

The General Synod
ASSOCIATE REFORMED PRESBYTERIAN CHURCH
Board of Benefits



November 17, 2006

RE: Medicare Part D Prescription Drug Benefits

Dear Retiree:

Starting January 1, 2006, Medicare added a new prescription drug plan to its medical benefits program. This new benefit – called Medicare Part D – fills an important gap within the current Medicare program by covering prescription drugs. Federal law requires that all employers must notify on an annual basis their Medicare-eligible employees and dependents of this new benefit and inform those employees if the current prescription drug coverage is creditable, that is, if the General Synod ARP Group Benefit Plan's coverage, on average, pays as much in benefits as the standard Medicare Part D prescription drug plan.

The enclosed Notice of Creditable Coverage documents that the General Synod Associate Reformed Presbyterian Group Benefit Plan does qualify as creditable coverage. Medicare-eligible employees will need this Notice if they choose to enroll in Medicare Part D after the initial Medicare D enrollment period.

Although this Notice is only required to be sent to Medicare-eligible employees or dependents, we have elected to send the information to all employees covered by the General Synod Benefit Plan, since they may have a Medicare-eligible dependent that we are unaware of as the Plan Administrator.

If you or any dependent are not eligible for Medicare coverage (for example a retiree less than age 65), this Notice does not apply. However, it may be beneficial to read the enclosed information so you are aware of the changes in the Medicare prescription drug benefits for the future.

If you or any dependents are eligible for Medicare, please read the enclosed information carefully. For further information, please visit the Medicare website at <http://www.medicare.gov>.

General information about options Medicare eligible retirees have and a brief comparison of the cost and coverage available under the prescription drug coverage offered through the General Synod Benefit Plan and Medicare D follows. Note – medical and prescription drug coverage are offered as a package under the General Synod Plan (you cannot elect medical coverage without prescription drug coverage).

**Options for Medicare eligible retirees (and/or dependents) covered by
General Synod Associate Reformed Presbyterian Church Benefit Plan:**

1. Continue medical and prescription drug coverage under the General Synod Benefit Plan and do not elect Medicare D coverage.

Impact – your claims continue to be paid by the General Synod Plan.

2. Continue medical and prescription drug coverage under the General Synod Plan and elect Medicare D coverage.

Impact - As a retiree eligible for Medicare, Medicare D will pay primary on your claims; the General Synod Plan will pay secondary. You will need to present both your Medicare D and General Synod ID cards when you purchase prescription drugs. If your spouse is also covered under Medicare Part D, Medicare Part D will be the primary payor for your spouse.

3. Drop the General Synod Employee Medical Benefit Plan coverage and elect Medicare Part D coverage.

Impact – Medicare is your primary coverage. You will also lose medical coverage under the General Synod Plan. Once you drop retiree coverage, neither you nor your spouse will be able to rejoin the General Synod Plan.

Comparison of Prescription Drug Coverage and Cost

	Medicare Part D * (Rx coverage only)	General Synod Benefit Plan	
Monthly Premium Costs			
Single coverage Covered by Medicare	\$37 on average (per individual)	\$243.56	
Benefits			
Annual Deductible	\$250	None	
Percentage of Drug Costs			
\$0 to \$250	0%	100% after copay	
\$250 to \$2,250	75%	100% after copay	
\$2,250 to \$5,100	0%	100% after copay	
Above \$5,100	95%	100% after copay	
Copays			
Generic	Not Applicable	\$10 retail	\$20 mail
Formulary Brand	Not Applicable	\$20 retail	\$40 mail
Non-Formulary Brand	Not Applicable	\$35 retail	\$40 mail
Annual Total Costs			
Annual Premiums	(Rx coverage only)	(Medical & Rx coverage)	
Single coverage Covered by Medicare	\$444 on average per individual	\$2,922.72	
Out of Pocket	\$3,600	Rx Copays	

* special benefits/premiums are available to low income and/or Medicaid eligible individuals.

** The noted prescription benefits when the Prescription Drug Card or Mail Order Program are utilized. Mail Order prescriptions are dispensed in 90 day supplies.

NOTE: When comparing these costs, the cost for the General Synod Plan includes medical coverage (Medicare Carve-Out) in addition to the drug prescription benefit. For those covered by Medicare, benefits provided by the Plan are reduced by the amount paid by Medicare.

Respectfully,

A handwritten signature in cursive script that reads "Ed Hogan". To the right of the signature is a vertical red line.

Ed Hogan, Secretary
Board of Benefits

Important Notice from General Synod Associate Reformed Presbyterian Church About Your Prescription Drug Coverage and Medicare

Please read this notice carefully and keep it where you can find it. This notice has information about your current prescription drug coverage with General Synod Associate Reformed Presbyterian Church and prescription drug coverage available for people with Medicare. It also explains the options you have under Medicare prescription drug coverage and can help you decide whether or not you want to enroll. At the end of this notice is information about where you can get help to make decisions about your prescription drug coverage.

- 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 prescription drug plans provide at least a standard level of coverage set by Medicare. Some plans may also offer more coverage for a higher monthly premium.**
- 2. The Board of Benefits, General Synod Associate Reformed Presbyterian Church has determined that the prescription drug coverage offered by the General Synod Associate Reformed Presbyterian Church Medical Plan is, on average for all plan participants, expected to pay out as much as the standard Medicare prescription drug coverage will pay and is considered Creditable Coverage.**

Because your existing coverage is on average at least as good as standard Medicare prescription drug coverage, you can keep this coverage and not pay extra if you later decide to enroll in Medicare prescription drug coverage.

Individuals can enroll in a Medicare prescription drug plan when they first become eligible for Medicare and each year from November 15th through December 31st. Beneficiaries leaving employer/union coverage 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.

If you do decide to enroll in a Medicare prescription drug plan and drop your General Synod Associate Reformed Presbyterian Church Medical Plan prescription drug coverage, be aware that you and your dependents may not be able to get this coverage back.

Please contact us for more information about what happens to your coverage if you enroll in a Medicare prescription drug plan.

Note that your current coverage pays for other health expenses, in addition to prescription drugs, and you will still be eligible to receive all of your current health and prescription drug benefits if you choose to enroll in a Medicare prescription drug plan and keep your coverage under the General Synod Associate Reformed Presbyterian Church Medical Plan.

You should also know that if you drop or lose your coverage with the General Synod Associate Reformed Presbyterian Church Medical Plan and don't enroll in Medicare prescription drug coverage after your current coverage ends, you may pay more (a penalty) to enroll in Medicare prescription drug coverage later.

If you go 63 days or longer without prescription drug coverage that's at least as good as Medicare's prescription drug coverage, your monthly premium will go up at least 1% per month for every month that you did not have that coverage. For example, if you go nineteen months without coverage, your premium will always be at least 19% higher than what many other people pay. You'll have to pay this higher premium as long as you have Medicare prescription drug coverage. In addition, you may have to wait until the following November to enroll.

Summary of Options for Medicare Eligible Employees (and/or Dependents):

Medical and prescription drug coverage are offered as a package under the General Synod Associate Reformed Presbyterian Church Medical Plan (you cannot elect medical coverage without prescription drug coverage).

1. Continue medical and prescription drug coverage under the General Synod Associate Reformed Presbyterian Church Medical Plan and do not elect Medicare D coverage. **Impact** – your claims continue to be paid by the General Synod Associate Reformed Presbyterian Church Medical Plan.
2. Continue medical and prescription drug coverage under the General Synod Associate Reformed Presbyterian Church Medical Plan and elect Medicare D coverage. **Impact** - As a retiree, Medicare D will pay primary on your claims; the General Synod Associate Reformed Presbyterian Church Medical Plan will pay secondary. You will need to present both your Medicare D and General Synod Plan ID cards when you purchase prescription drugs. If your spouse is also covered under Medicare Part D, Medicare Part D will be the primary payer for your spouse.
3. Drop the General Synod Associate Reformed Presbyterian Church Medical Plan coverage and elect Medicare Part D coverage. **Impact** – Medicare is your primary coverage. Once you drop retiree coverage, you or your spouse will not be able to rejoin the General Synod Associate Reformed Presbyterian Church Medical Plan.

For more information about this notice or your current prescription drug coverage...

Contact our office for further information about this notice. For more information about our current prescription drug coverage, call Caremark at (888) 963-7290. NOTE: You will receive this notice annually and at other times in the future such as before the next period you can enroll in Medicare prescription drug coverage, and if this coverage through General Synod Associate Reformed Presbyterian Church Medical Plan. You also may request a copy.

For more information about your options under Medicare prescription drug coverage...

More detailed information about Medicare plans that offer prescription drug coverage is in the "Medicare & You" handbook. You'll get a copy of the handbook in the mail every year from Medicare. You may also be contacted directly by Medicare prescription drug plans. For more information about Medicare prescription drug plans:

- 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.

For people with 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 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.

Date:	November, 2006
Name of Entity/Sender:	Board of Benefits, General Synod of the Associate Reformed Presbyterian Church
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Retiree