

Important Notice
from Northern Arizona Public Employees Benefit Trust (NAPEBT)
about Prescription Drug Coverage for People with Medicare

This notice is for people with 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 Northern Arizona Public Employees Benefit Trust (NAPEBT) and the prescription drug coverage available for people with Medicare. It also explains the options you have under Medicare's prescription drug coverage and can help you decide whether or not you want to enroll in that Medicare prescription drug coverage. At the end of this notice is information on where you can get help to make a decision about Medicare's prescription drug coverage.

- **If you and/or your family members are not now eligible for Medicare, and will not be eligible during the next 12 months, you may disregard this Notice.**
- **If, however, you and/or your family members are now eligible for Medicare or may become eligible for Medicare in the next 12 months, you should read this Notice very carefully.**

This announcement is required by law whether the group health plan's coverage is primary or secondary to Medicare. Because it is not possible for our Plan to always know when a Plan participant or their eligible spouse or children have Medicare coverage or will soon become eligible for Medicare we have decided to provide this Notice to all plan participants.

1. Northern Arizona Public Employees Benefit Trust (NAPEBT) **has determined that the prescription drug coverage under the following prescription drug plan options (the Base Plan 500, the Buy-Up Plan 250, and the High Deductible Health Plan 1250) are "creditable"**. "Creditable" means that the value of this Plan's prescription drug benefit is, on average for all plan participants, expected to pay out as much as or more than the standard Medicare prescription drug coverage will pay.

Because the plan options noted above are, on average, at least as good as the standard Medicare prescription drug coverage, **you can elect or keep prescription drug coverage under the Base Plan 500, the Buy-Up Plan 250 and the High Deductible Health Plan 1250 and you will not pay extra if you later decide to enroll in Medicare prescription drug coverage.** You may enroll in Medicare prescription drug coverage at a later time, and because you maintain creditable coverage, you will not have a late enrollment fee.

REMEMBER TO KEEP THIS NOTICE

If you enroll in one of the plans approved by Medicare which offer prescription drug coverage, you may be required to provide a copy of this notice when you join to show that you are not required to pay a higher premium amount.

Medicare-eligible people can enroll in a Medicare prescription drug plan at one of the following 3 times:

- when they first become eligible for Medicare; or
- during Medicare's annual election period (from November 15th through December 31st); or
- for beneficiaries leaving employer/union coverage, you may be eligible for a Special Enrollment Period in which to sign up for a Medicare prescription drug plan.

When you make your decision to enroll in a Medicare prescription drug plan, you should also compare your current prescription drug coverage, (including which drugs are covered) with the coverage and cost of the plans offering Medicare prescription drug coverage in your area.

YOUR RIGHT TO RECEIVE A NOTICE

NOTE: You will receive this notice at least every 12 months and at other times in the future such as if the creditable/non-creditable status of the prescription drug coverage through the Northern Arizona Public Employees Benefit Trust (NAPEBT) plan changes. You may also request a copy of a Notice at any time.

WHY CREDITABLE COVERAGE IS IMPORTANT

Being covered for prescription drug coverage in a creditable drug plan is important in order to avoid a late penalty. If you do not have creditable prescription drug coverage when you are first eligible to enroll in Medicare and you elect or continue prescription drug coverage under a **non-creditable** prescription drug plan, and at a later date you decide to elect Medicare prescription drug coverage, you may pay a higher premium (a penalty) for that Medicare prescription drug coverage for as long as you have that Medicare coverage. However, as you see above, the prescription drugs plans that Northern Arizona Public Employees Benefit Trust (NAPEBT) offers are creditable.

This late enrollment penalty is described below:

If you go 63 days or longer without prescription drug coverage that is at least as good as Medicare's prescription drug coverage, your monthly premium will go up at least 1% of the base benefit premium per month for every month that you did not have either Medicare drug coverage or coverage under a creditable drug plan. You may have to pay this higher premium (the penalty) as long as you have Medicare prescription drug coverage.

For example, if 19 months pass where you do not have creditable prescription drug coverage, when you decide to join Medicare's drug coverage your monthly premium will always be at least 19% higher than the base benefit premium.

Additionally, if you go 63 days or longer without prescription drug coverage, you may also have to wait until the next November to enroll in Medicare prescription drug coverage.

WHAT ARE MY CHOICES?

You can choose any **one** of the following options:

Your Choices:	What you can do:	What this option means to you:
Option 1	You can select or keep your current medical and prescription drug coverage with the Base Plan 500, the Buy-Up Plan 250 or the High Deductible Health Plan 1250, and you do not have to enroll in a Medicare prescription drug plan.	<p>You will continue to be able to use your prescription drug benefits through Northern Arizona Public Employees Benefit Trust (NAPEBT).</p> <ul style="list-style-type: none"> • You may, in the future, enroll in a Medicare prescription drug plan during Medicare’s annual enrollment period (during November 15-December 31 of each year). • As long as you are enrolled in creditable drug coverage you will not have to pay a higher premium (a late enrollment fee) to Medicare when you do choose, at a later date, to sign up for a Medicare prescription drug plan.
Option 2	<p>You can select or keep your current medical and prescription drug coverage with the Base Plan 500, the Buy-Up Plan 250 or the High Deductible Health Plan 1250, and also enroll in a Medicare prescription drug plan.</p> <p>If you enroll in a Medicare prescription drug plan you will need to pay the Medicare Part D premium out of your own pocket.</p>	<p>Having dual prescription drug coverage under this Plan and Medicare means that this Plan will coordinate its drug payments with Medicare, as follows:</p> <ul style="list-style-type: none"> • for Medicare eligible Retirees and their Medicare eligible Dependents, Medicare Part D coverage pays primary and this group health plan pays secondary. • for Medicare eligible Active Employees and their Medicare eligible Dependents, this group health plan pays primary and Medicare Part D coverage pays secondary. <p>Note that you may not drop just the prescription drug coverage under the Base Plan 500, the Buy-Up Plan 250, or the High Deductible Health Plan 1250. That is because prescription drug coverage is part of the entire medical plan. Generally, you may only drop medical plan coverage at this Plan’s next Open Enrollment period.</p> <p>Note that each Medicare prescription drug plan (PDP) may differ. Compare coverage, such as:</p> <ul style="list-style-type: none"> • PDPs may have different premium amounts • PDPs cover different brand name drugs at different costs to you; • PDPs may have different prescription drug deductibles and different drug copayments; • PDPs may have different networks for retail pharmacies and mail order services.
Option 3	You can drop your current medical and prescription drug coverage with Northern Arizona Public Employees Benefit Trust (NAPEBT) and instead enroll in a Medicare prescription drug plan.	<ul style="list-style-type: none"> • If you drop coverage for yourself, you will lose coverage for your spouse and dependents. • If you drop coverage, you can only re-enroll in this plan during the next Open Enrollment period.

FOR MORE INFORMATION ABOUT YOUR OPTIONS UNDER MEDICARE’S PRESCRIPTION DRUG COVERAGE

More detailed information about Medicare plans that offer prescription drug coverage is available in the “Medicare & You” handbook. A person enrolled in Medicare (a “beneficiary”) will get a copy of this handbook in the mail each year from Medicare. A Medicare beneficiary may also be contacted directly by Medicare-approved prescription drug plans. For more information about Medicare prescription drug plans:

- Visit 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.

¿Cómo puede conseguir más información?

Puede leer el manual de “Medicare y Usted.” Visitar www.medicare.gov por el Internet o llamar GRATIS al 1-800-MEDICARE (1-800-633-4227). Los usuarios de TTY deben llamar al 1-877-486-2048. Para más información sobre la ayuda adicional con los costos de medicinas y como solicitar la ayuda, llame al SSA al 1-800-772-1213, o visite www.socialsecurity.gov por el Internet.

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

For more information about this notice or your current prescription drug coverage contact your Human Resources or Benefits Department at:

Coconino County	779-6810
City of Flagstaff	779-7698
Flagstaff Housing Authority	526-0002
Coconino Community College	226-4268
Flagstaff Unified School District	527-6071
NAIPTA	679-8908
CCRASD#99	779-6592

As in all cases, Northern Arizona Public Employees Benefit Trust (NAPEBT) reserves the right to modify benefits at any time, in accordance with applicable law. This document dated April 23, 2007 is intended to serve as your Medicare Notice of Creditable Coverage, as required by law.