



Regence BlueCross BlueShield of Utah is an Independent

Licensee of the Blue Cross and Blue Shield Association

P.O. Box 30270

Salt Lake City, UT 84130-0270

January 16, 2012

JOHN DOE
123 MAIN
SALT LAKE CTY UT 84121-1439

Re: Important Notice about your Prescription Drug Coverage and Medicare

Dear Mr. Doe:

Please read this notice carefully and keep it where you can find it. This notice has information about your current prescription drug coverage with Regence and about your options under Medicare's prescription drug coverage. This information can help you decide whether or not you want to join a Medicare drug plan. If you are considering joining, you should compare your current coverage, including which drugs are covered at what cost, with the coverage and costs of the plans offering Medicare prescription drug coverage in your area. Information about where you can get help to make decisions about your prescription drug coverage is at the end of this notice.

We recently learned that you were not informed of the creditable status of your prescription drug coverage. Because you were not informed of the creditable status of your prescription drug coverage, The Centers for Medicare & Medicaid Services (CMS), the federal agency that oversees the Medicare Prescription Drug Program, has granted you a Special Enrollment Period (SEP). The special enrollment period will be from February 1, 2012, through April 3, 2012. However, because your **current Regence drug coverage is creditable**, you can keep your coverage and you have the option to enroll in a Part D plan later with no penalty.

Please note, it is important that you maintain this notice for your future records in the event you choose to join a Medicare prescription drug plan and are questioned about your prescription drug coverage status.

There are two important things you need to know about your current coverage and Medicare's prescription drug coverage:

1. Medicare prescription drug coverage became available in 2006 to everyone with Medicare. You can get this coverage if you join a Medicare Prescription Drug Plan or a Medicare Advantage Plan (like an HMO or PPO) that offers prescription

drug coverage. All Medicare 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. Regence has determined that your plan's prescription drug coverage is, on average for all plan participants, expected to pay out as much as standard Medicare prescription drug coverage pays. Therefore, your coverage is considered Creditable Coverage. Because your existing coverage is Creditable Coverage, you can keep this coverage and not pay a higher premium (a penalty) if you later decide to join a Medicare drug plan.

When Can You Join A Medicare Drug Plan?

You can join a Medicare drug plan when you first become eligible for Medicare and each year during the Annual Election Period, which runs from October 15th through December 7th, or if you are eligible for a Special Enrollment Period.

Because you did not receive information about the creditable status of your current prescription drug coverage, CMS will permit you to enroll in a Medicare drug plan under a Special Enrollment Period. **Under this Special Enrollment Period, you may enroll in a Prescription Drug Plan starting February 1, 2012, and ending April 3, 2012.** However, because your current Regence drug coverage is creditable, you can keep your coverage and you have the option to enroll in a Part D plan later with no penalty.

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

If you decide to join a Medicare drug plan and drop your current coverage with Regence, please be aware that you and your dependents may not be able to get this coverage back.

When Will You Pay A Higher Premium (Penalty) To Join A Medicare Drug Plan?

You should know that if you drop or lose your current coverage with Regence and don't join a Medicare drug plan within 63 continuous days after your current coverage ends, you may pay a higher premium (a penalty) to join a Medicare drug plan later.

If you go 63 continuous days or longer without creditable prescription drug coverage, your monthly premium may go up by 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 until the following October to join.

For More Information About This Notice Or Your Current Prescription Drug Coverage...

Call Regence Customer Service at 1 (888) 367-2119. NOTE: You'll get this notice each year. You will also get it before the next period you can join a Medicare drug plan

and if this coverage through Regence changes. You also may request a copy of this notice at any time.

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 drug plans. For more information about Medicare prescription drug coverage:

- Visit www.medicare.gov.
- Call your State Health Insurance Assistance Program (see the inside back cover of 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. For information about this extra help, visit Social Security on the web at www.socialsecurity.gov, or call them at 1-800-772-1213 (TTY 1-800-325-0778).

Remember: Keep this Creditable Coverage notice. If you decide to join one of the Medicare drug plans, you may be required to provide a copy of this notice when you join to show whether or not you have maintained creditable coverage and, therefore, whether or not you are required to pay a higher premium (a penalty).

Sincerely,

A handwritten signature in black ink that reads "Penny Garrett". The signature is written in a cursive, flowing style.

Penny Garrett
Director, Customer Service