



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 SMITH
1234 MAIN STREET
ANYWHERE UT 84000-0000

Re: Important Notice about your Prescription Drug Coverage and Medicare

Dear Mr. Smith:

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. 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 told whether your prescription drug coverage was creditable to Medicare Part D, meaning that your prescription drug coverage was expected to, on average, pay out as much as standard Medicare prescription drug coverage pays. Because you were not adequately 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, will consider the coverage you have to be creditable.

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 three 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, NOT expected to pay out as much as standard Medicare prescription drug coverage pays. **Therefore, your coverage is considered Non-Creditable Coverage.** This is important, because you will most likely get more help with your drug costs if you join a Medicare drug plan than if you only have prescription drug coverage through Regence. This also is important because it means that you may pay a higher premium (a penalty) if you do not join a Medicare drug plan as discussed below.
3. You can keep your current coverage with Regence. However, because your coverage is Non-Creditable, 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 join a Medicare drug plan. When you make your decision, you should compare your current coverage, including what drugs are covered, with the coverage and cost of the plans offering Medicare prescription drug coverage in your area. **Read this notice carefully - it explains your options.**

When Can You Join A Medicare Drug Plan?

Normally, 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 (SEP).

However, 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.**

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

Due to your not receiving information about the creditable status of your current prescription drug coverage, your coverage with Regence will be treated as creditable coverage. Please remember that if you do not enroll in a Medicare drug plan or obtain other creditable coverage and go without creditable coverage for at least 63 days after April 3, 2012, you may pay a penalty if you decide to enroll in a Medicare prescription drug plan later.

If you go 63 continuous days or longer without prescription drug coverage that's creditable, 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 (penalty) as long as you have Medicare prescription drug coverage. In addition, you may have to wait until the following October to join a Part D plan.

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 Regence coverage, be aware that you and your dependents may not be able to get this coverage back.

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

Call Regence Customer Service at 1 (888) 319-4181. 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 notice. You may need to provide a copy of this notice as proof that you were provided a Special Election Period in which to enroll in Medicare prescription drug coverage. This notice will also provide proof that the timeframe during which you did not know that your prescription drug coverage was not creditable will not count towards the number of months used to determine if you will pay a higher premium (penalty) to join a Medicare prescription drug plan and/or the amount of that penalty.

Sincerely,



Penny Garrett
Director, Customer Service