



Notice of Creditable Coverage

Important Notice from the Employees Retirement System of Texas (ERS) about your Texas Employees Group Benefits Program (GBP) prescription drug coverage and Medicare Prescription Drug Coverage (sometimes called Part D)

Q. What is Medicare Prescription Drug Coverage (sometimes called Part D)?

A. Medicare Prescription Drug Coverage is a prescription program that is available to people who qualify for Medicare Part A or Medicare Part B. Medicare Prescription Drug Coverage started on January 1, 2006.

Q. What is creditable coverage and does coverage provided through the GBP meet this definition?

A. The benefits provided by the GBP drug plan have been examined by consulting actuaries and have been determined to be comparable to the benefits provided by Medicare Prescription Drug Coverage. This requires ERS to send you this "Notice of Creditable Coverage."

Q. Why is creditable coverage important to Medicare-eligible participants in the GBP?

A. Since you have Creditable Coverage under the GBP, the Social Security Administration has said that you will not have to pay a penalty if you join a Medicare prescription drug plan later.

People with Medicare can enroll in a Medicare prescription drug plan from November 15, 2006 through December 31, 2006. Although you will have a chance to enroll every year, normally, you would have to pay a penalty if you enrolled after your initial eligibility date. However, since you have Creditable Coverage under the GBP, you can choose to join a Medicare prescription drug plan later without a penalty.

Please read this notice carefully and keep it where you can find it. No action is required of you at this time.

Federal law requires ERS to send this notice to people who may be eligible for Medicare Prescription Drug Coverage and are enrolled in health insurance that is part of the Texas Employees Group Benefits Program (GBP) provided by the State of Texas. You have GBP prescription drug coverage through your GBP enrollment including Health-Select, administered by Blue Cross Blue Shield, or one of the HMOs offered by the State as of September 1, 2006: Community First Health Plans; FirstCare; Mercy Health Plans; Scott and White Health Plan; and Valley Baptist Health Plans. This notice provides:

- ▶ Important information about your current prescription drug coverage
- ▶ Answers that will assist you in deciding whether you should purchase the Medicare Prescription Drug Coverage
- ▶ Contact numbers for more information
- ▶ A document that you can use later to avoid a penalty for late enrollment in Medicare Prescription Drug Coverage

Q. Should I enroll in Medicare Prescription Drug Coverage?

A. Most Medicare-eligible participants in the GBP should NOT enroll in Medicare Prescription Drug Coverage since, for most people, the GBP prescription drug coverage will provide better benefits at lower cost.

If you qualify for financial assistance, you could benefit from Medicare Prescription Drug Coverage and you would get savings on premiums, copayments, and coinsurance. If you think you might qualify for this assistance, you may want to enroll in Medicare Prescription Drug Coverage.

Q. Is Medicare Prescription Drug Coverage free?

A. No. If you enroll in Medicare Prescription Drug Coverage, you will pay a monthly premium. The amount will likely increase each year. You will also have to pay the Medi-

care Prescription Drug Coverage deductibles and copayments. For calendar year 2007, the deductible may be as much as \$265, and may increase for 2008.

Q. How does Medicare Prescription Drug Coverage work?

A. Medicare Prescription Drug Coverage is offered through private prescription drug plans that have been approved by Medicare. All Medicare prescription drug plans offer a standard level of coverage set by Medicare. Some plans might also offer more coverage for a higher monthly premium. If you enroll in a Medicare prescrip-

tion drug plan, you will receive a drug card that you will present to your pharmacy to cover a portion of your prescription drug costs.

Q. Will Medicare Prescription Drug Coverage have any effect on coverage provided under the GBP?

A. No. There is no change in the medical or prescription drug coverage provided under the GBP as a result of Medicare Prescription Drug Coverage. You will still be eligible to receive all of your current medical and prescription drug benefits under the GBP whether or not you enroll in a Medicare prescription drug plan.

Q. If I decide to enroll in Medicare Prescription Drug Coverage, do I have to drop my GBP coverage?

A. No. You are not required to drop your GBP coverage. If you use your GBP drug card, you will pay the regular GBP deductibles and copays. You cannot use both your GBP drug card and a Medicare prescription drug card for the same prescription.

Q. Will I have better prescription drug coverage if I have both Medicare Prescription Drug Coverage and my current GBP drug coverage?

A. No. As noted above, you cannot use both plans for the same prescription. You would have to choose whether to get a prescription filled under your GBP coverage or Medicare Prescription Drug Coverage. Medicare Prescription Drug Coverage does not coordinate benefits with your current GBP prescription drug plan.

Q. How do I know if I qualify for financial assistance with Medicare Prescription Drug Coverage?

A. Financial assistance is available to Medicare beneficiaries with incomes up to 150% of the Federal Poverty Level (FPL) and limited resources. The FPL is set each year. ERS does not make this determination or set the guidelines.

To determine if you qualify for financial assistance with Medicare Prescription Drug Coverage, you should contact the Social Security Administration (SSA) at 1-800-772-1213 (TTY 1-800-325-0778) or visit SSA online at www.socialsecurity.gov.

Q. Most GBP participants were encouraged not to enroll in Medicare Prescription Drug Coverage for 2006. What about 2007?

A. You do not need to sign up for Medicare Prescription Drug Coverage for 2007. You should also know that if you drop or lose your coverage under the GBP and don't enroll in Medicare Prescription Drug Coverage within 63 days after your current GBP coverage ends, you may be required to pay more to enroll in Medicare Prescription Drug Coverage later.

Q. Where can I get more information?

A. More detailed information about Medicare plans that offer prescription drug coverage is available in the *Medicare & You 2007* handbook. You may have received a copy of the handbook in the mail from Medicare. The handbook is also available at the website below. You may also be contacted directly by approved Medicare prescription drug plans. You can get more information about Medicare prescription drug plans from the following places:

- ▶ Visit <http://www.medicare.gov> for personalized help;
- ▶ Call your State Health Insurance Assistance Program (see your copy of the *Medicare & You* handbook for their telephone number);
- ▶ Call 1-800-MEDICARE (1-800-633-4227). TTY users should call 1-877-486-2048.

NOTE: You may receive this notice at other times in the future such as before the next period you can enroll in Medicare Prescription Drug Coverage, and if this coverage changes. You also may request a copy of this notice.

Remember: Keep this notice. If you enroll in one of the Medicare-approved prescription drug plans at a later date, you may need to give a copy of this notice when you join to show that you are not required to pay a higher premium amount.



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