

**IMPORTANT NOTICE FROM
CUMBERLAND HEIGHTS FOUNDATION, INC.
ABOUT YOUR PRESCRIPTION DRUG COVERAGE
UNDER THE CUMBERLAND HEIGHTS FOUNDATION, INC.
GROUP HEALTH PLAN AND MEDICARE**

IF YOU ARE NOT ENTITLED TO MEDICARE PART A OR ENROLLED IN MEDICARE PART B, THE INFORMATION IN THIS NOTICE DOES NOT APPLY TO YOU.

Please read this notice carefully and keep it where you can find it.

This notice has information about your current prescription drug coverage under the following medical coverage option of the Cumberland Heights Foundation, Inc. Group Health Plan (referred to in this notice as the “Plan”):

- **UnitedHealthcare Option 2 High Deductible Health Plan (\$2500 Deductible)**

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. Information about where you can get help to make decisions about your prescription drug coverage is provided at the end of this notice.

There are three important things you need to know about your current Plan 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. The Plan has determined that the prescription drug coverage offered under the medical coverage option listed above is, on average for all Plan participants, NOT expected to pay out as much as standard Medicare prescription drug coverage pays and is therefore considered **Non-Creditable Coverage**. **This is important because, most likely, you will get more help with your drug costs if you join a Medicare drug plan than if you only have prescription drug coverage from the Plan. This also is 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.**
3. You can keep your current coverage from the Plan. However, because your Plan coverage is **non-creditable**, you have decisions to make about Medicare prescription drug coverage that may affect how much you pay for that coverage, depending on whether and when you join a drug plan. To make your decision, you should compare your current Plan coverage, including what drugs are covered at what cost (information about prescription drug benefits under the Plan is available in the Summary Plan Description for your medical coverage), 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** to **December 7th**. This period is called the Annual Coordinated Election Period (or “ACEP”) for coverage effective January 1st; *for example*, if you join during the Annual

Coordinated Election Period from October 15 to December 7, 2011, your Medicare drug plan coverage will be effective January 1, 2012. (Before 2011, the ACEP was held during the period from November 15th to December 31st.)

If you decide to drop your current coverage with the Plan, since it is employer sponsored group coverage, you will be eligible for a two (2) month Special Enrollment Period (SEP) to join a Medicare drug plan; however, you also may pay a higher premium (a penalty) if you did not have creditable coverage under the Plan. (You are generally eligible for this two (2) month Special Enrollment Period when you lose prescription drug coverage under an employer (or union) sponsored group plan.)

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

Since the coverage under the 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. Starting with the end of the last month that you were first eligible to join a Medicare drug plan but you did not 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 (19) 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 (a penalty) as long as you have Medicare prescription drug coverage. In addition, you may have to wait until the next Annual Coordinated Election Period (beginning on October 15th for coverage effective on January 1) to join.

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 Plan coverage will generally not be affected. Because your existing coverage is considered **Non-Creditable Coverage**, you have several options. Your options include the following:

- Maintain your current coverage under the Plan and delay enrollment in Medicare prescription drug coverage; however, *as described in this notice, because your existing coverage is considered **Non-Creditable Coverage**, you may have to pay a higher premium (a penalty) when you later join a Medicare drug plan.*
- Maintain your current coverage under the Plan and enroll in a Medicare drug plan—your current Plan coverage pays for other medical expenses in addition to prescription drugs, and you will be eligible to receive all of your current medical benefits even if you choose to enroll in a Medicare drug plan (your Medicare drug plan coverage will be coordinated with your coverage under the Plan, as required by federal law).
- Enroll in a Medicare drug plan and drop current medical benefits under the Plan. *Note that you will lose medical coverage as well as prescription drug coverage under the Plan if you elect this option.*

If you do decide to join a Medicare drug plan and drop your current Plan coverage, be aware that you *and your dependents* generally will not be able to get this coverage back until the next annual open enrollment period offered by the Plan (if you and your dependents meet the requirements for Plan eligibility at that time) or until you experience a qualifying change in status event under Section 125 that would allow you to enroll in the Plan.

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

Contact the Plan (contact information is provided below, under “**Plan Contact Information**”) for more information about this notice or about your prescription drug coverage under the Plan.

NOTE: You will receive this notice each year in time for you to make your coverage decision during the Annual Coordinated Election Period for Medicare prescription drug coverage. You will also receive a new version of this notice if your coverage under the Plan changes.

You also may request a copy of this notice at any time (contact the person or department listed below under “**Plan Contact Information**” to request a copy).

For More Information About Your Options Under Medicare Prescription Drug Coverage . . .

More detailed information about Medicare plans that offer prescription drug coverage is provided in the “**Medicare & You**” handbook. You will receive a copy of this handbook in the mail every year from Medicare unless you elect to receive this handbook electronically (go to mymedicare.gov to request electronic delivery). The current “**Medicare & You**” handbook is also available on www.medicare.gov/publications. 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 (“SHIP”) for personalized help (see the “**Medicare & You**” handbook for the telephone number of your state’s SHIP, or you can find your local SHIP counselor at www.shiptalk.org); and/or
- 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).

Plan Contact Information

Plan Sponsor/Sender:	Cumberland Heights Foundation, Inc.
Plan Contact:	Bette J. White, Benefits Coordinator
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The effective date of this notice is: October 14, 2011.