

Sheet Metal Workers' Local No. 40

EMPLOYEE BENEFIT FUNDS

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Notice of Medicare Part D Creditable Coverage – October 2017

To: All Active, Retired, and Disabled Participants, eligible Spouses and covered Children (including those on COBRA) who are eligible for Medicare Parts A or B or D and for Health Fund prescription drug coverage.

Important Notice from Sheet Metal Workers' Local No. 40 Health Fund 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 Sheet Metal Workers' Local No. 40 Health Fund (the "Health Fund") and prescription drug coverage available for people with Medicare who are *NOT* already covered by the Health Fund's insured Aetna Medicare Advantage Prescription Drug Plan (Aetna MAPDP). It also explains the options you have for Medicare prescription drug coverage and can help you decide whether or not you want to enroll in a Medicare prescription drug plan. If you are considering joining Medicare prescription drug coverage, you should compare the Health Fund's coverage, including which drugs are covered at what cost, with the coverage and cost of the plans offering Medicare prescription drug coverage. Information about where you can get help to make decisions about your prescription drug coverage is at the end of this notice.

There are two important things you need to know about your current Fund prescription drug 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 enroll in a Medicare prescription drug plan or a Medicare Advantage Plan (like an HMO or PPO) that offers prescription drug coverage. All Medicare prescription 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 Health Fund has determined that the prescription drug coverage currently offered by the Sheet Metal Workers' Local No. 40 Health Plan to those in the Active and Retiree under 65 Programs is, on average for all plan participants, expected to pay out at least as much as the standard Medicare prescription drug coverage will pay. This means that your Health Fund prescription drug coverage is considered Creditable Coverage under Medicare's rules.

Because your existing coverage is Creditable Coverage, you can keep your Health Fund prescription drug coverage and not pay a higher premium (a penalty) if you later decide to enroll in a Medicare prescription drug plan.

WHEN CAN YOU ENROLL IN A MEDICARE DRUG PLAN?

You can enroll in a Medicare prescription drug plan when you first become eligible for Medicare and each year from October 15th through December 7th. In certain limited situations, such as if you lose your current Health Fund coverage through no fault of your own, under Medicare's rules you may be eligible for a two (2) month Special Enrollment Period or "SEP" to enroll in a Medicare prescription drug plan.

However, because you have existing prescription drug coverage that, on average, is as good as standard Medicare prescription drug coverage, you can choose to maintain your current Fund coverage and join a Medicare prescription drug plan later, generally without any penalty.

WHAT HAPPENS TO YOUR CURRENT COVERAGE IF YOU DECIDE TO ENROLL IN A MEDICARE DRUG PLAN?

As announced back in 2015, the Health Fund approved the implementation, effective January 1, 2016, of the Aetna MAPDP. The Aetna MAPDP replaced the EnvisionRxOptions Employer Group Waver Plan plus Self-Insured Wrapper plan, which was terminated on December 31, 2015. Be aware that if you enroll in the Health Fund's Aetna MAPDP benefits in the future and then decide to enroll in a Medicare prescription drug plan, your Health Fund's Aetna MAPDP benefit coverage will end and you will never again have another opportunity to elect coverage through the Health Fund. So, before you make a decision about enrolling in any Medicare prescription drug plan, you should compare your current Health Fund coverage with the coverage of the plans offering Medicare prescription drug coverage in your area. You should consider and compare, for the Health Fund and for each Medicare prescription drug plan available to you:

- which drugs will be covered,
- which retail and mail-order pharmacies you can use, and
- what the different costs are (monthly costs, co-payments, deductibles, doughnut holes, etc.)

Remember, your current Health Fund coverage pays for other health expenses, as well as prescription drugs. Again, if you choose to enroll in a Medicare prescription drug plan, you will NOT be able to continue receiving the Health Fund's Aetna MAPDP. Your coverage will end, and you will never have the opportunity to get back into the Health Fund's Aetna MAPDP. Medicare-Eligible participants, spouses and dependents must enroll in Medicare Part A and enroll in and start paying for Medicare Part B as soon as possible, since the Health Fund will not cover any portion of doctor visits and hospital medical expenses incurred that are routinely covered by Medicare Parts A and B, even if the participant, spouse or dependent chooses not to enroll in and pay for Parts A and B.

Here are your options, using rates¹ in effect as of January 1, 2017, for coverage after you become eligible for Medicare:

- If you DO NOT enroll in a Medicare Part D prescription drug plan, you may elect to enroll in and contribute towards the Health Fund's Aetna MAPDP. You have to complete the enrollment documents you will receive from Aetna on a timely basis, remain eligible under normal Health Fund rules, and pay the monthly cost on time. Currently and for the rest of 2017, the monthly cost for the Aetna MAPDP ranges between \$160 and \$270 for a single person and between \$497 and \$1,800 for a family (2 adults plus child or children) and these rates are subject to periodic annual adjustments starting in January 2018. If you are eligible for Medicare and/or nearing retirement, you should contact the Fund Office for information and the appropriate enrollment forms.
- If you DO enroll in a Medicare Part D prescription drug plan,
 - you may not stay covered by the Health Fund's Aetna MAPDP *unless* you are also enrolled in the Active Program.² Please note that some injectables, medications and equipment are covered by Medicare Part B. If these expenses are processed through and covered by Medicare Part B, the Health Fund will continue to offer all members, including those enrolled in the Aetna MAPDP, secondary coverage on those medical items even if you enroll in Medicare Part D.

¹ Because there are four different Fund plans in which you and your family could participate, and various different rate categories that could apply to you, plus COBRA, wide ranges of rates for Fund coverage are described in this notice. Please call the Fund Office for more information about the specific rates for Fund coverage that would apply to you.

² You are considered to be covered by the Active Plan until you lose eligibility under the look-back rules (300/600/900/1,200 hours of covered employment over a previous 3/6/9/12 month period), as well as the 100 hours in the immediately preceding calendar month rule or SASMI/Buy-In rules, or when your Support Employee coverage ends. Medicare becomes primary as soon as COBRA coverage starts or as soon as you're covered under the Health Fund's Aetna MAPDP. Except as noted above, you *cannot* maintain dual coverage once Medicare becomes primary.

- you cannot later change your mind if you want to drop Medicare's prescription drug coverage and restart the Health Fund's Aetna MAPDP, as the decision is permanent. Once you elect to drop the Health Fund's Aetna MAPDP you may never again participate in the Fund's Aetna MAPDP, or any retirees health plan offered by the Health Fund in the future.
- if your Health Fund coverage applies to your eligible spouse and covered children who are not yet eligible for Medicare, the Health Fund's medical and prescription drug coverage will remain in effect for them as long as (1) they remain eligible and a separate monthly cost (see the details and rates in the previous bullet) is paid on time, and (2) you have kept paying monthly to maintain the Health Fund's Aetna MAPDP for yourself.
- if your eligible spouse or dependent is eligible for Medicare and covered by the Health Fund, you and your spouse or dependent are permitted to make different choices, but the rule about the decision remaining permanent still applies. Accordingly, one may make a permanent decision to enroll in and contribute towards: (1) Medicare Parts A and B, along with Medicare Part D prescription drug coverage, OR (2) the Health Fund's Aetna MAPDP. As an example, if you elect to enroll in and contribute towards the Health Fund's Aetna MAPDP and your spouse elects to enroll in regular Medicare coverage plus Medicare's Part D prescription drug coverage, those elections are permitted. However, your spouse cannot change his or her mind once that decision is made and he or she may never again participate in the Fund's Aetna MAPDP, or any retirees health plan offered by the Health Fund in the future.

As always, the Health Fund Trustees will review the monthly costs periodically and adjust them as necessary. They also have the right to change or terminate coverage at any time, for existing and/or future retirees, to the extent permitted by law.

WHEN WILL YOU PAY A HIGHER PREMIUM (PENALTY) TO ENROLL IN A MEDICARE DRUG PLAN?

Here are rules you should be aware of if you drop or lose your Health Fund coverage (including your prescription drug coverage).

You should also know that if you drop or lose your coverage with the Health Fund and don't enroll in a Medicare prescription drug plan within 63 continuous days after your current Fund coverage ends, you may pay more (a penalty) to enroll in a Medicare prescription drug plan later.

Specifically, if you go 63 continuous days or longer without prescription drug coverage that's at least as good as Medicare's prescription drug coverage (so-called Creditable Coverage), your monthly premium for Medicare's prescription drug coverage may go up at by least 1% of the "base beneficiary premium" (a national benchmark premium determined by the Centers for Medicare & Medicaid Services) 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 base beneficiary premium. You may have to pay this higher premium as long as you have Medicare prescription drug coverage. In addition, you may have to wait until the following October to enroll.

FOR MORE INFORMATION ABOUT THIS NOTICE OR YOUR CURRENT PRESCRIPTION DRUG COVERAGE...

Contact the person listed below for further information about the Health Fund's prescription drug coverage. NOTE: You will receive this notice annually and at other times in the future such as before the next period in which you can enroll in a Medicare prescription drug plan, and if the Health Fund prescription drug coverage changes so that it ceases to be Creditable Coverage. You also may request a copy of this notice at any time by contacting the Fund Office.

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 prescription drug plans, and you’ll likely see a number of mailings and advertisements about Medicare prescription drug benefits. For more information about Medicare prescription drug plans:

- Visit www.medicare.gov,
- Call the Connecticut Program for Health Insurance Assistance, Outreach, Information and Referral, Counseling and Eligibility Screening (CHOICES) (1-800-994-9422 or see your copy of the Medicare & You handbook for telephone numbers for other States),
- Call 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 Medicare prescription drug coverage is available. Information about this extra help is available from the Social Security Administration (SSA) online at www.socialsecurity.gov, or call them at 1-800-772-1213 (TTY 1-800-325-0778).

Remember: Keep this Creditable Coverage notice. If you decide to enroll in one of the Medicare prescription 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).

Date:	October 10, 2017
Name of Entity/Sender:	Sheet Metal Workers’ Local No. 40 Health Fund
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