

SOUTHERN CALIFORNIA PIPE TRADES HEALTH & WELFARE FUND

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PENSIONERS & SURVIVING SPOUSES PLAN

Notice of Creditable Prescription Drug Coverage

Important Notice for Pensioners and Surviving Spouses who are eligible for 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 Southern California Pipe Trades Health and Welfare Trust and new prescription drug coverage available soon 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. Southern California Pipe Trades Health and Welfare Trust has determined that the prescription drug coverage offered in the Pensioners and Surviving Spouses Plan is, on average for all plan participants, NOT expected to pay out as much as the standard Medicare prescription drug coverage will pay. This is important, because for most people, enrolling in Medicare prescription drug coverage before May 15, 2006 means you will get more assistance with drug costs.**
- 3. You have decisions to make about Medicare prescription drug coverage that may affect how much you pay for that coverage, depending on if and when you enroll. Read this notice carefully – it explains your options.**

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 coverage will provide at least a standard level of coverage set by Medicare. Some plans might also offer more coverage for a higher monthly premium.

You should consider enrolling in Medicare prescription drug coverage.

Because the coverage you have with Pensioners and Surviving Spouses Plan is, on average for all plan participants, NOT expected to pay out as much as the standard Medicare prescription drug coverage will pay, you should consider enrolling in a Medicare prescription drug plan. You can first join between November 15, 2005 and May 15, 2006. This is important, because if you do not get Medicare prescription drug coverage (or equivalent coverage) before May 15, 2006, you may have to pay a higher premium if you join later. You will pay that higher premium as long as you have Medicare prescription drug coverage.

If you don't enroll in Medicare prescription drug coverage by May 15, 2006 and change our mind later, you may pay more.

If you wait until after May 15, 2006, to enroll, your monthly premium for a Medicare prescription drug plan could be much higher than it would have been if you had enrolled by May 15. If, after May 15, 2006, you go 63 days or longer without prescription drug coverage that is at least as good as Medicare's prescription drug coverage, your premium will go up at least 1% per month for every month after May 15, 2006 that you did not have that coverage. You will have to pay this higher premium as long as you have Medicare prescription drug coverage. For example, if you go nineteen months without coverage, your premium will always be at least 19% higher than what most other people pay.

If you don't enroll in a Medicare prescription drug plan by May 15, 2006, you may also have to wait to enroll.

Generally, after May 15, 2006, you can only join a Medicare prescription drug plan between November 15 and December 31 of any year. This may mean the number or months you have to wait for coverage will be longer, which could make your premium higher.

Beginning January 1, 2006, if you are eligible for Medicare, the Southern California Pipe Trades Health and Welfare Trust Pensioners and Surviving Spouses Plan will reimburse you for 100 % of the first \$250 of your prescription drug expenses after you have satisfied the \$50 deductible, plus 25% of the next \$1,400 of your prescription drug expenses. The maximum reimbursement from the Plan will continue to be \$600 per year. Please note that if you do not enroll in Medicare Part D you will be responsible for 75% of your prescription drug expenses between \$250 and \$2,250. You will still be eligible to receive all of you current health benefits if you choose to enroll in a Medicare prescription drug plan.

You need to make a decision.

When you make your decision, you should also compare your current coverage, including which drugs are covered, with the coverage and cost of the plans offering Medicare prescription drug coverage in your area.

Contact our office for further information at the address or phone number listed above.

You may receive this notice at other times in the future, such as before the next Medicare prescription drug coverage enrollment period, whenever the Trust coverage changes, or upon your request.

For more information about your options under Medicare prescription drug coverage...

More detailed information about Medicare plans that offer prescription drug coverage will be available in October 2005 through the "Medicare & You 2006" handbook from Medicare. You may also be contacted directly by Medicare-approved drug plans. You'll get a copy of the handbook in the mail. You can also get more information about Medicare prescription drug plans from these places:

- Visit www.medicare.gov for personalized help,
- Call your State Health Insurance Assistance Program (see your copy of the "Medicare & You" handbook for their telephone number)
- Call 1-800-MEDICARE (1-800-325-0778).

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).