



September 2014

Medicare Part D notification requirements may affect active employees

Dear Valued Benefits Administrator:

As you may know, health plans that offer prescription drug coverage to their Medicare-eligible employees, retirees, and dependents must notify them by October 15, 2014, as to whether that coverage is “creditable” or “non-creditable.” I am writing to remind you of that requirement and to provide you with information on the status of Independence Blue Cross prescription drug plans.

This requirement is part of the Medicare Prescription Drug, Improvement and Modernization Act of 2003 (MMA), which added a new prescription drug program to Medicare known as the Part D drug benefit. Under the MMA, the Centers for Medicare & Medicaid Services (CMS) established two categories of prescription drug coverage – creditable and non-creditable coverage. Creditable coverage is defined as a prescription drug benefit that has an actuarial value as good as or better than the standard Part D drug benefit. A non-creditable prescription drug plan has an actuarial value that is *not* as good as the standard Part D drug benefit.

What you should do

To assist you in notifying your Medicare-eligible members, enclosed is a chart of our prescription drug plans highlighting which ones are creditable and which are non-creditable. To begin the notification process for these members, you should:

- consult the chart to determine whether your prescription drug coverage is creditable or non-creditable;
- visit the CMS website at www.cms.hhs.gov/CreditableCoverage for further information on creditable coverage and to obtain a copy of the model creditable/non-creditable disclosure letters;
- disclose to your Medicare-eligible members (employees and their dependents) whether your prescription drug coverage is creditable or non-creditable prior to the Medicare Part D Annual Election period, running from October 15 through December 7 of this year;
- notify CMS as to whether your prescription drug coverage qualifies as creditable or non-creditable

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Please note: Medicare beneficiaries who are not covered under creditable prescription drug coverage and who chose not to enroll in a Medicare Part D drug plan when they first became eligible for Medicare (or during the initial enrollment period) will likely pay a higher premium permanently if they subsequently enroll in the Medicare Part D drug program (the premium is increased by 1 percent for each month without creditable coverage).

How you can learn more

This letter is not intended to provide legal or tax advice and should be used only for guidance in educating your members regarding the impact of Medicare Part D. This does not represent an actuarial attestation for the purpose of applying for the CMS Retiree Drug Subsidy. You should consult with your legal counsel and/or your tax adviser to determine the effect of the statutes and regulations regarding Medicare Part D.

I'd also like to take this opportunity to thank you for selecting Independence Blue Cross as your health insurance carrier. We value your business and we remain committed to providing you access to quality health care at the lowest possible price.

If you have any questions regarding Medicare Part D, or if you do not see your prescription drug plan listed in the enclosed chart, please contact your broker, consultant, or Independence Blue Cross account executive.

Sincerely,

A handwritten signature in cursive script that reads "Linda Taylor".

Linda Taylor
SVP & Chief Sales Executive
Enclosure