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CITY OF BUFFALO

DEPARTMENT OF HUMAN RESOURCES Compensation & Benefits Division

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Important Notice from the City of Buffalo about Your Prescription Drug Coverage and Medicare

(The introduction of Part D coverage will only matter to you if you or a covered dependent are or become covered by Medicare in the next 12 months. If this is not the case for you, you do not need to read further and can disregard this notice.)

The key purpose of this notice is to advise you that the prescription drug coverage you have under the City of Buffalo medical plan is expected to pay out, on average, at least as much as the standard Medicare prescription drug coverage will pay in 2006. (This is known as "creditable coverage.") The reason this is important is that if you or a covered dependent are or become covered by Medicare and you decide to enroll in a Medicare prescription drug plan during a subsequent enrollment period, you will not be subject to a late enrollment penalty as long as you had creditable coverage within 63 days of your Medicare prescription drug plan enrollment. You should keep this notice with your important records.

Notice of Creditable Coverage

Please read this notice carefully. This notice has information about your current prescription drug coverage with the City of Buffalo and new prescription drug coverage available January 1, 2006 for people with Medicare. It also tells you where to find more information to help you make decisions about your prescription drug coverage.

- 1. Starting January 1, 2006, new Medicare prescription drug coverage will be available to everyone with Medicare.**
- 2. The City of Buffalo has determined that the prescription drug coverage offered by the City of Buffalo group insurance program is, on average for all plan participants, expected to pay out as much as the standard Medicare prescription drug coverage will pay in 2006. You do not need to enroll for Part D at this time.**
- 3. Read this notice carefully - it explains the options you have, if eligible, under Medicare's prescription drug coverage.**

You may have heard about Medicare's new prescription drug coverage, and wondered how it would affect you. Starting January 1, 2006, prescription drug coverage will be available to everyone with Medicare through Medicare prescription drug plans. All Medicare prescription drug plans will provide at least a standard level of coverage set by Medicare. Some plans might also offer more coverage for a higher monthly premium.

Medicare participants can first enroll in a Medicare prescription drug plan from November 15, 2005 through May 15, 2006. Each year after that, Medicare participants will have the opportunity to enroll in a Medicare prescription drug plan from November 15th through December 31st.

If you are covered under the City of Buffalo's prescription drug plan, your existing coverage is, on average, at least as good as standard Medicare prescription drug coverage in 2006. You do not need to enroll in a Part D plan at this time. You can keep the City of Buffalo coverage and not pay a late penalty if you later decide to enroll in a Medicare Part D prescription drug plan.

If you decide to enroll in a Medicare prescription drug plan and retain your current City of Buffalo coverage, the Medicare prescription drug plan will generally pay benefits after the City of Buffalo plan.

If you drop City of Buffalo medical and prescription drug coverage, you will only be able to re-enroll in a City of Buffalo plan during the annual enrollment period or if you experience a special enrollment event under the Health Insurance Portability and Accountability Act of 1996 (HIPAA). You should compare your current prescription drug coverage, including which drugs are covered, with the coverage and cost of the plans offering Medicare prescription drug coverage in your area before making your decision.

You should know that if you drop or lose your coverage with the City of Buffalo and don't promptly enroll in Medicare prescription drug coverage after your current coverage ends, you may pay more to enroll in Medicare prescription drug 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's prescription drug coverage, your monthly premium will go up at least 1% per month for every month after May 15, 2006 that you did not have that coverage. For example, if you go 19 months without coverage, your Medicare prescription drug plan premium will always be at least 19% higher than what most other people pay. You'll have to pay this higher premium for as long as you have Medicare prescription drug coverage. In addition, you may have to wait until the following November to enroll.

For more information about this notice or your current prescription drug coverage, contact:

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You may receive this notice at other times in the future such as before the next period you can enroll in Medicare prescription drug coverage, if this coverage changes, or upon your request.

More detailed information about Medicare plans that offer prescription drug coverage is available in the "Medicare & You 2006" handbook. Medicare participants will get a copy of the handbook in the mail from Medicare. You may also be contacted directly by Medicare prescription drug plans. To get more information about Medicare prescription drug plans:

- Visit www.medicare.gov for personalized help.
- Call your State Health Insurance Assistance Program (see a copy of the Medicare & You handbook for their telephone number).
- 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 about this extra help is available from the Social Security Administration (SSA). For more information about this extra help, visit SSA online at www.socialsecurity.gov or call them at 1-800-772-1213 (TTY 1-800-325-0778).

Remember: Keep this notice. If you enroll in one of the new plans approved by Medicare which offer prescription drug coverage after May 15, 2006, 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.

November 1, 2005
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