,657.50	\$6,440
Minimum copays for Catastrophic coverage	\$2.60 generics \$6.50 brand Or 5% of the cost	\$2.50 generics \$6.30 brand Or 5% of the cost
Resource Limits For Financial Assistance: Eligible for QMB/SLMB/QI, SSI or applied and income at or below 135% FPL and resources ≤ \$6,680 (individuals) or ≤ \$10,020 (couples).		

The above limits are subject to annual cost of living adjustments. For current limits after 2012, please go to www.nhai.net or you may call the NHAI Compliance Office for the new limits.

Help With Medicare Prescription Drug Plan Costs: Low Income Subsidy

If you or a covered dependent or spouse qualify for low income subsidy, are covered by Medicaid or in a nursing home, this may be better Rx coverage than the NHAI Prescription Plan due to the Medicaid subsidies. Please notify the Plan if a covered member is in a nursing home. You must request an override for drugs to be covered by a pharmacy who supplies the patient's medications in blister packs to the nursing home.

Some people with limited income and resources are eligible for Extra Help to pay for the costs—monthly premiums, annual deductibles, and prescription co-payments—related to a Medicare prescription drug plan. The Extra Help is estimated to be worth an average of \$3,900 per year. Many people qualify for these savings and don't even know it.

To find out if you qualify, Social Security will need to know your income and the value of your savings, investments, and real estate (other than your home). If you are married and living with your spouse, we will need information about both of you. See Resource Limits for Financial Assistance in the above table.

- You must have Medicare Part A (Hospital Insurance) and/or Medicare Part B (Medical Insurance).
- You must live in one of the 50 states or the District of Columbia

The 2011 Federal Poverty Level (FPL) Guidelines determine the income level requirements for people applying for the Low Income Subsidy (LIS) program. If your income is below 135% of the FPL (\$14,701.50 if you are single or \$19,858.50 for married couples), you could qualify for the full Low Income Subsidy – see resource limits above. If you don't qualify for full LIS benefits, you could be eligible for partial LIS benefits if your income level is at or below 150% FPL – see Chart above. LIS subsidy helps to pay both your monthly plan premiums and drug costs.

For more information about getting Extra Help with your Medicare prescription drug plan, visit www.socialsecurity.gov or call Social Security at **1-800-772-1213** (TTY **1-800-325-0778**). Social Security representatives are available to help you complete your application.

For more information about this notice or your current prescription drug coverage: Contact the person listed below for further information. **NOTE:** You'll get this notice each year. You will also get it before the next period you can join a Medicare drug plan (each November 15 to December 31 is open enrollment), and if this coverage through the Plan. You may also request a copy.

For more information about your options under Medicare prescription drug coverage:

- ◆ Order or download the “*Medicare & You*” handbook. You'll receive a copy of the handbook in the mail every year from Medicare. This and other booklets are also available at www.nhai.net
- ◆ 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 the telephone number) for personalized help.
- ◆ Call 1-800-MEDICARE (1-800-633-4227). TTY users should call 1-877-486-2048.

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 whether or not you are required to pay a higher premium (a penalty).

Also see Notice on Medicare Enrollment – NHAI Requires Part A and B Coverage when no longer covered as an active employee or dependent of an active employee who is the Primary Insured for your dependent coverage.

Please provide the NHAI Compliance Office with a copy of your Medical Power of Attorney or a HIPAA Authorization if you wish authorize NHAI to deal directly with another party on your behalf regarding claims, coverage, eligibility and/or billings. If you are paying premiums for your coverage, please provide an alternate contact in the event you are unable to handle your affairs due to an accident or medical condition.

Updated:	October 2011	
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