

Employer or Union Coverage

What to do if you have Medicare and employer or union-sponsored coverage that is considered to be at least as good as what the Medicare Prescription Drug Coverage offers.

If your employer or union coverage you have is considered to be at least as good as what the Medicare Prescription Drug Coverage offers (this is also called “creditable” coverage), you will probably want to keep your current coverage, especially since this plan may also pay for other health care in addition to prescription drugs.

If your employer or union drug coverage ends, or changes and is no longer considered to be as good as the Medicare Prescription Drug Coverage, you should be notified by your employer. You will then have 63 days from the point when that coverage changes to join a Medicare Prescription Coverage without having to pay higher premiums.

What to do if you have Medicare and employer or union-sponsored coverage that is not considered to be at least as good as what the Medicare Prescription Drug Coverage offers.

Because the employer or union coverage you have is not considered to be at least as good as what the Medicare Prescription Drug Coverage offers, you may have a number of options:

- Keep your current employer or union plan and join a Medicare Prescription Drug Plan to give you more complete prescription drug coverage.
- Continue to use your prescription drug benefits through your current employer or union plan. But if you decide later (after May 15, 2006) to join a Medicare Prescription Drug Plan, you will pay higher premiums.
- Drop your current coverage – then either go back to Original Medicare and join a Medicare Prescription Drug Plan, or join a Medicare Advantage Plan that covers prescription drugs.

Talk with your employer or union benefits office before making this decision. This is an important decision so consider the following issues very carefully:

1. Most employer or union plans do not allow you to drop drug coverage offered by your employer or union plan without also having to drop your hospital and medical care coverage.
2. If you drop your employer or union coverage, you may not be able to get it back.

3. If you drop your employer or union health benefits, you may have to purchase insurance to supplement Medicare, called Medigap insurance, or enroll in a Medicare Advantage plan that pays many expenses that Original Medicare does not pay and provides a Medicare Prescription Drug Plan. But these alternatives may cost you more than your employer or union health plan, or provide fewer benefits to you.
4. If your spouse is covered under your employment or union plan, she/he will not be able to get health care and prescription drug benefits if you drop your health plan.

For these reasons, you consider carefully whether you want to drop your employer or union coverage.