

**INSURANCE and DISBURSEMENT SERVICE**

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NO ACTION REQUIRED**Important Notice Regarding the U.S. Medicare Prescription Drug Programme
"Medicare Part D"
For Calendar Year 2014**

To: Participants in a US-based medical insurance plan of the UN Headquarters Insurance Programme

From: Mario Tuason, Chief, Health & Life Insurance Section, New York

Date: 31 December 2013

A handwritten signature in black ink, appearing to read "Mario Tuason", with a long horizontal stroke extending to the right.

Who should read this Notice

This Notice is applicable if you or an eligible dependent are age 65 or older, or otherwise eligible for Medicare. Please read this notice carefully and keep it where you can find it.

If you or a covered dependent(s) are currently not enrolled in Medicare for any reason, e.g. you are not yet 65 years of age; please retain this Notice in the event that you or a covered dependent(s) should become eligible for Medicare coverage within the next twelve months.

Summary

This Notice contains important "creditable coverage" information about your prescription drug coverage under the UN Headquarters (UNHQ) medical insurance programme, together with additional information about the Medicare prescription drug benefit that is called "Medicare Part D" (or simply "Part D").

"Creditable coverage" is prescription drug coverage that pays, on average, as much as or more than Medicare's standard Part D coverage.

With the assistance of a qualified actuary, the United Nations has determined that the prescription drug coverage offered under the UNHQ medical insurance programme is, on average, expected to pay out as much as the standard Medicare prescription drug coverage will pay and is therefore considered to be "creditable coverage". Annex I attached to this Notice is a chart that summarizes the standard Medicare prescription drug coverage for 2014.

Because the UN's prescription drug coverage is at least as valuable as Medicare prescription drug coverage, it is **not necessary** for any UN retiree to enroll in the Medicare prescription drug coverage. In addition, if you elect to enroll in Medicare Part D, the UNHQ after service health insurance programme will not reimburse the premiums you paid for Part D. ***Therefore, UNHQ highly discourages our after service health insurance (ASHI) programme participants from enrolling in Medicare Part D.***

Additional Information

Do I Still Need to Enroll In Medicare Part B?

Yes, if the Information Circular regarding Medicare Part B stipulated that you must enroll, you must still enroll in Medicare Part B. Medicare Part B covers professional services and is a different programme than Medicare Part D.

Can You Drop A Medicare Drug Plan?

If you participate in a UN programme and have already signed up for Medicare Part D, it is easy to terminate Part D coverage and eliminate the related monthly premiums by contacting Medicare.

When Can You Join A Medicare Drug Plan?

You can enroll in a Medicare prescription drug plan when you first become eligible for Medicare and each year during the advertized Medicare Drug Plan open enrollment period. If you lose creditable coverage through no fault of your own or if you drop your UNHQ medical insurance coverage, you may be eligible for a Special Enrollment Period to sign up for a Medicare prescription drug plan.

You should 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.

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

Retirees: You will still have your UNHQ prescription drug coverage as long as you remain enrolled in the UNHQ medical insurance programme. While it is your choice whether to enroll in a Medicare prescription drug plan if you are eligible, it is probably not to your advantage to enroll (unless you are also eligible for additional financial assistance from Medicare). The Medicare prescription plans will provide little or no additional benefit to your UNHQ prescription drug coverage. In fact, if you enroll in Medicare prescription drug coverage, you will be covered as primary under Medicare for prescription drugs and secondary under the UNHQ programme. However, your UNHQ ASHI premium will not be reduced if you enroll in a Medicare Part D.

Active Staff Members: If you are an active staff member (or the spouse or dependent of an active staff member) and eligible for Medicare, you may continue your prescription drug coverage through the UNHQ medical insurance programme and not enroll in a Medicare prescription drug plan at this time. Note that the Medicare prescription plans will provide little or no additional benefit if you enroll in addition to your UNHQ prescription drug coverage. You will be paying additional premiums for the Medicare prescription plan, and, even if you enrolled in Medicare prescription drug coverage, you are covered as primary under the UNHQ programme for health care, including prescription drugs.)

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

If you drop or lose your current prescription drug coverage under the UNHQ insurance programme and are eligible for but do not enroll in Medicare drug coverage after your current coverage ends, you may pay more to enroll in Medicare drug coverage later. If you go 63 days or longer without creditable prescription drug coverage, your monthly premium may go up 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 to enroll.

Where Can I Obtain Additional Information About My UNHQ Insurance Programme Prescription Drug Coverage?

If you need additional information regarding your prescription drug coverage, you may visit the UNHQ website, www.un.org/insurance or contact your insurance carrier. Insurance carrier contact details may be found at the back of your insurance identification card.

How Often Will I Receive This Notice?

You will receive this notice annually and if the prescription drug coverage through the UN changes. The notice is also available on our website, www.un.org/insurance. You may therefore access a copy at any time.

Where Can I Obtain Additional Information About Medicare Part D?

Detailed information about Medicare plans that offer prescription drug coverage is available in the “Medicare & You” handbook published by Medicare. You may get a copy of the handbook in the mail each year. If you do not receive a copy via mail, you may view the entire booklet online at www.medicare.gov/publications. The UN insurance Office *does not* have a supply of these handbooks. As an added convenience, below we have provided other ways for obtaining Medicare information.

- Visit www.medicare.gov
- Call your State Health Insurance Assistance Program (see 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. Information about this extra help is available from the Social Security Administration (SSA) online at www.socialsecurity.gov, or you can call them at 1-800-772-1213 (TTY 1-800-325-0778).

Remember: Keep this notice. If you enroll in one of the new plans approved by Medicare which offer prescription drug coverage, you may be required to provide a copy of this notice when you join to show that you are not required to pay a higher premium amount.

ANNEX I

Summary of the Standard Medicare Prescription Drug Benefit for 2014

Yearly Pharmacy Expenses	Expenses Paid by:	
	Medicare	Participant
	%	%
First \$310	0	100
Next \$311 – \$2,850	75	25
Next \$2,851 – \$7,857	28	72*
\$7,858 and above	95	5

*Assumes generic drugs only

EXAMPLE: If you required a total of 40 prescription drugs at an average price of \$100 during the period January to December 2014, your total yearly pharmacy charges will be \$4,000.

What is the cost to you in the UN programme vs. the Standard Medicare programme?

If you are in the UN programme and enrolled in Medicare Part B, your cost would be a maximum of \$800 (eight hundred dollars).

If you were instead in the standard Medicare prescription programme, your cost would be \$1,773 that is:

- \$310 not reimbursed and treated as deductible plus
- \$635 (25% of the next pharmacy expenses between \$311 and \$2,850) plus
- \$828 (72% of the remaining \$1,150 pharmacy expense) assuming only generic drugs are covered in the coverage gap.

Other examples would produce similar results, whether the number and prices of the prescriptions were greater or lesser than in the preceding example.

The UN programme is clearly more valuable than the standard Medicare prescription drug coverage.