



## **Notice of Creditable Coverage**

### **Important Notice from the Department of Defense Nonappropriated Fund Health Benefits Program 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 Department of Defense (DoD) Nonappropriated Fund Health Benefits Program (NAF HBP) 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 at the end of this notice.**

- 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 Department of Defense NAF employers have consulted with professional actuaries to determine that the prescription drug coverage offered by the DoD NAF HBP is, on average for all plan participants, expected to pay out as much as standard Medicare prescription drug coverage pays and is considered Creditable Coverage.**

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**Because your existing coverage is, on average, at least as good as standard Medicare prescription drug coverage, you can keep this coverage and not pay a higher premium (a penalty) if you later decide to join a Medicare drug plan.**

You can join a Medicare drug plan when you first become eligible for Medicare and each year from November 15<sup>th</sup> through December 31<sup>st</sup>. This may mean that you may have to wait to join a Medicare drug plan and that you may pay a higher premium (a penalty) if you join later. You may pay that higher premium (a penalty) as long as you have Medicare prescription drug coverage. However, if you lose creditable prescription drug coverage, through no fault of your own, you will be eligible for a sixty (60) day Special Enrollment Period (SEP) because you lost creditable coverage to join a Part D plan.

In addition, if you lose or decide to leave employer/union sponsored coverage; you will be eligible to join a Part D plan at that time using an Employer Group Special Enrollment Period. You should compare your current coverage, including which drugs are covered at what cost, with the coverage and costs of the plans offering Medicare prescription drug coverage in your area.

**If you decide to join a Medicare drug plan, your DoD NAF HBP coverage may be affected. See below for more information about what happens to your current coverage if you join a Medicare drug plan. Your options include:**

**1. You can continue enrollment in the NAF HBP coverage and not enroll in the new Medicare prescription drug coverage.**

**Because your NAF HBP prescription drug coverage is on average at least as good as standard Medicare prescription drug coverage, if you do not join a Medicare prescription drug plan now, you can choose to join one later without any penalty for late enrollment.**

If you drop or lose your coverage with the DoD NAF HBP and don't join a Medicare drug plan within 63 continuous days after your current coverage ends, you may pay a higher premium (a penalty) to join a Medicare drug plan later.

If you go 63 continuous days or longer without prescription drug coverage that's at least as good as Medicare's prescription drug coverage, your monthly premium may go up by at least 1% of the base beneficiary premium per month for every month that you did not have that coverage. For example, if you go nineteen months without coverage, your premium may consistently be at least 19% higher than the 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 Medicare enrollment period in November to join.

**2. You can continue enrollment in the NAF HBP and also enroll in the new Medicare prescription drug coverage. However, you will not receive reimbursement from both programs for the same prescription drug expenditure.**

If you are considering remaining in the NAF HBP and also enrolling in the new Medicare prescription drug coverage, you should be aware that the DoD NAF HBP cannot coordinate benefits with Medicare for prescription drugs in plan year 2007. Therefore, you will not be able to receive payment from both Medicare and the DoD NAF HBP for your prescription drug expenses. If you carry both the NAF HBP and Medicare Part D coverage, you may only submit a prescription drug claim to one of the programs, not both.

The DoD NAF HBP pays for preventive health care, medical care, and hospital services, as well as prescription drugs. If you choose to continue NAF HBP coverage and enroll in a Medicare prescription drug plan, you will still be eligible to receive all of your current NAF medical insurance coverage.

**3. You can drop your NAF HBP medical plan and prescription drug coverage and enroll in a Medicare prescription drug plan.**

**If you drop your NAF HBP coverage, you will not only be dropping your NAF HBP prescription drug coverage, but also your NAF HBP medical coverage. If you drop NAF HBP coverage you may not have the opportunity to get this coverage back.**

**For more information about this notice or your current prescription drug coverage...**

Contact our office. Contact information is provided at the end of this form. **NOTE:** You'll get 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 DoD NAF HBP changes. You also may 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 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 drug plans.

For more information about Medicare prescription drug coverage:

- Visit [www.medicare.gov](http://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](http://www.socialsecurity.gov), or call them at 1-800-772-1213 (TTY 1-800-325-0778).

**Remember: Keep this Creditable Coverage notice. If you decide to join one of the Medicare drug plans, you may be required to provide a copy of this notice when you join to show whether or not you have maintained creditable coverage and whether or not you are required to pay a higher premium (a penalty).**

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