

Subject: Medicare Part D Creditable Coverage for the
Army & Air Force Exchange Service (AAFES)

Dear Medicare Eligible Participant:

Under the Medicare Part D regulations, employers that provide Prescription Drug Coverage under a group health plan to Medicare Part D- eligible beneficiaries are required to disclose to those beneficiaries and to Centers for Medicare & Medicaid Services (CMS) whether or not the employer's Prescription Drug Coverage is "creditable".

Coverage is considered creditable if the actuarial value of the coverage equals or exceeds the actuarial value of standard prescription drug coverage under Medicare Part D, as demonstrated through the use of generally accepted actuarial principles and in accordance with CMS actuarial guidelines. In general, the actuarial equivalence test measures whether the expected amount of paid claims under the entity's prescription drug coverage is at least as much as the expected amount of paid claims under the standard Medicare Part D prescription drug coverage.

If you drop or lose your coverage with AAFES and don't enroll in Medicare Part D coverage within 62 days or less after AAFES coverage ends, you may pay more to enroll in Medicare Part D coverage later. If after May 15, 2006, you go 63 days or longer without prescription drug coverage that's at least as good as Medicare Part D coverage; your monthly premium will go up at least 1% per month for every month after May 15, 2006 that you did not have creditable coverage.

Because your existing coverage is on average at least as good as standard Medicare Part D prescription drug coverage, you can keep your group plan coverage and not pay extra if you later decide to enroll in Medicare Part D coverage.

This letter confirms **all** health plans that AAFES offers for prescription drug coverage are considered to meet the "creditable coverage" criteria.

Remember: Keep this notice. If you enroll in one of the plans approved by Medicare that offers prescription drug coverage, you may need to give a copy of this notice when you join to show that you are not required to pay a higher premium amount.

Date of Issue:	15 November 2005
Name of Entity:	Army and Air Force Exchange Service (AAFES)
Contact Office:	HQ AAFES Benefits Development and Administration
Address:	P.O. Box 650428 FA-T/B Dallas, TX 75265-0428
Phone Number:	1-800-519-3381

Sincerely,
HQ AAFES Benefits Development and Administration