



town of
LONGMEADOW, MASSACHUSETTS

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2016 Health Insurance Plans

Dear Employee / Retiree and Family:

The Medicare Modernization Act of 2003 requires all employers that offer prescription drug coverage to notify employees and retirees who are Medicare eligible, or who may be Medicare eligible, as to the value of the current prescription drug benefit compared to that of the optional Medicare Part D drug benefit that went into effect on January 1, 2006.

This is to inform you that **all of the health plans that the Town of Longmeadow offers have prescription drug benefits that are at least as good as the standard Medicare Part D prescription drug benefit, and these plans are considered to be “creditable coverage”**. This statement is based on reviews performed by qualified actuaries of the prescription drug benefits and spending by the employer on each health plan compared to what Medicare would pay in 2016. Therefore, **if you plan to continue to be covered under the Town of Longmeadow’s health benefits plans, you do not need to purchase Medicare Part D***.

If in the future you should want to purchase Part D for whatever reason, because you are covered by a plan that has benefits as good as or better than Part D benefits, you would not be charged the Part D late enrollment premium penalty. **Please do not throw away this letter, keep it for your file.**

There is a possibility that Medicare eligible retirees who meet the Medicare Part D low-income guidelines and who qualify for a government subsidy could do better under Part D than under the current Rx benefits offered through Town of Longmeadow. Individuals who think they might qualify for the Medicare Part D low-income subsidy should seek assistance from the local social security office. **If you buy Part D, please inform us as soon as possible.**

If you have any questions about this, please contact Audra Staples, Benefits Administrator in the Human Resource Department at (413) 565-4128.

Best Regards,

Audra Staples

Audra Staples

Benefits Administrator

SEE REVERSE FOR FURTHER INFORMATION

Medicare Modernization Act

What does it mean to have “Creditable Coverage”?

This means that your existing prescription benefit meets the Center for Medicare & Medicaid Services (CMS) definition for creditable coverage and it is expected to pay out at least as much as the Medicare’s prescription benefit will pay out in 2016. Your coverage is considered creditable if the following four tests are met:

1. Coverage is designed to pay on average at least 60% of participant’s prescription drug cost
2. The plan provides coverage for brand and generic drugs,
3. Coverage provides reasonable access to retail providers
4. The plan satisfies at least one of the following (plans that are integrated with benefits other than prescription drugs must meet requirement 4c) below:
 - a) The prescription drug coverage has no annual benefit maximum or a maximum annual benefit payable by the plan of at least \$25,000, or
 - b) The prescription drug coverage has an actuarial expectation that the amount payable by the plan will be at least \$2,000 per Medicare eligible individual.
 - c) For entities that have integrated health coverage, the integrated health plan has no more than a \$250 deductible per year, has no annual benefit maximum or a maximum annual benefit payable by the plan of at least \$25,000 and has no less than a \$1,000,000 lifetime combined benefit maximum.