

November 2005



Southwest Carpenters Health & Welfare Trust

Understanding Your 2006 Prescription Drug Coverage Options

THIS IS A VERY IMPORTANT NOTICE

PLEASE READ IMMEDIATELY

Medicare is adding a new voluntary prescription drug program effective January 1, 2006. The new Medicare prescription drug program, often referred to as Medicare Part D, will provide our Medicare-eligible retired members with prescription drug coverage and choices in coverage. **Therefore, the Trustees have decided to terminate the Trust's current prescription drug coverage for Medicare-eligible retirees and Medicare eligible spouses effective December 31, 2005.**

If You or Your Spouse is NOT YET Eligible for Medicare

If you or your spouse is not yet eligible for Medicare, this notice is being sent to you so you are aware that when you do become eligible to enroll in Medicare you will need to enroll in a Medicare Part D plan if you want to have prescription drug coverage.

If You or Your Spouse IS Eligible for Medicare (And currently enrolled in the Trust's Prescription Drug Plan):

Your current Express Scripts coverage provided by the Trust will automatically terminate at midnight on December 31, 2005. If you want to have prescription coverage on and after January 1, 2006, you will need to enroll in a Medicare Part D prescription drug plan and you will need to look into obtaining that plan on your own. Your current monthly self-contribution of \$50 per person that is currently being deducted from your pension benefit will be discontinued.

To help you with your monthly premium costs for Medicare Part D, the Trust will give you a monthly payment of \$25 (\$50 if both you and your spouse are eligible for Medicare and currently enrolled in the Trust's Express Scripts prescription drug plan). This payment will be included with your monthly Pension benefit but will only be available to retirees receiving a Southwest Carpenters Pension benefit.

The remainder of this notice explains:

- How Medicare Part D works;
- Things to consider when choosing a Medicare Part D plan; and
- The consequences of not enrolling for Medicare coverage

Medicare's Prescription Drug Coverage: What Does It Mean to You?

Medicare developed Part D, Medicare prescription drug coverage. This Medicare Part D coverage will work differently than Medicare Part A and Part B.

- **Who is Eligible?** Medicare Part D prescription drug coverage is voluntary; anyone who is eligible for and enrolled in Medicare (Part A and/or Part B) will have the opportunity to enroll for coverage. Generally, this means people age 65 and older (and younger people with certain disabilities).
- **Who Provides Coverage?** Private companies, including HMO's will provide Medicare Part D prescription drug coverage. Although all plans must meet government requirements, there will be differences between plans, including which medications are covered, which pharmacies can be used, and whether or not a mail order program is available. All plans will provide at least a standard level of coverage as set by Medicare. Some plans may offer better coverage for a higher monthly premium.
- **What Are the Premiums?** There are monthly premiums for Medicare Part D prescription drug coverage. Nationally, the average premium will be \$25 per month. However, companies that offer better benefits than standard Medicare coverage may require higher monthly premiums. Premiums can be deducted automatically from monthly Social Security checks or the plan can bill you.

Premium Payments

Remember, the Carpenters Trust will be helping you with the premiums by sending you a monthly benefit of \$25 or \$50 if both you and your spouse are eligible for Medicare. This payment will be included with your monthly Pension benefit but will only be available to retirees receiving a Southwest Carpenters Pension benefit.

You will begin to receive advertising materials from private companies and HMO's encouraging you to join their Medicare Part D prescription drug plan during the Medicare enrollment period of November 15, 2005 – May 15, 2006. As you review these materials, you should consider several issues before making your choice.

Important Considerations When Choosing a Medicare Part D plan

When choosing a Medicare Part D plan, you should compare the coverage and costs for your area. In addition to plan design and premiums, here are some important things to consider when making your decision:

- **Covered Medications:** Each Medicare Part D plan will cover a government-approved list of medications (called a formulary or preferred drug list). You should review the list of covered medications for each plan you are considering.
- **Participating Pharmacies:** Each Medicare Part D plan will have a list of pharmacies that participate in its plan (called participating pharmacies). You should review the list of pharmacies available in your area for each plan you are considering.

What happens if you don't enroll in a Medicare Part D Plan

Your current prescription drug coverage provided by the Trust will terminate effective December 31, 2005 regardless of whether or not you enroll in a Medicare Part D plan.

If you **do not enroll** in a Medicare Part D plan before May 15, 2006, each year after that, you will have the opportunity to enroll between November 15 and December 31. However, if you decide to enroll later, you may have to pay a penalty in the form of higher premiums, unless you have other creditable coverage. If after May 15, 2006, you go 63 days or longer without prescription drug coverage that is at least as good as Medicare's standard Part D coverage, your monthly premium for Medicare Part D will increase by 1% per month for every month after May 15, 2006, that you did not have coverage. For example, if you go 19 months without coverage, your monthly premium will always be 19% higher than what most other people pay. You will have to pay this higher premium as long as you have Medicare Part D prescription drug coverage.

For More Information

To get more information about Medicare Part D prescription drug coverage, you can:

- Visit www.medicare.gov for personalized help.
- Call your State Health Insurance Assistance Program (the telephone number will be included in the "Medicare & You 2006" handbook).
- Call 1-800-MEDICARE (1-800-633-4227). TTY users should call 1-877-486-2048.

You will or may have received a "Medicare & You 2006" handbook in the mail from Medicare. More information about Medicare Prescription Drug Coverage is included in this handbook, which is available beginning in October 2005. You will also receive information directly from Medicare prescription drug plans.

Special Provisions for People with Limited Resources

There are special provisions for people with lower income and assets who are enrolled in Medicare Part D. Depending on the level of need, premiums, deductibles, and coinsurance amounts may be reduced or eliminated.

For more information, visit www.socialsecurity.gov/prescriptionhelp/ or call 1-800-772-1213 (TTY users should call 1-800-325-0778).

Southwest Carpenter's HMOs

Some of Southwest Carpenters HMO partners in health care will be providing Part D individual prescription drug coverage for participants even if you are not currently enrolled in the HMO plan. For more information, contact the HMO directly at the phone number listed below.

Kaiser	(800) 7-KAISER or visit their website at www.kaiserpermanente.org
PacifiCare	(800) 923-7173 or visit their website at www.PrescriptionSolutions.com
Health Plan of Nevada	(800) 274-6648
Hometown Health	(775) 982-3721 Government Programs Department (Medicare D Prescription Plan offered as an option with Hometown's Senior Care Plus, Medicare Advantage Plan)