



Important Notice From
HEALTH TRADITION HEALTH PLAN
About Your Prescription Drug Coverage and Medicare

Please read this notice carefully and keep it in a convenient location. This notice has information about your current prescription drug coverage with Health Tradition Health Plan and your options under Medicare's prescription drug coverage. This information can help you decide whether or not you want to join a Medicare drug plan, also known as Medicare Part D. Information about where you can get help to make decisions about your prescription drug coverage is at the end of this notice.

There are three important things you need to know about your current coverage and Medicare's prescription drug coverage:

1. Medicare Part D 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. Health Tradition Health Plan has determined that the prescription drug coverage offered by Health Tradition *65Plus* is, on average for all plan participants, NOT expected to pay out as much as standard Medicare prescription drug coverage pays. Therefore, it is considered Non-Creditable Coverage.
This is important because you will most likely get more help with your drug costs if you join a Medicare drug plan than if you only have prescription drug coverage from Health Tradition *65Plus*. This is also important because it could mean that you may pay a higher premium (a penalty) if you do not join a Medicare drug plan when you first became eligible.
3. You can keep your current coverage from Health Tradition Health Plan. However, because your coverage is non-creditable, you have decisions to make about Medicare prescription drug coverage. These decisions may affect how much you pay for that coverage, depending on if and when you join a drug plan. When you review the Medicare prescription drug coverage in your area, you should compare the specific drugs covered and the overall cost with your current coverage. Read this notice carefully - it explains your options.

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 through December 7th.

When Will You Pay a Higher Premium (Penalty) to Join a Medicare Drug Plan?

Since the coverage under Health Tradition Health Plan is not creditable, you may pay a penalty to join a Medicare drug plan depending on how long you go without creditable prescription drug coverage. The penalty will begin at the end of the last month that you were first eligible to join a Medicare drug plan. If you go 63 continuous days or longer without creditable prescription drug coverage, your monthly premium may go up. The penalty 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 monthly premium may be at least 19% higher than the Medicare base beneficiary premium. You may have to pay this higher premium (penalty) as long as you have Medicare prescription drug coverage. In addition, you may have to wait until the following October to join the plan.

If You Do Not Enroll in a Medicare Part D Prescription Drug Plan:

If you decide you do not want to enroll in a Medicare Prescription Drug Plan or Medicare Advantage Plan that provides Medicare prescription drug coverage, *you can keep your current 65Plus Policy without changes*. Your current *65Plus Policy* pays 80% of charges for outpatient prescription drugs after you pay the first \$6,250 for prescription drugs every calendar year.

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 Health Tradition *65Plus* coverage will be affected. You cannot have prescription drug benefits from both *65Plus* and a Medicare prescription drug plan at the same time.

You Can Keep your 65Plus Policy Without the Prescription Drug Coverage

If you enroll in a Medicare prescription drug plan and wish to keep your *65Plus* policy, please let us know as soon as possible. If you enroll in such a plan, Federal law requires us to remove the prescription drug benefits and your premium will change.

If you choose this option, you must notify us promptly so we can remove the prescription drug coverage. We will issue an insurance rider that removes the prescription drug benefit from your policy and adjust your premium. Please contact us at 877.832.1823 (toll free)

Note that once we remove the drug coverage from your 65Plus Policy, you cannot get it back even if you later decide to leave the Medicare Part D Prescription Drug Plan.

Effect on Your 65Plus Policy Premiums:

In making your decision, please keep in mind that the law can require us to make changes to our plans. These changes may have an effect on future premiums, especially for policies with prescription drug benefits. Please contact us at 877.832.1823 (toll free) so we can discuss the likely differences in premiums among your different choices over time.

For More Information about This Notice or Your Current Prescription Drug Coverage:

Contact our Member Advocate, listed below, for further information. NOTE: You will get this notice each year. We will also send it before the next period you can join a Medicare drug plan and if this coverage through Health Tradition changes. You may also request a copy of this notice at any time.

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 will 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
- 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
- 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, or call them at 1-800-772-1213 (TTY 1-800-325-0778).

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