

# Important News About Prescription Drug Coverage For Your Medicare-Eligible Members

## Medicare Prescription Drug Benefit

Your Medicare-eligible members will soon have important decisions to make about their prescription drug coverage. For many, a crucial decision will be whether to enroll in a Medicare Prescription Drug Plan (PDP).

### What is Medicare Part D?

Medicare Part D, also known as the Medicare Part D Prescription Drug Benefit, is a voluntary program that takes effect on January 1, 2006, for all Americans eligible for Medicare. The program was established by the Medicare Prescription Drug Improvement and Modernization Act of 2003. The choices your Medicare-eligible members have will depend on whether or not their current health plan offers **creditable** prescription drug coverage.

It is important for you to discuss the Medicare PDP options with your members who do not have creditable coverage so they can enroll in a Medicare PDP before May 15, 2006. Even if they don't need prescription drug coverage today, they may need it in coming years – and they'll pay less if they act before the deadline.

### What is creditable/non-creditable?

#### *Creditable coverage*

A health plan's prescription drug coverage is creditable if it is equivalent to or better than standard Medicare prescription drug coverage

- Individuals who have creditable coverage do not need to purchase a Medicare PDP by May 15, 2006, because their current coverage is equal to or better than the standard Medicare Part D benefit design.
- As long as they keep creditable coverage, they can choose to enroll in a Medicare PDP at any time without risk of a premium penalty.
- If a member with creditable coverage decides to drop their coverage, they have 63 days to enroll in a Medicare PDP without risk of a penalty.

#### *Non-creditable coverage*

A health plan's prescription drug coverage is non-creditable when it is not at least equal to the standard Medicare prescription drug coverage.

- Individuals who have prescription drug coverage that is non-creditable have two choices:
  1. Do nothing and pay a late enrollment penalty if after May 15, 2006 they decide to enroll in a Medicare Part D Drug Plan; or

2. Purchase an Individual Medicare Part D Prescription Drug Plan in addition to their health plan's coverage
- For those who **decide to purchase a Medicare PDP**, the initial enrollment period is November 15, 2005 through May 15, 2006. By enrolling within this timeframe, your members will avoid paying a late enrollment penalty for their Medicare Part D Plan.
  - Medicare-eligible consumers with non-creditable coverage who **elect to do nothing** and keep their current coverage but then enroll in a Medicare PDP after May 15, 2006, will pay a premium penalty of 1% per month for every month they delayed signing up. This is a **lifetime** penalty that is added to the premium each year.

### Are Blue Shield prescription drug plans creditable?

The majority of Blue Shield prescription drug plans have been deemed “creditable”:

Blue Shield plan type	CREDITABLE plans	NON-CREDITABLE plans
Small Group (2-50 eligible employees)	All others	Shield Spectrum <sup>SM</sup> PPO Plan 500 Value (Formerly Shield Spectrum <sup>SM</sup> PPO Plan Zero Deductible-Value)
Mid-size & Large Group (51 or more eligible employees)	All HMO Plans	All custom plans with a combined Rx/Medical deductible and OOP max must be certified individually.** As general guidance, any custom plan with a pharmacy benefit maximum of less than \$1,200, and any custom PPO Savings Plan with a individual deductible of greater than \$3,100 is non-creditable.
	All Portfolio Plans	
	All Portfolio Shield Spectrum PPO Savings Plans	
	Custom plans except as listed in the non-creditable coverage column	

\* These plans are underwritten by Blue Shield of California Life & Health Company (Blue Shield Life). Both Blue Shield of California and Blue Shield Life offer a PPO Plan 1500 and PPO Plan 2000. What is this asterisk referencing?

\*\* Please contact your Blue Shield account representative for assistance with individual plan certification.

Blue Shield will send a letter to all current Medicare eligible members explaining if their coverage is creditable or non-creditable in early November 2005. In addition, Blue Shield will be adding language regarding whether prescription drug benefits are creditable or non-creditable to all of our pharmacy benefit material beginning in 2006.

The notifications going out to members will include the following Blue Shield customer service phone numbers to answer questions and provide additional information:

**PPO: (800) 200-3242 [8am – 5pm Monday – Thursday, and 9am - 5pm on Friday.]**  
**HMO/POS: (800) 424-6521 [8am – 5pm Monday – Thursday, and 9am - 5pm on Friday.]**  
**Active Choice: (888) 852-5345 [8am – 5pm Monday – Thursday, and 9am - 5pm on Friday.]**

If the Blue Shield prescription drug plan you offer your members is in the non-creditable column above you should ensure that your Medicare eligible members are aware that their employer sponsored pharmacy benefits are non-creditable..

If you have any questions regarding the Medicare Prescription Drug benefit, the current prescription drug coverage you provide to your Medicare-eligible members, or any other topic affecting your Medicare-eligible members, please contact your Blue Shield account representative today.

A15949 (10/05)