

November 14, 2005

Notice of Non-Creditable Coverage

Important Notice From Alaska Electrical Health and Welfare Fund 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 Alaska Electrical Health and Welfare Fund and new prescription drug coverage available January 1, 2006 for people with Medicare. It also tells you where to find more information to help you make decisions about your prescription drug coverage. **If you are not currently, or soon to be, eligible for Medicare, this notice does not apply to you.**

- 1. Starting January 1, 2006, new Medicare prescription drug coverage will be available to everyone with Medicare.**
- 2. Alaska Electrical Health and Welfare Fund has determined that the prescription drug coverage offered by the Trust Plan is, on average for all plan participants, NOT expected to pay out as much as the standard Medicare prescription drug coverage will pay. *This is important, because for most people, enrolling in Medicare prescription drug coverage before May 15, 2006 means you will get more assistance with drug costs.***
- 3. You have decisions to make about Medicare prescription drug coverage that may affect how much you pay for that coverage, depending on if and when you enroll. Read this notice carefully - it explains your options.**

You may have heard about Medicare's new prescription drug coverage, and wondered how it would affect you. The Alaska Electrical Health and Welfare Fund has determined that your prescription drug coverage under either the Retiree Plan 520 or the Active Plans 502 and 503 is, on average for all Plan participants, NOT expected to pay out as much as the standard Medicare prescription drug coverage.

Starting January 1, 2006, prescription drug coverage will be available to everyone with Medicare through Medicare prescription drug plans. All Medicare prescription drug coverage will provide at least a standard level of coverage set by Medicare. Some plans might also offer more coverage for a higher monthly premium.

If you are eligible for Medicare, you might want to consider enrolling in Medicare prescription drug coverage.

Because the coverage you have with either the Retiree Plan 520 or Active Plans 502 and 503 is on average for all plan participants, NOT expected to pay out as much as the standard Medicare prescription drug coverage will pay, you might want to consider enrolling in a Medicare prescription drug plan. You can first join between November 15, 2005 and May 15, 2006. **This is important, because if you do not get Medicare prescription drug coverage (or equivalent coverage) before May 15, 2006, you may have to pay a higher premium if you join later. You will pay that higher premium as long as you have Medicare prescription drug coverage.**

If you don't enroll in Medicare prescription drug coverage by May 15, 2006 and change your mind later, you may pay more.

If you wait until after May 15, 2006, to enroll, your monthly premium for a Medicare prescription drug plan could be much higher than it would have been if you had enrolled by May 15. If, after May 15, 2006, you go 63 days or longer without prescription drug coverage that is at least as good as Medicare's prescription drug coverage (Retiree Plan 520 and Active Plans 502 and 503 are NOT), your premium will go up at least 1% per month for every month after May 15, 2006 that you did not have that coverage. You will have to pay this higher premium as long as you have Medicare 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.

If you don't enroll in a Medicare prescription drug plan by May 15, 2006, you may also have to wait to enroll.

Generally, after May 15, 2006, you can only join a Medicare prescription drug plan between November 15 and December 31 of any year. This may mean the number of months you have to wait for coverage will be longer, which could make your premium higher.

In addition to prescription drugs, your current coverage pays for other health expenses. If your coverage is through Retiree Plan 520 and you choose to enroll in a Medicare prescription drug plan, you will not be eligible to receive prescription drug benefits from the Fund. If you are covered under Active Plan 502 or 503 and you choose to enroll in a Medicare prescription drug plan, your benefits from the Fund will not change, as the Active Plan is required to pay as primary pursuant to Medicare Secondary Payor rules.

You need to make a decision. For more information about this notice or your current prescription drug coverage...

When you make your decision, you should also 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. Contact our office for further information on your current prescription coverage through either Retiree Plan 520 or Active Plans 502 and 503 at (907) 276-1246 or (800) 478-1246. NOTE: You may receive this notice at other times in the future such before the next period you can enroll in Medicare prescription drug coverage, and if this coverage changes. 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 available through the "Medicare & You 2006" handbook from Medicare. You may also be contacted directly by Medicare-approved prescription drug plans. You'll get a copy of the handbook in the mail. You can also get more information about Medicare prescription drug plans from these places:

- Visit www.medicare.gov for personalized help,
- Call your State Health Insurance Assistance Program (see your copy of the Medicare & You handbook)
- 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 a Medicare prescription drug plan is available. Information about this extra help is available from the Social Security Administration (SSA). For more information about this extra help, visit SSA online at www.socialsecurity.gov, or call them at 1-800- 772-1213 (TTY 1-800-325-0778).