



Office of Management and Budget
Statewide Benefits Unit

May 2009

NOTICE OF CREDITABLE COVERAGE

**Important Notice from the State of Delaware Group Health Insurance Program about
Your Prescription Drug Coverage and Medicare**

Medicare prescription drug coverage became available in 2006 to everyone with Medicare. You may have wondered how this coverage, known as Medicare Part D, affects you and whether or not there is anything you need to do.

We're pleased to let you know that the coverage you have now—provided by the State of Delaware Group Health Insurance Program—is, on average, for all participants (actives and retirees) at least as good as standard Medicare Part D coverage. This is called “creditable coverage.”

This letter is your Notice of Creditable Coverage. Be sure to read this notice carefully and keep it in a *safe place* where you can find it. This notice answers common questions regarding creditable coverage and about your options under Medicare's prescription drug coverage. It 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.

Please note that if you are not eligible for Medicare, the information below is not applicable.

What do I need to do?

To stay with your current prescription drug coverage from the State of Delaware, ***you don't have to do anything***. Just keep using the coverage you have now. You can still use the same pharmacy network, you'll keep the same affordable copayments for your prescription drugs and you don't need to go through an enrollment process. You're already enrolled in your current plan, which provides you with coverage that is, on average, at least as good as that offered under Medicare Part D. If you do not want to continue to receive prescription drug coverage from the State of Delaware, you will want to select a commercial Medicare prescription drug plan. A summary of the Medicare plans available to you, as well as how to enroll in one of these plans, can be found on the internet at www.medicare.gov.

Why do I need to keep my notice of creditable coverage?

If you are satisfied with your prescription drug coverage from the State of Delaware, just keep using it as you do now. However, if you consider enrolling in one of the many Medicare Part D prescription drug plans, you may be asked for a copy of this notice. This notice will let a Medicare Part D plan know that you have creditable coverage now, and are not required to pay a late enrollment penalty, which could result in a higher premium on your new coverage. Remember, the coverage you have now through the State of Delaware is creditable coverage. That is, your current coverage *is*, on average, at least as good as that offered by Medicare Part D.

What if I lose my notice of creditable coverage? If you need another copy of your notice of creditable coverage, please call the State Pension Office at 1-800-722-7300 or the Statewide Benefits Office at 302-739-8331. You may also write to us at:

Statewide Benefits Office
The Duncan Center
500 W. Loockerman St., Ste 320
Dover, DE 19904

State Pension Office
McArdle Building
860 Silver Lake Blvd., Ste. 1
Dover, DE 19904-2402

Do I have to enroll in a Medicare Part D plan?

No. You do not have to enroll in a Medicare Part D plan if you are satisfied with your current coverage. But you do have the option to enroll in one of Medicare many prescription drug plans from November 15th to December 31st each year or when you first become eligible for Medicare.

If I enroll in a Medicare prescription drug plan, can I keep my prescription drug plan with the State of Delaware?

If you are a Medicare-eligible retiree, you cannot have a Medicare prescription drug plan *and* retain your coverage with the State of Delaware. If you enroll in a Medicare prescription drug plan, prescription drug coverage through the State of Delaware for you and your eligible dependents will terminate. You will not be able to re-enroll in the State of Delaware's Prescription Drug Program until the state's open enrollment period (usually May in each year).

If you are a Medicare-eligible active employee, you can keep your prescription drug plan with the State of Delaware and enroll in a Medicare prescription drug plan. In this case, the State of Delaware plan will pay primary and Medicare will pay secondary¹

It is important that you compare your current plan, including which drugs are covered, with the coverage and costs of Medicare Part D plans in your area before making these decisions. If you consider enrolling in a Medicare prescription drug plan, check with the State of Delaware Statewide Benefits Office or State Pension Office before you enroll.

What if I drop my coverage with the State of Delaware, but don't enroll in a Medicare Part D plan?

If you drop your current coverage but do not enroll in a prescription drug plan approved by Medicare after your current coverage ends, you will have to pay full price for your prescription drugs.

You may also have to pay more for Medicare prescription drug coverage later. If you go for 63 continuous days or longer without coverage that is, on average, at least as good as Medicare's prescription drug coverage, *your monthly premium under a Medicare plan will increase at least 1% for each month that you did not have coverage. This increase will be effective as long as you have Medicare prescription coverage.*

For example, if you do not have coverage for 19 months before enrolling in Medicare prescription drug coverage, your Medicare premium will always be 19% higher than the Medicare base beneficiary premium. *Also, you may have to wait until the next November 15 to enroll.*

If I keep my current coverage with the State of Delaware, can I enroll in a Medicare Part D plan later?

Yes. You will have the opportunity to enroll in a Medicare Part D prescription drug plan every year from November 15 to December 31. *However, if you decide you want to enroll in a Medicare Part D prescription drug plan after December 31, be sure you're covered under your current plan until your Medicare Part D coverage becomes effective.* If you choose to enroll in a Medicare Part D plan without having creditable coverage with another plan like this one, you may have to pay an increased premium, as explained above. If you are a retiree, once you are covered by Medicare Part D, you will not be covered by the prescription plan through the State of Delaware Group Health Insurance Program.

How can I get more information?

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.

If you would like more information, you can find it by:

- Visiting www.medicare.gov.
- Calling your State Health Insurance Assistance Program (see your copy of the "Medicare & You" handbook for their telephone number).
- Calling 1-800-MEDICARE (1-800-633-4227). TTY users should call 1-877-486-2048.

For people with limited income and resources, extra help paying for a Medicare prescription drug plan is available. For more information about this extra help, visit the Social Security Administration Web site at www.socialsecurity.gov, or call them at 1-800-772-1213. TTY users should call 1-800-325-0778.

Be sure to keep this notice. You may be asked for a copy of this notice if you enroll in one of the new prescription drug plans approved by Medicare after May 15, 2006. This notice will let your new plan know that you are not required to pay a higher premium amount.

As in all cases, the State of Delaware Group Health Insurance Program reserves the right to modify benefits at any time, in accordance with applicable law.

Sincerely,

Statewide Benefits Office
Office of Management and Budget
500 W. Loockerman St., Suite 320
Dover, DE 19904
(302) 739-8331

¹ Please note that plans cannot drop coverage of their active employees who enroll in Part D. Doing so would be a violation of the Medicare Secondary Payer (MSP) rules.