

October 27, 2010

**To: All Participants in Carpenters Health and Welfare Trust Fund for California**  
**From: Board of Trustees**  
**Re: Important Information about Medicare Prescription Drug Program (Part D)**

**If you and your eligible dependents are not eligible for Medicare and will not be eligible during the next year you may disregard this Notice.** If, however, you and/or any family members are now eligible for Medicare or will become eligible for Medicare in the next year, you should read the Notice.

Attached is your "Notice of Creditable Coverage," which all Trust Funds that provide prescription drug coverage for individuals who are Medicare eligible are required by law to provide annually. Because it is not possible for our Plan to always know when a participant or his/her dependents has or will soon become eligible for Medicare, we are sending the Notice to all plan participants.

Your current prescription drug coverage provided through the Carpenters Health and Welfare Trust Fund provides prescription drug coverage that is at least as good as the standard Medicare prescription drug program. **This means that your current prescription coverage is creditable and you do NOT need to enroll in Part D of Medicare.**

#### **IMPORTANT NOTICE TO RETIREES:**

##### **Retirees in the Indemnity Plan**

You have the option to keep your current prescription drug coverage with the Fund and enroll in ONE of the new Medicare prescription drug plans. However, under the rules of this Fund, if you do enroll in an individual Medicare Part D plan, **you will be charged an additional premium for your medical and prescription coverage under the Carpenters Plan.** In addition you must pay the Part D premium out of your own pocket.

##### **Medicare HMO Enrollees**

If you are in Health Net (applicable to eligible Retirees only) or Kaiser Senior Advantage, you are already enrolled in their Medicare drug plans and you do not need to read the attached notice. Under Medicare rules, you are not allowed to enroll in more than one Medicare drug plan. If you enroll in an individual Medicare Prescription Drug Plan on your own, you will be ***disenrolled from Kaiser Senior Advantage or Health Net.*** If this happens the Trust Fund will transfer you to the Retiree Indemnity Medical Plan.

Remember, if you are a Retiree or dependent of a Retiree, once you are Medicare eligible you must enroll for both Medicare Part A and Part B in order to receive the maximum hospital and medical benefits under this Plan.

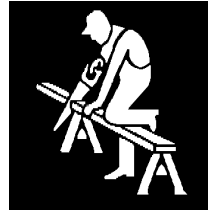
**If you enroll in any individual prescription drug plan, your cost for medical benefits under the Fund will increase.**

This group health plan believes this plan is a “grandfathered health plan” under the Patient Protection and Affordable Care Act (the Affordable Care Act). As permitted by the Affordable Care Act, a grandfathered health plan can preserve certain basic health coverage that was already in effect when that law was enacted.

Being a grandfathered health plan means that your plan may not include certain consumer protections of the Affordable Care Act that apply to other plans, for example, the requirement for the provision of preventive health services without any cost sharing. However, grandfathered health plans must comply with certain other consumer protections in the Affordable Care Act, for example, the elimination of lifetime limits on benefits.

Questions regarding which protections apply and which protections do not apply to a grandfathered health plan and what might cause a plan to change from grandfathered health plan status can be directed to the Fund Office at the numbers listed above. You may also contact the Employee Benefits Security Administration, U.S. Department of Labor at 1-866-444-3272 or [www.dol.gov/ebsa/healthreform](http://www.dol.gov/ebsa/healthreform). This website has a table summarizing which protections do and do not apply to grandfathered health plans.

If you would like to discuss your options for prescription drugs, call the Fund Office at (510) 633-0333 or toll free at (888) 547-2054.



October 27, 2010

**To: All Participants in Carpenters Health and Welfare Trust Fund for California**  
**From: Board of Trustees**  
**Re: Important Information about Medicare Prescription Drug Program (Part D)**

**This notice is for people with 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 Carpenters Health and Welfare Trust Fund for California and the prescription drug coverage available for people with Medicare. It also explains the options you have under Medicare's prescription drug coverage and can help you decide whether or not you want to enroll in that Medicare prescription drug coverage. At the end of this notice is information on where you can get help to make a decision about Medicare's prescription drug coverage.

- **If you and/or your family members are not now eligible for Medicare, and will not be eligible during the next 12 months, you may disregard this Notice.**
- **If, however, you and/or your family members are now eligible for Medicare or may become eligible for Medicare in the next 12 months, you should read this Notice very carefully.**

Prescription drug coverage for Medicare-eligible people is available through Medicare prescription drug plans (PDPs) and Medicare Advantage Plans (like an HMO or PPO) that offer prescription drug coverage. All Medicare prescription drug plans provide at least a standard level of coverage set by Medicare. Some plans may also offer more drug coverage for a higher monthly premium.

**The Trust Fund has determined that the prescription drug coverage under the Indemnity Medical Plan is "creditable" (Kaiser and Health Net plans are actual Medicare Part D plans and this notice does not apply to those plans).**

"Creditable" means that the value of this Plan's prescription drug benefit is, on average for all plan participants, expected to pay out as much as or more than the standard Medicare prescription drug coverage will pay.

Because the plan option(s) noted above are, on average, at least as good as the standard Medicare prescription drug coverage, **you can keep your prescription drug coverage under Carpenters Health and Welfare Trust for California, and you do not need to enroll in a Medicare prescription drug program. You will not pay extra if you later decide to enroll in Medicare prescription drug coverage.** You may enroll in Medicare prescription drug coverage at a later time, and because you maintain creditable coverage, you will not have to pay a higher premium (a late enrollment penalty).

**REMEMBER TO KEEP THIS 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, therefore, whether or not you are required to pay a higher premium (a penalty).**

**WHEN CAN YOU JOIN A MEDICARE DRUG PLAN?**

Medicare-eligible people can enroll in a Medicare prescription drug plan at one of the following 3 times:

- when they first become eligible for Medicare; or
- during Medicare’s annual election period (from November 15<sup>th</sup> through December 31<sup>st</sup>); or
- for beneficiaries leaving employer/union coverage, you may be eligible for a Special Enrollment Period (SEP) in which to sign up for a Medicare prescription drug plan.

When you make your decision whether to enroll in a Medicare prescription drug plan, you should also compare your current prescription drug coverage, (including which drugs are covered and at what cost) with the coverage and cost of the plans offering Medicare prescription drug coverage in your area.

**YOUR RIGHT TO RECEIVE A NOTICE**

You will receive this notice at least every 12 months and at other times in the future such as if the creditable/non-creditable status of the prescription drug coverage through this plan changes. You may also request a copy of a Notice at any time.

**WHY CREDITABLE COVERAGE IS IMPORTANT (When you will pay a higher premium (penalty) to join a Medicare drug plan)**

If you do not have creditable prescription drug coverage when you are first eligible to enroll in a Medicare prescription drug plan and you elect or continue prescription drug coverage under a **non-creditable** prescription drug plan, then at a later date when you decide to elect Medicare prescription drug coverage, you may pay a higher premium (a penalty) for that Medicare prescription drug coverage for as long as you have that Medicare coverage.

Maintaining creditable prescription drug coverage will help you avoid Medicare’s late enrollment penalty. This **late enrollment penalty** is described below:

If you go 63 continuous days or longer without creditable prescription drug coverage (meaning drug coverage that is at least as good as Medicare’s prescription drug coverage), your monthly premium may go up by at least 1% of the Medicare base beneficiary premium per month for every month that you did not have either Medicare prescription drug coverage or coverage under a creditable prescription drug plan. You may have to pay this higher premium (the penalty) as long as you have Medicare prescription drug coverage.

For example, if 19 months pass where you do not have creditable prescription drug coverage, when you decide to join Medicare’s drug coverage your monthly premium will always be at least 19% higher than the Medicare base beneficiary premium. Additionally, if you go 63 days or longer without prescription drug coverage you may also have to wait until the next November to enroll for Medicare prescription drug coverage.

**WHAT ARE YOUR CHOICES?**

You can choose either **one** of the following options:

<b>Your Choices:</b>	<b>What you can do:</b>	<b>What this option means to you:</b>
<b>Option 1</b>	<p>You can select or keep your current prescription drug coverage with Carpenters Health and Welfare Trust Fund for California, and <b>you do not have to enroll in a Medicare prescription drug plan.</b></p>	<p>You will continue to be able to use your prescription drug benefits through Carpenters Health and Welfare Trust Fund for California.</p> <ul style="list-style-type: none"> <li>• You may, in the future, enroll in a Medicare prescription drug plan during Medicare’s annual enrollment period (during November 15-December 31 of each year).</li> <li>• As long as you are enrolled in creditable drug coverage you will not have to pay a higher premium (a late enrollment fee) to Medicare when you do choose, at a later date, to sign up for a Medicare prescription drug plan.</li> </ul>
<b>Option 2</b>	<p><b>This option applies to Indemnity Medical Plan members only.</b> You can select or keep your current <u>Indemnity</u> medical and prescription drug coverage with Carpenters Health and Welfare Trust Fund for California <b>and also enroll in a Medicare prescription drug plan.</b></p> <p>If you enroll in a Medicare prescription drug plan, you will be charged an additional premium for your Retiree medical and prescription coverage under the Carpenters Indemnity Plan. <b><u>This additional surcharge, currently \$40 per person per month, will increase to \$45 effective January 1, 2011.</u></b></p> <p>In addition, you will need to pay the Medicare Part D premium out of your own pocket.</p>	<p>Your current coverage pays for other health expenses in addition to prescription drugs. If you enroll in a Medicare prescription drug plan, and you are in the Indemnity Medical Plan, you and your eligible dependents will still be eligible to receive all of your current health and prescription drug benefits. (If you are in Kaiser Senior Advantage or Health Net and you enroll in another Medicare prescription drug plan, <b>you will be <u>disenrolled</u> from Kaiser Senior Advantage or Health Net.</b>)</p> <p><b>For Indemnity Medical Plan Members Only:</b> Having dual prescription drug coverage under this Plan and Medicare means that you will still be able to receive all your current health coverage and this Plan will coordinate its drug payments with Medicare, as follows:</p> <ul style="list-style-type: none"> <li>• for Medicare eligible Retirees and their Medicare eligible Dependents, Medicare Part D coverage pays primary and this group health plan pays secondary.</li> <li>• for Medicare eligible Active Employees and their Medicare eligible Dependents, this group health plan pays primary and Medicare Part D coverage pays secondary.</li> </ul> <p>Note that you may not drop just the prescription drug coverage under Carpenters Health and Welfare Trust Fund for California. That is because prescription drug coverage is part of the entire medical plan.</p> <p>Note that each Medicare prescription drug plan (PDP) may differ. Compare coverage, such as:</p> <ul style="list-style-type: none"> <li>• PDPs may have different premium amounts;</li> <li>• PDPs cover different brand name drugs at different costs to you;</li> <li>• PDPs may have different prescription drug deductibles and different drug copayments;</li> <li>• PDPs may have different networks for retail pharmacies and mail order services.</li> </ul>

## **FOR MORE INFORMATION ABOUT YOUR OPTIONS UNDER MEDICARE'S PRESCRIPTION DRUG COVERAGE**

More detailed information about Medicare plans that offer prescription drug coverage is available in the "Medicare & You" handbook. A person enrolled in Medicare (a "beneficiary") will get a copy of this handbook in the mail each year from Medicare. A Medicare beneficiary may also be contacted directly by Medicare-approved prescription 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 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.

### **Para mas información sobre sus opciones bajo la cobertura de Medicare para recetas medicas.**

Revise el manual "Medicare Y Usted" para información detallada sobre los planes de Medicare que ofrecen cobertura para recetas medicas. Visite [www.medicare.gov](http://www.medicare.gov) por el Internet o llame GRATIS al 1 800 MEDICARE (1-800-633-4227). Los usuarios con teléfono de texto (TTY) deben de llamar al 1-877-486-2048. Para más información sobre la ayuda adicional, visite la SSA en línea en [www.socialsecurity.gov](http://www.socialsecurity.gov) por Internet, o llámeles al 1-800-772-1213 (Los usuarios con teléfono de texto (TTY) deben de llamar al 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](http://www.socialsecurity.gov), or call them at 1-800-772-1213 (TTY 1-800-325-0778).

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

Contact: Benefit Services Department  
Address: 265 Hegenberger Road, Suite 100, Oakland, CA 94621  
Phone Number: (888) 547-2054

As in all cases, Carpenters Health and Welfare Trust Fund for California reserves the right to modify benefits at any time, in accordance with applicable law. This document dated October 27, 2010 is intended to serve as your Medicare Notice of Creditable Coverage, as required by law.