



# State of Tennessee Group Insurance Program

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## Important Notice from the State of Tennessee Group Insurance 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 State of Tennessee Group Insurance Program and about your options under Medicare's prescription drug coverage. This information can help you decide whether to join a Medicare drug plan when the time and opportunity opens up for you to do so. **If you are actively employed or a pre-65 retiree enrolled in health coverage, you have pharmacy benefits. You do not need to enroll in Medicare prescription drug coverage regardless of your age. Once your retiree group health coverage terminates due to becoming Medicare eligible you may want to enroll in Medicare prescription drug coverage if you need pharmacy benefits.** If you are considering joining a Medicare Prescription Drug Program (PDP), 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. This notice does not apply to retirees who have the supplemental medical coverage for retirees with Medicare through The Tennessee Plan with UMR, which does not provide prescription drug coverage.

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 State has determined that our insurance program and the prescription drug coverage offered by our plan 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 considered "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.

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### 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 current state-sponsored coverage may be affected.

For retired persons under 65 or grandfathered persons who are still on the state-sponsored health plan, Medicare pays primary and the state plan pays secondary for **health**. Medicare (Part A and Part B) does not pay for prescription drugs. If you enroll in a Medicare prescription drug plan, state-sponsored prescription drug benefits will become secondary to your Medicare Part D and coordination of benefits (COB) will apply. For persons who are Medicare eligible but still actively employed, your state-sponsored health coverage will continue to pay primary for both medical and prescription drugs.

If you do decide to join a Medicare drug plan and drop your current state-sponsored coverage, be aware that you and your dependents may not be able to get this coverage back.

### **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 October 15th to December 7th. 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 prescription drug plan.

### **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 current coverage with the state insurance program 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 October to join.

### **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](http://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, or
- 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](http://www.socialsecurity.gov), or call 1-800-772-1213 (TTY 1-800-325-0778).

**Remember: Keep this Creditable Coverage notice.** If you 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).