

Non-Creditable Coverage Disclosure Notice

Important Notice from the Borough of East Stroudsburg 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 Borough of East Stroudsburg and about 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; if you are eligible. 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 prescription drug coverage 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. East Stroudsburg Borough has determined that the prescription drug coverage offered by the Borough's hospitalization plan is, on average for all plan participants, NOT expected to pay out as much as the standard Medicare prescription drug coverage pays. Therefore, your coverage is considered "Non-Creditable" Coverage. This means that, most likely, you will get more help with your drug costs if you are eligible to join a Medicare drug plan, than if you only have prescription drug coverage from the Borough of East Stroudsburg Plan. This is also important because it may mean that you may pay a higher premium (a penalty) if you do not join a Medicare drug plan when you first become eligible to do so.
3. You can keep your current coverage from the Borough of East Stroudsburg Plan even if eligible for Medicare. However, because your coverage is non-creditable, you may have decisions to make about Medicare prescription drug coverage that may affect how much you pay for that coverage, depending on if and when you join a drug plan. When you make your decision, you should compare your current coverage, including what drugs are covered, with the coverage and cost of the plans offering Medicare prescription drug coverage in your area. 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 the Borough of East Stroudsburg Plan is not creditable, depending on how long you go without creditable prescription drug coverage, you may pay a penalty to join a Medicare drug plan later. Starting with the end of the last month that you were first eligible to join a Medicare drug plan but didn't join, If you go 63 continuous days or longer without prescription drug coverage that is "creditable", your monthly premium 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 premium may consistently 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 November to join the Medicare drug plan.

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 Borough of East Stroudsburg Plan coverage **will** be affected.

The prescription coverage that is offered through the Borough of East Stroudsburg hospitalization insurance plans do not have an annual deductible. Participants are responsible for co-payments that vary by the drug type and whether the prescription is filled at a retail pharmacy or through mail order. For prescriptions obtained at a participating retail pharmacy (up to a one month supply), the co-payments are: \$25 for Generic Drugs, \$50 for Brand-Name Formulary Drugs, and \$70 for Brand-Name Non-Formulary Drugs. For prescriptions obtained through mail order (up to a three month supply), the co-payments currently are: \$55 for Generic Drugs, \$130 for Brand-Name Formulary Drugs, and \$210 for Brand-Name Non-Formulary Drugs.

For those individuals who are eligible for Medicare and elect Part D coverage, coverage under the Borough of East Stroudsburg Plan will end for the individual and all covered dependents.

See pages 9-11 of the Disclosure of Creditable Coverage to Medicare Part D Eligible Individuals Guidance (available at <http://www.cms.hhs.gov/CreditableCoverage/>) which outlines the prescription drug plan provisions/options that Medicare eligible individuals have available to them when they become eligible for Medicare Part D.

If you do decide to join a Medicare drug plan and drop your current Borough of East Stroudsburg coverage, please be aware that you and your dependents may **not** be eligible to get this coverage back.

For More Information About This Notice Or Your Current Prescription Drug Coverage...

Contact the person listed below for further information **at the East Stroudsburg Borough Office at (570) 421-8300.** **NOTE:** You will receive this notice each year. You will also get it before the next period you can join a Medicare drug plan, and if this coverage through the Borough of East Stroudsburg changes. You also may 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'll get a copy of the handbook in the mail every year from Medicare when you become eligible. 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).

Date:	October 14, 2011
Name of Entity/Sender:	Borough of East Stroudsburg
Contact--Position/Office:	James S. Phillips, Manager
Address:	Municipal Building, 24 Analomink St. East Stroudsburg PA 18301
Phone Number:	(570) 421-8300