

<Logo>

<Brand Name>

<Address>

<City> < ST> < ZIP Code>

<First Name> <Last Name>

<September [<xx>], 2014>

<Address1>

[<Address2>]

<City> <State> <ZIP Code>

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

1. Medicare prescription drug coverage became available in 2006 and provides a standard level of coverage set by Medicare.
2. **<Anthem Blue Cross and Blue Shield>** has determined that the prescription drug coverage offered by your Medicare Supplement plan is, on average for all plan participants, expected to pay out as much as standard Medicare prescription drug coverage pays and is therefore 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.

**Read the following notice carefully – it has important information about:**

- When you can join a Medicare drug plan
- What happens to your current coverage if you join a Medicare drug plan
- How to get more information about your current prescription drug coverage
- How to get more information about your options under Medicare prescription drug coverage

**When you would pay a higher premium (penalty) to join a Medicare drug plan**

- If you drop or lose your current Medicare Supplement coverage and don't join a Medicare drug plan within 63 continuous days after your coverage ends, you may pay a higher premium (a penalty) to join a Medicare drug plan later.
- The total penalty is based on 1% of Medicare's *base beneficiary premium* amount, multiplied by the number of months that you were eligible for, but did not enroll in, a Part D drug plan.
- For 2013, the monthly base beneficiary premium is \$31.17. For 2014, the monthly base beneficiary premium will be \$32.42.
- The longer you wait to enroll in a Part D drug plan, the higher your monthly penalty will be. You will pay this penalty amount in addition to the monthly premium cost as long as you are enrolled in a Part D drug plan. The penalty amount is determined by Medicare, not the plan.

The notice also provides a list of government sources where you can get more details about *all* of the options for Medicare prescription drug coverage.

**If you have any questions about the enclosed notice, your current prescription drug coverage, or your options with us, please call the number on the last page of the notice.**

Thank you for allowing us to provide your Medicare Supplement health benefit coverage.

&lt;LOGO&gt;

## Important notice from <Brand Name> about your prescription drug coverage and Medicare

Please read this notice carefully and keep it where you can find it. This notice has information about your current prescription drug coverage with <Brand name> 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.

### 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 join 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. <Brand name> has determined that the prescription drug coverage offered by your Medicare Supplement plan is, on average for all plan participants, expected to pay out as much as standard Medicare prescription drug coverage pays and is therefore 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 from October 15th to December 7th. However, if you lose your current creditable prescription drug coverage, through no fault of your own, you will also be eligible for a two (2) month Special Enrollment Period (SEP) to join a Medicare drug 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, your current <Brand name> coverage **will be** affected.

- If you decide you do not want to enroll in one of the new plans that provide Medicare prescription drug coverage, you can keep your current Medicare Supplement policy without changes.
- However, you cannot have prescription drug benefits from both a Medicare Supplement policy with <Brand name> and a Medicare prescription drug plan at the same time. So, if you enroll in one of the

plans that provide Medicare prescription drug coverage and want to keep your Medigap policy, please let us know as soon as possible. Federal law requires us to remove the prescription drug benefit from your Medicare Supplement policy and your premium will be adjusted.

- If you choose to get your Medicare prescription drug coverage through a Medicare Advantage plan, offered by a health plan that contracts with the federal government to provide your Medicare benefits, you must cancel your Medicare Supplement policy with **<Brand name>**.

This is because a Medicare Supplement policy can't work with a Medicare Advantage plan.

In making your decision about what to do, please keep in mind that recent insurance regulations require us to make certain changes to our Medicare Supplement plans. These changes will have an effect on future premiums, especially for policies with drug benefits. Please contact us so we can discuss the likely differences in premiums over time among your different choices.

Your current coverage pays for other health expenses in addition to prescription drug coverage. If you enroll in a Medicare prescription drug plan, you will still be eligible to receive all of your current health benefits.

**If you do decide to join a Medicare drug plan and drop your current <Brand name> coverage, be aware that you and your dependents will not be able to get this coverage back.**

### **When will you pay a higher premium (penalty) to join a Medicare drug plan?**

You should also know that if you drop or lose your current coverage with **<Brand name>** 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**

For further information, contact a Customer Care representative at the address or phone number listed below.

**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 **<Brand name>** 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](http://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](http://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).**

Date: September <2014>  
 Name of Entity/Sender: <Brand name>  
 Contact--Position/Office: **Customer Care Representative**  
 Address: <P.O. Box XXXXXXXX>  
 <City, ST ZipCode>  
 Phone Number: <CS phone number (TTY 711)>  
 Hours of Operation: <CS hours and days of operation>

<Individual state tagline>

[CA only – Spanish statement]