

Screen Actors Guild – Producers Health Plan

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Notice of Creditable Coverage

This Notice contains important information about your current prescription drug coverage with the SAG-Producers Health Plan and your options under Medicare's prescription drug coverage. Please read it carefully and keep it in a safe place with your important papers.

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.

Key Information

1. Medicare prescription drug coverage became available in 2006 to everyone with Medicare through Medicare Prescription Drug Plans and Medicare Advantage plans that offer 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 premium.
2. The SAG-Producers Health Plan's existing prescription drug benefits have been determined to be "creditable coverage" which means that the Health Plan is expected to pay as much in claims for all participants as standard Medicare prescription drug coverage. Because your Health Plan drug coverage is comparable to the standard Medicare drug benefits, you do not need to join a Medicare drug plan as long as you have coverage under the Health Plan.
3. You do not need to enroll in a Medicare drug plan as long as you have coverage under the SAG-Producers Health Plan. If you do enroll in a Medicare drug plan, you will not be eligible for any prescription drug coverage from the SAG-Producers Health 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. In addition, if you lose your Health Plan prescription drug coverage you may be eligible for a two-month Special Enrollment Period to sign up for a Medicare drug plan.

Your Choices and the Consequences

If you do not enroll in a Medicare drug plan, you will continue to receive your current prescription drug benefits from the Health Plan as long as you are otherwise eligible for Plan coverage. Remember that the Health Plan also covers hospital and medical benefits. There is no separate premium for prescription drug coverage under the Health Plan.

If you enroll in a Medicare drug plan, you will no longer receive any prescription drug coverage from the Health Plan. However, you will continue to receive medical and hospital benefits from the Health Plan as long as you are otherwise eligible for Plan coverage. If you enroll in a Medicare drug plan and later drop that coverage, you can again receive your prescription drug coverage from the Health Plan, provided you

are still otherwise eligible. Your Health Plan prescription drug coverage will be effective the first of the month after your Medicare drug plan coverage ends.

When Will You Pay a Higher Premium (Penalty) to Join a Medicare Drug Plan?

If you drop or lose coverage with the SAG-Producers Health Plan and do not enroll in 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 days or longer without prescription drug coverage that is as good as Medicare's drug coverage, your monthly Medicare Part D premium may increase by at least 1% for each month that you did not have that coverage. For example, if you go 19 months without coverage, your premium for Medicare drug coverage may be at least 19% higher than what you would have paid had you enrolled as soon as you lost your Health Plan coverage. You may have to pay this higher premium for as long as you have Medicare drug coverage. In addition, you may have to wait until the following October to join.

For More Information About This Notice or the Health Plan's Prescription Drug Coverage

Contact the Plan Office at:

- 1-800-777-4013
- 1-818-954-9400

An updated copy of this Notice will be provided annually. You will also get it before the next period you can enroll in Medicare prescription drug coverage, and if this coverage through the SAG-Producers Health Plan changes. You may also request a copy at any time by contacting the Plan Office.

Benefits under the SAG-Producers Health Plan are not vested or guaranteed. They may be modified, reduced or terminated at any time by the Board of Trustees.

For More Information About Your Options Under Medicare Prescription Drug Coverage

Detailed information about Medicare plans that offer prescription drug coverage is in the "Medicare & You" handbook. You will get a copy in the mail every year from Medicare. You may also be contacted directly by Medicare prescription drug plans. To get more information, you can:

- Visit www.medicare.gov.
- Call your State Health Insurance Assistance Program (see "Medicare & You" for phone number).
- Call 1-800-MEDICARE (1-800-633-4227). TTY users should call (1-877-486-2048).

If you have limited income and assets, extra help paying for Medicare prescription drug coverage is available. Information about this help is available from the Social Security Administration:

- Visit www.socialsecurity.gov.
- Call 1-800-772-1213 (TTY 1-800-325-0778).

Keep this Notice of Creditable Coverage

If you enroll in a Medicare drug plan, you may be required to provide a copy of this Notice when you enroll to avoid paying a higher premium. This Notice verifies that you have creditable coverage with the SAG-Producers Health Plan so that you are not required to pay the higher premium.