



## Important Notice from PEEHIP About Your Prescription Drug Coverage and Medicare

**P**lease read this notice carefully and keep it for future reference. This notice has information about your current prescription drug coverage with PEEHIP and new prescription drug coverage available January 1, 2006, under Part D of Medicare for people with Medicare. It also explains where to find more information to help you make decisions about your prescription drug coverage.

- Starting January 1, 2006, prescription drug coverage will be available to everyone with Medicare. This coverage will be referred to as Medicare Part D. The initial enrollment period will be November 15, 2005, through May 15, 2006.
- The Public Education Employees' Health Insurance Plan (PEEHIP) has elected to continue providing prescription drug benefits even when members are eligible for Medicare Part D benefits. However, members cannot enroll in Medicare Part D and continue with PEEHIP prescription drug coverage.
- The prescription drug coverage offered by PEEHIP is expected to pay out as much as the standard Medicare prescription drug coverage. Therefore, the PEEHIP prescription drug coverage is considered "creditable coverage" as defined by Medicare.
- "Low-income" individuals may be eligible for prescription drug subsidies. Therefore, these individuals may be better off applying for a subsidy and Medicare part D (two separate steps).
- Individuals dropping or losing their PEEHIP coverage must enroll in Medicare Part D within 60 days or they will be subject to a higher premium.

**If you do decide to enroll in a Medicare prescription drug plan and drop your PEEHIP prescription drug coverage, be aware that you will lose your PEEHIP drug coverage and will not be able to get this coverage back until you drop the Medicare Part D coverage. Keep in mind that you will not be able to take advantage of coverage under both the PEEHIP prescription drug program and through Medicare Part D.**

People with Medicare can enroll in a Medicare prescription drug plan from November 15, 2005, through May 15, 2006. However, because the PEEHIP prescription drug coverage is as good as Medicare coverage, you can choose to join a Medicare prescription drug plan later without a late enrollment penalty. Each year after that, you will have the opportunity to enroll in a Medicare prescription drug plan between November 15 through December 31.

Compare your current coverage, including which drugs are covered, with the coverage and cost of the plans offering Medicare prescription drug coverage in your area. In most cases, PEEHIP will continue to be your best choice to maximize your benefits.

An exception may apply to certain "low-income" individuals who may be eligible for prescription drug subsidies, and thus may be better off applying for a subsidy and Part D (two separate steps). Individuals who have incomes below 150 percent of the Federal Poverty Level and assets of no more than \$10,000 per individual or \$20,000 per couple (not including homes, cars, household furnishings and possessions) may be eligible for the prescription drug subsidies. The Social Security Administration (SSA) has developed an application form and process to determine eligibility. If you feel you may qualify, go to the SSA Web page at [www.socialsecurity.gov](http://www.socialsecurity.gov) and click Medicare Outreach. Also, you may call or visit your local SSA office for more details; the national toll-free number is **1-800-772-1213**.

PEEHIP members who drop or lose their coverage with PEEHIP and do not enroll in Medicare prescription drug coverage after their current coverage ends, may pay more to enroll in Medicare Part D later. After May 15, 2006, individuals having a 60 day or longer break in prescription drug coverage that is at least as good as Medicare's prescription drug coverage will be subject to at least 1% per month premium increase for every month after May 15, 2006, that they did not have prescription drug coverage. For example, if you go nineteen months without coverage, your premium will always be at least 19% higher than what most other people pay. This higher premium will continue as long as you have Medicare coverage. In addition, you may have to wait until the next November to enroll.

*(Medicare Part D continued on Page 2)*

# To learn more about the Medicare Part D Prescription Drug Benefit, access the following resources:

## Medicare Modernization Act Medicare Part D Prescription Drug Benefit Information Resources for Retirees

TELEPHONE NUMBER	DESCRIPTION
<b>Medicare</b> 1-800-MEDICARE (1-800-633-4227)	Medicare Help Line
<b>Social Security Administration</b> 1-800-772-1213	Recorded information and services are available 24 hours a day, including weekends and holidays.
WEB SITE	DESCRIPTION
<b>Medicare</b> <a href="http://www.medicare.gov">http://www.medicare.gov</a>	Provides access to information about Medicare and Medicare health plans.
<b>Centers for Medicare &amp; Medicaid Services</b> <a href="http://www.cms.hhs.gov">http://www.cms.hhs.gov</a>	CMS administers Medicare and Medicaid programs. A database of frequently asked questions is available.
<b>Social Security Administration</b> <a href="http://www.ssa.gov">http://www.ssa.gov</a>	Link to the Social Security Administration's site for information on low-income subsidies and other resources.
<b>AARP</b> <a href="http://www.AARP.com/bulletin">http://www.AARP.com/bulletin</a>	Access the Medicare Benefit Drug Calculator, which illustrates what the new Medicare drug benefit means to you.
<b>Access to Benefits Coalition</b> <a href="http://www.accesstobenefits.com">http://www.accesstobenefits.com</a>	Prescription drug savings for those who need them most.
<b>Aging Parents and Elder Care</b> <a href="http://www.todaysseniors.com">http://www.todaysseniors.com</a>	Senior Solutions is an independent organization providing information on issues to help seniors get the most out of retirement.
<b>Benefits Check Up</b> <a href="https://ssl.benefitscheckup.org">https://ssl.benefitscheckup.org</a>	A service of the National Council on the Aging; helps find programs for people ages 55 and over that may pay some costs of prescription drugs, health care, utilities, and other essential items or services.
<b>Destination Rx</b> <a href="http://www.destinationrx.com">http://www.destinationrx.com</a>	Provides a pharmacy discount buying service.
<b>Medicare Rights Center</b> <a href="http://www.medicarerights.org">http://www.medicarerights.org</a>	Medicare Rights Center (MRC) is the largest independent U.S. source of health information and assistance for people with Medicare.
<b>Needy meds.com</b> <a href="http://www.needy meds.com">http://www.needy meds.com</a>	Find information on patient assistance programs that provide no cost prescription medications to eligible participants.
<b>Rxaminer.com</b> <a href="http://www.rxaminer.com">http://www.rxaminer.com</a>	Use this prescription drug comparison tool to find lower-cost prescription drugs.
<b>Together Rx</b> <a href="http://www.togetherrx.com">http://www.togetherrx.com</a>	Offers a prescription drug savings program.

# Member Online Web Service Begins September 1

The RSA has been extremely busy this year implementing several new systems due to legislative changes made in the 2004 Special Session. One of the new systems available September 1, 2005, is an online enrollment system that will allow members to use a new secure Member Online Web Service to view and update health insurance coverage as well as their personal and demographic information. You can access the new Member Online Web Service by going into the RSA website at [www.rsa.state.al.us](http://www.rsa.state.al.us) and clicking on Member Services on the left side of the Homepage. This link will guide you through the necessary steps to set up your account and password to access the online services. In the future, this Member Online Web Service will be available for active and retired members in the TRS, ERS, and JRF systems to be able to inquire into their retirement and RSA-1 accounts.

## SERVICES AVAILABLE SEPTEMBER 1-10

- Active and retired PEEHIP eligible members can view, change or enroll in health insurance from September 1-10. Active members can enroll in the new Flex accounts from September 1-10. All changes made during this time will be effective October 1, 2005.
- All active and retired TRS members can view or update their personal and demographic information such as their address, telephone number, email address, and marital status.
- Active PEEHIP members will be able to view their employment information. Members must contact their employer to make changes or corrections to their employment data.

## SERVICES AVAILABLE BEGINNING OCTOBER 1

- PEEHIP members can update the student status for dependent children. This student updating process was previously handled by the claims administrators.
- New PEEHIP members hired after October 1, 2005 will be able to enroll in health insurance plans and flex accounts.
- PEEHIP members will be able to delete/add dependents due to qualifying events.
- Existing PEEHIP members will also be able to make other certain approved insurance changes due to qualifying events.
- All active and retired members can update their demographic and personal information.

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## Notice to Enrollees in a Self-Funded Non-Federal Governmental Group Health Plan

Under a federal law known as the Health Insurance Portability and Accountability Act of 1996 (HIPAA), Public Law 104-191, as amended, group health plans must generally comply with the requirements listed below. However, the law also permits state and local governmental employers that sponsor health plans to elect to exempt a plan from these requirements for any part of the plan that is "self-funded" by the employer, rather than provided through a health insurance policy.

The Public Education Employees' Health Insurance Board has elected to exempt the **Public Education Employees' Health Insurance Plan (PEEHIP)** from the

following requirement:

*Prohibitions against discriminating against individual participants and beneficiaries based on health status.* A group health plan may not discriminate in enrollment rules or in the amount of premiums or contributions it requires an individual to pay based on certain health status-related factors: health status, medical condition (physical and mental illnesses), claims experience, receipt of health care, medical history, genetic information, evidence of insurability, and disability.

The exemption from this federal requirement will be in effect for the 2006 Plan Year beginning October 1, 2005, and ending September 30, 2006. The election

may be renewed for subsequent plan years.

HIPAA also requires PEEHIP to provide covered employees and dependents with a "certificate of creditable coverage" when they cease to be covered under PEEHIP. There is no exemption from this requirement. The certificate provides evidence that you were covered under this plan, because if you can establish your prior coverage, you may be entitled to certain rights to reduce or eliminate a pre-existing condition exclusion if you join another employer's health plan, or if you wish to purchase an individual health insurance policy.

# PEEHIP Open Enrollment Concerns

The PEEHIP Open Enrollment period began July 1 and ended August 31, 2005. Last minute open enrollment changes may be made using the new Member Online Web Service from September 1 – 10.

The PEEHIP and Flex departments have been intensely processing thousands of open enrollment insurance and Flex forms since July 1 and several potential problems have come to our attention. Please review these issues and make sure that you have properly submitted your insurance changes.

- Many members are enrolling in new coverage but not completing a form or notifying the PEEHIP office to drop existing coverage. The PEEHIP office cannot cancel any insurance plans without a written notification such as the PEEHIP Health Insurance Status Change form requesting the cancellation of insurance plans. In other words, the PEEHIP office cannot ASSUME cancellation of insurance plans. If you have not notified the PEEHIP office of insurance plans that you want cancelled, you must access the new Member Online Web Service before

September 10 and cancel the insurance plans. The PEEHIP office stopped accepting written open enrollment requests after August 31, 2005.

- Another potential problem is that new employees are enrolling in the PEEHIP medical insurance coverage but not sending in a Tobacco Certification Form. If you are eligible for the \$20 discount, you must send in a Tobacco Certification Form prior to September 10, 2005. However, if you have already sent in a Tobacco Certification Form, you do not need to send another one.
- Members requesting family coverage must list their eligible dependents on the enrollment form. Dependents listed on other PEEHIP family plans will not automatically transfer over to new PEEHIP family policies.
- Also, members are requesting open enrollment coverages to become effective prior to October 1, 2005. However, the PEEHIP policies state that all open enrollment changes must be effective October 1, 2005. The PEEHIP office will process the insurance form with an October 1, 2005 effective date.

- Medicare eligible members are requesting to enroll in the new PEEHIP Supplemental Plan. The new PEEHIP Supplemental Plan is a supplement to other primary insurance coverage. You must be covered on another primary insurance plan to enroll in the PEEHIP Supplemental Coverage, and the other insurance coverage cannot be Medicare. Medicare eligible members can enroll in the PEEHIP Hospital Medical Plan Group 14000 and use this plan as a supplement to Medicare.
- PEEHIP members should access the new Member Online Web Service beginning September 1, 2005, to ensure that the PEEHIP office has made the correct open enrollment changes. In addition, members enrolling in new insurance plans should receive new ID cards no later than the last week in September for October 1 coverage.
- Please remember that if you did not make any changes in your health insurance plans, your existing insurance coverage(s) will continue and the appropriate monthly premium will continue to be deducted.

# PEEHIP

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