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THIS IS A REQUIRED ANNUAL NOTICE – If you have questions about your prescription drug coverage, call the Fund office at one of the above numbers.

September 15, 2016

MEDICARE PART D (Prescription Drugs)
Notice of Creditable Coverage

**DO NOT ENROLL IN MEDICARE PART D – IF YOU DO
YOU WILL LOSE TBT DRUG COVERAGE**

To: All Comprehensive Retiree Plan (CRP) Medicare-Eligible Participants and Spouses
without an Employer or Union Subsidy

If you are age 65 or older or otherwise eligible for Medicare (or will be within the next year), read and retain this notice. If you are not now (or soon going to be) eligible for Medicare, and will not become eligible in 2017, you should retain this notice with your benefit materials for future reference.

If you are or will be eligible for Medicare, you will be eligible for Medicare's prescription drug benefit – "Medicare Part D." Individuals can enroll in a Medicare prescription drug plan when they first become eligible for Medicare and each year from October 15th through December 7th. Beneficiaries leaving the Fund may be eligible for a Special Enrollment Period to sign up for a Medicare prescription drug plan.

YOUR CURRENT TBT PRESCRIPTION DRUG COVERAGE (OR YOUR COVERAGE UNDER AN HMO THROUGH TBT) IS AT LEAST AS GOOD, ON AVERAGE, AS MEDICARE PART D. The federal Centers for Medicare and Medicaid Services (CMS) will consider your coverage under the Fund to be "creditable," which means that, on average, TBT will pay as much or more for your prescription drug coverage as Medicare would pay if you enrolled in Part D.**

THEREFORE, DO NOT ENROLL IN MEDICARE PART D IF YOU INTEND TO KEEP YOUR TBT COVERAGE.

** Medicare Part D programs are likely to differ in the drugs they cover and how much is paid for 'brand name' versus 'generic' drugs. TBT drug coverage is not restricted to a "formulary" or list of covered and non-covered drugs, but for certain drugs a Medicare Part D program outside of TBT may pay more than TBT would pay. That's why this notice says your TBT coverage is "as good, on average, as Medicare Part D." If you have drug coverage through TBT under your HMO your coverage may be subject to other restrictions but remains "as good, on average, as Medicare Part D."

Medicare expects you to enroll in Part D as soon as you become eligible and charges higher premiums to late enrollees, ***unless you are already covered by “creditable” prescription drug coverage*** like TBT’s. Because your coverage under the Fund is “creditable,” if you decide to enroll in Part D in the future – because, for example, your TBT coverage terminates – you will not be penalized for late enrollment in Part D.

If your TBT coverage ends, you will have 62 days to enroll in Medicare Part D without incurring a late enrollment premium. If you go 63 days or longer without prescription drug coverage that is at least as good as Medicare’s prescription drug coverage, when you do apply for Medicare Part D your monthly premium will go up at 1% per month for every month that you did not have that coverage. For example, if you go nineteen months without coverage, your Medicare Part D premium will always be 19% higher than if you had enrolled within 63 days of losing your TBT coverage.

If you accidentally enroll in a Part D program outside of TBT you should contact TBT at 800-533-0119 and ask to speak with the Retiree Medicare Unit for information concerning what you need to do to cancel that enrollment and restore TBT coverage.

KAISER SENIOR ADVANTAGE AND UNITED HEALTHCARE GROUP MEDICARE HMO

IF YOU ARE ENROLLED IN A “MEDICARE RISK PLAN,” -- KAISER’S SENIOR ADVANTAGE OR UNITED HEALTHCARE’S MEDICARE ADVANTAGE HMO (also known as “Medicare Advantage Plans”) -- YOU GET YOUR DRUGS THROUGH YOUR HMO AND KAISER AND UNITED HEALTHCARE WILL AUTOMATICALLY ENROLL YOU IN THEIR “MEDICARE RISK PLAN”. **IF YOU ENROLL IN A MEDICARE PART D PROGRAM OUTSIDE OF YOUR SENIOR ADVANTAGE OR UNITED HEALTHCARE’S MEDICARE ADVANTAGE HMO COVERAGE, MEDICARE WILL TERMINATE YOUR MEDICARE PART A AND B COVERAGE. DO NOT ENROLL IN A PART D PROGRAM IF YOU INTEND TO REMAIN IN YOUR HMO.**

MEDICARE ELIGIBLE ACTIVE EMPLOYEES

IF YOU ARE MEDICARE ELIGIBLE, BUT CURRENTLY COVERED UNDER A TBT PLAN FOR ACTIVE EMPLOYEES (EITHER UNDER THE INDEMNITY PLAN OR KAISER OR PACIFICARE/ UNITED HEALTHCARE HMO), **DO NOT ENROLL IN A MEDICARE PART D PROGRAM.** YOUR CURRENT TBT PRESCRIPTION DRUG COVERAGE (OR YOUR COVERAGE UNDER AN HMO THROUGH TBT) IS AT LEAST AS GOOD, ON AVERAGE, AS MEDICARE PART D. **IF YOU ENROLL IN A MEDICARE PART D PROGRAM, YOU WILL LOSE YOUR TBT PRESCRIPTION DRUG COVERAGE.**

This notice only applies to Medicare Part D. IF YOU ARE RETIRED TBT STILL REQUIRES YOU TO ENROLL IN MEDICARE PARTS A & B AS SOON AS YOU BECOME MEDICARE-ELIGIBLE.

Questions & Answers

Question: Do I need to do anything now?

Answer: No, you will automatically be enrolled in the Part D plan under TBT retirees called ***United Health Rx for Groups***, and you will continue to receive your prescriptions through the OptumRx pharmacy network (or your HMO if you are enrolled in a “Medicare Risk Plan”).

Question: Can I enroll in Medicare Part D?

Answer: Yes, but you will have to give up your TBT prescription drug coverage.

Question: Why can't I have both TBT and Medicare Part D coverage if I am willing to pay for it?

Answer: Because TBT's drug coverage is, on average, as good or better than Medicare's, TBT saves approximately 28% on all Medicare-covered drug claims paid for its Medicare eligible participants and dependents. This savings helps keep the cost of your TBT benefits lower.

Question: Will I pay more out-of-pocket if I enroll in Medicare Part D and lose my TBT prescription drug coverage?

Answer: ***Under your TBT Plan*** you have no prescription deductible but you are responsible for a co-payment which varies by Plan (for some TBT Plans it is a fixed dollar amount of between \$5 and \$30 and for others it is between 10% and 30% of the cost of the prescription) and whether your prescription is for a 'name brand' or a 'generic'.

Under Medicare Part D's standard benefit design, you pay a (1) monthly prescription drug premium; (2) a deductible of \$400 before Medicare pays for any drugs; and (3) a copay or coinsurance toward the cost of any prescription on the Medicare Drug Formulary until the retail cost of your prescriptions total **\$3,700**. You will then pay **45%** of the cost of 'brand name' drugs and **58%** of the cost of generic drugs until your total out of pocket cost (including manufacturer discounts for brand name drugs) for your prescriptions reaches **\$4,950**. Once the cost has reached **\$4,950** you will only be responsible for a small copayment or coinsurance on additional fills. (catastrophic copays are generic \$3.30 or 5%, whichever is greater and brands \$8.25 or 5%, whichever is greater).

Question: Do I need to keep this notice and, if so, why?

Answer: Yes, because if you lose your TBT coverage and decide to enroll in Medicare Part D directly you can use this notice to avoid having to pay a late enrollment penalty.

For more information about this notice or your current prescription drug coverage, contact the Plan Administrator.

NOTE: You will receive this notice annually and at other times in the future such as before the next period you can enroll in Medicare prescription drug coverage, and if your coverage changes. You may also request a copy.

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. For more information about Medicare prescription drug plans:

- Visit www.medicare.gov
- Call your State Health Insurance Assistance Program (see 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.
- For people with limited income and resources, extra help paying for a Medicare prescription drug plan is available. Information regarding this program is available through the Social Security Administration. For more information about this extra help, visit www.socialsecurity.gov or call 1-800-772-1213 (TTY 1-800-325-0778).

- *Keep this notice – If you leave TBT and want to enroll in a Medicare Part D plan 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 for Medicare Part D coverage.*
- *For people with limited income and resources, extra help paying for a Medicare prescription drug plan is available. Information regarding this program is available through the Social Security Administration. For more information about this extra help, visit www.socialsecurity.gov or call 1-800-772-1213 (TTY 1-800-325-0778).*
- *TBT's Board of Trustees, (1) may modify or eliminate (without prior notice to you) any benefits and the eligibility requirements for benefits provided by TBT's Plans described in this notice, and (2) have the authority and discretion to interpret the plan of benefits and make all necessary final determinations. No benefits are guaranteed.*