

ATTENTION:

ALL MEDICARE-ELIGIBLES

ALL ABOUT MEDICARE PART D PRESCRIPTION DRUG PLAN LATE ENROLLMENT PENALTIES



The Center for Medicare/Medicaid Services ["CMS"] requires that all Medicare-Eligible individuals enroll in a "creditable" Medicare Part D prescription drug plan at their Initial Enrollment Period (IEP) – your Medicare Eligibility date. Delaying your enrollment in a "creditable" plan will result in a lifetime monthly penalty being assessed to your Part D premiums when you eventually do enroll in a part D prescription drug plan. The penalty is equal to 1% of the average national premium cost of part D plans. To calculate the cost of the penalty, use the following figures:

- **Medicare year 2006 (1/2 year) \$0.32/monthly or \$1.93 for 2006**
- **Medicare year 2007 \$0.27/monthly or \$3.29 for 2007**
- **Medicare year 2008 \$0.28/monthly or \$3.35 for 2008**

For example: A Medicare-Eligible individual was able to sign up for the Part D prescription drug plan when it first became available in July of 2006. This individual decided NOT to sign-up. This same individual now decides to sign-up for the plan effective January 1, 2009. The Medicare-Eligible did not have other "creditable" coverage during the period July 2006 through December 2008. This Medicare-Eligible individual will incur a monthly penalty, for life, of \$8.57 in addition to their normal monthly Part D prescription drug plan premium.

Exceptions to the penalty: Medicare-Eligible individuals who had other "creditable" coverage from an Individual Family Plan (IFP), an employer's group plan, a Medigap Supplement, a governmental agency or alike are exempt from this penalty. Each year, non-Medicare Rx plans of this type are required by law to issue to each participant notices indicating that their plans/benefits for that year are "creditable" or "non-creditable". Keep these notices, as they will be required to prove that you had "creditable" coverage, which will exempt you from receiving the penalty.

If a Medicare-Eligible individual has a "creditable" prescription drug plan provided as part of a Medicare Advantage plan (MA-PD), they are also considered exempt from any penalty.

Questions can be directed to CMS (Medicare) at 1-800-MEDICARE (1-800-633-4227) or you may contact your local "Senior-certified" insurance Agent.

The Open Enrollment Period for changes to your Medicare services is from November 15th through December 31st for an effective date of January 1st.

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