

Who can buy a Blue Shield Medicare PDP?

Anyone eligible for Medicare can buy a Medicare PDP, and they can buy from any carrier offering the coverage. So even if an individual client in California has a non-Blue Shield Medicare Supplement plan, they will be able to enroll in Blue Shield's Medicare PDP.



Questions? Please contact Producer Services at **(800) 559-5905**, e-mail ProducerServices@blueshieldca.com, visit Producer Connection at mylifepath.com or call your Blue Shield account executive.

What Blue Shield is doing

1) Offering Medicare PDPs. Blue Shield has received CMS approval of offer a Medicare PDP – the Blue Shield of California Medicare Rx Plan – to all Medicare-eligible Californians.

We'll also offer additional product options for employer groups that provide pharmacy benefits to active and retired Medicare-eligible beneficiaries.

Our Medicare PDP and prescription drug options will offer the ease of one-stop selling for you, and the convenience of one-stop shopping for your individual Medicare-eligible clients.

2) Sending notification letters to all of our Medicare-eligible members to let them know whether their current plan's prescription drug coverage is creditable or not, and whether they'll have a penalty if they don't enroll in a Medicare PDP before May 15, 2006.

- **Early November, 2005** – notification letters mailed to Blue Shield Medicare Supplement members.

Our current Medicare Supplement plan members enrolled in a plan that does not have creditable prescription drug coverage *and* who choose to enroll in the Blue Shield of California Medicare Rx Plan will have guaranteed acceptance into Blue Shield Medicare Supplement plans A, B, C, F or K. They should first enroll in our Medicare PDP and then apply for transfer within 63 days after coverage in the prescription drug plan begins.

Note: Plan K is new for January 1, 2006. We'll have more details for you in November.

- **Early November, 2005** – notification letters mailed to Medicare-eligible members enrolled in Blue Shield IFP and Group plans.

Medicare PDPs

Key dates for Blue Shield producers

- **November 2005** – We will:
 - Post information on Producer Connection at mylifepath.com about the Medicare Prescription Drug Benefit and Blue Shield's Medicare PDP, sample notification letters and more
 - E-mail key updates to you
 - Contact you about commissions and any required changes to the Producer Agreement
- **November 15, 2005** – The Medicare PDP enrollment period begins, and carriers offering Medicare PDPs can start accepting client applications.
- **January 1, 2006** – Medicare PDP coverage begins for your individual clients who have enrolled by December 31, 2005.
- **May 15, 2006**
 - Final day that individual clients who have non-creditable prescription drug coverage or no prescription drug coverage can choose a PDP with no penalty.
 - Except for certain circumstances, such as moving outside the Medicare PDP service area, individual clients are locked into the Medicare PDP they elected until the next open enrollment period, at which time they can make an election change for a January 1, 2007 effective date.
- **November 15, 2006** – Open enrollment for 2007 begins. Individual clients can drop the PDP or change to another PDP. However, if they drop their PDP coverage, they will have to pay the late penalty to enroll in a PDP in the future.

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Producer Guide to the Medicare Prescription Drug Benefit



Blue Shield
of California

An Independent Member
of the Blue Shield Association



Your Medicare-eligible clients* will soon have important decisions to make about their prescription drug coverage. In this brochure, you'll find the essential information to help your clients make the most convenient, affordable choices.

* When discussing the Medicare Prescription Drug Benefit, the term "client" refers to individuals who are Medicare-eligible. It does not refer to employer groups.

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 purpose of the program is to provide prescription drug coverage to all Medicare beneficiaries through private companies that have been approved by Medicare. It has two categories:

- 1) Medicare Advantage-Prescription Drug (MA-PD) plans for clients enrolled in a Medicare Advantage HMO such as Blue Shield 65 Plus.
- 2) Medicare Prescription Drug Plans (PDPs) for individuals who have a Medicare Supplement, an IFP plan or Original Medicare. Upon approval by the Centers for Medicare & Medicaid Services (CMS), private insurers like Blue Shield will offer these stand-alone Medicare PDPs.

It's important to discuss Medicare PDP options with your individual Medicare-eligible clients who do not have creditable prescription drug 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 Medicare PDPs mean for you and your individual clients

The choices your individual clients who are Medicare-eligible have depend on whether or not their current health plan offers creditable prescription drug coverage.

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 can choose to buy a Medicare PDP at any time. The penalty for late sign-up does not apply as long as they remain in the same, creditable plan.

Non-creditable coverage

A health plan's prescription drug coverage is non-creditable when it is not equivalent to standard Medicare prescription drug coverage.

- Individuals who have Medicare Supplement plans with prescription drug coverage that is non-creditable have two choices:
 - 1) Do nothing and keep their current coverage; or
 - 2) Purchase a Medicare PDP and either:
 - a. Keep their current plan with the prescription drug coverage removed; or
 - b. Enroll into Medicare Supplement Plan A, B, C, F, K or L with guaranteed acceptance within 63 days after coverage in a Medicare PDP begins.
- Individuals who do not have creditable coverage with their current health plan – or who are enrolled in a Medicare Supplement plan that does not offer prescription drug coverage – have to enroll in a Medicare PDP before May 15, 2006 to avoid the premium penalty of signing up at a later date. The late enrollment penalty is a cumulative lifetime penalty.

Blue Shield creditable and non-creditable plans

Blue Shield plan type	Creditable plans	Non-creditable plans
IFP	Access+ HMO® including Alumni	Active Start SM Plan 35* including Alumni
	Shield Spectrum PPO SM Plans: 500, 750, 1500* and 2000* including Alumni and Guaranteed Issue PPO Plans 1500 & 2000 (both Blue Shield and Blue Shield Life)	Personal HMO including Alumni (closed plan)
	PPO Conversion Plan 2000 (both Blue Shield and Blue Shield Life)	
	Shield Spectrum PPO SM Savings Plans 2400/4800 and 4000/8000* including Alumni	
	Shield Spectrum PPO SM Plan 5000* including Alumni	
	Post-MRMIP Graduate Product	
Medicare Supplement	Coronet Senior (closed plan)	Plan H with Rx coverage (closes to new members December 31, 2005)
	Golden Coronet Senior (closed plan)	Plan I with Rx coverage (closes to new members December 31, 2005) Pre 65 Major Medicare (closed plan)
Small Group	All plans except as listed in the non-creditable coverage column	Shield Spectrum SM PPO Plan 500 Value
Mid-size & Large Group	All HMO Plans	All custom plans with a combined Rx/Medical deductible and out-of-pocket maximum must be certified individually.** As general guidance, any custom plan with a pharmacy benefit maximum of less than \$1,200 and/or any custom PPO Savings Plan with a individual deductible of greater than \$3,100 is non-creditable.
	All Portfolio Plans	
	All Portfolio Shield Spectrum SM 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 Insurance Company (Blue Shield Life). Both Blue Shield of California and Blue Shield Life offer a PPO Plan 1500 and PPO Plan 2000.

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