

**Important Notice from Northside Independent School District
About Your Current Prescription Drug Coverage and Medicare Part D
Effective January 1, 2006**

KEEP THIS NOTICE IN YOUR FILES. YOU MAY BE REQUIRED TO SHOW THIS NOTICE TO MEDICARE IF YOU DECIDE TO ENROLL IN MEDICARE PART D.

NO ACTION REQUIRED. The key purpose of this notice is to advise you that the prescription drug coverage you have under your Northside Independent School District medical plan, other than the Core (Hospital Indemnity) Plan, is expected to pay out, on average, at least as much as the standard Medicare prescription drug coverage will pay in 2006. (This is known as “creditable coverage.”)

The reason this is important is that if you or a covered dependent are or become eligible for Medicare and you decide to enroll in a Medicare prescription drug plan during a subsequent annual enrollment period, you will not be subject to a late enrollment penalty as long as you had creditable coverage within 63 days of your Medicare prescription drug plan enrollment. You should keep this notice with your important records.

Please read this notice carefully and keep it where you can find it. This notice has information about your current prescription drug coverage with Northside Independent School District and new Medicare Part D 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.

1. Starting January 1, 2006, new Medicare Part D prescription drug coverage will be available to everyone with Medicare.
2. Northside Independent School District has determined that the prescription drug coverage offered by Northside Independent School District medical plans, except the Core Plan, are, on average for all plan participants, expected to pay out as much as the standard Medicare Part D prescription drug coverage will pay.
3. Read this notice carefully - it explains the options you have under Medicare Part D prescription drug coverage, and can help you decide whether or not you want to enroll.

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

People with Medicare can enroll in a Medicare Part D prescription drug plan from November 15, 2005 through May 15, 2006. Each year after that, you will have the opportunity to enroll in a Medicare Part D prescription drug plan between November 15th through December 31st.

If you are covered under one of the Northside Independent School District medical plans, your existing prescription coverage is, on average, at least as good as standard Medicare Part D prescription drug coverage in 2006. This means that you can keep your current coverage and not pay a penalty and higher premiums if you decide to enroll in Medicare Part D coverage at a later date, after Medicare’s initial enrollment period is over.

If you decide to enroll in a Medicare prescription drug plan, you may also continue your employer coverage. The Northside Independent School District medical plan will continue to pay primary as it had before you enrolled in a Medicare prescription drug plan. You may also drop your employer coverage, in which case Medicare will be your only payer. If you are an active employee, you can reenroll in the employer plan at annual enrollment or if you have a qualified status change. If you are a retiree that has terminated coverage, you are not able to reenroll. Contact the Northside Independent School District Benefits Department for details. See Contact information at the end.

(OVER)

At this time, Northside Independent School District is planning to continue, for 2006, its prescription drug plan as part of your healthcare benefits. You should also know that if you drop or lose your coverage with Northside Independent School District and do not enroll in Medicare Part D prescription drug coverage after your current coverage ends, you may pay more to enroll in Medicare prescription drug coverage later. If after May 15, 2006, you go 63 days or longer without prescription drug coverage that is at least as good as Medicare's Part D prescription drug coverage; your monthly premium will go up at least 1% per month for every month after May 15, 2006 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 most other people pay. You will have to pay this higher premium as long as you have Medicare coverage. In addition, you may have to wait until next November to enroll.

For More Information About Your Current Prescription Drug Coverage or This Notice

- Contact Aetna at 1-877-NISD-PPO (1-877-647-3776) or 1-866-NISD-HMO (1-866-647-3466).

For General Questions About Northside Independent School District Medical Plans

- Contact the Northside Independent School District Benefits Hotline at 210-397-8620.
- You may receive this notice at other times in the future such as before the next period you can enroll in Medicare prescription drug coverage and/or if this coverage changes. You also may request a duplicate copy.

For More Information About Your Options Under Medicare Prescription Drug Coverage

More detailed information about Medicare plans that offer prescription drug coverage will be available in October 2005 in the "Medicare & You 2006" handbook. You will get a copy of the handbook in the mail from Medicare. You may be contacted directly by Medicare prescription drug plans. You can 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 for their telephone number)
- 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).

Remember -- Keep This Notice!

If, after May 15, 2006, you decide to enroll in one of the new plans approved by Medicare Part D that offer prescription drug coverage, you may need to give a copy of this notice to show that you are not required to pay a higher premium amount.