October 1, 2017

TO: Employer Groups offering Western Health Advantage

RE: Medicare Prescription Drug Creditable Coverage

The Medicare Modernization Act (MMA) requires employers whose policies include prescription drug coverage to notify Medicare-eligible policyholders whether or not their prescription drug coverage is creditable coverage, which means that the coverage is expected to pay on average as much as the standard Medicare prescription drug coverage.

For these employers, there are two disclosure requirements:

1. The first disclosure requirement is to provide a written disclosure notice to all Medicare eligible individuals annually who are covered under a prescription drug plan. The disclosure must be made to Part D eligible individuals at the following times:

   - Prior to the Medicare Part D Annual Coordinated Election Period – beginning October 15th through December 7th each year (or as determined by Medicare);
   - Prior to an individual’s Initial Enrollment Period for Part D;
   - Prior to the effective date of coverage for any Medicare-eligible individual that joins the plan;
   - Whenever the employer group no longer offers prescription drug coverage or changes the coverage offered so that it is no longer creditable or becomes creditable; and
   - Upon request by the individual.

This disclosure must be provided to Medicare-eligible active working individuals and their dependents, Medicare-eligible COBRA individuals and their dependents, Medicare-eligible disabled individuals covered under your prescription drug plan and any retirees and their dependents. The MMA imposes a late enrollment penalty on individuals who do not maintain creditable coverage for a period of 63 days or longer following their Initial Enrollment Period for the Medicare prescription drug benefit. Accordingly, this information is essential to an individual's decision whether to enroll in a Medicare Part D prescription drug plan.
For your use, WHA has provided the attached *Creditable Coverage Letter* or *Non-Creditable Coverage Letter*, as well as the new required notice of nondiscrimination and language assistance*. If your group offers both creditable and non-creditable plans, WHA has provided both letters, as well as a “Creditable/Non-Creditable Coverage Guide” to help you determine the appropriate letter for each plan participant. For additional information, please go to the “Creditable Coverage” section at [www.cms.hhs.gov/CreditableCoverage](http://www.cms.hhs.gov/CreditableCoverage).

2. The second disclosure requirement is for employers to complete the “Online Disclosure to CMS” form to report the creditable coverage status of their prescription drug plan. This Disclosure should be completed annually no later than 60 days from the beginning of a plan year, within 30 days after termination of a prescription drug plan, or within 30 days after any change in creditable coverage status. For more information, please go to the “Disclosure to CMS Form” section at [www.cms.hhs.gov/CreditableCoverage](http://www.cms.hhs.gov/CreditableCoverage).

Western Health Advantage does not provide legal advice. This notice is for informational purposes only and does not constitute legal advice. Employers should consult with their own advisors and attorneys with regard to their legal and other regulatory requirements.

*Note: both letters are also available in Spanish upon request.*
CREDITABLE COVERAGE

Important Notice from Western Health Advantage 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 Western Health Advantage 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. If you are considering joining, 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. Information about where you can get help to make decisions about your prescription drug coverage is at the end of this notice.

There are two important things you need to know about your current coverage and Medicare’s prescription drug coverage:

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. Western Health Advantage has determined that the prescription drug coverage offered by your Western Health Advantage plan is, on average for all plan participants, expected to pay out as much as standard Medicare prescription drug coverage pays and is therefore considered Creditable Coverage. Because your existing coverage is Creditable Coverage, you can keep this coverage and not pay a higher premium (a penalty) if you later decide to join a Medicare drug plan.

When Can You Join A Medicare Drug Plan?

You can join a Medicare drug plan when you first become eligible for Medicare and each year from October 15th to December 7th.

However, if you lose your current creditable prescription drug coverage, through no fault of your own, you will also be eligible for a two (2) month Special Enrollment Period (SEP) to join a Medicare drug plan.

What Happens To Your Current Coverage If You Decide to Join A Medicare Drug Plan?

If you decide to join a Medicare drug plan, your current Western Health Advantage coverage will not be affected. You can keep this coverage if you elect Medicare Part D coverage, and we will coordinate your prescription drug benefits with Medicare. If you decide to join a Medicare drug plan and drop your current Western Health Advantage coverage, be aware that you and your dependents will not be able to get this coverage back until the next open enrollment period, unless you experience a qualifying event.

According to the Paperwork Reduction Act of 1995, no persons are required to respond to a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0938-0990. The time required to complete this information collection is estimated to average 8 hours per response initially, including the time to review instructions, search existing data resources, gather the data needed, and complete and review the information collection. If you have comments concerning the accuracy of the time estimate(s) or suggestions for improving this form, please write to: CMS, 7500 Security Boulevard, Attn: PRA Reports Clearance Officer, Mail Stop C4-26-05, Baltimore, Maryland 21244-1850.
When Will You Pay A Higher Premium (Penalty) To Join A Medicare Drug Plan?

You should also know that if you drop or lose your current coverage with Western Health Advantage 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 creditable 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 that coverage. For example, if you go nineteen months without creditable coverage, your premium may consistently be at least 19% higher than the Medicare 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 following October to join.

For More Information About This Notice Or Your Current Prescription Drug Coverage…

Contact our Member Services Department, as listed below, for further information. 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 Western Health Advantage changes. You also may request a copy of this notice at any time.

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
• 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, 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, therefore, whether or not you are required to pay a higher premium (a penalty).

IMPORTANTE: ¿Puede leer esta carta? Si no, nosotros le podemos ayudar a leerla. Además, usted puede recibir esta carta escrita en español. Para obtener ayuda gratuita, llame ahora mismo a Western Health Advantage al 888.563.2250, de lunes a viernes de 8 a.m. a 6 p.m.

Western Health Advantage, Member Services Department
2349 Gateway Oaks Drive, Suite 100, Sacramento, CA 95833
916.563.2250/1.888.563.2250 Toll Free/1.888.877.5378 TTY/TDD

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Western Health Advantage complies with applicable Federal civil rights laws and does not discriminate on the basis of race, color, national origin, age, disability, or sex.

Western Health Advantage does not exclude people or treat them differently because of race, color, national origin, age, disability, or sex.

Western Health Advantage:

- Provides free aids and services to people with disabilities to communicate effectively with us, such as:
  - Qualified sign language interpreters
  - Written information in other formats (large print, audio, accessible electronic formats, other formats)

- Provides free language services to people whose primary language is not English, such as:
  - Qualified interpreters
  - Information written in other languages

If you need these services, contact the Member Services Manager.

If you believe that Western Health Advantage has failed to provide these services or discriminated in another way on the basis of race, color, national origin, age, disability, or sex, you can file a grievance with: Member Services Manager, 2349 Gateway Oaks Drive, Suite 100, Sacramento, CA 95833, 888.563.2250 or 916.563.2250, 888.877.5378 (TTY), 916.568.0126 (fax), memberservices@westernhealth.com. You can file a grievance in person or by mail, fax, or email. If you need help filing a grievance, the Member Services Manager is available to help you.

You can also file a civil rights complaint with the U.S. Department of Health and Human Services, Office for Civil Rights, electronically through the Office for Civil Rights Complaint Portal, available at:

  Website: https://ocrportal.hhs.gov/ocr/portal/lobby.jsf
  Mail: U.S. Department of Health and Human Services
  200 Independence Avenue, SW
  Room 509F, HHH Building
  Washington, D.C. 20201
  Phone: 800.368.1019 or 800.537.7697 (TDD)


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**ENGLISH**

If you, or someone you’re helping, have questions about Western Health Advantage, you have the right to get help and information in your language at no cost. To talk to an interpreter, call 888.563.2250 or TTY 888.877.5378.

**SPANISH**

Si usted, o alguien a quien usted está ayudando, tiene preguntas acerca de Western Health Advantage, tiene derecho a obtener ayuda e información en su idioma sin costo alguno. Para hablar con un intérprete, llame al 888.563.2250, o al TTY 888.877.5378 si tiene dificultades auditivas.

**CHINESE**

如果您, 或是您正在協助的對象, 有關Westen Health Advantage方面的問題, 您有權利免費以您的母語得到幫助和訊息。洽詢一位翻譯員，請撥電話888.563.2250或聽障人士專線(TTY)888.877.5378。

**VIETNAMESE**

Nếu quý vị, hay người mà quý vị đang giúp đỡ, có câu hỏi về Western Health Advantage, quý vị sẽ có quyền được giúp và có thêm thông tin bằng ngôn ngữ của mình miễn phí. Để nói chuyện với một thông dịch viên, xin gọi số 888.563.2250, hoặc gọi đường dây TTY dành cho người khuyết tính tại số 888.877.5378.

**TAGALOG**

Kung ikaw, o ang iyong tulong sa Western Health Advantage, may karapatan ka na makakuha ng tulong at impormasyon sa iyong wika ng walang gastos. Upang makausap ang isang tagasalin, tumawag sa 888.563.2250 o TTY para sa may kapansanan sa pandinig sa 888.877.5378.
Western Health Advantage is dedicated to providing access to care that is convenient and affordable. There is no charge to access information in your language. Call us at 888.563.2250 or 888.877.5378.